



## **RAJASTHAN PETRO SYNTHETICS LTD.**

*Regd. Office & Works*

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

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### **ANNUAL REPORT - 2003-2004**

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#### **BOARD OF DIRECTORS**

Shri G.S. Poddar

Managing Director

Shri B. R. Goyal

Director

Shri Mohd. Ali

Director (Nominee of IDBI)

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#### **AUDITORS**

Saluja & Associates

New Delhi

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#### **BANKERS**

Canara Bank

The Bank of Rajasthan

The Banaras State Bank Limited

**NOTICE**

NOTICE is hereby given that the 22<sup>nd</sup> 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 30<sup>th</sup> 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 31<sup>st</sup> 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.

**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 mode 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

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

**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**

	<b>Amount (Rs. in lacs)</b>	
	<b>Current Year ( 9 months )</b>	<b>Previous Year (15 months)</b>
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 30<sup>th</sup> June 2003. Hence the Balance Sheet and Profit & Loss Account under review are for the 9 months period, i.e. 1<sup>st</sup> July, 2003 to 31<sup>st</sup> March, 2004.

**PLANT OPERATION :** The Plant which remained closed for over one year, resumed partial operations from 19<sup>th</sup> 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 17<sup>th</sup> 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.

**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 31<sup>st</sup> 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

**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.

#### **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 :

- a) Discussions with the Auditors periodically about internal control system and scope of audit including observations of auditors.
- b) Review of the half-yearly and annual financial statements before submission to the Board.
- c) Ensure compliance of internal control system; and
- d) 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 -

**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	:	<a href="mailto:rpsldlh@ndf.vsnl.net.in">rpsldlh@ndf.vsnl.net.in</a>

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

**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 31<sup>st</sup> 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

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

1. We have audited the attached Balance Sheet of Rajasthan Petro Synthetics Limited, as at 31<sup>st</sup> March, 2004 and also the Profit & Loss Account and Cash Flow Statements for the period ended on that date annexed thereto. The Balance Sheet and Profit & Loss Account have been prepared for a period of 9 months from 01.07.03 to 31.03.04. These 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 sub-section (4A) of Section 227 of Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to paragraph 3 above, we report that:-
  - i. 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;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far appears from our examination of those books;
  - iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v. On the basis of written representation received from the Directors, as on 31<sup>st</sup> March'2004 and taken on record by the Board of directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March'2004 from being appointed as a Director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
  - vi. In our opinion and to the best of our information and according to the explanation given to us, the **said** accounts subject to, (Note II-(L) (i) regarding Sundry Debtors amounting to Rs. 242.18 Lacs and Loans and Advances amounting to Rs. 12.07 lacs against which actions are taken but no material recovery has been made, and these **are** considered doubtful but no provision made there against, Note II-L (ii) regarding claim receivable against duty draw back and advance licenses receivable amounting to Rs. 16.40 lacs and Rs. 29.06 Lacs respectively which are old and no recovery could be made and considered doubtful but not provided for Note No. II-M(i) & (ii) regarding non-provision of interest on Debenture and security deposit from dealers amounting to Rs. 30.34 lacs & Rs. 0.98 lacs respectively resulting decrease of loss to that extent and Note M(iii) regarding non provision of warehouse charges on stocks of Stores lying with bonded warehouse amounting to Rs. 1.10 lacs resulting decrease of loss to that extent for the period under audit, Note M(v) regarding non provision of Interest of Rs. 3277.90 lacs on loans and working capital borrowing from financial institutions and banks, resulting decrease of loss to that extent, Note II-(p) regarding non-provision of liability towards leave encashment payable for the period under audit, the amount of which is not ascertained and therefore, we are unable to give the consequential effect on the loss for the year, non deposit of share application money of Rs. 1.05 lacs in Investor Education & Protection Fund as required u/s. 205 c (2) of the Companies Act, 1956) and read together with the accounting policies and other notes appearing in Schedule 'Q' give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in confirmation with the accounting principles generally accepted in India;
    - a. In the case of Balance Sheet, of the state of affairs of the Company **as** at 31<sup>st</sup> March, 2004;
    - b. In the case of Profit & Loss Account, of the Loss for the period **ended** on that date; and
    - c. In the case of Cash Flow Statement, of the cash flow for the period **ended** on that date.

Place : New Delhi

Date : 04/09/04

For Saluja & Associates  
Chartered Accountants  
(V.K.Verma)  
Partner

**AUDITOR'S REPORT**

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

1. (a) The Company has maintained records showing full particulars including quantitative details and situation of fixed assets but these records are not up to date.  
(b) As explained to us the Company has formulated a program to cover physical verification of all fixed assets in a phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of the assets but no physical verification was carried out during the period under review and therefore we are not in a position to comment of the discrepancies, if any.  
(c) The company has not disposed of substantial part of fixed assets during the period under review and hence in our opinion going concern status of the company is not affected.
2. (a) Inventories except of the value of Rs. 5632544/- lying in bonded warehouse have been physically verified by the Management to the extent practicable on random basis at reasonable intervals during the year or at the year end.  
(b) In our opinion the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the natures of its business.  
(c) The purchase of Store & Spares during the period under review has been charged directly to "Store & Spares Consumption Accounts" in the Profit & Loss account, without entering in Store records. We have been explained that items of Store & Spares have been purchased on requirement basis. The Company being a Sick Company under the provision of SICA Act, 1985, is not in a position to afford Cost of personnel to maintained proper Store records. The discrepancies noticed on physical verification of stocks (other than the store & spares directly charges to profit & loss account) as compared to book records were not material and the same have been properly adjusted in the books of account.
3. The company has neither taken nor granted any loans or advances during the period under audit in the nature of loans to parties covered in the register maintained under section 301 of the companies Act, 1956.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase fixed assets and with regard to sale of goods/ Job Work. *During the course of our audit we have observed failure to correct weakness relating to purchase of inventory of Store and Spares as stated above in para 2 (c) . These weakness pertains to accounting of Store & Spares accounting.*
5. According to the information and explanations given to us we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 exceeding the value of five lacs rupees in the financial year.
6. In our opinion & and according to the explanation given to us by the management , the company has not accepted any deposits from public within the meaning of Rules 2(b) of the Companies (Acceptance Deposit's) Rules, 1975 during the period under review.
7. The internal audit of the Company has been conducted by a firm of Chartered Accountants for the period under review. On the basis of the reports submitted by the internal auditors to the management, in our opinion the internal audit system is commensurate with the size of the Company and nature of its business.
8. As per information and explanation given to us, the Company is not required to maintain cost records during the period under audit , since the Company is carrying out Job Work of other parties.
9. According to the information and explanation given to us in respect of statutory and other dues;
  - i. The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues for the period under review including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. *Undisputed Statutory dues pertaining to period prior to 30<sup>th</sup> June, 2003 Rs. 1.05 lacs in respect of Investor Education & Protection Fund and Rs. 65.54 lacs in respect of Provident Fund, Rs. 25.07 lacs in respect of ESI, Rs. 9.64 lacs in respect of sales Tax , Rs. 4.86 lacs in respect of Textile Committee cess were outstanding as at 31.3.2004 for a period of more than six months from the date they became payable.*

*ii. Details of Sales Tax, Income Tax, Custom Duty and Excise Duty not deposited on account of disputes are as under:*

Sl. No	Status	Nature of Taxes	Amount Involved (Rs. In Lacs)	Forum where dispute is Pending
1	Central Excise Act, 1944	Excise Duty	169.23	Supreme Court
2	Central Excise Act, 1944	Excise Duty	9.15	Tribunal (CEGAT)
3	Central Excise Act, 1944	Excise Duty	2.33	Dy. Commissioner of Excise, Jaipur
4	Central Excise Act, 1944	Excise Duty	41.40	Commissioner of Excise, (Appeals), Jaipur
5	Customs Duty Act	Custom Tax	44.14	Commissioner of Custom, Jaipur
6	Sales Tax Dept	Sales Tax	63.46	High Court of Judicature for Rajasthan

10. The accumulated losses of the company are exceeding fifty percent of its net worth as at 31.3.2004 . The company has incurred a cash loss in the current period and also in the previous period of 2002-03.
11. The Company has defaulted in repayment of entire loan and interest to Financial Institutions, Bank & Debentures Holders for a period of Three to Six years as per details given in Schedule 'C' and Schedule 'D' of the Balance sheet. The Company being a Sick Company under the provision of SICA 1985, Banks & Financial Institutions have called back entire principal amount of loan and interest.
12. According to the information and explanation given to us , the company has not granted loans and advances on the basis of the security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi, or mutual benefit fund/society.
14. The company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion ,the terms and conditions on which the company has given guarantees for loans taken by others from bank or financial institutions are not prima facie prejudicial to the interest of the company.
16. According to the information and explanation given to us, the company has not raised any term loans during the period under audit.
17. According to the information and explanation 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 and vice-versa.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the period under audit.
19. The Company has not issued any debentures during the period under audit.
20. The Company has not made any public issue during the period under audit.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period under audit.

