

ANNUAL  
REPORT  
2007-2008

 Maharaja Shree  
UMAID MILLS LIMITED

**Board of Directors :**

SHRI LN BANGUR, *Chairman & Managing Director*

SMT ALKA BANGUR, *Director*

SHRI SS KOTHARI, *Director*

SHRI CHANDRAVADAN DESAI, *Director*

SHRI AMITAV KOTHARI, *Director*

SHRI AL MAHESHWARI, *Managing Director*

**Auditors :**

M/s BD GARGIEYA & CO., JAIPUR

**Bankers :**

STATE BANK OF INDIA

STATE BANK OF BIKANER & JAIPUR

PUNJAB NATIONAL BANK

THE BANK OF RAJASTHAN LTD.

IDBI BANK LTD.

HDFC BANK LTD.

**Regd. Office :**

ROOM NO. 706, 7<sup>TH</sup> FLOOR, "KRISHNA",

224, AJC BOSE ROAD,

KOLKATA-700017 (W.B.)

**Administrative Office and Works :**

PALI (Rajasthan)

PIN – 306 401



## **NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the 68<sup>th</sup> Annual General Meeting of the members of MAHARAJA SHREE UMAID MILLS LIMITED will be held at Sitaram Seksaria Auditorium of Bhartiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata – 700017 on Tuesday, the 30<sup>th</sup> day of September, 2008 at 3.00 P.M. to transact the following business.

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31<sup>st</sup> March, 2008 and the Profit & loss Account for the year ended on that date.
2. To declare Dividend.
3. To appoint a Director in place of Shri SS Kothari, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Amitav Kothari who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors for the current year and to fix their remuneration.

### **SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION :

RESOLVED that pursuant to the provision of section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to appoint Shri Yogesh Bangur as President (Corporate Affairs and Strategy) of the Company, with effect from 4th July, 2008 on remuneration and terms mentioned below :

- (a) Remuneration shall not exceed Rs.6,00,000 per annum.
- (b) During his tenure, he will be governed by the Rules and Regulations of the Company as may be applicable to the employees of the Company from time to time including change in designation and responsibilities.
- (c) The revision of remuneration will be effective only after obtaining all necessary approvals in this regard.

RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the resolution.

7. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a ORDINARY RESOLUTION :

“RESOLVED that Shri Govind Sharda, who was appointed as an Additional Director of the Company with effect from 11th August, 2008 by the Board of Directors under Article 92 of the Articles of Association and who ceases to hold office as such Director on the date of this Annual General Meeting pursuant to section 260 of the Companies Act, 1956 : and in respect of whom the Company has received a notice in writing U/Sec.257 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

8. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION :

“RESOLVED that pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, the consent of the Company be and

is hereby accorded to the reappointment of Shri LN Bangur as Chairman and Managing Director of the Company for a further period of 3 years with effect from 11<sup>th</sup> August, 2008 as per the terms and conditions set out in agreement and also in the Explanatory Statement.”

9. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION :

“RESOLVED that pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, the consent of the Company be and is hereby accorded to the appointment of Shri Govind Sharda as Wholetime Director designated as Director (Finance) of the Company for a period of 3 years with effect from 11<sup>th</sup> August, 2008 as per the terms and conditions set out in agreement and also in the Explanatory Statement.”

Kolkata  
8<sup>th</sup> August, 2008

On behalf of the Board  
LN BANGUR  
Chairman & Managing Director

#### **NOTES**

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item Nos.6, 7, 8 & 9 above is annexed hereto and form part of the Notice.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A Proxy Form in order to be effective, must reach the Company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 25<sup>th</sup> day of September, 2008 to Tuesday the 30<sup>th</sup> day of September, 2008. (both days inclusive)
4. Dividend, when declared, will be payable to those members whose names appear on the Register of Members as on 30<sup>th</sup> day of September, 2008.
5. Information to Shareholders as prescribed in clause 49 of Listing Agreement in respect of appointment/reappointment as Directors, is given at Annexure-A attached to this Notice.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ANNEXED TO THE NOTICE CONVENING THE 68TH ANNUAL GENERAL MEETING TO BE HELD ON TUESDAY, THE 30<sup>TH</sup> DAY OF SEPTEMBER, 2008.**

##### **Item No.6**

With the emergence of new textile trends in the international arena, a lot of untapped opportunities exist for the growth of the Company. The huge brand equity developed over the period of time offers enormous potential for fuelling the growth of the business of the Company including the possible re-structuring of the business.

In order to strengthen the existing team, Shri Yogesh Bangur's name was proposed to be appointed as President (Corporate Affairs and Strategy) for spearheading the corporate affairs and strategy formation and implementation.

As per the provisions of section 314(1)(b) of the Companies Act, 1956, the appointment of a Relative of a Director drawing a monthly remuneration of Rs.10,000 (Rupees Ten thousand only) or more shall not be made except with the approval of shareholders by a special resolution passed at the General Meeting of the Company.

Your Directors recommend the resolution for your approval.

None of the Directors, except Shri LN Bangur and Smt. Alka Bangur, is concerned or interested in this resolution.

**Item No.7.**

Shri Govind Sharda has been appointed by the Board, in its meeting held on 8<sup>th</sup> August, 2008, as an Additional Director with effect from 11<sup>th</sup> August, 2008 in accordance with the provisions of section 260 of the Companies Act, 1956 and the Article 92 of the Articles of Association of the Company. Shri Govind Sharda holds his office as Additional Director till the ensuing Annual General Meeting. A notice U/Sec. 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose the candidature of Shri Govind Sharda for appointment as a Director of the Company.

The Board recommends the resolution for approval by the members.

None of the Directors, except Shri Govind Sharda is interested or concerned in the proposed resolution.

**Item No.8**

Shri LN Bangur was reappointed as the Chairman & Managing Director of the Company in the meeting of the Board held on 30<sup>th</sup> June, 2003 for a term of five years with effect from 11<sup>th</sup> August, 2003, which was approved by the shareholders in the 63<sup>rd</sup> Annual General Meeting held on 27<sup>th</sup> September, 2003. The said term is expiring on 10<sup>th</sup> August, 2008.

Members of the Company are aware that Shri LN Bangur as industrialist, has vast experience in Textile as well as other businesses. Under his leadership, the Company has been registering steady progress and growing from strength to strength.

The Board of Directors at the meeting held on 8<sup>th</sup> August, 2008, took a view that in the context of the ever increasing competitive climate for the industry and in the best interests of the Company, it is desirable that Shri LN Bangur should continue to lead the Company as its Chairman & Managing Director for a further period of 3 years.

The Board of Directors of the company other than Shri LN Bangur and Smt. Alka Bangur, in the said meeting held on 8<sup>th</sup> August, 2008, unanimously decided to reappoint Shri LN Bangur as Chairman & Managing Director with effect from 11<sup>th</sup> August, 2008 for a period of 3 years, subject to approval of the members in the ensuing Annual General Meeting on terms and conditions as set out herein below :

**Terms and Conditions :**

1. Shri LN Bangur shall be responsible for advising and assisting the Board of Directors of the Company in formulation of long term business plans and strategic thrust of the Company, for coordinating the key affairs of business of the Company externally and where needed internally too, for formulation of and decision on developmental, diversification and growth plans of the Company including plans for major capital expenditure; for reviewing and monitoring the execution of plans and conduct of overall affairs of the Company; and for all matters of strategic importance.
2. Shri LN Bangur shall have adequate communication facilities and necessary office establishment, appropriate setup and systems built-up, provided to him by the Company, for the purpose of carrying out his above duties. Shri LN Bangur shall have power to visit the Works of the Company, its Registered Office and other offices at various places, to have meetings, deliberations and negotiations with Banks/Institutions, Government Authorities, Trade Associations, Business Dealers and others concerned as and when needed for the purpose of discharging his duties as above.
3. Shri LN Bangur shall generally have all powers in the normal course of business of the Company to deliberate, deal, negotiate, interact and enter into agreements on behalf of the Company with whomsoever concerned, in respect of the business of the Company from time to time, and shall exercise and perform the above and such other powers and duties as the Board of Directors of the Company may, from time to time, subject to the provisions of law and the Articles of Association of the Company, further determine.



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4. Shri LN Bangur shall have the necessary powers as the Chairman of the Board of Directors.
5. Shri LN Bangur while being away from his normal place of establishment at Kolkata, shall be responsible to keep appropriate arrangements to keep communication with the Works, Registered Office, other offices of the Company and other business associates, as be necessary from time to time, for the purpose of discharging his duties.
6. Any actual expenses on travel, staying in hotel etc. and any other expenses incurred by Shri LN Bangur for the purpose of carrying out his duties as above, will be reimbursable to him or payable to the party concerned, by the Company.
7. Shri LN Bangur, while he continues to hold the office as Chairman & Managing Director, in his capacity as Director of the Company, shall not be subject to retirement by rotation under section 255 of the Companies Act, 1956 and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of directors or in fixing the number of directors to retire, but he shall *ipsofacto* and immediately, be liable to cease to be the Chairman & Managing Director, if for any reasons he ceases to hold office as Director of the Company.
8. Since prior to reappointment of Shri LN Bangur in capacity of the Chairman & Managing Director with effect from 11th August, 2008, he has remained in the services of the Company, he shall be deemed to be in continuous service of the Company for the purpose of the benefit of Gratuity.
9. The terms and conditions as to remuneration of Shri LN Bangur for his reappointment as Chairman & Managing Director, as recommended by the Remuneration Committee are as follows:
  - I. **Salary :** Rs.2,30,000/- per month in the scale of  
Rs.2,30,000/- Rs.30,000/- Rs.2,90,000/-
  - II. **Commission :** Commission on net profits of the company in each year computed in accordance with Section 349 of the Companies Act, 1956 subject to such limit as may be determined by the Board in accordance with such performance parameters but shall not exceed an amount equal to the annual salary for the relevant year.
  - III. **Perquisites :**
    - a. **Housing :** The expenditure incurred by the Company in providing furnished/unfurnished accommodation to the Chairman and Managing Director shall not exceed 60% of his salary. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance at 60% of salary.
    - b. **Gas, Electricity and Water :** Actual subject to a ceiling of 15% of salary.
    - c. **Conveyance :** Car with driver to be provided by the Company.
    - d. **Telephone :** Provision of telephone at the residence.
    - e. **Leave Travel Concession, Medical reimbursement, Contribution to Provident Fund, Superannuation Fund and Gratuity :** As per rules applicable to the managerial staff of the Company.
    - f. **Club Fees :** Fees of clubs subject to a maximum of two clubs.
    - g. **Personal Accident Insurance :** Not exceeding Rs.7,500 per annum.



