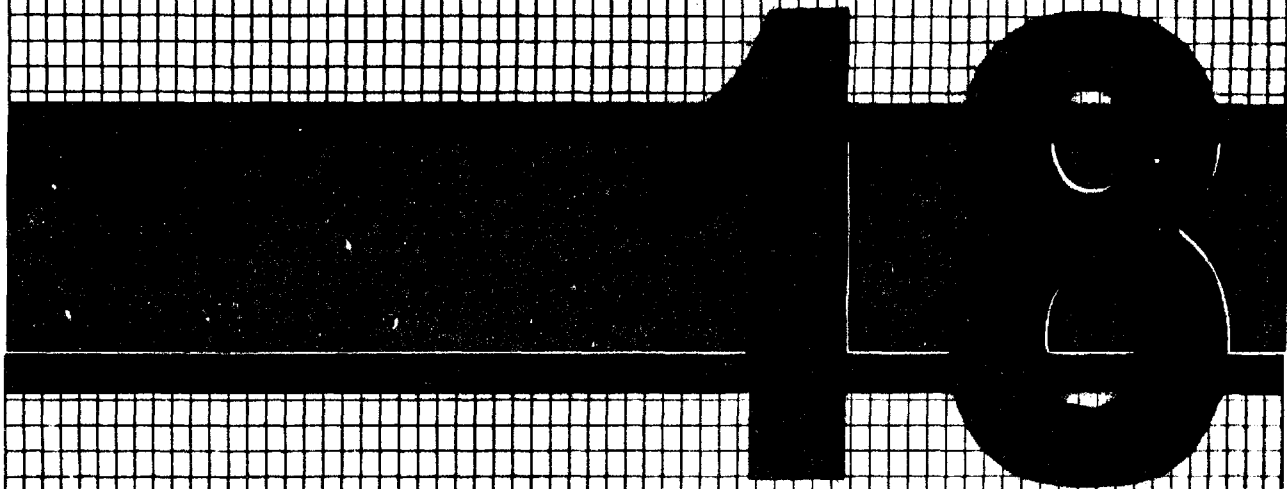


PODAR KNITEX LIMITED



**ANNUAL
REPORT
2004-2005**

Savanna

Coverings you'll keep Touching

PODAR KNITEX LIMITED

BOARD OF DIRECTORS:

MR. RAJIV K.PODAR
MR. M. D. SHANBHAG
MR. RAMESH C.PANDYA
MR. RAJENDRA M.BOLYA

AUDITORS

M/S. S. K. BHAGERIA & ASSOCIATES, Chartered Accountants.

SOLICITORS:

M/S. KANGA & CO., Advocates, Solicitors & Notary.

BANKERS:

CANARA BANK
BANK OF BARODA

REGISTERED OFFICE;

PODAR CHAMBERS,
109, S.A.BRELVI ROAD,
FORT, MUMBAI 400001.

WORKS:

PLOT NO.B-5 & B-6,
MIDC INDUSTRIAL AREA,
MAHAD, DIST. RAIGAD(MAHARAHSTRA)

REGISTRARS & SHARE TRANSFER AGENTS:

M/S. SHAREX (INDIA) PRIVATE LTD.,
17/B, DENA BANK BUILDING, 2ND FLOOR,
HORNIMAN CIRCLE,
MUMBAI 400 023

ANNUAL GENERAL MEETING:

FRIDAY, SEPTEMBER 30, 2005 AT 4.00 P.M. AT
PODAR CHAMBERS, 4th FLOOR, 109, S.A.BRELVI ROAD,
FORT, MUMBAI 400001.

PODAR KNITEX LIMITED

NOTICE

NOTES:

NOTICE is hereby given that Eighteenth Annual General Meeting of the Members of PODAR KNITEX LIMITED will be held on Friday, September 30, 2005 at 4.00 P. M. at the registered office of the Company at Podar Chambers, 4th floor, 109, S.A. Brelvi Road, Fort, Mumbai 400 001 to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2005 and Balance Sheet as at that date together with Report of Directors' and Auditors thereon.
2. To appoint a Director in place of Mr. Rajiv K. Podar, who retires by rotation and is eligible for reappointment.
3. To Appoint Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without any modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Manjunath D. Shanbhag, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st February 2005 U/s. 260 of the Companies Act, 1956 and who hold office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member proposing his candidature for the office of the Director pursuant to provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

By Order of the Board
FOR PODAR KNITEX LIMITED,

[RAJIV K. PODAR]
DIRECTOR

Regd. Office:
Podar Chambers,
109, S.A. Brelvi Road,
Fort, Mumbai 400 001.

August 30, 2005.

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER.

The Proxy Form duly filled in should be lodged with the Company not less than 48 hours before the commencement of the Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 23/09/2005 to 30/09/2005 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report to the Meeting.
4. Explanatory Statement U/s. 173 of the Companies Act, 1956 is enclosed herewith.

EXPLANATORY STATEMENT U/S. 173(2) OF THE COMPANIES ACT, 1956:

Item No. 4:

Mr. Manjunath D. Shanbhag was appointed by the Board of Directors as an additional director w.e.f. 1st February, 2005. He holds Office upto the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956 the Company has received a notice along with deposit of Rs.500/- from a member proposing the Candidature of Mr Manjunath D. Shanbhag for the office of Director of the Company.

Looking at the experience and exposure Mr. Manjunath D. Shanbhag has the Board recommends that he be appointed as regular Director of the Company. The Board hopes that with his appointment the Company will be benefited greatly.

The board recommends the resolution be passed.

None of the Directors except Mr. Manjunath D. Shanbhag is concerned or interested in the said Resolution.

By Order of the Board
FOR PODAR KNITEX LIMITED,

[RAJIV K. PODAR]
DIRECTOR

Regd. Office:
Podar Chambers,
109, S.A. Brelvi Road,
Fort, Mumbai 400 001.

August 30, 2005.

PODAR KNITEX LIMITED

DIRECTORS' REPORT

Your Directors have great pleasure in presenting herewith the Eighteenth Annual Report and Audited Statement of Accounts for the year ended March 31, 2005.

STATUS OF INSURANCE CLAIM & OPERATIONS:

The National Consumer Dispute Redressal Commission, New Delhi, vide its order dated 22nd April 2004 allowed the Petition in Company's favour. The Insurance Company preferred to appeal against the said order with the Supreme Court and the board of your Company had decided to fight the same.