For Saluja & Associates  
Chartered Accountants

(V.K.Verma)  
Partner

Place : New Delhi  
Date : 04/09/04

**BALANCE SHEET AS AT 31.3.2004**

	Schedule	As at 31.3.04 Rs.	As at 30.06.2003 Rs.
<b>I SOURCES OF FUNDS</b>			
1. Share Holders Funds			
a) Share Capital	A	167,977,055	167,977,055
b) Reserves and Surplus	B	<u>140,328,398</u>	<u>140,639,282</u>
		<u>308,305,453</u>	<u>308,616,337</u>
2. Loan Funds			
a) Secured Loans	C	2,316,070,410	2,252,442,105
b) Unsecured Loans	D	<u>5,323,313</u>	<u>5,323,313</u>
		<u>2,321,393,723</u>	<u>2,257,765,418</u>
<b>TOTAL</b>		<u>2,629,699,176</u>	<u>2,566,381,755</u>
<b>II APPLICATION OF FUNDS</b>			
1. Fixed Assets	E		
a) Gross Block		1,277,916,812	1,277,845,169
b) Less: Depreciation		<u>847,283,050</u>	<u>781,200,492</u>
		<u>430,633,762</u>	<u>496,644,677</u>
2. Investments	F	<u>15,819,314</u>	<u>15,114,975</u>
3. Current Assets, Loans and Advances	G		
a) Inventories		20,407,296	22,618,481
b) Sundry Debtors		31,899,209	29,283,887
c) Cash and Bank Balance		1,680,481	1,238,039
d) Loans and Advances		<u>3,445,882</u>	<u>2,506,280</u>
		<u>57,432,868</u>	<u>55,646,687</u>
Less :- Current Liabilities and Provisions	H		
a) Current Liabilities		82,871,001	129,328,942
b) Provisions		<u>3,902,416</u>	<u>2,687,004</u>
		<u>86,773,417</u>	<u>132,015,946</u>
Net Current Assets		(29,340,549)	(76,369,259)
4. Miscellaneous Expenditure	I	1,488,478	2,783,584
5. Profit & Loss Account (Debit Balance)		<u>2,211,098,170</u>	<u>2,128,207,778</u>
<b>TOTAL</b>		<u>2,629,699,176</u>	<u>2,566,381,755</u>

Notes to Accounts & Significant Accounting Policies 'Q'

In terms of our report of even date attached  
For Saluja & Associates  
(Chartered Accountants)

Place: New Delhi  
Date: 04/09/04

(V.K.Verma)  
Partner

(K.Sukumaran)  
Secretary

(B.R.Goyal)  
Director

(G.S.Poddar)  
Managing Director

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD OF 9 MONTHS ENDED 31.03.2004**

PARTICULARS	Schedule	CURRENT PERIOD Rs. (9 MONTHS)	PREVIOUS PERIOD Rs. (15 MONTHS)
<b>INCOME</b>			
Sales	1,626,616		289,813
Less: Excise Duty	<u>291,433</u>	<b>1,335,183</b>	<u>10,072</u>
Income from Working Arrangement		<b>1,583,332</b>	7,916,660
Job Work Charges		<b>18,027,940</b>	-
Other Income J		<b>305,935</b>	1,676,709
Reversal of Provision for Dimunation in Value of Investments		<b>704,339</b>	-
Increase/ (Decrease) in Stock K		<u><b>367,112</b></u>	<u><b>(126,867)</b></u>
		<u><b>22,323,841</b></u>	<u><b>9,746,243</b></u>
<b>EXPENDITURE</b>			
Manufacturing Expenses L		<b>19,101,590</b>	1,205,969
Payments to and Provision for Employees M		<b>14,736,927</b>	3,357,214
Administrative & Other Expenses N		<b>5,325,746</b>	1,255,776
Selling Expenses O		<b>29,000</b>	11,161
Debenture / Capital Issue Expenses Written off		<u><b>593,173</b></u>	<u><b>988,614</b></u>
		<u><b>39,786,437</b></u>	<u><b>6,818,734</b></u>
Profit/(Loss) before Interest and Depreciation		<b>(17,462,596)</b>	2,927,509
Interest and Finance Charges P		-	417,963,948
(Loss) before Depreciation		<b>(17,462,596)</b>	(415,036,439)
Depreciation (Net of Rs.3,10,884/- from Revaluation Reserve)		<b>65,771,674</b>	95,805,009
(Loss ) before Tax		<b>(83,234,270)</b>	(510,841,448)
Provision for Tax		-	-
(Loss ) after Tax		<b>(83,234,270)</b>	(510,841,448)
Add: Prior Period adjustments (Net)		<b>343,877</b>	(2,001,161)
Loss as per last Balance Sheet		<b>(2,128,207,778)</b>	(1,615,365,169)
Net Balance of Loss Carried to Balance Sheet		<b>(2,211,098,170)</b>	(2,128,207,778)
Earning per Shares Q (U)		<b>(5.12)</b>	(31.68)

Notes to Accounts & Significant Accounting Policies 'Q'

In terms of our report of even date attached  
**For Saluja & Associates**  
(Chartered Accountants)

Place: New Delhi	(V.K.Verma)	(K.Sukumaran)	(B.R.Goyal)	(G.S.Poddar)
Date: 04/09/04	Partner	Secretary	Director	Managing Director

**SCHEDULES FORMING PART OF THE ACCOUNTS**

**SCHEDULE :- A**

		As at 31.3.04 Rs.	As at 30.6.03 Rs.
<b>SHARE CAPITAL</b>			
Authorised			
2,00,00,000 Equity Shares of Rs.10/- each		200,000,000	200,000,000
		<u>200,000,000</u>	<u>200,000,000</u>
Issued			
1,74,06,254 Equity Shares of Rs.10/- each		174,062,540	174,062,540
		<u>174,062,540</u>	<u>174,062,540</u>
Subscribed and Paid up			
1,73,77,971 Equity Share of			
Rs.10/- each fully paid up	173,779,710		
Less :- 1188701 Equity Share			
Forfeited during the earlier years	11,887,010	161,892,700	161,892,700
Shares forfeited		6,084,355	6,084,355
		<u>167,977,055</u>	<u>167,977,055</u>

Of the above 17377971 Equity Shares, 5122450 Equity Shares of Rs.10/- each were issued as fully paid up Bonus Shares by Capitalising General Reserve.

**SCHEDULE :- B**

	Balance as at 30.6.03 Rs.	Additions during the year Rs.	Deductions during the year Rs.	Balance as at 31.03.2004 Rs.
<b>RESERVES AND SURPLUS</b>				
Capital Reserve (Subsidy)	3,000,000	-		3,000,000
Revaluation Reserve	2,449,131	-	310,884	2,138,247
Debenture Redemption Reserve	8,525,000	-		8,525,000
Share Premium Account	126,665,151	-		126,665,151
	<u>140,639,282</u>		<u>310,884</u>	<u>140,328,398</u>
Previous year	<u>141,166,790</u>		<u>527,508</u>	<u>140,639,282</u>

@ Represents withdrawal of Rs.310884/- (Previous Year Rs.388834) on account of depreciation on revalued Fixed Assets

**SCHEDULE - C**

**SECURED LOANS**

	As at 31.3.2004 Rs.	As at 30.6.03 Rs.
<b>A) Debentures</b>		
15% Non Convertible Debentures		
384590-15% Secured Redeemable Non Convertible	26,921,300	26,921,300
Debentures of Rs.70 each (Redeemable in three annual		
instalments of Rs.24/-, Rs.23/- and Rs.23/- at the end of 7th,8th &		
9th year from the date of allotment i.e.8.8.92)		

## R RAJASTHAN PETRO SYNTHETICS LTD.

15,00,000 -18% Privately placed secured Non-convertible Debentures of Rs.100/- each to be redeemed after 18 months from the date of subscription i.e. from 31st March'98.	150,000,000	150,000,000
B) Term Loans from Financial Institutions & Bank		
a) Rupee Loans	362,490,116	362,490,116
b) Foreign Currency Loans	210,087,898	210,087,898
C) Working Capital Borrowings including amount relating to devolvement of letters of credit	456,586,275	456,586,275
D) Interest Accured & Due	1,109,984,821	1,046,356,516
	2,316,070,410	2,252,442,105