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- h. Leave** : Leave in accordance with the rules applicable to the managerial staff of the Company.
- i.** Such other benefits, amenities, facilities and perquisites as may be permitted by the Board of Directors to the Chairman and Managing Director.
- IV.** Use of Company's car for official purposes, cell phone, telephone at residence and encashment of leave at the end of tenure and contribution to Provident Fund, Superannuation Fund and Gratuity Fund will not be considered as perquisites.
- V.** In the event of loss or inadequacy of profits in any financial year, the Chairman and Managing Director shall be paid remuneration by way of salary, allowances and perquisites as specified under Para 1(B) of Section II in Part II of Schedule XIII of the Companies Act, 1956 or within such ceilings as may be prescribed under Schedule XIII from time to time or the Companies Act, 1956 and as may be amended from time to time.
- VI.** The Chairman and Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
- VII.** The re-appointment of three years may be determined by either party by giving three months' notice in writing to the other party.
- VIII.** None of the Directors, except Shri LN Bangur and Smt. Alka Bangur, Director is concerned or interested in the resolution.
- IX.** This may be treated as an abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956.
- X.** The Board recommends the resolution for approval by the members.

**Item No.9**

In the meeting of the Board held on 8<sup>th</sup> August, 2008, members of the Board took a view that in order to keep adequate representation of professional Director on the Board with an objective to facilitate proper management deliberations and also keeping in view the potential size of business operations, it is desirable that Shri Govind Sharda be appointed as Wholetime Director designated as Director (Finance) for a period of 3 years with effect from 11<sup>th</sup> August, 2008 subject to approval of the members in the ensuing Annual General Meeting on terms and conditions as to remuneration recommended by Remuneration Committee as set out herein below :

**Terms and Conditions :**

- 1. Shri Govind Sharda will be responsible for the day to day management of the affairs of the Company subject to the superintendence and control, and in accordance with the directions of the Board of Directors and shall have all powers in the normal course of Company's business to deliberate, deal, negotiate, interact and to enter into agreements on behalf of the Company to buy, sell acquire, transfer any goods, service, equipments, effects and rights and generally to do all such acts, deeds and things in connection with the business of the company as may be necessary from time to time.
- 2. During his tenure, Shri Govind Sharda will only employ his energies towards the work and well being of the Company ; and he shall not at all enter into any business, profession or vocation etc. or join any other service, whole time or part time, or take any consultative, advisory or part time job / jobs anywhere else.



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3. Shri Govind Sharda shall exercise and perform the above and such other powers and duties as the Board of Directors of the Company has given to him and may, from time to time, subject to the provisions of law and the Articles of Association of the Company, further determine.
4. The term of appointment of Shri Govind Sharda as Wholetime Director designated as Director (Finance) is for a period of 3 years with effect from 11<sup>th</sup> August, 2008.
5. Shri Govind Sharda, while he continues to hold the office as Wholetime Director designated as Director (Finance), in his capacity as Director of the Company shall not be liable to retirement by rotation, unless it be required under Section 255 of the Companies Act, 1956 at the given point of time in view of the total number of directors on the Board. In that event, he shall be eligible for re-election.
6. Shri Govind Sharda will *ipsofacto* and immediately, ceases to be the Wholetime Director of the Company, if for any reasons he ceases to be a Director and is not forthwith appointed as Director. Besides, Shri Govind Sharda will *ipsofacto* and immediately, cease to be Director of the Company, if for any reason he ceases to hold office as Wholetime Director.
7. Any actual expenses on travel, staying in hotel etc. and any other expenses incurred by Shri Govind Sharda for the purpose of carrying out his duties as above will be reimbursable to him or payable to the party concerned by the Company.
8. Since prior to appointment of Shri Govind Sharda in capacity of the Wholetime Director with effect from 11<sup>th</sup> August, 2008, he has remained in the services of the Company, he shall be deemed to be in continuous service of the Company for the purpose of the benefit of Gratuity.
9. The terms and conditions as to remuneration of Shri Govind Sharda for his appointment as the Director (Finance) as recommended by the Remuneration Committee are as follows :
  - I. **Salary** : Rs.75,000/- per month in the scale of  
Rs.75,000/- Rs.10,000/- Rs.95,000/-
  - II. **Perquisites** :
    - a. **Housing** : Shri Govind Sharda will be provided by Company the facility of residential accommodation as per Company's own convenience and availability. He shall be bound to vacate the accommodation immediately at the time of cessation of his service with the Company ; or on his otherwise ceasing to work on the company's job for any reasons whatsoever.
    - b. **Conveyance** : Actual expenses to be reimbursed subject to limits as specified below :
      - i) Car lease Rs.15,000/- per month
      - ii) Driver Salary Rs. 5,000/- per month
      - iii) Vehicle running/ Maintenance Rs. 7,500/- per month
    - c. **Books and Periodicals** :  
Actual expenses to be reimbursed subject to limit of Rs.500/- per month
    - d. **Leave Travel Concession, Medical reimbursement, Contribution to Provident Fund, Superannuation Fund and Gratuity** :
      - i) Leave Travel Assistance : 6% of the Salary
      - ii) Medical reimbursement : Rs.1250/- per month
      - iii) Provident Fund : 12% of the Salary
      - iv) Gratuity : 4.81% of the Salary





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- e. **Leave** : Leave in accordance with the rules applicable to the managerial staff of the Company.
- f. **Allowances** : i) Special allowance : Rs.37610/- per month  
ii) Service continuation Allowance : Rs.7500/- per month  
iii) Education allowance : Rs.200/- per month
- g. Such other benefits, amenities, facilities and perquisites as may be permitted by the Board of Directors to the Director (Finance).
- III. Use of Company's car for official purposes, cell phones, encashment of leave at the end of tenure and contribution to Provident Fund, Superannuation Fund and Gratuity Fund will not be considered as perquisites.
- IV. In the event of loss or inadequacy of profits in any financial year, the Director (Finance) shall be paid remuneration by way of salary, allowances and perquisites as specified under Para 1(B) of Section II in Part II of Schedule XIII of the Companies Act, 1956 or within such ceilings as may be prescribed under Schedule XIII from time to time or the Companies Act, 1956 and as may be amended from time to time.
- V. His services shall be liable to summary termination with immediate effect if any of the conditions of this appointment are flouted by him at any time. Further, his services shall be terminable by the Company at the sole discretion by giving to him two months notice or salary in lieu thereof. He may leave the services of the Company on his own accord subject to the condition, that he will serve upon the Company an advance notice before two months of the intended date of leaving the services of the Company ; and it shall be incumbent on him that during the said notice period, he will, in the normal course, remain actually present for work as theretofore, with fullest devotion and dedication to the Company. In case he fails to give notice of two months, required as above, or do not remain present on duty during such notice period as above, the Company shall be entitled to recover from him a sum equal to his two month's salary then, in lieu thereof. The Company shall be entitled to forfeit any amount payable to him, against such receivables of the Company from him and he shall be liable to make payment of the balance amount of such dues to the Company by depositing cash at that time immediately and forthwith, on demand by the company.
- VI. The Wholetime Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
- VII. None of the Directors, except Shri Govind Sharda is concerned or interested in the resolution.
- VIII. This may be treated as an abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956.
- IX. The Board recommends the resolution for approval by the members.

Kolkata  
8<sup>th</sup> August, 2008

For and on behalf of the Board  
LN BANGUR  
Chairman & Managing Director

Statement as required in terms of Schedule XIII of the Companies Act, 1956 annexed to the Notice calling Annual General Meeting for approval of remuneration and terms and conditions of the reappointment of Shri LN Bangur, Chairman and Managing Director and appointment of Shri Govind Sharda, Director (Finance) (please refer Resolution No.8 & 9 of the notice dated August 8, 2008)

**I. General Information**

1. Nature of Industry	Cotton Textiles	
2. Date or expected date of commencement of commercial production	Commencement of business on 12-08-1939	
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable	
4. Financial performance based on given indicators	Financial performance of the company for the financial year 2007-08 and 2006-07 is as follows:	
	Rs. In Lacs	
Particulars	2007-08	2006-07
Sales and other income	26264.27	22221.72
Profit before tax	77.38	1169.14
Profit after tax	38.53	803.14
Paid up Equity Capital	864.00	864.00
Reserve & Surplus	6785.40	6822.68
Basic Earnings per share (Rs.)	0.45	9.30
5. Export performance and net foreign Exchange earnings	The Company has export obligations of Rs.5653.01 lacs (USD 127.59 lacs) against Import Licences taken for import of Capital goods under Export Promotion Capital Goods Scheme. Net Foreign Exchange earnings is Rs.2276.98 lacs during the financial year 2007-08.	
6. Foreign Investments or collaborators, if any	Nil	

## **II. Information about the appointees**

### **1. Background details**

<b>Particulars</b>	<b>Shri LN Bangur</b>	<b>Shri Govind Sharda</b>
i. Age	59 Years	42 Years
ii. Academic Qualification	B. Com.	B. Com. (Hon's), C.A.
iii. Experience	Over 38 Years of experience in the management and administration of different industries including Composite Textile Mills.	20 Years experience in financial management and general business management for domestic and international operations.
iv. Particulars of previous employment	Appointed as Chairman & Managing Director from 11 <sup>th</sup> August, 1993 to 10 <sup>th</sup> August, 2008 for three successive terms of 5 years each. He has been reappointed as Chairman and Managing Director for further period of 3 years from 11 <sup>th</sup> August, 2008 to 10 <sup>th</sup> August, 2011 by the Board at its meeting held on 8 <sup>th</sup> August, 2008.	He joined the company on 26 <sup>th</sup> April, 2008 as Executive President & CFO. Prior to this he worked with Grasim Industries, Jindal Strips, Amtrex Appliances, Hindustan Inks and Resigns Ltd., Abhishek Industries Ltd., Great Eastern Energy Corporation Ltd. and GHCL Ltd.
v. Date of approval of last appointment	In the Annual General Meeting held on 27 <sup>th</sup> day of September, 2003.	Not Applicable
vi. Approval for increase in remuneration, if any	In the Annual General Meeting held on 30 <sup>th</sup> day of August, 2005.	Not Applicable
<b>1. Past Remuneration</b>		
i. Remuneration	Total remuneration drawn by Shri LN Bangur for the financial year 2007-08 was Rs.36,20,700/-.	Not applicable
ii. Remuneration payable in case of inadequacy of profits in any year	In the event of absence of inadequacy of profits in any financial year salary, commission, allowances and perquisites would be paid as specified under Para 1(B) of Section II in Part II of Schedule XIII of the Companies Act, 1956.	In the event of absence of inadequacy of profits in any financial year salary, allowances and perquisites would be paid as specified under Para 1(B) of Section II in Part II of Schedule XIII of the Companies Act, 1956
iii. Recognition and awards	Shri LN Bangur is Executive Committee Member of Federation of Indian Chamber of Commerce and Industries (FICCI). He has been member of Bharat Chamber of Commerce.	None