During the financial year 2004-2005 also, the Company could not resume any operations at the factory because of inadequate funds. Your Directors are making all efforts to resume the same and improve the performance of the Company. It is hoped that with the settlement of the Insurance Claim and subject to reaching an agreement on the revival package with the Institutions, the Company will be able to start operations.

DIVIDEND:

Due to losses and Shut down of the Company's Operations, your board is unable to recommend any dividend during the year under review.

WINDING UP PROCEEDINGS BEFORE THE BOMBAY HIGH COURT:

As reported in the last Directors report the Bombay High Court taking note of pending Insurance matter with National Consumer Disputes Redressal Commission, New Delhi Ordered the matter adjourned for sine die, vide its Order dated October 19, 2001.

INTEREST WAIVER FROM FINANCIAL INSTITUTIONS & BANKS:

The negotiating with Financial Institutions and Banks for settlement of their dues is on and your board is confident of getting concessions/waiver of interest/principal. In view of the same, no provision is made for estimated amount of interest amounting to Rs.2293.31 lacs (Incl. of Previous Years of Rs.1721.93 Lacs) on the said borrowings. Please Refer Note No. 8 of Schedule 10 Notes on Accounts.

POSSESSION OF THE FACTORY TAKEN BY CANARA BANK:

Canara Bank and Bank of Baroda had jointly filed a case against the Company in the Debt Recovery Tribunal. In view of the Order of DRT, Recovery Proceedings have been initiated by Recovery Officer against the Company and by exercising their powers Recovery Officer issued attachment order of Immovable property situated at Plot no. B-5 and B-6 at MIDC, Mahad. So Canara Bank has taken the possession of full factory of Mahad and has also taken inventory of all assets, stocks & spares and sealed the factory.

DIRECTORS:

Mr. Rajiv K. Podar, Director of the Company retires by rotation and being eligible, offers himself for reappointment.

Mr. Manjunath D. Shanbhag was appointed as an additional director on the board of the Company and will hold office till the conclusion of the forthcoming Annual General Meeting and he is eligible for reappointment. During the year Mr. Kantikumar R. Podar and Mr Ramesh K. Saboo has resigned due to his other preoccupations. Your Board records its deep sense of appreciation for the services rendered by Mr. Kantikumar R. Podar and Mr. Ramesh K. Saboo during the tenure of directorship.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the provisions of the Companies Act, 1956, the Directors confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) The accounting policies have been selected and applied consistently and the judgements and estimates made 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;
- (iii) Proper and sufficient care has been taken 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.

(iv) The annual accounts have been prepared on a going concern Basis.

AUDITORS:

M/s. S. K. Bhageria & Associates, Chartered Accountants statutory auditors of the Company retires from the office at the ensuing Annual General Meeting and are eligible for reappointment. You are requested to appoint them as Auditors for the period from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize Board to fix their remuneration.

AUDITORS' OBSERVATIONS:

As regard to the qualifications in the Auditor's Report the relevant notes attached to the accounts are self explanatory and does not call for further explanation under Section 217 of the Companies Act, 1956.

CORPORATE GOVERNANCE:

As per Clause 49 of the Listing Agreement, the Company was required to implement Corporate Governance Code and Follow the Procedure laid down in the said Code. Due to adverse financial position of the Company and non availability of independent Directors coupled with Liquidation matter pending in High Court, the Board of Directors had decided to request Stock Exchange for exempting the Company from requirement of Clause 49 of the Listing Agreement.

The Company has not received any communication from the Stock Exchange in this matter.

LISTING REQUIREMENTS:

The Equity Shares of the Company are listed with the Stock Exchanges at Ahmedabad, Delhi, Kolkatta and Mumbai.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO:

Information in accordance with the Provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure with particulars in the Report of Board of Directors) Rules, 1988 are not furnished as there was no manufacturing activities during the year.

Foreign Exchange Earning and Outgo: Rs. Nil

PARTICULARS OF EMPLOYEES:

During the year under review, there was no employee drawing salary in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956 and the Rules prescribed thereunder.

FIXED DEPOSITS:

Your Company has not invited or accepted fixed deposits within the meaning of Section 58A of the Companies Act, 1956 during the year.

ACKNOWLEDGMENT:

Your Directors are pleased to place on record their sincere appreciation for the co-operation extended by the Financial Institutions and the Company's Bankers.

Yours Directors also express gratitude to the Shareholders of the Company for the confidence imposed in the management.

By Order of the Board
FOR PODAR KNITEX LIMITED,

(RAJIV K. PODAR)
DIRECTOR

(M. D SHANBHAG)
DIRECTOR

Regd. Office:
Podar Chambers,
109, S.A. Brelvi Road,
Fort, Mumbai 400 001.
August 30, 2005.

PODAR KNITEX LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **PODAR KNITEX LIMITED**, as at 31st March, 2005 and the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. 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.
2. 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 paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - (a) Note No.5 : relating to non provision of Estimated amount of Customs Duty and other charges payable Rs. 529.93 Lacs and its consequent impact on loss for the year.
 - (b) Note No.7 : relating to pending confirmation and reconciliation of Balances of Sundry Debtors, various Lenders, Sundry Creditors, Advances and Banks and its effect if any, on the revenue, as detailed in the note, are as disclosed by the books of account.
 - (c) Note No.8 :relating to non provision of estimated amount of Interest of Rs. 2293.31 lacs (Including of previous year Rs.1721.93 Lacs) on Financial Institutions and Banks loan and its consequent impact on the loss for the year.
 - (d) Note No.9(a) & (b) : relating to certain records of the company taken by the Central Excise Authorities and their reconstruction thereupon.
 - (e) Note No.9(c) : relating to non availability of Original records, documents and permissions relating to Deemed Export sales and non provision of Liability if any arising therefrom.
 - (f) Note No.10 : relating to accounting of cash Compensatory Support (CCS) of Rs.7.75 Lacs for the year ended 31/03/1992 as and when received.