### NOTES:-

- 1 15% Non Convertible Debentures are secured by mortgage of the immovable assets and by hypothecation of movable assets (save and except book debts) subject to prior charges created/ to be created on specific items of machinery in favour of IDBI and on certain specified movables for Securing Working Capital requirements in favour of the company's bankers. The charges created rank second and stand subdivided to the charges created in favour of Financial Institutions & banks.
- 2 1500000- 18% privately placed secured Non Convertible Debentures are secured by
  - (i) A First Mortgage in favour of IDBI of all the Company's immovable properties both present and future to rank pari passu with the charges created in favour of Financial Institutions & Banks.
  - (ii) A first charge by way of hypothecation in favour of the IDBI of all the company's movables (save and except book debts) including movable machineries, spares, tools and accessories present and future, subject to prior charges created and / or to be created in favour of the company's bankers on the company's stock of raw material, semi finished and finished goods, consumable stores and such other movables as may be agreed to by the IDBI for securing the borrowings for working capital requirement in the ordinary course of business. The mortgage and charges shall rank pari-passu with the mortgage and charges created / or to be created in favour of IDBI, IFCI, ICICI in respect of their loans.
- 3 Term loans from Banks and Financial Institutions are secured by a joint equitable mortgage by deposit of title deeds of the immovable assets and first charge by way of hypothecation of movable assets (except book debts) subject to prior charge created / to be created in favour of the company's bankers on certain specified movables for securing working capital requirement and guaranteed by the Director, Ex. Director and a relative of Director, The mortgages and charges created rank pari passu Inter-se. The Company and some other companies in which promoters, of the company and their relatives and associates are interested, have deposited the shares held by them as security with IDBI are yet to be received back from IDBI.
- 4 Term Loan from Housing Development Finance Corporation Ltd. (HDFC) is secured by equitable mortgage by deposit of title deeds (presently held by IDBI on behalf on HDFC) of plot of Land admeasuring 421.72 sqr, mtrs, forming part of Plot No F - 218-223 situated within the RIICO Industrial Area at village Sukher Tehsil Girva, Udaipur, together with building thereon, present and future. The loan is also guaranteed by an Ex. Director of the Company.
- 5 Working capital borrowings from banks are secured by hypothecation of inventories, bookdebts, bills receivable accompanied by lorry receipt, both present and future, and by second charge on the immovable assets and guaranteed by Mg. Director, an Ex- Director and a relative of Director.

### SCHEDULE - D UNSECURED LOANS

	As at 31.3.04 Rs.	As at 30.06.2003 Rs.
Temporary Loan from a bank	5,323,313	5323313
	5,323,313	5,323,313

**SCHEDULE - E**

**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on, 01.07.03	Addition during the year	Deductions Adjustments	As on 31.03.04	As at 01.07.03	For the year	Depreciation earlier years	Adjustment	As at 31.03.04	As at 31.03.04	As at 30.06.03
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	(1)	(2)	(3)	(4) (1+2-3)	(5)	(6)	(7)	(8)	(9) (5+6+7-8)	(10)	(11)
Land Leasehold	908,372	-	8,532	899,840	-	-	-	-	-	899,840	908,372
Building	68,826,527	-	-	68,826,527	36,888,174	1,920,607	-	-	38,808,781	30,017,746	31,938,353
Plant & Machinery	1,136,193,478	53,575	-	1,136,247,053	715,903,773	61,933,654	-	-	777,837,427	358,409,625	420,289,705
Electric Installation	63,498,816	-	-	63,498,816	21,786,558	2,053,056	-	-	23,839,614	39,659,202	41,712,258
Tubwell & Water Installation	602,776	-	-	602,776	232,494	13,916	-	-	246,410	356,366	370,282
Furniture & Fixture	4,401,119	-	-	4,401,119	3,746,848	80,546	-	-	3,827,394	573,725	654,271
Office Equipments	3,403,668	24,950	-	3,428,618	2,634,267	80,578	-	-	2,714,845	713,773	769,401
Vehicle	10,413	1,650	-	12,063	8,379	200	-	-	8,579	3,484	2,034
<b>TOTAL</b>	<b>1,277,845,169</b>	<b>80,175</b>	<b>8,532</b>	<b>1,277,916,812</b>	<b>781,200,493</b>	<b>66,082,558</b>	<b>-</b>	<b>-</b>	<b>847,283,051</b>	<b>430,633,761</b>	<b>496,644,676</b>
<b>Previous Year</b>	<b>1,285,929,804</b>	<b>635,018</b>	<b>8,719,653</b>	<b>1,277,845,169</b>	<b>690,956,513</b>	<b>96,193,844</b>	<b>-</b>	<b>5,949,865</b>	<b>781,200,482</b>	<b>496,644,677</b>	<b>594,973,291</b>

NOTE:

Building include RS. 571900/- being cost of 74 Equity Shares issued by M/S. Rastogi Estates & Construction Pvt. Ltd., Mumbai.

**SCHEDULE - F**

<b>INVESTMENTS</b>	<b>Number of Shares/ Debentures</b>	<b>Face Value Per Share/ Debenture Rs.</b>	<b>As at 31.3.04 Rs.</b>	<b>As at 30.06.2003 Rs.</b>
<b>A) FULLY PAID UP EQUITY SHARES</b> (Valued at Cost or quoted / fair value.) (Long Term)				
JCT Ltd.	130	10	13136	13136
Haryana Petro Chemicals Ltd.	172	10	3072	3072
Parasrampuriah Synthetics Ltd.	170	10	2740	2740
J K Synthetics Ltd.	100	10	8262	8262
The Benaras State Bank Ltd.	0	10	0	0
Poddar Pigments Ltd.	2260000	10	22600000	22600000
			<b>22627210</b>	<b>22627210</b>
Less :- Provision for diminution in value			<b>8362000</b>	<b>9066339</b>
			<b>14,265,210</b>	<b>13,560,871</b>
of investments				
<b>B) FULLY PAID UP DEBENTURES</b> 14% Secured Redeemable Non Convertible Debentures of Parasrampuriah Syn.Ltd.	14	110	1540	1540
<b>C) INVESTMENTS IN SUBSIDIARY COMPANIES</b> (VALUED AT NET WORTH)				
Ceeta Synthetics & Turfs Ltd.	29857000	10		
Less:- Provision for diminution in value	28304436		1552564	1552564
of Investments.			<b>15819314</b>	<b>15114975</b>
Aggregate amount of :				
Quoted Investments			14266750	13562411
Unquoted Investments			1552564	1552564
			<b>15819314</b>	<b>15114975</b>
Aggregate Market Value of Quoted Investments			<b>14265210</b>	<b>14353272</b>

\* 2260000 Shares deposited with IDBI against corporate loan of Rs. 5 crores. The entire corporate loan was converted

into long term loan. These shares are yet to be got back.

SCHEDULE - G	As at 31.3.04 Rs.	As at 30.06.2003 Rs.
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
(a) <b>INVENTORIES</b> (Valued and certified by the Management)		
Job charges on closing stock of Customers	380,819	-
Raw Material	1,138,441	1,165,954
* Stores and Spares	18,591,460	18,901,358
Capital Store- Discarded Assets	222,177	2,463,062
Finished Goods	50,303	27,807
Waste	24,096	60,300
	<u>20,407,296</u>	<u>22,618,481</u>
* Includes stock at bonded warehouse Rs.5632544/- (Previous Year Rs.5632544/-)		
(b) <b>SUNDRY DEBTORS</b> (Unsecured, Considered Good)		
Debts outstanding over six months		
Considered good	1,121,723	19,806,853
considered doubtful	28,765,031	9,477,034
	29,886,755	29,283,887
Add: Other Debts	2,012,454	-
	<u>31,899,209</u>	<u>29,283,887</u>
@ Includes Rs.45,47,034/- towards advance licences & duty draw back receivable.		
(c) <b>CASH AND BANK BALANCES</b>		
-Cash in Hand	325,156	18,744
-Balances with Scheduled Banks		
-In Current Accounts	163,945	27,915
-In Fixed Deposits - endorsed in favour of banks as margin money against	1,086,695	1,086,695
- letters of Credit and Bank Guarantees		
In Share Application Money Refund Account	104,685	104,685
	<u>1,680,481</u>	<u>1,238,039</u>
(d) <b>LOANS AND ADVANCES</b> (Unsecured , Considered Good)		
Interest Receivable	47,141	47,656
Advances to Subsidiary	225,000	225,000
Advance Recoverable in Cash or in Kind or for Value to be received	2,359,573	1,696,963
Balance with Excise Deptt.	151,996	22,011
Prepaid Expenses	3,333	-
Advance Income tax (Including Income Tax Deducted at Source)	89,685	30,600
Security Deposits	569,155	484,050
	<u>3,445,882</u>	<u>2,506,280</u>
<b>Total [(a)+(b)+(c)+(d)]</b>	<u>57,432,868</u>	<u>55,646,687</u>

**SCHEDULE - H**

	As at 31.3.04 Rs.	As at 30.06.2003 Rs.
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>(a) CURRENT LIABILITIES</b>		
Sundry Creditors	49,857,690	34,078,745
Sundry Creditors for Capital goods.	1,478,035	1,844,543
Share Application Money Refundable	104,745	104,745
Deposits & Retention Money	5,185,834	908,334
Other Liabilities	26,224,698	28,126,540
Interest Accrued but not due	92,091,272	63,628,305
	<u>82,871,001</u>	<u>28,691,212</u>
<b>b) PROVISIONS</b>		
For Gratuity	3,320,646	2,673,272
For Bonus	581,770	651,462
	<u>3,902,416</u>	<u>3,324,734</u>
<b>Total [(a)+(b)]</b>	<u>86,773,417</u>	<u>32,015,946</u>