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<p>iv. Job profile and his suitability</p>	<p>Shri LN Bangur shall be responsible for advising and assisting the Board of Directors of the Company in formulation of long terms business plans and strategic thrust of the Company, for coordinating of key affairs of business of the Company externally and where needed internally too, for formulation of and decision on developmental, diversification and growth plans of the Company including plans for major capital expenditure ; for reviewing and monitoring the execution of plans and conduct of overall affairs of the Company; and for all matters of strategic importance. Shri LN Bangur shall have the necessary powers as the Chairman of the Board of Director. Shri LN Bangur as industrialist has vast experience in Textile as well as other businesses. Under his leadership, the Company has been registering steady progress and growing from strength to strength. In the challenging textile scenario, he would be the most suitable person to spearhead the business initiatives of the Company in line with the long term growth strategy of the Company.</p>	<p>Shri Govind Sharda shall subject to the superintendence, control and direction of the Board, be responsible for Strategic planning, Direction, Finance and Corporate affairs and to perform such duties and exercise such powers which have been or may from time to time be entrusted to or vested in him by the Board. Being a finance professional with varied experience of industry, he has sound knowledge and ability to perform and create a focus organisation.</p>
<p>v. Remuneration proposed</p>	<p>Please refer Notice and explanatory statement attached thereto.</p>	<p>Please refer Notice and explanatory statement attached thereto</p>
<p>vi. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates, the relevant details would be w.r.t. the country of his origin)</p>	<p>Taking into account of the financial position of the company, trend in the industry, his qualification, experience and achievements, the terms of his reappointment set out in the resolution are considered to be fair and reasonable.</p>	<p>Taking into account of the financial position of the company, trend in the industry, his qualification and experience the terms of his appointment set out in the resolution are considered to be fair and reasonable.</p>
<p>vii. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any .</p>	<p>Shri LN Bangur holds 14,42,460 equity shares of the company and besides employment with the company he does not have any other pecuniary relationship directly or indirectly with the company. He is related to Smt. Alka Bangur, a Director of the Company.</p>	<p>Except employment, he does not have any pecuniary relationship directly or indirectly with the company.</p>

**III. Other Information**

1. Reasons for loss or inadequate profits	The performance of Textile Industry is dependent upon several factors including availability and cost of raw materials, cost of power and fuel, national and international economic conditions, Government policies and support etc.. These factors may affect the profitability of the Company. However, the company has been making profits consistently.
2. Steps taken or proposed to be taken for Improvement	The Company has undertaken steps for restructuring the operations which will focus on better product mix, quality improvement, cost reduction and revenue enhancement.
3. Expected increase in productivity and profits in measurable terms	The same are dealt in detail in Management Discussion and Analysis in the Annual Report for 2007-2008.

**IV. Disclosures**

1. Remuneration package of the Managerial Person and also of the Directors	The same are disclosed elsewhere in the Annual Report for 2007-08.
2. Service Contract, notice period, severance fees	The term of reappointment of Shri LN Bangur as Chairman & Managing Director is for a period of 3 years with effect from 11 <sup>th</sup> August, 2008. this would, however, be determinable with a notice of three months from either side. Except above no other severance fees is payable.
	The term of appointment of Shri Govind Sharda as Director (Finance) is for a period of 3 years with effect from 11 <sup>th</sup> August, 2008. This would, however, be determinable with a notice of two months from either side subject to conditions mentioned above in this regard at Explanatory Statement for item No.9. Except above, no other severance fees is payable.

Kolkata  
8<sup>th</sup> August, 2008

On behalf of the Board  
LN BANGUR  
Chairman & Managing Director

**ANNEXURE – ‘A’ ATTACHED TO THE NOTICE DATED 8<sup>TH</sup> AUGUST, 2008**  
(as required under clause 49 of the Listing Agreement)

**Information on appointment/re-appointment of Director**

<b>Name</b>	<b>Shri LN Bangur</b>	<b>Shri S.S. Kothari</b>	<b>Shri Amitav Kothari</b>	<b>Shri Govind Sharda</b>
Date of Birth	26.8.1949 59 Yrs.	15.06.1930 78 Yrs.	1.12.1952 56 Yrs.	09-11-1966 42 Yrs.
Qualification	B. Com.	F.C.A.	M.Com., LL.B., FICA, FCA	B.Com.(Hon's.) C.A.
Nature of Appointment	Reappointment w.e.f. 11.8.2008 as Chairman & Managing Director	Retiring by Rotation and seeking reappointment as a Director	Retiring by Rotation and seeking reappointment as a Director	Appointment as Director (Finance) w.e.f. 11.08.2008
Expertisement in Specific functional areas	Industrialist, Chairman & Managing Director of the Company since 11.8.1993	A Practicing Chartered Accountant having vast experience in Financial Consultancy as well as in corporate functioning	Banking & Financial Services	Finance, Management and Administration, including restructuring Corporate Strategy and Information Technology
Directorship held in other companies as on 31-03-2008 (other than Private Limited Companies/ membership of Managing Committees of Chambers of Commerce/ Religious/ Professional Bodies)	<ol style="list-style-type: none"> <li>1. The Andhra Pradesh Paper Mills Ltd</li> <li>2. The Peria Karamalai Tea &amp; Produce Co. Ltd.</li> <li>3. Digvijay Investments Ltd.</li> <li>4. M. B. Commercial Co. Ltd.</li> <li>5. Amalgamated Development Ltd.</li> <li>6. Placid Limited</li> <li>7. The Kishore Trading Co. Ltd.</li> <li>8. Shree Krishna Agency Ltd.</li> <li>9. The Swadeshi Commercial Co. Ltd.</li> <li>10. The General Investment Co.Ltd.</li> <li>11. Samay Books Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Jay Shree Tea &amp; Industries Ltd.</li> <li>2. Bajaj Hindustan Sugar &amp; Industries Ltd.</li> <li>3. Kriti Industries (I) Ltd..</li> </ol>	None	<ol style="list-style-type: none"> <li>1. Rosebys Interiors India Ltd.</li> <li>2. Fabient Global Ltd.</li> </ol>

## DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended on 31st March, 2008

Dear Shareholders,

Your Directors have pleasure to present their 68<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended on 31<sup>st</sup> March 2008.

The operating results are given hereunder:

(Rs. in lacs)

	Year ended on <b>31.3.2008</b>	Year ended on 31.3.2007
Net Sales / Income	<b>25589.62</b>	21828.78
Gross Profits before depreciation and interest	<b>2131.09</b>	2576.59
Interest	<b>825.21</b>	425.47
Cash Profits before taxes	<b>1305.88</b>	2151.12
Depreciation	<b>1228.50</b>	981.98
Profits before taxes	<b>77.38</b>	1169.14
Provision for taxes	- Current Tax	316.00
	- Fringe Benefit Tax	5.00
	- Deferred Tax	45.00
Profits after tax for the period	<b>38.53</b>	803.14
Balance brought forward from previous year	<b>413.41</b>	380.62
Profit available for appropriation	<b>451.94</b>	1183.76
<b>Appropriations</b>		
Transfer to General Reserve	-	500.00
Proposed Dividend	<b>64.80</b>	151.20
Tax on Proposed Dividend	<b>11.01</b>	25.98
Taxes of earlier year(s)	-	93.17
<b>Balance carried forward</b>	<b>376.13</b>	413.41

### Dividend:

Your Directors are pleased to recommend payment of dividend of Re 0.75 per equity share (previous year : Rs 1.75) for the year ended on 31<sup>st</sup> March 2008 on all the fully paid up shares of Rs 10 each.

### Management Discussion and Analysis:

On the eve of presenting the annual results as above, the Board is pleased to place hereunder a review of Company's performance, the business imperatives, the gist of industry scenario and the management perspective of opportunities before the Company.

**The Industry Overview:**

Rising domestic cotton output from 136 lac bales in as recent past as in 2002-03, to a new high of 315 lac bales in 2007-08 and the yield vaulting from 278 kgs. per hectare in 2000-01 to 560 kgs. in 2007-08, owed to adoption of the genetically modified seed in substantially increasing proportion, are some pointers of a seemingly robust performance in the concerned segment of farm sector, conferring on the country the distinction of being the second largest producer of cotton in world reckoning.

The global statistical picture on the other hand, shows that while consumption has been increasing from 23.73 Million Tons in 2004-05 to 26.92 Million Tons in 2007-08 (projected : 27.12 Million Tons in 2008-09), the dropping production from 26.56 Million Tons in 2004-05 to 25.98 Million Tons in 2008-09 (projected : 24.42 Million Tons in 2008-09) has lead to shrinking availability and consequent depletion of world carryover stocks from the more recent 13.72 Million Tons at end 2006-07 to 13.14 Million Tons at end 2007-08 (projected : 11.10 Million Tons at end 2008-09) - *source US-DA report.*

The logical outcome of the above scenario has been that while meeting the increasing demand of the domestic industry, there have been significantly larger exports of the commodity from the country to the tune of 58 Lacs bales in 2006-07 and 85 lac bales in 2007-08, with the resultant further lowering of the carry over buffer and a fresh price spurt of average about 23% during 2007-08, over and above nearly 11.5% rise faced in the previous year. The huge increase in crude prices has pushed polyester fibre prices up by about 18%. Prices of other manmade fibres have risen too in concert during the same year. There are no other input costs which have not been on the rising trial due to the persistent inflationary pressure.

The obvious economic paradox for the country's T&C industry resulting from the above phenomenon for the second year in succession therefore, has been that despite the year on year record domestic output of cotton, the domestic textile sector is

severely hit by the spiralling raw material prices while there is no corresponding reflection thereof on the realisations.