4. Subject to the above:

- a) We have obtained all 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 account as required by law have been kept by the company so far as appears from our examination of the books of the company.
 - c) The Balance Sheet, Profit and Loss Account and the cash flow statement dealt with by the Report are in agreement with the books of account of the company.
 - d) In our opinion, Balance Sheet and Profit & Loss Account comply with the accounting standards referred to in Sub-Section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representation received from the Directors as on 31st March 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2005 from being appointed as a Director in terms of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
- 5) In our opinion and to the best of our information and according to the explanations given to us, subject to what is stated in para 3 (a), (c), & (f) (without taking into accounting para 3 (b), (d) and (e) as the extent of loss as, at present in respect of which is unascertainable/ not ascertained), aggregate effect of which has resulted in the loss for the year being lower by Rs. 2815.49 Lacs and accumulated losses carried in the Balance Sheet would be of Rs. 6927.01 Lacs as against the reported accumulated losses of Rs. 4111.52 Lacs and subject to what is stated in paragraph 1, 2 & 3 above. The Balance Sheet, Profit & Loss Account and Cash Flow Statement give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :
- (i) in the case of Balance Sheet of the State of affairs of the company as at 31st March, 2005.
 - (ii) in the case of Profit and Loss Account of the loss for the year ended on that date.
 - (iii) in the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **S.K.BHAGERIA & ASSOCIATES**
Chartered Accountants

Mumbai,
Dated: 30th August, 2005

(**S.K.BHAGERIA**)
PARTNER

PODAR KNITEX LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF AUDITOR'S REPORT TO THE MEMBERS OF PODAR KNITEX LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All the assets have not been physically verified by the management during the year as the same has been taken over by Canara Bank and in the possession thereof.
- c) Since all the fixed assets are in possession of Canara Bank the information for disposed off any assets during the year is not available.
- ii) No physical verification of the stock of the Finished Goods, Raw material and stores & spares have been taken as the same are lying in the custody of Canara Bank. Accordingly para 4(a) (b) & (c) of the order is not applicable.
- iii) a) According to the information and explanations given to us, the company has taken interest free unsecured loans from following companies covered in the register maintained under section 301 of the Companies Act, 1956.

Sr. No.	Name of Companies.	Amount (Rs.) Year ended	Maxi. Amt. due at any time during the year (Rs)
1	The Podar Holding Pvt. Ltd.	5,46,00,000	5,46,00,000
2	Nawal Finance Pvt. Ltd.	26,20,531	26,20,531
3	Podar Twistex Pvt. Ltd.	19,78,266	19,81,266
4	Premier Consultant & Traders Ltd.	12,38,018	12,76,397
5	Nawal Textiles Ltd.	37,22,667	37,22,667
6	Podar Textiles (Daman) Pvt. Ltd.	3,90,882	3,90,882

The company has not granted any loans to the Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

- b) In our opinion, the rate of interest and other terms and conditions on which loan taken from or to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- c) According to the information and explanations given to us, the company is not regular in repaying the principal amounts of interest free unsecured loans taken.
- d) There is overdue amount of loans taken from companies, firms and parties covered in the register maintained under section 301 of the companies Act, 1956, and the company is trying to make the payment of principal amount.
- v) 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 nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods. During the course of the audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) a) According to the information and explanations given to us, we are of the opinion, that the transactions that need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, Since the company has not entered in to any transactions of contracts or arrangements exceeding Rs. five lakhs in respect of any party during the financial year that needs to be entered in the register maintained under section 301 of the Companies Act, 1956, Para 4 of (v)(b) of the order is not applicable.
- vi) The company has not accepted any deposits from the public during the year in respect of which section 58A of the Companies Act, 1956 is applicable.
- vii) While the company has no formal Internal Audit System during the year under review, the responsible officers of the company have always kept adequate vigilance over the day-to-day transactions of the company and over the proper maintenance of the basic records and books of account of the company.

- viii) We are informed that the Central Government has not prescribed the maintenance of cost records as provided under section 209 (f) (d) of the Companies Act, 1956 for the product of the Company.
- x) a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it. Except Excise duty of Rs.535,24,282/- as at 31st March,2005 for a period of more than 6 months from the date they became payable.
- b) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Wealth Tax, Custom duty, Excise duty, cess have been disputed and lying pending as at 31st March, 2005.
- x) In our opinion and according to the information and explanation given to us, the accumulated losses of the company are more than fifty percent of its net worth at the end of financial year. The company has incurred cash losses of Rs. 3,98,00,014/- during the financial year covered by our report and of Rs. 5,40,410/- in the immediately preceding financial year.
- xi) According to the information and explanations given to us, the company has defaulted in repayment of its dues to banks and financial institutions. The company has not issued any debentures. However as per the information provided by the company, the company has following defaults.

Sr.No.	Name of Bank / Institution	Period	Amount (Rs. In Lacs)		
			Principal	Interest	Total
1	ICICI	1993 To 2005	83.86	664.08	747.94
2	IDBI	1993 To 2005	170.20	789.39	959.59
3	IFC	1993 To 2005	85.68	500.18	585.86
4	Canara Bank	1993 To 2005	431.54	914.60	1346.14
5	Bank Of Baroda	1993 To 2005	80.00	290.53	370.53

- xii) Based on our examination of the records and of the information and explanations given to us, the company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) According to information and explanation given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi) According to the information and explanations given to us, the company has not taken any term loans during the year. Hence the provisions of clause No 4 (xvi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- xvii) According to the information and explanations given to us and on an over all examination of the balance sheet of the company, Since the company has not raised any short-term fund or long-term funds, Para 4 (xvii) of the order is not applicable.
- xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year. Hence the provisions of clause No 4 (xviii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xix) According to the information and explanations given to us, the company has not issued any debentures during the year and hence, the provisions of clause no 4 (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- xx) According to the information and explanations given to us, the company has not raised any money by way of public issues during the year.
- xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