**SCHEDULE - I**

**MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Capital Issue expenses	1,488,478	2,081,651
Deferred Revenue Expenditure	-	701,933
(Refer Note-I (M) (iii))	<u>1,488,478</u>	<u>2,783,584</u>

**SCHEDULE - J**

**OTHER INCOME**

Claims and Compensation	-	-
Miscellaneous Income	270,803	597,334
Credit Balance no longer payable Written Back	35,132	1,079,375
	<u>305,935</u>	<u>1,676,709</u>

**SCHEDULE - K**

**INCREASE/(DECREASE) IN STOCK**

**Opening Stock**

Finished Goods	27,806	154,674
Stock of Waste	60,300	60,300
	<u>88,106</u>	<u>214,974</u>

**Closing Stock**

Finished Goods	50,303	27,807
Job work charges in closing stock	380,819	-
Stock of Waste	24,096	60,300
	<u>455,218</u>	<u>88,107</u>
<b>Increase/ (Decrease) in Stock</b>	<u>367,112</u>	<u>(126,867)</u>

**SCHEDULE - L**

	Current Year Rs.	Previous Year Rs.
<b>MANUFACTUREING EXPENSES</b>		
(Including restart expenses on resumption of Plant activities)		
Raw Materials Consumed	3,155,571	-
Stores and Spare parts Consumed	4,725,839	1,697
Packing Materials Consumed	206,999	-
Power and Fuel	5,886,426	-
Job Charges	1,461,530	19,430
Water and Electricity Charges	393,952	14,953
<b>REPAIRS :-</b>		
Building	-	-
Plant and Machinery@	3,271,273	1,169,889
	<u>19,101,590</u>	<u>1,205,969</u>
@ Includes Rs. 7.02 lacs of Deferred Revenue Expenditure Written Off (Previous year Rs. 7.02 Lacs)		

**SCHEDULE - M**

**PAYEMENTS TO AND PROVISION FOR EMPLOYEES**

Salaries,Wages and Allowances (net)	13,228,879	3,072,079
Contribution to Provident fund	1,307,921	285,015
Staff and Labour Welfare Expenses	200,127	120
	<u>14,736,927</u>	<u>3,357,214</u>

**SCHEDULE - N**

**ADMINISTRATIVE & OTHER EXPENSES**

Rent (Net)	27,212	15,000
Bank Charges	17,303	942
Rates and Taxes	18,196	316
Transit House Expenses	112,299	-
Insurance Charges	-	9,265
Office & Factory Maintenance	22,581	-
Travelling and Conveyance	1,161,751	161,181
Printing and Stationery	109,670	36,925
Postage,Telephone & Telex Charges	366,468	124,947
Legal and Professional Charges	800,699	170,030
Debit Balances Adjusted	-	403,561
Sales and Bussiness Promotion Exp.	5,826	364
Miscellaneous Expenses	220,682	14,352
Repair and Maintenance Others	62,259	71,784
Service Charges Paid	54,357	-
Loss on Sale of Discarded Assets	2,137,185	3,831
Leasehold Land Amortised	8,532	14,220
Rehabilitation Exp. (IDBI)	313,000	30,000
Rounded off	25	-
Loss of Investment in shares	-	200,000
	<u>5,325,746</u>	<u>1,256,718</u>

**SCHEDULE - O**

**SELLING EXPENSES**

Freight, Cartage & Octroi

29,000

11,161

TOTAL

29,000

11,161

**SCHEDULE - P**

**INTEREST AND FINANCE CHARGES**

( Including further interest and liquidated damages)

Current  
Period  
Rs.

Previous  
Period  
Rs.

On Debentures

-

80,556,789

On Term Loans

-

247,658,431

On Working Capital

-

89,651,936

Finance Charges/ Bank Charges

-

-

Interest Others

-

95,850

-

417,963,948

-

417,963,948

**SCHEDULE "Q"**

**ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**(A) ACCOUNTING CONCEPT**

- i) The accounts are prepared on historical cost basis, adjusted by revaluation of certain fixed assets and as a going concern. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.
- ii) The Company follows mercantile system of accounting, and recognises income and expenditure on accrual basis except medical and leave travel assistance claim of employees which are accounted for on claim basis and interest payment on deferment of payment of custom and excise duty are accounted for on cash basis.
- iii) The Company is providing for export benefits on accrual basis calculated at estimated amount of benefits which the Company shall be entitled to.
- iv) The expenses are shown net of recovery wherever there is any recovery against respective expenses.

**(B) SALES / JOB WORK**

Sales is reported net of returns and includes excise duty charged to customers and exchange fluctuations on export sales, if any. Job work charges are exclusive of excise duty, which is borne by the customers.

**(C) FIXED ASSETS**

- i) Fixed assets are stated at cost of acquisition including freight, taxes, duties and other incidental expenses related to acquisition and installation, adjusted by revaluation of certain fixed assets in earlier years. Interest during construction period on borrowing to finance fixed assets up to the date of commissioning of assets is capitalised.
- ii) The cost of fixed assets, acquisition of which are financed by foreign currency loans, are adjusted so as to show the liabilities for their loans at the rates of exchange prevailing at the end of each accounting year.
- iii) Capital work - in - progress if any, is stated at cost including related freight, taxes, duties and other incidental expenses.

**(D) DEPRECIATION & AMORTISATION**

- i) Lease hold land is amortised over the lease period.
- ii) Depreciation on fixed assets acquired up to 31st March 1990 is provided on written down value basis at the rates specified in schedule XIV to The Companies Act, 1956.
- iii) Depreciation on fixed assets acquired after 31st March, 1990 is provided at the rates specified in schedule XIV to the Companies Act, 1956 as under :-
  - Plant & Machinery (including Computers) and Electrical installations : On straight line method.
  - Other assets : On written down value method.

**(E) INVESTMENTS**

Current investments (Short Term) are carried at the lower of cost or quoted /fair value. Long term investments are stated at cost or at Book value. Book value being arrived at after adjusting provision for diminution in value of investments, in the case of decline is other than temporary in the opinion of management.

**(F) INVENTORIES**

Inventories include stock in transit/in bonded ware-houses and with others for manufacturing/processing; and are valued as under:

Finished Goods	-	At lower of cost or Net realisable value
Stock - in - process	-	At cost
Raw material	-	At weighted average cost
Stores & spares	-	At weighted average cost
Capital Store	-	At written Down Value
Waste & Unworkable POY	-	At estimated realisable value

**(G) FOREIGN CURRENCY TRANSACTIONS**

Assets and liabilities related to foreign currency transactions are converted at the rates of exchange prevailing at the end of the year. Any increase or decrease arising out of the above in respect of fixed assets is adjusted to the cost of relevant assets. Realised gains or losses on foreign currency transactions other than those mentioned above are recognised in the profit and loss account. However there are no transactions in foreign currency during the year.

**(H) RESEARCH & DEVELOPMENT**

Revenue expenditure on Research & Development is charged to profit & loss account and capital expenditure is added to the cost of fixed assets.

**(I) RETIREMENT BENEFITS**

- i) Liability towards gratuity accrued to employees is accounted for on the basis of actuarial valuation.
- ii) Payment of leave encashment to employees after 31<sup>st</sup> March 2000 is accounted on cash basis & no provision is made in accounts thereafter.

**(J) CONTINGENT LIABILITIES**

Contingent liabilities are not provided and are disclosed by way of notes in part II of this Schedule.

**(K) TAXATION**

The deferred tax charge or credit is recognised using current tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed as at each balance sheet date to reassess realisation.

**(L) MISCELLANEOUS EXPENDITURE**

- i) Debenture issue expenses are amortised over a period of 10 Years.
- ii) Rights Issue expenses are amortised over a period of 10 years.
- iii) Expenditure incurred on Reconditioning of DG set is treated as Deferred Revenue Expenditure and is amortised over a period of 3 years.