This analysis reconfirms the need to address the policy imperatives stated in the previous year's report of your Directors : that in order to prevent the country's hard earned advantage on raw material front slipping from its own hands into the hands of the competing countries who are stronger at the vertically upper links of the textile value chain, a harder look at the competitiveness of the T&C industry's value addition capabilities, calls for urgently strengthening the basic first and second stage conversion activities viz. fibres to yarns and yarns to fabrics, through a package of affordable energy cost and infrastructural support.

The adverse fallout of the country's appreciating currency vis-a-vis US Dollar, could not have come at a time worse than the year under review, implying an across the board dent in the realisations and consequent further set back in the operational performance of the substantially export focused T&C industry of the country. Belatedly provided subvention measures meant a partial relief. Thankfully, however, the reversal of trend in the currency equations between Rupee-Dollar-Yuan since March, 2008 has been a matter of respite in that the values for Indian exporters in comparison to their Chinese counterparts have turned less adverse than before. Importing countries, especially US however, continue with their protectionist and differential tariff measures while the exporting Chinese industry gets supported through typically intransparent subvention measures. The complex matrix of these aspects do need to be deftly addressed through macro level negotiations at the concerned world forums.

The high interest rate regime prevailing for the last couple of years with indications of further hardening thereof, continue to be a matter of serious concern in as much as it has landed the whole economy back to the square of a non-level playing field in the global arena, more particularly for the export focused T&C industry. To add to the woes at this crucial juncture there is a huge backlog of un-



disbursed TUFs assistance causing the most unbearable and ill-timed financial crunch for a number of units including your Company, thanks to the woefully inadequate budget allocation towards the once most lauded Govt. promises in terms of the scheme, relying on which, huge financial commitments have been made by the industry. The problem is further compounded by in-ordinate delays on part of the nodal banks in ensuring online submissions of claims of the borrowers under TUFs.

While there is little possibility of a respite in high input materials' costs or a room for an immediate relief from the burgeoning interest rates, there is light at the end of the tunnel in as much as the domestic as well as international demand seems picking up and that the currency values might not turn unfavourable again in the current year given the high interest rates and the relentless inflationary conditions.

#### **Company Performance and Perspective:**

The multiplicity of adverse features afflicting the industry in general, as dealt with in the foregoing overview, the entire year under review and especially the last two quarters have been quite tough from the operational performance point of view. The overall input materials' costs rising from 58.51% to 63.74%; interest costs climbing from 1.95% to 3.22%; and power and fuel costs pushed up from 15.95% to 16.44%, have together substantially bloated the pre-depreciation and pre-tax profits. As norms of financial prudence must be adhered to, the higher provision for depreciation leaves a little surplus for the year, impelling your Board to reluctantly recommend pruning dividend for the year, which from all angles has been an exceptional one.

The Board however, sanguinely believes that with all the inherent internal strengths of the company including its strong brand image in the market place in relation to both its yarns and fabrics businesses, being in stronger shape now than ever before; the disadvantage in the power and fuel cost arising unforeseen on account of liquid fuel prices, having been remedied; the demand revival being

in sight and innovative plans for building-up the topline through new business initiatives in the offing, the overall performance in the current year should improve.

With ontime and within budget execution during the year, of the latest Capital Expenditure Plan under TUFs, involving outlay of Rs.53.99 crores, the installed yarn manufacturing capacity stands advantageously rebalanced at 109344 Spindles and 1896 Rotors, enabling reach the targetted production levels as projected and reported last year. For meeting the entire present demand of electric power to the tune of about 10.4 MW now sourced from the State Power Distribution company, there are two supply lines in place viz. the 33 KV new line with the requisite system created during the year for receiving supply upto 7 MVA; and the old 11 KV line for receiving upto 5 MVA.

Sustained endeavour to consolidate gains of technology upgradation with simultaneous stress on measures for meticulous process control as well as inculcation of requisite work culture, have enabled the company to earn a place in the front rank quality league in the market place, both domestic and international. Proportion-wise, about 34% i.e., Rs.66.23 crores out of the total Rs.197 crores turnover of yarns during the year, comprises of direct, through merchants and deemed exports.

The diversified profile of the principal yarns business of the company with flexible market reach, provides a built-in resilience to cope up with the typical cyclical phases for the textile industry as well as the peaks and troughs of the complex global and domestic economy in general.

#### **Corporate Governance:**

A compliance report on Corporate Governance has been annexed as part of the Annual Report along with Auditors' certificate for the compliance with Clause 49 of the Listing Agreement with the Stock Exchanges.

#### **Change in Registered Office of the Company:**

For carrying business activities of the Company more economically, efficiently and smoothly,

registered office of the company has been shifted from the state of Rajasthan to the state of West Bengal. Necessary permissions have been received from the concerned authorities.

**Listing / Delisting of the Equity Shares:**

The equity shares of your Company are listed at Bombay Stock Exchange and the Calcutta Stock Exchange. The annual listing fees for the year 2007-08 have been paid to these Stock Exchanges and there is no intent of the management to de-list the shares from either of the Stock Exchanges.

**Public Deposits:**

There are no public deposits with the Company.

**Directors:**

Mr. SS Kothari and Mr. Amitav Kothari retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their appointment at the ensuing Annual General Meeting.

**Particulars as per Section 217 of the Companies Act, 1956 :**

Informations in respect of conservation of energy, technology absorption, foreign exchange incoming and outgo pursuant to section 217(1)(e) of the Companies Act, 1956 are set out in Annexure-A to the report.

The particulars of employees, as required under section 217(2A) of the Companies Act, 1956 are given in a separate statement which is annexed to and forms part of this report as Annexure-B.

**Auditors:**

M/s BD Gargieya & Co., Chartered Accountants who are statutory auditors of the Company, hold office, in accordance with the provisions of the Companies Act, 1956 upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received certificates from the auditors to the effect that their re-appointment, if made, would be in accordance with section 224(1B) of the Companies

Act, 1956. The Board commends their re-appointment.

**Directors' Responsibility Statement:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based upon the representations received from the Operating Management, confirm that:

- i. in the preparation of the Annual Accounts for the year ending on 31<sup>st</sup> March 2008, the applicable accounting standards have been followed and there has been no material departure;
- ii. appropriate accounting policies have been selected by them and applied the same consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2008 and of its Profits for the year ending on that date;
- iii. proper and sufficient care has been taken by them 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; and
- iv. the annual accounts for the period ending on 31<sup>st</sup> March 2008 have been prepared by them on a going concern basis.

**Acknowledgement:**

The Directors express their gratitude to Financial Institutions, Banks and various other agencies for the co-operation extended to the Company. The Directors also take this opportunity to thank all business associates for the confidence reposed by them in the Company. The employees of the Company have contributed significantly to achieve the financial performance. The Directors take this opportunity of thanking them and hope that they will maintain their commitment to excel in the time to come.

Kolkata  
30th June, 2008

For and on behalf of the Board  
LN Bangur  
*Chairman & Managing Director*

**ANNEXURE - 'A' TO DIRECTORS' REPORT**

INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

**FORM 'A'**

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

<b>A. POWER &amp; FUEL CONSUMPTION :</b>	<b>Current Year</b>	Previous Year
	<b>2007-2008</b>	2006-2007
<b>(1) Electricity</b>		
a) Own Generation		
(i) Through Diesel Generators		
Units	('000 Units) <b>85</b>	516
Units per Ltr. of Oil	<b>3.48</b>	3.89
Cost/Unit	(Rs.) <b>9.11</b>	7.99
(ii) Through Furnace Oil Generators		
Units	('000 Units) <b>44,673</b>	48,444
Units per Ltr. of Oil	<b>4.07</b>	4.07
Cost/Unit	(Rs.) <b>5.11</b>	4.63
b) Purchased from JVVNL		
(i) Units		
Total Amount	('000 Rs.) <b>1,53,878</b>	96,336
Cost/Unit	(Rs.) <b>4.41</b>	4.43
<b>(2) Coal Grade 'B'</b>		
(Used in Boilers for generation of Steam for steaming Yarn & Fabrics)		
Quantity	(Tonnes) <b>12,337</b>	9,670
Total Cost	('000 Rs.) <b>28,269</b>	20,809
Average Rate	(Rs. per Tonne) <b>2,291.40</b>	2,151.91
<b>(3) Furnace Oil</b>		
Furnace Oil Quantity	(K. Ltrs.) <b>10,963</b>	11,884
Total Amount	('000 Rs.) <b>2,27,258</b>	2,23,337
Average Rate	(Rs./Ltr.) <b>20.73</b>	18.79
<b>B. CONSUMPTION PER UNIT OF PRODUCTION :</b>		
<b>(1) Electricity (Units)</b>		
	Fabrics <b>806.67</b>	763.45
	(per Thousand Mtrs.)	
	Yarn <b>3,048.85</b>	3,121.80
	(per Metric Tonne)	
<b>(2) Coal Grade 'B'</b>		
	Fabrics <b>0.55</b>	0.47
	(Tonnes) (per Thousand Mtrs.)	
	Yarn <b>0.10</b>	0.09
	(per Metric Tonne)	

The figures given in Entry 'B' above with regard to consumption of different types of energy/fuel per unit of production are only gross averages and are not comparable from year to year on account of the inherent factors about the denominators used in the prescribed format of the Annexure; and because of such vast number of variables that go into computations as above, variations are inescapable.

**FORM 'B'**

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

**A. RESEARCH AND DEVELOPMENT (R & D) :**

1. Specific areas in which R & D carried out by the Company and benefits derived as a result thereof :

The in-house research & development efforts at present are directed to process control and improving quality standards of the existing products through a reasonably equipped Standards Quality Control Cell and a Chemical Laboratory.

2. Future plan of action :

Product upgradation effort in Company's yarn business for diversifying into yarns of better value has been in process.

3. Expenditure on R & D :

Not accounted for separately.

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
2. Benefits derived as a result of the above efforts.
3. Information regarding Technology imported during last 5 years.

The Company is having plans to update the technology of the equipment by continued further modernisation.

**C. FOREIGN EXCHANGE EARNINGS & OUTGO :**

1. Activities relating to exports; initiatives taken to increase exports; developments of new export markets for products and services, and export plan :

Management endeavour for selective product quality upgradation continues. Direct exports as well as deemed exports of yarn are continuing in the current year.