S.K.BHAGERIA & ASSOCIATES
Chartered Accountants

Mumbai
Dated : 30th August,2005

(S.K.BHAGERIA)
PARTNER

PODAR KNITEX LIMITED

BALANCE SHEET AS AT 31ST MARCH 2005

ASAT 31.03.2004 Rupees	LIABILITIES	SCH NO.	ASAT 31.03.2005 Rupees	ASAT 31.03.2004 Rupees	ASSETS	SCH NO.	ASAT 31.03.2005 Rupees
48000000	SHARE CAPITAL	1	48000000		<u>FIXED ASSETS</u>	5	
7005000	RESERVES & SURPLUS	2	7005000	73212896	a) GROSS BLOCK		73212896
				53757995	b) LESS: DEPRECIATION		<u>55818343</u>
280493518	SECURED LOANS	3	280493518	19454901			17394553
68535042	UNSECURED LOANS (From Companies)		69925364	5000	<u>INVESTMENTS</u>	6	5000
					<u>CURRENT ASSETS</u>		
	<u>CURRENT LIABILITIES & PROVISIONS</u>	4			<u>LOANS AND ADVANCES</u>	7	
84414237	CURRENT LIABILITIES		122880725	460553	(A) <u>CURRENT ASSETS</u>		
				1880818	a) INVENTORIES		460553
				97355139	b) CASH & BANK BALANCES		<u>1890030</u> 2350583
					(B) LOANS & ADVANCES		<u>97402723</u> 99753308
					<u>MISCELLANEOUS EXPENDITURE</u>		
					(To the extent not written off - or adjusted)		
				369291386	Profit & Loss Account		411151748
<u>488447797</u>	TOTAL RUPEES		<u>528304607</u>	<u>488447797</u>	TOTAL RUPEES		<u>528304607</u>

NOTE: Notes as per schedule 10, Accounting Policies as per schedule 11 and other schedules referred herein form an integral part of these accounts.

AS PER OUR ATTACHED REPORT OF EVEN DATE
FOR S. K. BHAGERIA & ASSOCIATES.
CHARTERED ACCOUNTANTS

RAJIV K. PODAR
Director

(S.K.BHAGERIA)
PARTNER

MUMBAI
DATE: 30th August, 2005

M. D. SHANBHAG
Director

PODAR KNITEX LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

FOR THE YEAR ENDED 31.03.2004 RUPEES	EXPENDITURE	SCH NO.	FOR THE YEAR ENDED 31.03.2005 RUPEES	FOR THE YEAR ENDED 31.03.2004 RUPEES	INCOME	SCH NO.	FOR THE YEAR ENDED 31.03.2005 RUPEES
595	OPENING STOCK (Finished Goods)		595	355552	OTHER INCOME	9	445704
	ADMINISTRATIVE,SELLING AND			595	CLOSING STOCK (Finished Goods)		595
885962	OTHER EXPENSES	8	40245718				
2100400	DEPRECIATION		2080348		LOSS FOR THE YEAR		
<u>2996957</u>	TOTAL RUPEES		<u>42306681</u>	<u>2640810</u>	CARRIED FORWARD		<u>41860362</u>
				<u>2996957</u>	TOTAL RUPEES		<u>42306681</u>
366650576	BALANCE BROUGHT FORWARD			369291386			
2640810	LOSS FOR THE YEAR BROUGHT DOWN		41860362	369291386	BALANCE CARRIED TO BALANCE SHEET		411151748
<u>369291386</u>	TOTAL RUPEES		<u>411151748</u>	<u>369291386</u>	TOTAL RUPEES		<u>411151748</u>

Earning per Share
Basic & Diluted

For the year
ended 31.03.05
(-)Rs.8.72

For the year
ended 31.03.04
(-)Rs.0.55

NOTE: Notes as per schedule 10, Accounting Policies as per schedule 11 and other schedules referred herein form an integral part of these accounts.

AS PER OUR ATTACHED REPORT OF EVEN DATE
FOR S. K. BHAGERIA & ASSOCIATES.
CHARTERED ACCOUNTANTS

RAJIV K. PODAR
Director

(S.K.BHAGERIA)
PARTNER

M. D. SHANBHAG
Director

MUMBAI
DATE: 30th August,2005

PODAR KNITEX LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2005

	AS AT 31/03/05		AS AT 31/03/04			AS AT 31/03/05		AS AT 31/03/04	
	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees

SCHEDULE - 1

SHARE CAPITAL

AUTHORISED :

5000000 Equity

Shares of Rs. 10/- each 50000000 50000000

ISSUED:

4800000 Equity

Shares of Rs. 10/- each 48000000 48000000

SUBSCRIBED AND PAID UP:

4800000 Equity

Shares of Rs. 10/- each
fully paid in cash 48000000 48000000

TOTAL RUPEES 48000000 48000000

SCHEDULE - 3

SECURED LOANS:

TERM LOANS FROM FINANCIAL INSTITUTIONS:

a) Rupee Loan	17598581	17598581
b) Foreign Currency Loan	1421811	1421811
c) Rupee Tied Loan	<u>14954019</u>	<u>33974411</u> <u>14954019</u> <u>33974411</u>

FROM BANKS:

a) On Cash Credit Account	36328182	36328182
b) Against Bills Discounted	3330957	3330957
c) Against Book Debts & Devolved L/C	<u>11494802</u>	<u>51153941</u> <u>11494802</u> <u>51153941</u>

INTEREST ACCRUED

& DUE	195365166	195365166
TOTAL RUPEES	<u>280493518</u>	<u>280493518</u>

NOTES: 1) Loans from Financial Institutions are secured by way of first mortgage of Immovable properties, both present and future and by hypothecation of plant and machineries, spares, tools and accessories, both present and futures in order, in transit, or otherwise situated at Company's premises, Godown, or wherever else and other movables, both present and future and guaranteed by two Directors of the Company in their individual capacities.

2) The loan from banks on cash credit, against bills discounted and against book debts is secured by hypothecation of inventories and book debts both present and future, Equitable/legal mortgage on Company's Fixed Assets by way of second charge and guaranteed by two Directors of the Company in their individual capacities.