**II. NOTES TO ACCOUNTS**

		(Rs. in Lacs)	
		Current Period	Previous Period
(A)	Estimated amount of Contracts remaining to be executed on Capital Account.	Nil	Nil
(B)	Contingent liabilities not provided for :		
1.	Customs & Excise matters in dispute/ under appeal as per order of CEGAT New Delhi for admission of appeals.	266.25	266.59
2.	Sales Tax and other matters in dispute/ under appeal.	71.02	69.95
3.	Guarantees given to Financial Institutions on behalf of Poddar Pigments Limited.	985.00	985.00
4.	Guarantees given by Bankers against which the Banks are holding cash security equal to the amount of guarantee.	Nil	10.05
5.	In respect of claims of suppliers including for interest etc. on late payments/ defaults/over-dues and those covered under winding up petitions/notices under Section 138 of the Negotiable Instrument Act.	unascertained	unascertained
(C)	Gross depreciation for the period 01.07.03 to 31.03.04 amounts to Rs.66082558/-(Previous Year Rs.96193844 /- ) from which a sum of Rs.310884/- (Previous year Rs.388834/-) has been deducted, being the additional depreciation arising on the revaluation of fixed assets. The same has been transferred from Revaluation Reserve.		
(D)	(I) The Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 21 <sup>st</sup> March, 2001 has declared the Company as a Sick Company U/S 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and appointed IDBI as "Operating Agency" to prepare a rehabilitation scheme.		
	(ii) As reported last year, the Hon'ble BIFR vide its order dated 10.1.03 had directed the Operating Agency to notify change of management and explore all alternatives u/s. 18 of the SICA for expeditious revival of the Company, including proposal of present promoters over new applicants. The Company filed an appeal on 3.2.2003 before Hon'ble AAIFR against the said order, which is still pending admission due to non-constitution of AAIFR. Meanwhile, in response to OA's advertisement in national newspapers on 17 <sup>th</sup> February 2003 the Company has submitted a tied-up proposal on OTS basis and a stand-alone proposal to the OA on 17.3.2003. At a joint meeting convened by O.A. on 9.6.03, decisions were taken to get (I) TEV Study, and (ii) Valuation of Assets, done and the Company was directed to submit a fresh proposal after the TEV Study and valuation of assets were carried out. The experts appointed by IDBI, have submitted their report and on receipt of the same, the Company has submitted fully tied -up OTS proposal which is pending consideration of OA.		
	(iii) In view of the above, these accounts have been prepared on the basis that the Company is a going concern.		
(E)	The Company has not received some of the demand notices in respect of overdue & Compound interest and liquidated damages for late payments/ defaults in payment of interest as well as repayment of installments of loan and debentures to financial Institutions viz IDBI, IFCI & ICICI. The company has provided this liability on the basis of its own workings, where ever demand notices were not available. The balances appearing in these accounts are subject to confirmation of the respective Institutions.		

**RAJASTHAN PETRO SYNTHETICS LTD.**

- (F) The figures shown in the inventories in Schedule G as reported are after adjusting shortage / excess ascertained on physical verification made by the management and relied on by the auditors.
- (G) Balances appearing in Customers, Suppliers (including acceptances), Deposit accounts and Banks are subject to confirmation / reconciliation and consequential adjustments.
- (H) Claim of Rs. 2188 lacs referred to arbitration in respect of foreign supplier of plant in earlier years is still in progress. The same will be dealt with in accordance with the award of arbitration in the year of receipt of funds.
- (I) (i) Remuneration under Section 198 of The Companies Act, 1956 to the Managing Director included in the relevant account heads in schedule M is as under:

	Current Period Rs.	Previous Period Rs.
Salaries	Nil	75,000/-
Perquisites	Nil	Nil
<b>T O T A L</b>	<b>Nil</b>	<b>75,000/-</b>

- (ii) No commission was paid to the Managing Director in view of losses incurred by the company .

- (J) Break-up of Auditors remuneration included in the Legal & Professional Charges is as under :-

Auditors Remuneration	Current Year Rs.	Previous Year Rs.
Fees as Auditor	55,000	50,000
For Tax Audit	5,000	5,000
For Sales Tax matter	5,000	5,000
For Income Tax Matter	10,000	10,000
Service Tax	4,800	4,400
Reimbursement of Expenses	12,885	—
<b>TOTAL</b>	<b>92,685</b>	<b>74,400</b>

- (K) (i) The Income tax assessments of the Company have been completed upto assessment year 2001-02. There is no demand outstanding for the assessments completed by the Income tax Department.
- (ii) No provision for Taxation is considered necessary under the Income tax Act, 1961 in view of loss incurred by the Company.
- (L) (i) Sundry Debtors includes doubtful debts of Rs.2,42,17,997/- (Previous period Rs.49,60,000/-) and loans & advances includes Rs.12,07,194/- (Previous period Rs.12,07,194 /-) for which legal action have been taken for recovery but the management is doubtful of recovering these amounts. However, no provision is made against these doubtful debts & advances.
- (ii) Sundry Debtors also include Rs.1640793/- (Previous period Rs.1640793/-) towards claims receivable against duty draw back and Rs.2906241/-(Previous Year RS.2906241/-) towards advance license receivables, which are carried forward for a period of more than three years and are considered doubtful for recovery but not provided for as the management is of the opinion that the same is under active follow up.
- (M) (i) Interest on Debentures amounting to Rs.30,34,163/-(Other than the amount payable to IDBI for Non Convertible Debentures ) has not been provided in accounts for the period. Unprovided liability on simple rate of interest as

## RAJASTHAN PETRO SYNTHETICS LTD.

on 31.03.2004 works out to Rs. 2,42,25,261/- (Previous year Rs. 21191098/-) This has resulted decrease in loss for the period by Rs.30,34,163/- (Previous period Rs.5047744/-).

- ii) Interest on security deposits received from dealers has not been provided resulting decrease in loss for the period by Rs.98,617/- (previous period Rs. 1,64,062/-)
  - iii) Warehouse charges amounting to Rs 336,442/- in respect of Stock of Stores & Spare lying at Bonded Wharehouse has not been provided resulting decrease in loss for this period by Rs. 110,057/- and for earlier year by Rs. 226,385/-
  - iv) The Company has not provided Custom Duty amounting to Rs 3,070,697/- on stock of Stores & Spares lying a Bonded Warehouse resulting understatement of current Assets as well as Current Liabilities by this amount.
  - v) The Company has not provided interest amounting to Rs. 327,790,056/- for the period under audit on Term Loan & Working capital Borrowing taken from Public Financial Institutions and Scheduled banks, resulting decrease in loss for the period under audit by Rs. 327,790,056/-
- (N) Debenture Redemption Reserve could not be provided by the Company during the period, due to losses suffered by the Company.
- (O) The Company could not redeem first, second & finally third installment of Rs. 92.30 Lacs, Rs. 88.46 Lacs & RS.88.46 Lacs of 15% secured redeemable non convertible debentures due on 08.08.99, 08.08.2000 and 08.08.2001 respectively due to liquidity crunch.
- (P) The Company has not provided its liability towards leave encashment payable for the period which is not in consonance with Mandatory accounting Standards issued by the Institute of Chartered Accountants of India.
- (Q) Excise duty is accounted for as and when finished goods are cleared from excise bonded warehouse. Accordingly, excise duty payable on finished goods lying in excise bonded warehouse at the year end is not considered for the purpose of valuation of inventories. Non provision of this liability, however, does not affect the operating results for the period.
- (R) In view of the non-receipt of information from the suppliers regarding their status as SSI units the amount payable / overdue to Small Scale Industrial Undertaking has not been ascertained.
- (S) Related Party Disclosures in accordance with the Accounting Standard- 18 issued by the Institute of Chartered Accountants of India and effective from April 01,2001.

(a)	<u>Sl. No.</u>	<u>Name of Related Party</u>	<u>Relationship</u>
	i)	Geeta Synthetics & Turfs Ltd	100% Subsidiary
	ii)	Sh. G.S.Poddar	Managing Director
	iii)	Sh. Uddhav Poddar	Son of Managing Director

(b)	<u>Nature of Transaction</u>	<u>Amount (Rs.).....</u>	<u>Current Period</u>	<u>Previous Period</u>
			Rs.	Rs.
	Remuneration		Nil	Rs. 75,000/-
	Receivable		92,237/-	57,654/-

- c) Amount written off or written back in respect of debts due from or to related parties- NIL

### (T) DEFERRED TAXATION

The Company has adopted Accounting Standard 22 "Accounting for Taxation on Income" issued by the Institute of Chartered Accountants of India with effect from 1<sup>st</sup> April 2001. As on the date of Balance Sheet, the Company has significant unabsorbed depreciation and carry forward losses. In view of the absence of virtual certainty of realisation of unabsorbed depreciation and carry forward losses, no deferred tax assets have been recognised.

**U) EARNING PER SHARES (BASIC & DILUTED) HAS BEEN COMPUTED AS UNDER :**

		<u>Current Period</u>	<u>Previous Year</u>
a)	(Loss) after tax & other adjustment	82890392/-	512842606/-
b)	Number of equity shares outstanding during the year.	16189270	16189270
c)	The Nominal Value per Equity Share	Rs. 10/-	Rs. 10/-
d)	Earning per share (Basic)	(5.12)	(31.68)

(V) Previous year figures have been regrouped /rearranged wherever necessary so as to make them comparable with the figures of current period, however the same are not comparable since the accounts for the current period have been made for nine months as compared to period of fifteen months in the previous year.

Figures have been rounded off to the nearest rupee.