2. Total foreign exchange earnings & outgo (2007-2008)

(i) Foreign exchange earnings

Rs. 3053.58 Lacs

(ii) Foreign exchange outgo

Rs. 776.60 Lacs

**ANNEXURE - 'B' TO DIRECTORS' REPORT  
PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956  
FORMING PART OF THE DIRECTORS' REPORT**

Sl. No.	Name	Designation & Nature of Duties	Remuneration received Rs. in lacs	Qualifications	Experience in years	Date of commencement of employment	Age	Last Employment held Name of Concern (Designation)
1.	Shri Bangur LN	Chairman & Managing Director	36.21	B.Com.	38	11-08-93	59	—
2.	Shri Maheshwari AL	Managing Director	22.41	B.Com., FCA	39	26-10-83	63	Indian Rayons Corpn. Ltd., Mumbai (Sr. Vice President)

**NOTE :** Remuneration includes salary, commission, allowances, Company's contribution to Provident Fund, leave travel assistance, reimbursement of medical expenses, leave salary and other perquisites as per Income Tax Rules, but does not include incremental liability of gratuity and encashment of unavailed leave.

Kolkata  
30th June, 2008

On behalf of the Board  
LN Bangur  
Chairman & Managing Director

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Corporate Governance :

The Company's endeavour is to realise and sustain growth in long term value for the shareholders on a path of sound business ethics and moderate risks in the extremely competitive business environment, by consistently maintaining an enlightened, transparent and responsible approach towards the shareholders as well as all other interests concerned with it. It functions with a need based nonobstructive appropriate setup of internal controls on propriety of all transactions and on the overall management and operations of company's business, which is carried on by the Executive Directors and professional Managers. Earnest efforts are made to make best possible compliance of all legal as well as other obligations. In addition to the requisite statutory and internal audits, the necessary internal control systems are in place. True to one of the longstanding basic tenets of its policy hithertofore, the company maintains a socially responsible corporate profile.

### 2. Board of Directors :

The Board consists of 6 Directors. The composition and category of which is as under:

Name of the Director/Promoter	Category	Directorship in other public limited companies and Committee Membership	
		Other Directorship*	Committee Membership
Shri LN Bangur	Promoter-Executive	11	2
Smt. Alka Bangur	Promoter-Non-Executive	2	-
Shri Chandravadan Desai	Independent-Non-Executive	1	-
Shri Amitav Kothari	Independent-Non-Executive	-	-
Shri SS Kothari	Independent-Non-Executive	4	-
Shri AL Maheshwari	Non-Promoter-Executive	-	-

\* Excludes directorship in Private Limited Companies.

The Board meets at least once in a quarter to consider amongst other business, the quarterly performance of the Company and the financial results. During the year under review, Seven Board meetings were held on 30.06.2007, 30.06.2007, 27.07.2007, 27.10.2007, 13.11.2007, 29.01.2008 and 24.03.2008.

Attendance of each Director at these meetings and at the last Annual General Meeting was as follows :

Name of Director	No. of Board Meetings Attended	Attendance at the last AGM
Shri LN Bangur	6	No
Smt. Alka Bangur	7	No
Shri Chandravadan Desai	3	No
Shri Amitav Kothari	7	No
Shri SS Kothari	7	No
Shri AL Maheshwari	2	Yes

Code of Conduct : A code of conduct framed on the lines as stipulated under clause 49 of the Listing Agreements, applicable for the members of the Board as well as the functional heads of the company, is in place. The affirmation of compliance of the same has been confirmed on part of all members of the Board and the functional heads.

**3. Audit Committee :**

There is an audit committee in place as per the requirement of clause 49 of the Listing Agreement. Broad terms of reference for the Audit Committee are sufficiently wide to cover its role as specified under the said agreement.

Four Audit Committee meetings were held during the financial year 2007-08 on 30.06.2007, 27.07.2007, 27.10.2007 and 29.01.2008.

Attendance of the Committee members at these meetings was as follows :

Name of Director	Status of the Director	No. of Meetings Attended
Shri SS Kothari	Chairman	4
Shri Amitav Kothari	Member	4
Smt. Alka Bangur	Member	4

**4. Remuneration of Directors :**

(Rs. in lacs)

Name of Director	Salary	Contri- bution to P.F.	Commi- ssion on profits	Perqui- sites	Sitting Fees	Total
Shri LN Bangur (CMD)	33.53	2.68	—	—	—	36.21
Smt. Alka Bangur	—	—	—	—	0.39	0.39
Shri Chandravadan Desai	—	—	—	—	0.09	0.09
Shri Amitav Kothari	—	—	—	—	0.33	0.33
Shri SS Kothari	—	—	—	—	0.39	0.39
Shri AL Maheshwari (MD)	19.42	2.33	—	0.66	—	22.41

**5. Shareholders/Investors Grievance Committee:**

Shareholders/Investors Grievance Committee of the Company performed its functions throughout the year. Shareholders/ Investors Grievances/ complaints were redressed promptly to the satisfaction of the concerned shareholder/investor.

Two meetings of the Committee were held during the financial year 2007-08, i.e. on 30.06.2007 and 27.10.2007. The attendance of the committee members to these meetings were as follows :

Name of Director	Status of the Director	No. of Meetings Attended
Shri SS Kothari	Chairman	2
Smt. Alka Bangur	Member	2
Shri AL Maheshwari	Member	1

**6. General Body Meetings :**

a) Location and time for last three Annual General Meetings :

Year	Meeting	Venue / Location	Date	Time
2005	AGM	A-2, Prithviraj Road, C-Scheme Jaipur-302 005	30.8.2005	4 PM
2006	AGM		16.9.2006	4 PM
2007	AGM		17.9.2007	4 PM

b) Whether any special resolution passed in the previous 3 AGMs :

Yes, Details of which are given herebelow:

Date	Matter
30.08.2005	Amendment of Articles of Association (for increase in No. of Directors)
30.08.2005	Delisting of Shares from Jaipur Stock Exchange Ltd.
30.08.2005	Increase in remuneration of CMD
30.08.2005	Increase in remuneration of MD
30.08.2005	Payment of Sitting Fee to Non-Executive Director
30.08.2005	Payment of Commission to Directors (other than CMD & MD)
16.09.2006	Issue of Bonus Shares

**7. Other Disclosure :**

**Details of Non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to Capital Market, during the last three years**

No penalties have been levied or strictures have been passed by SEBI, any of the Stock Exchanges or any other Statutory Authority on any matters relating to capital markets, in the last three years.

**8. CEO/CFO Certification :**

As per the clause 49 of the Listing Agreement, the Chairman & Managing Director Shri LN Bangur being the CEO and the Managing Director Shri AL Maheshwari being the CFO, have jointly furnished to the Board, the requisite certificate before the meeting of the Board of Directors held on 30<sup>th</sup> June, 2008.

**9. Compliances :**

As the company is in the process of its efforts for employing a new Company Secretary in place of the previous incumbent, the Managing Director of the Company Shri AL Maheshwari has been nominated to look into the matters as compliance officer for the timebeing.

**10. Means of Communication:**

The quarterly provisional results in the prescribed Proforma are taken on record and approved by the Board of Directors of the Company within one month of the close of the relevant quarter and are published in one English daily newspaper circulating in whole or substantially the whole of India and in one newspaper published in the language of the region, where the registered office of the Company is situated. The results of the last quarter of the year are, however, published alongwith the Annual Audited Results.

**11. Management Discussions and Analysis:**

The Directors' Report to shareholders includes the concerned matters.

**12. Shareholder Information :**

- a. Next AGM : Date, time and venue of the Annual General Meeting : 30<sup>th</sup> September, 2008 at 3.00 PM at Sitaram Seksaria Auditorium/ Conference Room of Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata – 700 017.
- b. Financial Calendar  
 Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March every year  
 Quarterly Financial reporting : Within one month from the end of each quarter except the fourth quarter when Annual Results are published within three months.
- c. Date of Book Closure : 25<sup>th</sup> September, 2008 to 30<sup>th</sup> September, 2008 (Stock Exchange will be duly notified)
- d. Dividend Payment : Within 30 days from 30<sup>th</sup> September, 2008 (the date of the next AGM), if any, as may be approved by the members of the Company as recommended by the Board.
- e. Stock Code : BSE - 530059  
 CSE - M019
- f. Listing at Stock Exchanges : At Bombay Stock Exchange Limited, Mumbai; and The Calcutta Stock Exchange Association Ltd., Kolkata
- g. Market Price Data : The market price and volume of the Company's shares traded in the Stock Exchange, Mumbai and the Calcutta Stock Exchange during the year 2007-08 are as follows:

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YEAR	BSE		CSE		VOLUME	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	BSE (Nos.)	CSE (Nos.)
2007-08						
April	448.55	119.05	–	–	19799	–
May	172.00	133.10	–	–	41845	–
June	150.80	135.20	–	–	23648	–
July	174.00	135.25	–	–	28634	–
August	158.00	130.00	–	–	26127	–
September	246.00	156.00	–	–	199810	–
October	202.45	142.05	–	–	33897	–
November	286.40	175.00	–	–	193176	–
December	298.00	233.00	–	–	139091	–
January	279.75	169.35	–	–	49144	–
February	206.50	147.15	–	–	18233	–
March	164.00	90.00	–	–	104633	–

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h. Registrar and Transfer Agent : Maheshwari Datamatics Pvt. Ltd.  
(Physical/ Electronic Shares) 6, Mangoe Lane, Surendra Mohan Ghosh Sarani,  
2<sup>nd</sup> Floor, Kolkata – 700 001.

i. Share Transfer System :  
Share transfer is normally effected within a period of 15 days from the date of receipt, if all required documentation are submitted. All requests for dematerialisation of shares are processed and confirmation is given to the depositories within 15 days. Senior executives of the Company and the Company Secretary are empowered to approve transfer of shares.

j. Distribution of Shareholding as on 31<sup>st</sup> March, 2008 :

No. of shares held	No. of share-holders	% of share-holders	No. of shares held	% of share-holding
1-1000	2250	94.06	400965	4.64
1001-5000	91	3.81	202029	2.34
5001-10000	12	0.50	93827	1.09
10001 & above	39	1.63	7943179	91.93
<b>Total</b>	<b>2,392</b>	<b>100.00</b>	<b>86,40,000</b>	<b>100.00</b>

k. Categories of share holding as on 31<sup>st</sup> March, 2008 :

Share-holders	No. of shares held	% of total shares held
Promoters	72,31,400	83.70
FIs	NIL	NIL
FIIIs	NIL	NIL
Mutual Funds	NIL	NIL
Banks	NIL	NIL
Corporate Bodies	664428	7.69
NRIs	11139	0.13
Others	733033	8.48
<b>Total</b>	<b>86,40,000</b>	<b>100.00</b>

l. Dematerialisation of Shares :  
As on 31<sup>st</sup> March, 2008, 61.48% of the Company's equity shares have been dematerialised. As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in the dematerialised form with effect from 26.12.2000.

m. Plant Location : Maharaja Shree Umaid Mills Ltd.  
Jodhpur Road,  
Pali Marwar-306401 (Rajasthan)

n. Address for Correspondence : 1. Share Transfer Agent :  
M/s Maheshwari Datamatics Pvt. Ltd.  
6, Mangoe Lane,  
Surendra Mohan Ghosh Sarani, 2nd Floor,  
KOLKATA – 700001

2. Maharaja Shree Umaid Mills Ltd.  
Jodhpur Road,  
Pali Marwar-306401 (Rajasthan)

### **CEO'S DECLARATION**

This is to declare that as a measure of following sound Corporate Governance practices and the requirements of the Listing Agreements, the Company has framed a Code of Conduct to be observed by the members of the Board of Directors and the Functional Heads of the Company.