SCHEDULE - 2

RESERVES AND SURPLUS

CAPITAL RESERVES:

State subsidy as per last account 1000000 1000000

Central subsidy as per last account 1000000 2000000 1000000 2000000

FORFEITED SHARES MONEY

As per last account 5000 5000

INVESTMENT ALLOWANCE RESERVE:

As per last account 5000000 5000000

TOTAL RUPEES 7005000 7005000

PODAR KNITEX LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2005

	Rupees	AS AT 31/03/05 Rupees	Rupees	AS AT 31/03/04 Rupees
SCHEDULE - 4				
CURRENT LIABILITIES AND PROVISIONS:				
CURRENT LIABILITIES:				
Sundry Creditors	122769757		84094237	
Advances from Customers	—		320000	
Temporary Overdraft from a bank	95284		—	
Income Tax Deducted at source	15684	122880725	—	84414237
TOTAL RUPEES		122880725		84414237

SCHEDULE - 5

FIXED ASSETS:

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	Cost/Book Value as at 01.04.2004	Additions	Deductions	Cost/Book Value as at 31.03.2005	Till 31.3.2004	For the Year	Adjustment /Transfer	Total as on 31.03.2005	As at 31.03.2005	As at 31.03.2004
Leasehold land	856853	—	—	856853	160103	9020	—	169123	687730	696750
Buildings (including										
Road & Drains)	21310413	—	—	21310413	10016768	687392	—	10704160	10606253	11293645
Plant & machinery	45212304	—	—	45212304	38935946	1181374	—	40117320	5094984	6276358
Electrical Installation	3731753	—	—	3731753	3199955	64332	—	3264287	467486	531798
Furniture & Fixtures	1455464	—	—	1455464	1062652	85638	—	1148290	307174	392812
Office Equipment	627009	—	—	627009	371953	29496	—	401449	225560	255056
Computers	19100	—	—	19100	10618	3096	—	13714	5386	8482
TOTAL RUPEES	73212896	—	—	73212896	53757995	2060348	—	55818343	17394553	19454901
Previous Year's Figure	73383101	—	170205	73212896	51814080	2100400	156485	53757995	19454901	21569021

PODAR KNITEX LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2005

	Rupees	Rupees	AS AT 31/03/05 Rupees	Rupees	AS AT 31/03/04 Rupees
SCHEDULE - 6					
INVESTMENTS: (AT COST)					
UNQUOTED					
IN GOVERNMENT SECURITIES					
Kisan Vikas Patra (Deposited with Sales-Tax Department-Daman)			5000		5000
TOTAL RUPEES			5000		5000
SCHEDULE - 7					
CURRENT ASSETS, LOANS & ADVANCES:					
(A) CURRENT ASSETS:					
(a) INVENTORIES: (As certified by the management same as per last year)					
Raw Materials (At lower of cost or net realisable Value)		19681		19681	
Stores and Spares (At lower of cost or net realisable value)		440277		440277	
Finished Goods (At cost or market value which ever is lower)					
Fur Fabrics		595	460553	595	460553
(b) CASH AND BANK BALANCES:					
Cash on hand		347		5657	
With Scheduled Banks In Current account		6707		17450	
In Margin A/c.		1882976	1890030	1857711	1880818
			2350583		2341371
(B) LOANS AND ADVANCES: (Unsecured, Considered good unless otherwise stated)					
Advances to suppliers		—		9324	
Prepaid Expenses		4873		—	
Cash compensatory support receivable		1673912		1673912	
TDS receivable		9094		9094	
Interest receivable		565383		513348	
Insurance claim receivable		94945000		94945000	
Balance with Central Excise Authorities		157889		157889	
Sundry Deposits:					
a) With Govt & Semi Govt. Dept.	27522			27522	
b) With Others	19050	46572	97402723	19050	97355139
TOTAL RUPEES			99753306		99696510

PODAR KNITEX LIMITED

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	FOR THE YEAR ENDED 31/03/05		FOR THE YEAR ENDED 31/03/04		FOR THE YEAR ENDED 31/03/05		FOR THE YEAR ENDED 31/03/04	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 8					SCHEDULE - 9			
ADMINISTRATIVE, SELLING & OTHER EXPENSES:					OTHER INCOME:			
(i) Staff P.F. Arrears paid	12727		12543		—			21780
(ii) Staff Welfare Expenses	—		2164		INTEREST:			
(iii) Rates & Taxes	18610		4150		From banks	77300	152853	
(iv) Insurance	—		127		From Others	—	77300	152853
(v) Printing & Stationery	54794		46857		Miscellaneous Receipts	2000		200
(vi) Postage, Telephone and Telex	17753		18189		Sundry balances written off (Net)	366404		180719
(vii) Subscription and Membership fees	1000		4203		TOTAL RUPEES	<u>445704</u>		<u>355552</u>
(viii) Advertisement Expenses	—		6192					
(ix) Travelling and Conveyance	38541		86072					
(Including Director's Travelling Rs. NIL Previous year Rs. 22699/-)								
(x) Miscellaneous Expenses	135366		245213					
(xi) Excise Duty provided for earlier years	38945977		—					
(xii) Commission, Brokerage and Cash Discount	—		50000					
(xiii) Legal and Professional charges	998395		392115					
(xiv) Payment to Auditors:-								
i) for Audit fees	15000		15000					
ii) for Tax Audit fees	—		—					
iii) for Service Tax	1530	16530	1200	16200				
(xv) Director's Sitting fees	5500		10000					
(xvi) Bank Charges & Commission	525		1937					
TOTAL RUPEES	<u>40245718</u>		<u>895962</u>					