**(W) ADDITIONAL INFORMATION PURSUANT TO PART II OF SCHEDULE VI TO THE COMPANIES ACT,1956**

**a) Particulars of Capacity**

	<u>Licenced Capacity *</u>		<u>Installed capacity **</u>	
	Current Year	Previous Year	Current Year	Previous year
Polypropylene, Nylon and Polyester Filament Yarn.	N.A.	N.A.	N.A.	N.A.

\* N.A. - Delicensed vide Notification No.477(E) Dated 27th July'1991.

\* As certified by the Management and relied on by the Auditors being a technical matter.

**NOTE :** During the earlier years, the Licensed Capacity was taken on the basis of letter of Intent.

# **RAJASTHAN PETRO SYNTHETICS LTD.**

## **b) Production, Purchase, Turnover & Stocks**

	Opening Stocks		Purchase		Production	Turnover		Closing Stock	
	Qty./MT	RS. In Lacs	Qty./MT	RS. In Lacs	Qty./MT	Qty./MT	RS. In Lacs	Qty./MT	RS. In Lacs
1 Yarn (Polypropylene) (Previous Year)	3.820# 7.049	0.73# 1.50	- -	- -	16.574	17.746	3.32**	2.648 7.049	0.50** 1.50
2 Yarn (Polyster) (Previous Year)	0.397 0397	0.05 0.05	- -	- -	16.215 -	16.612	5.12	- 0.397	- 0.05
3 Waste (Previous Year)	0.699# 3.347	0.10# 0.60	- -	- -	129.664*** -	124.339 -	7.83 -	6.024 3.347	0.24 0.60
4 Job Works	-	-			2628.210	2628.210	180.28	-	-

# Interchanged 2.648 Mt. from waste to yarn (Unworkable)

\*\* Includes Rs. 1.00 Lacs (Previous Year 0.91 Lacs) against scrap sales

\*\*\* Including waste generated received from Job Work parties

## **c) Raw Materials Consumed**

	Current Year		Previous Year	
	Qty./MT	RS. In Lacs	Qty./MT	RS. In Lacs
Grey & Dyed Chips	50.26	31.56	NIL	NIL
	50.26	31.56	NIL	NIL

## **d) Value of Raw Materials, Stores and Spare parts consumed and percentage of each to the consumption:**

	Current Year in Lacs	%	Previous Year in Lacs	%
<b>Raw Materials</b>				
Imported	-	-	NIL	NIL
Indigenous	31.56	100	NIL	NIL
	31.56	100	NIL	NIL
<b>Store &amp; Spare Parts:</b>				
Imported	-	-	NIL	NIL
Indigeneous including packing material	47.26	100	NIL	NIL
	47.26	100	NIL	NIL

**Signature to Schedule "A" to "Q"**

In terms of our report of even date attached

**For Saluja & Associates**  
(Chartered Accountants)

Place: New Delhi  
Date: 4th Sept. 2004

(V.K.Verma)  
Partner

(K.Sukumaran)  
Secretary

(B.R.Goyal)  
Director

(G.S.Poddar)  
Managing Director

**X) Balance Sheet Abstract and Company's General Business Profile**

i)	Registration No.	2658	State Code	17
	Balance Sheet	31 03 2004 Date Month Year		

**ii) Capital Raised during the year**

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**iii) Position of Mobilisation and Deployment of Funds**

Total Liabilities	2,629,699,176	Total Assets	2,629,699,176
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**Sources of Funds**

Paid-up Capital	167,977,055	Net Fixed Assets	430,633,762
Reserves & Surplus	140,328,398	Investments	15,819,314
Secured Loans	2,316,070,410	Net Current Assets	(29,340,549)
Unsecured Loans	5,323,313	Misc. Expenditure	1,488,478
		Accumulated losses	2,211,098,170

**iv) Performance of Company**

Turnover/Other Income	22,323,841	Total Expenditure	105,558,111
Profit/ (Loss) Before Tax	(83,234,270)	Profit/ (Loss) After tax	(83,234,270)

(Please tick Appropriate box + for profit - for loss)

Earning per Share	Nil	Dividend Rate	Nil
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**v) Generic Names of Three Principal Products/ Services of Company**

(As per monetary terms)

item Code No. (ITC Code)	540239.01
Product Description	Polypropylene Filament Yarn
Item Code No. (ITC Code)	540239.00
Product Description	Synthetics Filament Yarn
Item Code No. (ITC Code)	540220.00
Product Description	High Tenacity Yarn of Polyester

**For and on behalf of Board**

Place: New Delhi  
Date : 4 Sept 2004

(G.S.Poddar)  
Managing Director

(B.R.Goyal)  
Director

**CASH FLOW STATEMENT AS AT 30.3.04, (FOR 9 MONTHS)**

<u>PARTICULARS</u>	<u>Amount (Rs. in lacs)</u> <u>31.3.04</u>	<u>Amount (Rs. in lacs)</u> <u>30.6.03</u>
<b>A. Cash flow from operating activities</b>		
Net Loss after prior period adjustment	(82,890,392)	(512,842,609)
Adjustments for:		
Depreciation	65,771,674	95,805,009
Loss on sale of capital store/ Fixed Assets	2,137,185	3,831
Provision for Diminution in the value of non- trade Investment	(704,339)	-
Profit/(Loss) on sale of Investments (net)	-	200,000
Deferred Revenue Expenditure Written Off	701,933	1,169,889
Capital Issue Expenses Written Off	593,173	988,614
Lease hold land amortised	8,532	14,220
<b>Operating profit before working capital changes.</b>	<b>(14,382,234)</b>	<b>(414,661,046)</b>
Movements in working capital:		
Decrease/ (increase) in inventories	2,211,185	(1,645,843)
Decrease/ (increase) in sundry debtors	(2,615,322)	694,945
Decrease/ (increase) in loans & advances	(939,602)	(39,694)
Increase/(Decrease) in current liabilities and provisions	(45,242,529)	7,819,281
Cash generated from operations		
<b>Net cash from operating activities</b>	<b>(60,968,503)</b>	<b>(407,832,357)</b>
<b>B. Cash flows from/ (used in) investing activities</b>		
Purchase of fixed assets	(80,175)	(635,018)
Proceeds from sale of fixed assets	103,700	150,000
Addition/ (Reduction) in Discarded Value of Capital Assets	(2,240,885)	2,463,062
<b>Movements in loans</b>	<b>63,628,305</b>	<b>405,681,462</b>
<b>Net Cash used in investing activities</b>	<b>61,410,945</b>	<b>407,659,506</b>
<b>C. Cash flows from/(used in ) financing activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>442,442</b>	<b>(172,851)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,238,039</b>	<b>1,410,888</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,680,481</b>	<b>1,238,037</b>
<b>Components of cash &amp; Cash equivalents</b>		
Cash on hand	325,156	18,744
With banks - on Current Accounts	163,945	27,915
- on Deposits Accounts	1,086,695	1,086,695
- In Share Application Money Refund Account	104,685	104,686

- Notes :- 1- The cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.  
2- Negative figures have been shown in brackets.

As per our report of even date  
For Saluja & Associates  
(Chartered Accountants)

For and on behalf of the Board of Directors

Place: New Delhi  
Date: 04/09/04

(V.K.Verma)  
Partner

(K.Sukumaran)  
Secretary

(B.R.Goyal)  
Director

(G.S.Poddar)  
Managing Director

## STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212 OF THE COMPANIES ACT,

- |    |  |   |                               |
|----|--|---|-------------------------------|
| 1. | Name of the subsidiary Company   | : | Ceeta Synthetics & Trufs Ltd. |
| 2. | Holding company's interest   | : | Wholly owned subsidiary       |
| 3. | Net aggregate amount of Profit/Loss  |   |                               |
|    | (i) for the financial year ended 31.3.04   | : | Rs 62,379                     |
|    | (ii) for the previous financial years of the subsidiary company's inception  | : | (Rs. 2,83,29,992)             |
| 4. | Net aggregate amount of company's profits, less losses and dealt within company's accounts   | : |                               |
|    | (i) for the financial year ended 31st March, 2004  | : | NIL                           |
|    | (ii) for the previous financial years of the subsidiary company since it became subsidiary   | : | NIL                           |
| 5. | (a) There was no change in the company's interest in subsidiary company between the end of the preceding financial year of the subsidiary and the end of the company's financial year. |   |                               |
|    | (b) Material changes occurred between the end of the preceding financial year of the subsidiary and the end of company's financial year in respect of company's :                      |   |                               |
|    | (i) Fixed Assets   | } | NIL                           |
|    | (ii) Investment  |   |                               |
|    | (iii) The moneys lent by it  |   |                               |
|    | (iv) The moneys borrowed by it for any purpose other than that of meeting current liabilities  |   |                               |

New Delhi  
Dated : 4/09/04

K. Sukumaran  
Secretary

B.R. Goyal  
Director

G.S. Poddar  
Managing Director

**DIRECTOR'S REPORT**

**TO THE MEMBERS,**

Your Directors have the pleasure in submitting their Report and Audited Accounts for the financial year ended 31<sup>st</sup> March' 2004.