This is to state that all the members of the Board of Directors and the Functional Heads of the Company have furnished their affirmations for due observance and compliance on their part of the Code of Conduct laid down as above and there is no non-compliance thereof during the year ended 31<sup>st</sup> March, 2008.

Kolkata  
30<sup>th</sup> June, 2008

LN Bangur  
Chairman & Managing Director  
CEO

### **AUDITORS' COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of Maharaja Shree Umaid Mills Ltd.

We have reviewed the compliance of conditions of corporate Governance by Maharaja Shree Umaid Mills Ltd. for the year ended 31<sup>st</sup> March 2008, 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 procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

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.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement with Stock Exchange have been complied with in all material respect of the Company.

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.

Kolkata  
30<sup>th</sup> June 2008

For B.D. GARGIEYA & CO.  
Chartered Accountants  
NK Gupta  
Partner  
M. No. 72326

## AUDITORS' REPORT

To the Shareholders,

We have audited the attached Balance Sheet of MAHARAJA SHREE UMAID MILLS LIMITED, JAIPUR as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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 disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
3. Further to our comments in the annexure referred to in para 2 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 purposes of our audit;
  - b) In our opinion, proper books of accounts, as required by Law, have been kept by the Company, so far as it appears from our examination of those books;
  - c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956;
  - e) In our opinion and based on information and explanations given to us, none of the Directors of the Company are prima-facie, as at 31<sup>st</sup> March, 2008, disqualified from being appointed as Directors of the Company in terms of Section 274(1)(g) 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 financial statements read together with the notes thereon and Schedule 17, 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 the accounting principles generally accepted in India;
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008; and
    - ii) in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For B.D. GARGIEYA & CO.  
*Chartered Accountants*  
NK Gupta  
*Partner*  
M. No. 72326

Kolkata  
30th June, 2008

**ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF MAHARAJA SHREE UMAID MILLS LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2008**

1.
  - i) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - ii) As explained to us fixed assets have been physically verified by the management during the year based on a phased programme of verifying all the assets over a period of three years, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. As informed, no material discrepancies were noticed on such verification.
  - iii) In our opinion there was no substantial disposal of fixed assets, during the year and the going concern status of the company is not affected.
2.
  - i) As explained to us the management has conducted physical verification of inventory at reasonable intervals during the year.
  - ii) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventory followed by the management are, in our opinion and according to information and explanations given to us, reasonable and adequate in relation to the size of the Company and the nature of its business.
  - iii) The Company is maintaining proper records of inventory and as explained to us no material discrepancies were noticed on physical verification of inventory as compared to book records.
3. The Company has not taken or granted, during the year any loan, secured or unsecured, to or from Companies, Firms, or other parties concerned in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and service. During the course of our audit, no major weakness has been noticed in internal control system.
5.
  - i) According to the information and explanations given to us, we are of the opinion that contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
  - ii) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and 58AA or any other relevant provision of the Act and rules framed there under, and the directives issued by the Reserve Bank of India.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

9. i) According to the records of company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding at the year end for a period of more than six months from the date they became payable.

ii. The disputed statutory dues, status whereof is dealtwith in the Schedule 17 being the Notes on Accounts appended to the audited annual accounts forming part of this Annual Report, which have not been deposited during pendency of the concerned matters before the authorities or courts, are as under :

S. No.	Name of the statute	Nature of the Dues	Forum where dispute is pending	Amount (Rs. in Lacs)
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**Taxation :**

i.	Income Tax Act, 1961	Income-Tax	High Court	23.75
ii.	Income Tax Act, 1961 (see Note 3.ii of Schedule-17)	Income-Tax	ITAT	137.57
iii.	Central Excise Act, 1944 (see Note 3.iv of Schedule-17)	Excise Duty	CESTAT	169.58

iv.	Central Excise Act, 1944	Excise Duty	High Court (Stayed)	20.03
v.	Central Excise Act, 1944 (see Note 3.iv)	Excise Duty	CCE	2,954.65
vi.	The Rajasthan Tax on Entry of Goods into Local Areas Act, 1999 (see Note 3.iii of Schedule-17)	Entry Tax	Deputy Commissioner	91.60
vii.	Service Tax, 1994 (see Note 3.iv of Schedule-17)	Service Tax	Deputy Commissioner	32.18

**Others :**

i.	Payment of Wages Act, 1936 (see Note 3.i of Schedule-17)	Wages	Relevant Authority	1.78
ii.	Payment of Gratuity Act, 1972 (see Note 3.i of Schedule-17)	Gratuity	Relevant Authority	2.01
iii.	Industrial Dispute Act, 1947 (see Note 3.i of Schedule-17)	Wages	Industrial Tribunal	3.23
iv.	ESI Act, 1948 (see Note 3.i of Schedule-17)	ESI	High Court	4.75

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

11. Based on our audit procedures and as per 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. There are no debenture holders.

12. 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 security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society.



**Maharaja Shree  
UMAID MILLS LIMITED**

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Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.

14. In our opinion and according to the information and explanations given to us, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. Based on information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
17. On the basis of an overall examination of the balance sheet and cash flows of the company and the information and explanations given to us, we report that the company has not utilized the funds raised

on short-term basis for long term investment.

18. During the year the company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company did not issue any debentures during the year.
20. The company has not raised any money through a public issue during the year.
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 year.

For B.D. GARGIEYA & CO.  
*Chartered Accountants*  
NK Gupta  
*Partner*  
M. No. 72326

Kolkata  
30th June, 2008

**BALANCE SHEET AS AT MARCH 31, 2008**

	Schedule	As at March 31, 2008 Rs. in Lacs	As at March 31, 2007 Rs. in Lacs
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds :			
Share Capital	1	<b>864.00</b>	864.00
Reserves & Surplus	2	<b>6,785.40</b>	6,822.68
		<b>7,649.40</b>	7686.68
Deferred Tax Liability		<b>696.24</b>	681.20
Loan Funds :			
Secured Loans	3	<b>10,122.86</b>	7,339.32
Unsecured Loans	4	<b>1,497.15</b>	3,362.80
		<b>11,620.01</b>	10,702.12
		<b>19,965.65</b>	19,070.00
<b>APPLICATION OF FUNDS</b>			
Fixed Assets :	5		
Gross Block		<b>15,916.21</b>	14,240.23
Less : Depreciation		<b>8,158.78</b>	7,020.46
Net Block		<b>7,757.43</b>	7,219.78
Capital Work-in-Progress		<b>19.25</b>	212.00
		<b>7,776.68</b>	7,431.78
Investments	6	<b>4,139.20</b>	4,139.20
Current Assets, Loans & Advances :			
Inventories	7	<b>6,651.13</b>	5,140.77
Sundry Debtors	8	<b>1,218.39</b>	1,281.10
Cash & Bank Balances	9	<b>395.67</b>	1,415.42
Loans & Advances	10	<b>2,494.61</b>	2,357.36
		<b>10,759.80</b>	10,194.65
Less : Current Liabilities & Provisions	11	<b>2,710.03</b>	2,695.63
Net Current Assets		<b>8,049.77</b>	7,499.02
		<b>19,965.65</b>	19,070.00
Significant Accounting Policies and Notes on Accounts	17		

The Schedules referred to above form part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For BD Gargieya & Co.  
Chartered Accountants  
NK Gupta  
Partner  
Kolkata  
30th June, 2008  
M. No. 72326

LN Bangur  
Alka Bangur  
CV Desai  
SS Kothari  
Amitav Kothari  
Chairman &  
Managing Director  
Directors

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2008**

	Schedule	Year ended on March 31, 2008 Rs. in Lacs	Year ended on March 31, 2007 Rs. in Lacs
<b>INCOME</b>			
Turnover (Gross)		<b>25,737.53</b>	21,981.18
Less : Rebates, Discount & Incentive etc.		<b>46.45</b>	41.10
Less : Excise Duty		<b>101.46</b>	111.30
Turnover (Net)		<b>25,589.62</b>	21,828.78
Other Income	12	<b>119.49</b>	132.00
Increase/(Decrease) in Stocks	13	<b>555.16</b>	260.94
		<b>26,264.27</b>	22,221.72
<b>EXPENDITURE</b>			
Raw Materials and Other Materials Consumed		<b>16,311.32</b>	12,758.19
Spare, Accessories and Consumables		<b>756.13</b>	784.64
Power & Fuel		<b>4,208.25</b>	3,477.49
Payments to & Provisions for Employees	14	<b>1,878.27</b>	1,725.14
Other Expenses	15	<b>979.21</b>	899.67
Interest (Net)	16	<b>825.21</b>	425.47
		<b>24,958.39</b>	20,070.60
<b>PROFIT BEFORE DEPRECIATION AND TAXATION</b>		<b>1,305.88</b>	2,151.12
Depreciation		<b>1,228.50</b>	981.98
Provision for Taxation – Current (incl. Wealth Tax and FBT)		<b>23.81</b>	321.00
– Deferred		<b>15.04</b>	45.00
<b>NET PROFIT</b>		<b>38.53</b>	803.14
Add : Balance brought from last year		<b>413.41</b>	380.62
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>451.94</b>	1,183.76
<b>APPROPRIATIONS</b>			
Proposed Dividend		<b>64.80</b>	151.20
Tax on distributed profits		<b>11.01</b>	25.70
Tax on distributed profits for earlier years		–	0.28
Provision for Taxation for earlier years		–	93.17
General Reserve		–	500.00
Balance carried forward		<b>376.13</b>	413.41
		<b>451.94</b>	1,183.76
<b>Basic and Diluted Earnings per Share of Rs. 10 each (In Rs.)</b>		<b>0.45</b>	9.30
Significant Accounting Policies and Notes on Accounts 17			

The Schedules referred to above form part of the Profit & Loss Account.  
This is the Profit & Loss Account referred to in our report of even date.