PODAR KNITEX LIMITED

SCHEDULE - 10

NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for :
In respect of guarantees and counter guarantees given by Banks on behalf of the Company and outstanding Rs.42.20 Lacs (Previous Year Rs.42.20 lacs)
2. a. There was a major fire in the factory premises of the Company at Mahad on 28th May,1993, causing extensive damages to Buildings, Plant & Machinery, Electrical Installations, Furniture & Fixtures and Stocks.
b. i) The matter relating to Company's Fire Insurance claim lodged with the New India Assurance Co. Ltd.was pending with the Insurance Company since May,1993,which has been rejected by the Insurance Company. Since the Insurance Company has failed to finalize the claim of the Company, it has,therefore, filed a comprehensive Complaint before the National Consumer Dispute Redressal Commission, New Delhi,under the Consumer Protection Act,1986,claiming a sum of Rs. 1117.00 lacs plus accrued interest thereon at the rate 24% p.a.for the delayed payment.The Company's Advocates have opined that the claim is very valid and the same should be considered favorably by the Forum.
(ii) Pending disposal of the Complaint of the Company by the Forum,the Board considered prudent, not to take credit for 100% of the claim, but to take credit to the extent 85% of the claim of Rs.1117.00 lacs (Which excludes interest) on a conservative basis in the accounts for the Year ended 30th September,1994. Thus the Company has taken estimated credit of Rs. 949.45 lacs (being 85% of Rs.1117.00 lacs) for its Fire Insurance Claim in the accounts for the period ended 30th September,1994 as extraordinary item of Income.
(iii) The National Consumer Dispute Redressal Commission, New Delhi. Vide its order dated 22nd April,2004 allowed the Petition in Company's favour and directed to the Insurance Company to pay Rs. 6,17,19,192/- towards loss assessed for the Building,Plant, Machinery, Furniture and fixtures and stocks and Rs. 1,40,00,000/- towards consequential loss with interest @ 9% p.a. w.e.f. from 28.12.1994 till the date of payment In view of the above amount yet to receive from Insurance company along with interest @ 9% p.a., no further entry is passed in books of accounts. Necessary adjustments for Excess/Short receipt of claim and interest would be accounted / made in the year of actual receipt from the Insurance company.
c. As the cost and accumulated depreciation in respect of Assets burnt, lost or damaged in the fire is not accurately determinable, the same has been deducted on estimated pro-rata cost basis from the Gross Block, and their aggregate depreciation as worked out thereon respectively and accordingly loss and damage to the property due to fire has been worked out and written off in the accounts for the period ended 30th Sept,1994
3. The Company has provided Depreciation on the following basis:
a. Leasehold Land is amortized over the period of lease.
b. On Fixed Assets acquired up to 30th June,1987, on straight line basis at the rates corresponding to the rates applicable under the Income Tax Rules in force in accordance with the Provisions of Section 205(2)(b) of the Companies Act, 1956.
c. On Fixed Assets acquired after 30th June,1987,on straight line basis at the rates specified in Schedule XIV of the Companies Act, 1956 as amended by notification GSR No. 756E dated 16.12.1993
d. On increase in the value of Fixed Assets due to foreign exchange fluctuation on the same method as mentioned in (b) and (c) above during the residual life of the assets.
e. On Fixed Assets added/disposed off/destroyed/discarded during the year on estimated prorata basis with reference to the date of such addition/disposal/destruction/discardment.
4. a. In pursuance of the order dtd. 24th September, 2002 of Supreme Court, the company has been held to be liable for payment of Excise Duty on its Finished product (Fur Fabrics). In pursuance of the said order the Central Excise Authorities has asked the company to pay an amount of Rs. 1,45,78,305/- towards Central Excise Duty payable on the goods cleared by the company during the period from 20.10.1987 To 31.07.1990.The company has accordingly provided a sum of Rs. 1,45,78,305 towards Central Excise Duty liability in its accounts during the year ended 31st March 2003. The Company has however not provided for interest on the demand of Rs. 1,45,78,305 from the date of the order of the Supreme Court.
b. In pursuance of the order dtd. 30.11.04 of Additional Commissioner, Central Excise, Mahad, the company has been held liable for demand of BED, AED and A D (T & T) under section 11 A of C. Excise Act, 1944 on its finished products Fur Fabrics. In pursuance of the said order the Central Excise authorities has asked the company to pay a amount of Rs.1,60,29,381/- towards Central Excise Duty payable on the goods cleared by company during the period from Sept 96 to Nov 2000 the company has accordingly provided a sum of Rs. 1,60,29,381/- towards Central Excise Duty liability in its accounts. The company has however not provided for interest on demand of Rs. 1,60,29,381/- from the date of the order.
c. In pursuance of the order dtd. 16th March,2005 of Assistant Commissioner, Central Excise, Mahad Division the company has been held liable for demand of short payments arising out of the finalisation of the Provisional assessment on its Finished Product Fur Fabrics. In pursuance of the said order of Central Excise authorities has asked the company to pay an amount of Rs. 2,29,16,596/- towards Excise Duty payable on goods cleared during the period from 24.3.1987 to 31.5.1994. The company has accordingly provided a sum of Rs. 2,29,16,596/- towards Central Excise Duty liabilities in its accounts.
5. No Provision has been made for the estimated amount of custom duty and other charges payable Rs. 529.93 lacs (Previous year Rs. 501.90 lacs) on raw materials imported under Duty Exemption scheme for non - fulfilment of Export obligation due to major fire in the factory premises of the company on 28th May 1993. The company has filed a review application which is pending with Director General of Foreign Trade, New Delhi.
6. In the opinion of the Board of Directors the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business atleast equal to the amount stated in the Balance Sheet unless otherwise stated

PODAR KNITEX LIMITED

7. The Company has yet to obtain Balance confirmation from Canara Bank, Creditors and parties to whom loans and advances and deposits have been given and/or taken. Pending receipt of Balance Confirmations, the same has been shown as per Books of Account only. Necessary adjustments, if any, which may affect revenue will be made on receipt of confirmations and reconciliations of such balances.
8. The Company is negotiating with Financial Institutions and Banks for settlement of their dues and is confident of getting concessions / waiver of interest / principal. In view of the same, no provision is made for estimated amount of interest amounting to Rs.2293.31Lacs (Including of Previous years Rs. 1721.93 Lacs) on the said borrowings. However the amount of loan and interest provided their on from Financial institution and Banks are subject to confirmation from said Institutions/Banks and the company calculated amount of interest only simple interest on the Principal amount of Loan for the year.
As a result the loss for the year is lower by Rs. 571.38 Lacs (Previous year Rs. 950.64 Lacs) and also the accumulated Loss at the close of the year being lower by Rs. 2293.31 Lacs.
9. a. Some of the Books and Records of the Company pertaining to previous financial years taken by the central excise authorities on 01/02/1997 are still lying with concerned Authorities. The accounts for the previous financial years therefore were reconstructed and reconciled from available informations and records. Adjustments as may be deemed necessary will be made in the accounts after the release of the Books and Records by the concerned authorities.
- b. Some of the Books & Records of the company pertaining to previous financial years were taken by the central excise authorities on 23.07.98 are still lying with concerned Authorities. The accounts of the company for the previous financial years therefore were reconstructed and reconciled from available informations and records. Adjustments as may be deemed necessary will be made in the accounts after the release of the Books and records by the concerned authorities. The company is therefore not in a position to ascertain the quantum of liability if any arising and therefore the same will be provided as and when demand is raised.
- c. In the absence of availability of original documents, records and permission relating to deemed Export sales of Rs. 25,47,899/- in the financial year 1998-99 it was not possible to ascertain and verify the correctness of such sale. The liability, if any, arising in respect of the same being unascertainable has not been provided and would be accounted as and when any such liability arises. The Canara Bank and Bank of Baroda had jointly filed a case against the company in the Debt Recover Tribunal, Mumbai. In view of the order of DRT, Recovery proceeding have been initiated by Recovery officer against the company and by exercising their powers Recovery officer issued attachment order of immovable property situated at Plot No. B5 at MIDC, Mahad. So Canara Bank have taken possession of the full Factory of Mahad and have also taken Inventory of all assets, stocks, stores & spares. The same is still with Canara Bank.
10. The Company's claim for Cash Compensatory Support (CCS) against its Deemed Exports was rejected by the concerned authorities of the Joint Chief Controller of Imports and Exports against which though a writ petition filed by the Company was admitted by the Bombay High Court pending final disposal of the writ, the Company has not accounted for the CCS claim of Rs. 7,74,786/- for the year ended 31.03.1992 and the same will be accounted for in the year of receipts.
11. Accounting Standard 22 – "Taxes on Income" issued by The Institute of Chartered Accountants of India requires the Company to accrue taxes on income in the same period as the revenue and expenses to which they relate. As the taxable income are different from the reported income due to timing differences, there arises a necessity to create a deferred tax asset or deferred tax liability, as the case may be. In view of the losses reported for the year and also carry forward losses for earlier years, no deferred tax liability is required to be created. Further, as availability of future taxable profits to realize deferred tax assets can not be estimated with virtual certainty the same has not been accounted for.
12. Disclosure of transaction with Related parties, as required by Accounting Standard 18 "Related Party Disclosures" are as under :-