**DIVIDEND:**

In view of marginal profit during the year under review and in order to preserve cash resources, your directors do not recommend any dividend for the year.

**DIRECTORS:**

Sri P.R.Ojha retires by rotation and being eligible, offers himself for re-appointment.

**AUDITORS:**

The Auditors, M/s G.K.Tulsyan & Co., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

**FIXED DEPOSITS:**

The Company has not accepted or renewed any deposits from the public under section 58A of the Companies Act, during the year under review.

**HUMAN RESOURCES:**

The Board of Directors wishes to express its appreciation to all the employees of the Company for their outstanding contribution to the operations of the Company during the year. Information required s per section 217(2A) of the Companies (Particulars of Employees) Rules, 1975 as amended is not applicable to this Company.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO:**

The information required under section 217(1) (e) of the Companies Act' 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules; 1988, is not applicable to the Company. Besides there has been no Foreign Exchange earning and outgo too.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to 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 along with proper explanation relating to material departures, if any;
- b) they have 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 at the end of the financial year and of the profit or loss of the Company for that period.
- c) They have 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.
- d) They have prepared the annual accounts on a going concern basis.

**ACKNOWLEDGEMENTS:**

The Board of directors acknowledges the dedication and support received from the employees, and also appreciates the co-operation extended to it by the Company bankers.

Registered Office  
1/37, OCL COLONY  
Rajgangpur – 770 017  
Sundergarh, Orissa  
Dated: 24<sup>th</sup> April 2004

By Order of the Board

M.S.Sharma      Vikas Berlia  
Director      Director

## AUDITORS' REPORT

**TO THE MEMBERS OF MESSRS CEETA SYNTHETICS & TURFS LIMITED**

We have audited the attached Balance sheet of Messrs CEETA SYNTHETICS & TURFS LIMITED, as at 31<sup>st</sup> March, 2004, and also to Profit and Loss account for the year ended on that date annexed thereto. These financial statement are the responsibility of the Company's Management. Our responsibility is to express an opinion of the financial statements based on our audit.

We conducted our audit in accordance with auditing standard generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 Companies (Auditors' Report) Order 2003, issued by the Central Government Of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 & 5 of the said order.

Further to our comments in the annexure referred to above, we report 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, proper books of accounts as required by the Companies Act, 1956, have been kept by the Company so far as it appears from our examination of those books.
- (C) The attached Balance Sheet and Profit and Loss Account are in agreement with the books of accounts.
- (D) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standard referred to in sub-section 3 © of Section 211 of the Companies Act, 1956.
- (E) On the basis of written representation received from the directors as on 31.3.2004 and taken on record by the Board of Directors, we report that

none of the directors is disqualified as on 31.3.2004, from being appointed as Director in terms of clause (g) of Sub Section (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 statement of accounts give the information required by the Companies Act, 1956 in the manners so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i) in so far as it relates to Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2004, and
- ii) in so far as it relates to Profit and Loss Account of the Profit of the Company for the year ended on that date.

For G.K.TULSYAN & COMPANY  
CHARTERED ACCOUNTANTS

V. K. Senapati  
PARTNER  
Membership No. 58084  
4, Gangadhar Babu Lane, Kolkata- 700012  
Dated the 24<sup>th</sup> day of April 2004

**ANNEXURE TO THE AUDITORS' REPORT**

- (i) As informed to us, the Company does not have any fixed assets and as such Clause (i) (a) to (i) (c) are not applicable.
- (ii) As informed to us, the Company does not have any inventory and as such Clause (ii) (a) to (ii) (c) are not applicable.
- (iii) The Company has taken interest free unsecured loan from a Company mentioned in the register maintained under Section 301 of the Companies Act, 1956 amounting to Rs. 2,25,000/-. In our opinion the rate of interest and other terms and conditions for such interest free loans is not prima facie prejudicial to the interest of the company. As informed to us the principal amount of the loan is repayable on demand. Maximum amount of loan is Rs. 2,25,000/-. The company has not granted any loan during the year.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of shares, expenses incurred and sale of shares.

- During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) According to the information and explanations provided by the management, we are of the opinion that there have been no transactions that need to be entered into the register maintained under Section 301 and hence Clause (v)(b) is not applicable.
  - (vi) The Company has not accepted any deposit from Public within the meaning of Section 58A and 58AA of the Companies Act, 1956.
  - (vii) In our opinion, the company has an internally designed internal audit system commensurate with the size and nature of its business.
  - (viii) The best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under Clause (d) of Sub-Section 209 of the Companies act, 1956.
  - (ix) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues, including income tax and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us there are no undisputed amount payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty which were outstanding at the year end for a period of more than six month from the date they became payable.  
(b) There are no dues outstanding of sales tax, excise duty and cess on account of any dispute.
  - (x) The Company's accumulated losses at the end of financial year is more than fifty per cent of its net worth, but the Company has not incurred any cash losses in the current year as well as in the immediately preceding financial year.
  - (xi) Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
  - (xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans and advances on the basis of the security by way of pledge of shares, debentures and other securities.
  - (xiii) In our opinion and according to the explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
  - (xiv) As informed and explained to us in respect of the company's investment in shares and securities, proper records have been maintained of the transactions and contracts relating to dealing/trading in shares and other investments and timely entries have been made therein. The shares and other investments have been held by the Company in its own name.
  - (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution.
  - (xvi) The Company has not raised any new loans during the year. The loans outstanding at the beginning of the year were applied for the purpose for which they were raised.
  - (xvii) We have been informed by the management that no funds have been raised and used and hence Clause (xvii) is not applicable.
  - (xviii) The Company has not made any preferential allotment of shares and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
  - (xix) The Company did not have any outstanding debenture during the year.
  - (xx) The Company has not raised any money through a public issue during the year.
  - (xxi) Based on the information and explanations furnished by the management, which have been revised upon by us there were no frauds on or by the Company noticed or reported during the year.

FOR G.K.TULSYAN & COMPANY  
CHARTERED ACCOUNTANT

V.K. SENAPATI  
PARTNER  
Membership No. 58084  
4, Gangadhar Babu Lane, Kolkata- 700012  
Dated the 24<sup>th</sup> day of April 2004

**CEETA SYNTHETICS & TURFS LIMITED**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2004**

<b><u>SCHEDULE</u></b>		<b><u>AS AT</u></b>	<b><u>AS AT</u></b>
		<b><u>31.3.2004</u></b>	<b><u>31.3.2003</u></b>
		<b>RS.</b>	<b>RS.</b>
<b><u>SOURCES OF FUNDS:</u></b>			
1. <b><u>SHAREHOLDERS' FUND:</u></b>			
a) Share Capital	1	29,857,000	29,857,000
b) Reserve & Surplus	2	19,976	7,500
2. <b><u>LOAN FUNDS:</u></b>			
Unsecured Loans	3	225,000	225,000
		<b><u>30,101,978</u></b>	<b><u>30,089,500</u></b>
<b><u>APPLICATIONS OF FUNDS:</u></b>			
1. Investments	4	<del>1,811,275</del>	<del>1,750,000</del>
2. Current Assets, Loans & Advances	5	29,218	14,315
Less: Current Liabilities & Provisions	6	18,606	6,113
<b><u>NET CURRENT ASSETS</u></b>		<b>10,612</b>	<b>8,202</b>
<b>Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)			
Preliminary Expenses		-	1,306
Profit and Loss Account		30,101,978	30,089,500
<b>NOTES ON ACCOUNTS</b>	8		
This is the Balance Sheet referred to in Our annexed report of even date FOR G.K.TULSYAN & COMPANY CHARTERED ACCOUNTANTS			
V.K.Senapati Partner		M.S.Sharma Director	Vikas Beriia Director
Membership No. 58084 4, Gangadhar Babu Lane, Kolkata- 700012 Dated the 24 <sup>th</sup> day of April 2004			

**CEETA SYNTHETICS & TURFS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2004**

	SCHEDULE	YEAR ENDED 31.3.2004	YEAR ENDED 31.3.2003
<b>I N C O M E</b>			
Share Dealing Income		78,958	12,880
Profit on sale of investment		3,601	-
Dividend Income		1,274	-
		<u>83,831</u>	<u>12,880</u>
<b>EXPENDITURE</b>			
Postage & Telegram		130	--
Filing Fees		1,000	1,000
Bank Chages		110	185
Preliminary Expenses		1,306	1,302
General Expenses		300	450
Printing & Stationary			400
Auditors' Remuneration			
Audit Fees	4,000		4,000
Compnay Law Matter	500		500
Income Tax Matter	1,000	5,500	1,000
Service Tax		<u>320</u>	<u>320</u>
		<u>8,666</u>	<u>9,157</u>
Profit/(Loss) Before Tax		75,165	3,723
Provision for Income Tax		<u>12,786</u>	<u>293</u>
Profit/(Loss) after Tax		62,379	3,430
Transferred to Special Reserve		12,476	-
Profit/(Loss) brought forward from Last year		<u>(28,329,992)</u>	<u>(28,333,422)</u>
Balance Carried to Balance Sheet		<u>(28,280,089)</u>	<u>(28,329,992)</u>
Earning per equity Share (Face Value Rs.10/- basic diluted	7	0.0209	0.0011
Notes to Accounts	8		