For BD Gargieya & Co.  
Chartered Accountants  
NK Gupta  
Partner  
Kolkata  
30th June, 2008  
M. No. 72326

LN Bangur } Chairman &  
                  } Managing Director  
Alka Bangur }  
CV Desai } Directors  
SS Kothari }  
Amitav Kothari }



	As at March 31, 2008 Rs. in Lacs	As at March 31, 2007 Rs. in Lacs
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
1,00,00,000 Equity Shares of Rs. 10/- each	<u>1,000.00</u>	<u>1,000.00</u>
	<u>1,000.00</u>	<u>1,000.00</u>
<b>Issued &amp; Subscribed</b>		
1,60,000 Equity Shares of Rs. 10/- each fully paid-up in cash	<b>16.00</b>	16.00
84,80,000 Equity Shares of Rs. 10/- each issued as Bonus Shares out of Reserves	<u>848.00</u>	<u>848.00</u>
	<u>864.00</u>	<u>864.00</u>
 <b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	<b>0.68</b>	0.68
<b>General Reserve</b>		
As per last Balance Sheet	<b>6,359.99</b>	6,359.99
<b>Stock &amp; Investment (Diminution/Fluctuation in Value) Reserve</b>		
	<b>48.60</b>	48.60
<b>Surplus as per Profit &amp; Loss A/c</b>	<u>376.13</u>	<u>413.41</u>
	<u>6,785.40</u>	<u>6,822.68</u>

	As at March 31, 2008 Rs. in Lacs	As at March 31, 2007 Rs. in Lacs
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
<b>Cash Credit and Working Capital Demand Loan from Scheduled Banks :</b>		
Secured by way of hypothecation of Inventories/Book Debts of the Pali Establishment i.e. the Textile Unit and the Power Generation Unit at Pali; and by way of Second charge on the Fixed Assets of the Pali Establishment as above, ranking pari passu with each other :		
State Bank of India	0.69	99.89
State Bank of Bikaner & Jaipur	-0.26	32.06
Punjab National Bank	-47.31	241.71
The Bank of Rajasthan Ltd.	-13.16	87.91
<b>Short Term Loans from Banks/FIs</b>		
Secured by first charge by way of hypothecation of investories/ Book Debts, both present and future, of the Pali Establishment i.e. the Textile Unit and the Power Generation Unit at Pali, ranking pari passu with each other :		
HDFC Bank Limited	500.00	-
Industrial Development Bank of India	1,600.00	-
Secured by a subservient chare by way of hypothecation of stock of cotton, both present and future, of the Pali Establishment, i.e. the Textile Unit at Pali.		
ICICI Bank Ltd.	1,000.00	-
<b>Term Loans from Banks/FIs</b>		
Secured by Equitable mortgage of Land & Building of the Pali Establishment i.e. the Textile Unit and the Power Generation Unit at Pali; and hypothecation of specific Machineries & Equipments, immovable and movable Assets.		
State Bank of India	2,522.75	2,912.75
Industrial Development Bank of India	4,560.15	3,965.00
	<u>10,122.86</u>	<u>7,339.32</u>
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
<b>Short Term Loans</b>		
HDFC Bank Ltd.	1,497.15	1,200.00
ICICI Bank Ltd.	-	2,162.80
	<u>1,497.15</u>	<u>3,362.80</u>

**SCHEDULE 5  
FIXED ASSETS**
*(Rs. in Lacs)*

PARTICULARS	GROSS BLOCK AT COST				Depreciation up to 31st March, 2008	NET BLOCK	
	As at 1st April, 2007	Additions	Deductions/ Adjustments	As at 31st March, 2008		As at 31st March, 2008	As at 31st March, 2007
Land (Free hold)	4.47	-	-	4.47	-	4.47	4.47
Buildings	531.40	140.00	-	671.40	302.97	368.43	257.19
Plant & Machinery	13,376.66	1,592.82	80.52	14,888.96	7,635.72	7,253.24	6,837.35
Electric Installation	74.08	33.01	-	107.09	40.93	66.16	36.82
Furniture & Fixture	92.30	-	-	92.30	81.18	11.12	13.04
Equipments	49.10	0.96	-	50.06	43.67	6.39	7.73
Vehicles	112.22	5.41	15.70	101.93	54.31	47.62	63.16
<b>Total</b>	<b>14,240.23</b>	<b>1,772.20</b>	<b>96.22</b>	<b>15,916.21</b>	<b>8,158.78</b>	<b>7,757.43</b>	<b>7,219.77</b>
Previous Year	11,446.68	2,861.81	68.26	14,240.23	7,020.46	7,219.77	

**SCHEDULE 6  
INVESTMENTS (NON TRADE) – LONG TERM**

Previous Year Nos.	Current Year Nos.		Face Value Rs.	As at March 31, 2008 Rs. in Lacs	As at March 31, 2007 Rs. in Lacs
<b>Ordinary Shares - Quoted:</b>					
36,35,470	36,35,470	1. Andhra Pradesh Paper Mills Ltd.	10	3,461.94	3,461.94
100	100	2. State Bank of Bikaner & Jaipur	100	0.54	0.54
2,02,545	2,02,545	3. The Peria Karamalai Tea & Produce Co. Ltd.	10	177.03	177.03
				<b>3,639.51</b>	<b>3,639.51</b>
<b>Ordinary Shares - Unquoted:</b>					
3,90,000	3,90,000	4. Digvijay Investments Ltd.	100	606.86	606.86
2,99,257	2,99,257	5. Dunbar Mills Ltd. (In liquidation)	10	37.09	37.09
5	5	6. Jal Mayur Co-operative Housing Society Ltd.	50	*	*
5	5	7. The Jewel Crown Co-op. Housing Society Ltd.	50	*	*
				<b>643.95</b>	<b>643.95</b>
<b>Preference Shares - Unquoted:</b>					
11,512	11,512	1. The Fort William Industries Ltd.	100	11.51	11.51
				<b>11.51</b>	<b>11.51</b>
				<b>4,294.97</b>	<b>4,294.97</b>
		Less : Provision for Diminution in value of Investment		155.77	155.77
				<b>4,139.20</b>	<b>4,139.20</b>
		Aggregate book value of Quoted Investments (Net)		<b>3,483.74</b>	<b>3,483.74</b>
		Aggregate book value of Unquoted Investments		<b>655.46</b>	<b>655.46</b>
				<b>4,139.20</b>	<b>4,139.20</b>
		Market Value of Quoted Investments		<b>2,667.43</b>	<b>3,294.72</b>

\* The value of these two items after rounding off is below the reportable figures hence omitted.

Notes : 1. All Shares are fully paid-up.

2. The Board is of opinion that investments in the shares in Dunbar Mills Ltd. (in liquidation) (unquoted); and in the preference shares of Fort William Industries Ltd., stated in the books at values of Rs. 37.09 Lacs and Rs. 11.51 Lacs respectively as above, may not have the same value on realisation. As such, entire amount thereof is represented by the Stock & Investment (Diminution/Fluctuation in Value) Reserve of Rs. 48.60 Lacs.

3. In past, there had been a fall in the value of investment in shares in the Peria Karamalai Tea & Produce Co. Ltd., appearing in the books at Rs. 177.03 lacs as on 31.03.2006. As such the sum of Rs. 155.77 lacs, then representing the fall had been provided for in the provision for diminution. However, as the investments in the three Companies, viz. i) The Peria Karamalai Tea & Produce Co. Ltd.; ii) The Andhra Pradesh Paper Mills Ltd.; and iii) Digvijay Investments Ltd., are long term strategic investments made out of reserves of the Company and as the fluctuations in the values thereof are considered to be of temporary nature, no change in the provision for diminution, if any at the end of the year, is considered necessary.

	As at March 31, 2008 Rs. in Lacs	As at March 31, 2007 Rs. in Lacs
<b>SCHEDULE 7</b>		
<b>INVENTORIES</b>		
(As Valued & Certified by the Management)		
Finished Goods including Waste		
(Valued at cost or market rate, whichever is lower)		
At Mills	755.86	452.63
At Depots and in Consignment a/c	208.25	160.46
Stock-in-Process (Valued at cost or market rate, whichever is lower)	560.72	356.58
Raw Materials (Valued at cost or market rate, whichever is lower)	4,721.11	3,876.59
Stores, Spare parts & Fuel (Valued at cost)	397.24	290.42
Discarded Machinery & other scrap Materials (At estimated realisable value)	7.32	3.52
Loose tools (after depreciation)	0.63	0.57
	<u>6,651.13</u>	<u>5,140.77</u>
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured and Considered good)		
Outstanding for a period exceeding six months	12.83	5.84
Others	1,205.56	1,275.26
	<u>1,218.39</u>	<u>1,281.10</u>
<b>SCHEDULE 9</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in hand (including Stamps)	22.45	38.10
Balance with Scheduled Banks		
Current Accounts	57.91	193.49
Fixed Deposit Accounts	312.63	1,163.32
Balance with Other Banks		
Current Account with The Pali Urban Co-op. Bank Ltd., Pali (Maximum Balance during the year Rs. 20.51 Lacs) (Previous year Rs. 40.12 Lacs)	2.68	20.51
	<u>395.67</u>	<u>1,415.42</u>
<b>SCHEDULE 10</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received including deposits	897.97	970.10
Advance Payment for Taxation	1,343.65	1,196.18
Balance with Excise Authorities	252.74	180.29
Interest accrued/receivable	0.25	10.80
	<u>2,494.61</u>	<u>2,357.37</u>