Sr.	Related Party	Relationship	Nature of Transaction	outstanding amounts carried in the Balance Sheet (Rupees)
1.	The Podar Holding Pvt. Ltd	Group Company	Loan Taken	5,46,00,000
2.	Nawal Finance Pvt. Ltd.	Group Company	Loan Taken	26,20,531
3.	Podar Twistex Pvt. Ltd.	Group Company	Loan Taken	19,78,266
4.	Premier Consultant & Traders Ltd.	Group Company	Loan Taken	12,38,018
5.	Nawal Textiles Ltd.	Group Company	Loan Taken	37,22,667
6.	Podar Textiles (Daman) Pvt. Ltd.	Group Company	Loan Taken	3,90,882

13. In accordance with Accounting Standard (AS 20) on Earning Per Share (EPS), the Basic EPS has been calculated on the net Loss in Profit & Loss Account, that is attributable to the average number of Equity Shares weighted by the number of days from the date, the Equity Shares were allotted during the year. In accordance with AS 20, the EPS of the Company for year ending 31st March 2005 is negative Rs. 8.72 Per Equity Share. The weighted average number of Equity Share is 48,00,000. The Face value of the Shares is Rs.10/- each.
14. In terms of AS-17 of the ICAI, segment information has not been given, as company does not have any segment.
15. Figures of Previous year have been regrouped/rearranged wherever considered necessary.
16. The figures have been rounded off to the nearest Rupee.
17. Additional information pursuant to the provisions of paragraph 3, 4-C and 4-D of the Part II of Schedule VI to the Companies Act, 1956.
- a. Quantitative information with regard to Licenced and Installed capacity of the goods manufactured by the Company. Since Factory is closed and there is no production the same is not applicable.

PODAR KNITEX LIMITED

b. Quantitative information in respect of finished goods :

(a) Opening Stock		For the year ended 31.03.2005		For the year ended 31.03.2004	
Particulars	Unit	Qty	Value Rs.	Qty	Value Rs.
High Pile					
Fur Fabrics	L. Mtrs.	7	595	7	595
(b) Closing Stock					
High Pile					
Fur Fabrics	L.Mtrs.	7	595	7	595
c. Raw Materials Consumed :			NIL		NIL
d. C.I.F. Value of Imports :			NIL		NIL
e. Expenditure in Foreign Currency			NIL		NIL
f. Value of Imported and Indigenous raw material, stores and spare parts consumed and percentage of each to the total consumption.			NIL		NIL
g. Earning in Foreign Currency			NIL		NIL
h. Amount remitted in Foreign Currency			NIL		NIL

SCHEDULE 11

SIGNIFICANT ACCOUNTING POLICIES

1. System of Accounting

The Company generally adopts the accrual basis in the preparation of the Accounts i.e the Revenue/Income and Cost/Expenditure are generally accounted on accrual basis as they are earned or incurred except in case of significant uncertainties. The loss due to fire and insurance claim, is accounted on estimated basis (Refer Note No. 2 of Schedule 10, notes on accounts)

2. Sales

Sales are net of returns, claims & discount etc.

3. Inventory Valuation

Raw Materials, Stores and spares are valued at lower of cost or net realizable value. Finished goods (Fur Fabrics) are valued at cost or market value which ever is lower.

4. Depreciation

Depreciation has been provided in the Books, on the following basis:

- a. Leasehold Land is amortised over the period of lease.
- b. On Fixed Assets acquired up to 30th June, 1987, on straight line basis at the rates corresponding to the rates applicable under the Income tax Rules in force in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956.
- c. On Fixed Assets acquired after 30th June, 1987, on straight line basis at the rates specified in Schedule XIV of the Companies Act, 1956 as amended by notification GSR No. 756E dated 16.12.1993.
- d. On increase in the value of Fixed Assets due to foreign exchange fluctuation on the same method as mentioned in (b) and (c) above during the residual life of the assets.
- e. On Fixed Assets added/disposed off/destroyed /discarded during the year on estimated prorata basis with reference to the date of such addition/disposal/destruction/discardment.

5. Borrowing Cost

Borrowing Costs that are attributable to acquisition of qualifying assets are capitalized as a part of total cost of such assets.

6. Interest on Borrowing

Interest on borrowings is not provided in the Profit & Loss Account in view of negotiations with Financial Institutions and Banks (Refer Note No. 8 of Schedule 10, Notes on accounts).

7. Investments.

Investments are shown at cost.

8. Gratuity

Since in the year end there was no employee in company therefore there are no liability in respect of the same.

9. Leave Pay

Since in the year end there was no employee in company therefore there are no liability in respect of the same.

PODAR KNITEX LIMITED

SCHEDULE 12

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I Registration Details

Registration No.