This is the Profit & Loss account referred to in our annexed  
report of even date

FOR G.K.TULSYAN & COMPANY  
CHARTERED ACCOUNTANTS

V.K.Senapati  
Partner

M.S.Sharma  
Director

Vikas Berlia  
Director

Membership No. 58084  
4, Gangadhar Babu Lane, Kolkata- 700012  
Dated the 24<sup>th</sup> day of April 2004

**CEETA SYNTHETICS & TURFS LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2004 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

<b><u>SCHEDULE 1</u></b>	<b><u>AS AT 31.3.2004</u></b>	<b><u>AS AT 31.03.2003</u></b>
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
3000000 Equity Shares of Rs 10/- each	30,000,000	30,000,000
	<u>30,000,000</u>	<u>30,000,000</u>
<b>Issued, Subscribed and Paid up Capital</b>		
2985700 Equity Shares of Rs 10/- each	<u>29,857,000</u>	<u>29,857,000</u>
 <b>SCHEDULE 2</b>		
<b>Reserves &amp; Surplus</b>		
Capital Reserve	7,500	7,500
Special Reserve	12,476	-
	<u>19,946</u>	<u>7,500</u>
 <b>SECHEDULE 3</b>		
<b>Unsecured Loans</b>		
From a body corporate (Holding Company)	<u>225,000</u>	<u>225,000</u>
 <b>SCHEDULE 4</b>		
<b>Investments (at Cost and as reduced by value of diminution)</b>		
1750000 fully paidup quoted Equity Shares of Rs 10/- each of Ceeta Industries Limited	1,750,000	1,750,000
5386.564 Units of Birla MIP	61,275	-
	<u>1,811,275</u>	<u>1,750,000</u>
Market Value of quoted shares	<u>1,225,000</u>	<u>1,750,000</u>

**SCHEDULE 5**

**CURRENT ASSETS, LOANS & ADVANCES**

**Cash and bank balances**

Cash in hand (As per certified by the Management)	780	910
Balance with Scheduled Bank in Current Account	23,438	13,405
Advance Income Tax (2004-05)	<u>5,000</u>	<u></u>
	29,218	14,315

**SCHEDULE 6**

**CURRENT LIABILITIES & PROVISIONS**

**Current Liabilities**

Outstanding Liabilities	5,820	5,820
-------------------------	-------	-------

**Provisions**

Provision for Income Tax	<u>12,786</u>	<u>293</u>
	18,606	6,113

**SCHEDULE 7**

**EARNING PER EQUITY SHARES**

Annualised earning per equity shares have been calculated based on net profit/(Loss) after Tax and the average number of equity shares during the year.

Following is the reconciliation between basic and diluted earning per equity share.

	0.0209	0.0011
Effect of dilutive potential equity shaes on conversion	NIL	NIL
Weighted average No. of equity shares used in computing basic earning per share	2,985,700	2,985,700

**SCHEDULE - 8****NOTES ON ACCOUNTS****1. Significant Accounting Policies:****General:**

- a) The books of accounts have been maintained on accrual basis and according to the double entry system of accounting.
- b) Investments are stated at cost and as reduced by value of diminution.

**c) Deferred Tax Liability:**

No provision for deferred tax liability made in the Profit and Loss Account as there is no time difference persisting in the account.

**d) Contingent Liability:**

All known liabilities provided in the accounts except liabilities of contingent nature and same has been disclosed by way of notes on account.

**e) Revenue Recognition:**

All income and expenditure are provided for on accrual basis.

**f) Retirement Benefits:**

As the Company does not have any employee no provision for retirement benefits has been made in the books.

**g) Earning per share**

The Company reports basic and diluted earning per equity shares in accordance with AS-20. Basic earning per share has been computed by dividing net profit/(Loss) after tax by weighted average number of equity shares outstanding for the period.

- h) Other accounting policies unless specifically stated to be otherwise are consistent and are in consonance with the generally accepted accounting principles.

**1. Additional information are required under part IV of Schedule VI of the Companies Act, 1956.****Balance Sheet Abstract & Company's General Business Profile:**

I	I	Registration Details	1581
		State Code	15
II		Balance Sheet Date	31.3.2004
		Capital raised during the year	
		Public Issue	NIL
		Right Issue	NIL
		Bonus Issue	NIL
III.		Private Placement	NIL
		Position of mobilization and Deployment of funds (Amount in Rs. ' 000)	
		Total Liabilities	30090
		Total Assets	30090
		Source of Funds	
		Paid up Capital	29857
		Reserves and Surplus	20
		Secured Loan	NIL
		Unsecured Loan	225
		<u>Application of Funds:</u>	
		Net Fixed assets	NIL
		Investments	1811
		Net Current Assets	11
		Misc. Expenditure	NIL
		Accumulated Losses	28280
IV.		Performance of Company ( Amount in Rs'000)	
		Turnover/Income	84
		Total Expenditure	9
		Profit/(Loss) before Tax	75
		Profit/(Loss) after tax	62
		Earning per share	0.0209
		Dividend Rate	N.A.
		Generic names of principal products, services of the Company:	
		Item Code No.	N.A.
		Production Description	N.A.

Signatures to schedules : 1" to "8" forming part  
Of Balanced Sheet and Profit and Loss Account

FOR G.K.TULSYAN & COMPANY

CHARTERED ACCOUNTANT

V.K.Senapati

Partner

Membership No. 58084

4, Gangadhar Babu Lane, Kolkata- 700012

Dated the 24<sup>th</sup> day of April 2004

M.S.Sharma

Vikas Bertia

Director

Director

**FORM OF PROXY**  
**RAJASTHAN PETRO SYNTHETICS LTD.**

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

Regd. Folio No .....

I/We ..... of ..... in the district  
of ..... being a member of the above named Company, hereby appoint  
..... of ..... in the district of  
..... or failing him ..... of  
..... in the district of ..... as my/our proxy to vote  
for me/us on my/our behalf at the **Twenty Second Annual General Meeting** of the Members of the  
Company to be held on Thursday the 30th September, 2004 at 3.00 p.m. at the **Registered Office of the  
Company at F-210-223 RIICO Industrial Area, Village Sukher, Udaipur- 313 001 (Rajasthan)** and at  
any adjournment thereof.

Signature .....

Signed this ..... day of ..... 2004

Note : The proxy duly completed must be deposited at the Registered Office of the Company not less  
than 48 hours before the time for holding the Meeting.

**ATTENDANCE SLIP**  
**TWENTY SECOND ANNUAL GENERAL MEETING**

Regd. Folio No .....

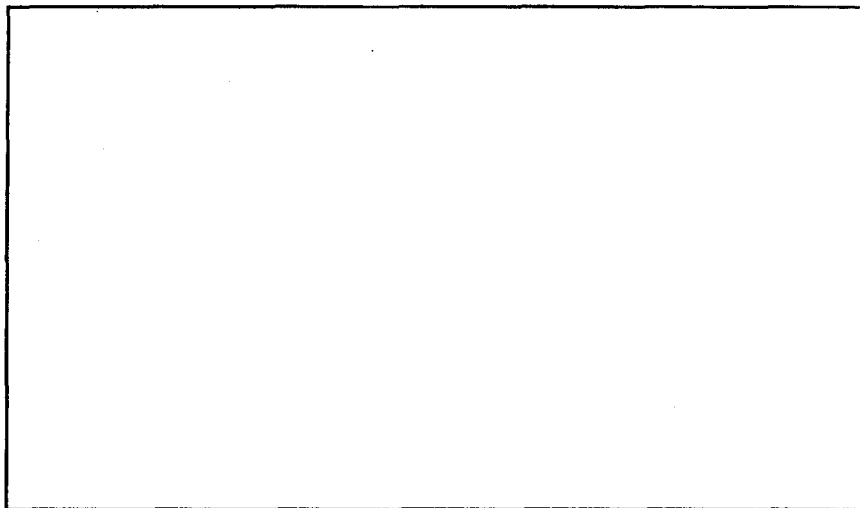
I Certify that I am registered Shareholder / Proxy for the registered shareholder of the Company.

I hereby record my presence at the Twenty Second Annual General Meeting of the Members of the  
Company to be held on Thursday the 30th September, 2004 at 3.00 p.m at the Registered Office of the  
Company at F-210-223 RIICO Industrial Area, Village Sukher, Udaipur - 313 001 (Rajasthan).

Member's/Proxy's Name in block letters

Member's/proxy's Signature

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