	3	7	6	5	2
--	---	---	---	---	---

 Balance Sheet Date

3	1	0	3	2	0	0	5
---	---	---	---	---	---	---	---

State Code

1	1
---	---

II Capital Raised during the year (Amount in Rs. Thousand)

Public Issue

-	-	-	-	-
---	---	---	---	---

Right Issue

-	-	-	-	-
---	---	---	---	---

Bonus Issue

-	-	-	-	-
---	---	---	---	---

Private Placement

-	-	-	-	-
---	---	---	---	---

III Position of Mobilisation and Deployment of Fund (Amount in Rs. Thousand)

Total Liabilities

4	0	5	4	2	4
---	---	---	---	---	---

Total Assets

4	0	5	4	2	4
---	---	---	---	---	---

Sources of Funds :

Paid up Capital

4	8	0	0	0
---	---	---	---	---

Reserves & Surplus

7	0	0	5
---	---	---	---

Secured Loans

2	8	0	4	9	4
---	---	---	---	---	---

Unsecured Loan

6	9	9	2	5
---	---	---	---	---

Application of Funds :

Net Fixed Assets

1	7	3	9	4
---	---	---	---	---

Investments

5

Net Current Assets

(-)	2	3	1	2	7
-----	---	---	---	---	---

Misc Expenditure

-	-	-	-	-
---	---	---	---	---

Accumulated Losses

4	1	1	1	5	2
---	---	---	---	---	---

IV Performance of Company (Amount in Thousand) :

Turnover

		4	4	6
--	--	---	---	---

Total Expenditure

		4	2	3	0	6
--	--	---	---	---	---	---

+ - Profit/Loss before Tax

	(-)	4	1	8	6	0
--	-----	---	---	---	---	---

+ - Profit/Loss after Tax

	(-)	4	1	8	6	0
--	-----	---	---	---	---	---

Earning per Shares Rs.

(-) 8.72

Dividend Rate %

NIL

V Generic Names of Three Principal Products/ Services of Company (as per monetary terms) :

Item Code No (ITC Code)

5	4	0	2
---	---	---	---

Product Description

POLYESTER YARNS

Item Code No (ITC Code)

5	5	0	7
---	---	---	---

Product Description

FUR FABRICS

Signature to Schedule 1 to 12 which form an integral part of the Balance Sheet and Profit and Loss Account.

For S.K.BHAGERIA & ASSOCIATES
CHARTERED ACCOUNTANTS

(S.K.BHAGERIA)
PARTNER

MUMBAI
Date : 30th August, 2005

RAJIV K. PODAR
Director

M. D. SHANBHAG
Director

PODAR KNITEX LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	<u>Rupees</u>	AS AT 31/03/05 <u>Rupees</u>	<u>Rupees</u>	AS AT 31/03/04 <u>Rupees</u>
<u>A. CASH FLOW FROM OPERATING ACTIVITIES :</u>				
NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS		(41860362)		(2640810)
<u>ADJUSTMENTS FOR :</u>				
Depreciation	2060348		2100400	
Profit on sale of Fixed Assets(Net)	—		(21780)	
Interest & Finance charges	525		1937	
Interest Received	(77300)		(152653)	
		<u>1963573</u>		<u>1927704</u>
OPERATING PROFIT BEFORE WORKING				
CAPITAL CHANGES		(39676789)		(713106)
<u>ADJUSTMENT FOR :</u>				
Trade and other Receivables	4451		96996	
Trade Payables	38466468		266075	
		<u>38470939</u>		<u>365073</u>
CASH GENERATED FROM OPERATIONS :		(1405850)		(348033)
Interest & Finance charges Paid		(525)		(1937)
NET CASH FLOW FROM OPERATING ACTIVITIES :		<u>(1406375)</u>		<u>(349970)</u>
<u>B. CASH.FLOW FROM INVESTING ACTIVITIES :</u>				
Sale of Fixed Assets	—		35500	
Interest Received	25265		48783	
		<u>25265</u>		<u>84283</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(1361110)</u>		<u>(265687)</u>
<u>C. CASH FLOW FROM FINANCING ACTIVITIES</u>				
Proceeds from Borrowings (Net of Repayments)	1390322		273135	
NET CASH USED IN FINANCING ACTIVITIES		<u>1390322</u>		<u>273135</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>		9212		7448
CASH AND CASH EQUIVALENTS AS AT 01/04/2004 (OPENING BALANCE)		1880818		1873370
CASH AND CASH EQUIVALENTS AS AT 31/03/2005 (CLOSING BALANCE)		1890030		1880818

FOR AND ON BEHALF OF THE BOARD

PLACE : MUMBAI
DATE : 30th August, 2005

RAJIV K. PODAR
Director

M. D. SHANBHAG
Director

PODAR KNITEX LIMITED

PODAR KNITEX LIMITED

Registered Office : Podar Chambers, 109, S.A. Brelvi Road, Fort, Mumbai - 400 001.

ANNUAL GENERAL MEETING - FRIDAY 30TH SEPTEMBER, 2005

PROXY FORM

I/We _____ of _____ in the district of _____ being a member(s) of PODAR KNITEX LIMITED hereby appoint _____ or failing him/her _____ of _____ in the district of _____ to attend the 18th ANNUAL GENERAL MEETING of the Company's to be held on Friday, 30th Sept. 2005 at 4.00 PM or at any adjournment thereof.

Signed this _____ day of September, 2005

Regd. Folio No. _____

Please Affix
30 Paise
Revenue
Stamp

Sign. of Member

PODAR KNITEX LIMITED

Registered Office : Podar Chambers, 109, S.A. Brelvi Road, Fort, Mumbai - 400 001.

ATTENDENCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I certify that I am a Registered Shareholder/Proxy for the Registered Shareholder of the Company and hold _____ shares. I hereby record my presence at the Annual General Meeting being held at Podar Chambers, 109, S.A. Brelvi Road, Fort, Mumbai - 400 001 on Friday, 30th September, 2005 at 4.00 PM.

Name of the Member/Proxy in Block Letters

Member's/Proxy's Signature

Registered Folio No. _____

Printed by : Shah Enterprises
Office : 022-56284855
Cell : 9224 434353

PODAR KNITEX LIMITED

Regd. Office : Podar Chambers, 109, S. A. Brelvi Road, Fort, Mumbai - 400 001.