	<b>As at March 31, 2008 Rs. in Lacs</b>	<b>As at March 31, 2007 Rs. in Lacs</b>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Creditors for goods supplied		
Due to Small Scale Industrial Undertakings	11.32	10.10
Others	<u>106.95</u>	95.43
Other Liabilities	<b>1,184.64</b>	1,149.36
Interest accrued but not due on Loans	<b>94.24</b>	32.62
Unclaimed Dividends	<b>2.24</b>	2.44
	<u><b>1,399.39</b></u>	<u>1,289.95</u>
<b>Provisions</b>		
Provision for Taxation	<b>1,145.00</b>	1,121.19
Proposed Dividends	<b>64.80</b>	151.20
Tax on Proposed Dividend	<b>11.01</b>	25.70
Provision for Gratuity & Leave Encashment	<b>89.83</b>	107.59
	<u><b>1,310.64</b></u>	<u>1,405.68</u>
	<u><b>2,710.03</b></u>	<u>2,695.63</u>
	<b>Year ended March 31, 2008 Rs. in Lacs</b>	<b>Year ended March 31, 2007 Rs. in Lacs</b>
<b>SCHEDULE 12</b>		
<b>OTHER INCOME</b>		
Profit on Sale/Scrapping of Fixed Assets	<b>13.49</b>	3.44
Dividend on Ordinary Shares (Long Term, Non Trade Investments)	<b>38.49</b>	79.62
Miscellaneous Income	<b>67.51</b>	48.94
	<u><b>119.49</b></u>	<u>132.00</u>
<b>SCHEDULE 13</b>		
<b>INCREASE/(DECREASE) IN STOCKS</b>		
<b>Opening Stock</b>		
Finished Goods	<b>613.09</b>	440.11
Stock-in-Process	<b>356.58</b>	268.62
	<u><b>969.67</b></u>	<u>708.73</u>
<b>Closing Stock</b>		
Finished Goods	<b>964.11</b>	613.09
Stock-in-Process	<b>560.72</b>	356.58
	<u><b>1,524.83</b></u>	<u>969.67</u>
Increase/(Decrease)	<u><b>555.16</b></u>	<u>260.94</u>

	Year ended March 31, 2008 Rs. in Lacs	Year ended March 31, 2007 Rs. in Lacs
<b>SCHEDULE 14</b>		
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages, Bonus, Gratuity etc.	1,660.47	1,503.35
Contribution to Provident Fund and others	194.94	189.20
Employees Welfare Expenses	22.86	32.59
	<u>1,878.27</u>	<u>1,725.14</u>

**SCHEDULE 15**

**OTHER EXPENSES**

Repairs to Buildings	89.90	82.61
Repairs to Machinery	105.71	89.10
Other Repairs & Maintenance	55.86	40.88
Pollution Control Expenses	10.57	17.75
Commission & Brokerage on Sales	139.40	130.80
Selling & Distribution Expenses	342.55	169.39
Insurance Charges	13.50	21.89
Loss on Sale/Scrapping of Fixed Assets	1.02	2.69
Loss on Sale of Investments	-	31.89
Foreign Exchange Fluctuations	10.19	0.14
Miscellaneous Expenses	197.19	214.76
Rent	4.37	3.80
Rates & Taxes	7.35	10.04
Entry Tax	-	70.29
Donation & Charity	0.42	12.40
Payment to Auditors	1.18	1.24
	<u>979.21</u>	<u>899.67</u>

**SCHEDULE 16**

**INTEREST**

On Long Term Loans (see notes on accounts)	714.68	383.02
On Other borrowings	198.91	133.65
On Public Deposits	-	1.74
	<u>913.59</u>	<u>518.41</u>
Less : Received Gross		
[TDS Rs. 9.51 Lacs (Previous Year Rs. 11.59 Lacs)]	<u>88.38</u>	<u>92.94</u>
	<u>825.21</u>	<u>425.47</u>

**SCHEDULE 17**  
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

1. Significant Accounting Policies and Practices:

A. Recognition of Income & Expenditure

Revenues/Incomes and Costs/Expenditures are generally accounted for on accrual basis, as these are earned or incurred. Cenvat as availed of is taken into account. Any subsidy, DEPB, Duty Drawback and rebate etc. under any Government schemes including TUFs is recognised and accounted for as and when received.

B. Fixed Assets

Fixed Assets are stated at cost (Net of Cenvat) of acquisition or construction including other expenses relating to installation.

C. Depreciation

Depreciation has been provided for at the rates in force from time to time as per the Schedule XIV of the Companies Act, 1956 as under -

- (i) On Plant & Machinery and Electric Installation added upto 31.12.1979 - on the written down value method and on additions from 01.01.1980 onwards - on straight line method.
- (ii) On all other items of Fixed Assets - on the written down value method. No Depreciation is charged on land.

D. Investments

Investments are classified as Current and Long Term. The current investments are stated at lower of the costs or fair value. Long Term investments are stated at cost. Suitable provisions are made / reserves created to recognize a non-temporary decline in the value of such investments.

E. Inventories

Raw Materials, Stock in Process and Finished Goods are valued at cost or market rate (i.e. Net realisable value) whichever is lower; and Stores & Spare Parts and Fuel are valued at cost. The cost is determined using specific identification cost method for Raw Materials and weighted average cost method for Stores and Spare parts and Fuel

F. Gratuity and Leave encashment

Liabilities for the gratuity and leave encashment are evaluated at the year end by Actuary and the differential incremental amount of these liabilities is charged to the Income statement for the period.

G. Foreign Currency Transactions

Transactions denominated in Foreign currencies are recorded at the exchange rate prevalent on the date of transaction. Export sales are recorded at the custom notified exchange rates.

Monetary items denominated in foreign currencies are re-stated at the year end rates or forward exchange contract rates, as the case may be.

Non-monetary foreign currency assets are carried at cost.

Any income or expense on account of exchange rate difference either on settlement or on translation is recognized in the profit and loss statement except in cases where they related to acquisition of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

#### H. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. The basis of working out the borrowing costs is weighted average rate applicable to the borrowing of the Company that are outstanding during the period except where specific identification exists. All other borrowing costs are recognized as an expense in the period of accrual.

	<b>2007-08</b>	2006-07
	(Rs. in lacs)	
2. Estimated amount of contracts on Capital Accounts remaining to be executed and not provided for (net of advances)	<b>1257.82</b>	1779.29
3. Other Contingent Liabilities, provision whereof is considered not necessary:		
(i) Claims against the Company regarding Labour Claims etc. These are being contested and not acknowledged as debts (estimated) and are unlikely to result in any liability on the Company.	<b>13.31</b>	14.02
(ii) Claims against the Company regarding Income-tax Assessment for different years (net of provisions / actual payments)	<b>137.57</b>	137.57
(iii) Claims against the Company regarding Entry Tax liabilities (net of provisions / actual payments)	<b>91.60</b>	16.26
(iv) Claims against the Company regarding Excise Duty Assessment for different years (net of provisions / actual payments)	<b>3156.41</b>	2361.86

All the above matters are at different stages of legal proceedings in the ordinary course of business, which when concluded, are unlikely, in the opinion of the management, to result in any material liability and consequent effect on the results of operations and/or financial position of the Company.

	<b>2007-08</b>	2006-07
	(Rs. in lacs)	
4. Payments to Auditors		
(i) Audit Fee	<b>0.81</b>	0.81
(ii) In Other Capacity:		
(a) Certification of Statements	<b>0.09</b>	0.26
(b) Fee for Tax Audit	<b>0.11</b>	0.11
(iii) Reimbursement of Travelling Expenses	<b>0.17</b>	0.06



5. The Company has export obligations of Rs. 5653.01 lacs (USD 127.59 lacs) against Import Licences taken for import of capital goods under Export Promotion Capital Goods Scheme.

6. Earning per share is calculated by dividing the profit for the respective year attributable to the equity share holders by the number of equity shares outstanding at the end of the respective year. The numbers used in calculating basic and diluted earnings per equity share are as stated below :

	<b>2007-08</b>	2006-07
Profit/(Loss) after Taxation (Rs. in Lacs)	<b>38.53</b>	803.14
No. of shares at the end of the year	<b>86,40,000</b>	86,40,000
Earning per share (basic and diluted) (Rs.)	<b>0.45</b>	9.30

	<b>2007-08</b>	2006-07
	(Rs. in lacs)	
7. Managerial Remuneration :		
Salaries and House Rent Allowance to the CMD and MD	<b>52.95</b>	48.75
Commission to the CMD and the MD	-	17.53
Contribution to P.F. for CMD and MD	<b>5.01</b>	4.62
Other perquisites for CMD and MD	<b>0.66</b>	0.37
Commission to Non Executive Directors	-	9.59
Directors' sitting fees	<b>1.20</b>	1.23
	<b>59.82</b>	82.09

Computation of net profit for the purpose of determining Managerial Remuneration as per Section 349 of the Companies Act, 1956

Profit before Tax as per Profit and Loss A/c	<b>77.38</b>	1,169.31
<i>Add</i> : Managerial Remuneration	<b>59.82</b>	82.09
Loss on Sale of Fixed Assets	<b>1.02</b>	1.10
	<b>138.22</b>	1,252.50
Less: Profit on Sale of Fixed Assets	<b>13.49</b>	-
Net Profit as per section 349 of the Companies Act, 1956	<b>124.73</b>	1,252.50
Amount of Commission payable to CMD & MD	-	17.53
Commission to Non Executive Directors	-	9.59

8. a) There are no dues owed by the Company to any Small Scale Industrial Undertaking which exceed Rs. 1 Lac and which are outstanding for more than 30 days.

b) There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2008. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

### 9. Retirement Benefits :

The Company has Defined Contribution Plan for its employee's retirement benefits comprising of Provident Fund, Superannuation Fund, Pension and Employee's State Insurance Fund which are recognised by the Income Tax Authorities and administered through its trustees. The Company and eligible employees make monthly contribution to the Provident Fund trust equal to specified percentage of the covered employees' salary. The interest rate payable by the Provident Fund trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good any shortfall, if any, between the return from the investments of the trust and the notified interest rates. The Company contributes to Superannuation Fund and Employees' State Insurance Fund and Employees' Pension Scheme 1995 and has no further obligations to the plan beyond its monthly contribution.

The Company has Defined Benefit Plan comprising of Gratuity Fund, Pension Fund, Leave Encashment and Long Term Service Award. The Company contributes to the Gratuity Fund, which is recognised by the Income Tax Authorities and administered thorough its trustees. The liability for the Gratuity, Pension, Leave Encashment and Long Term Service Award is determined on the basis of an independent actuarial valuation done at the year-end. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method. The obligations are measured as the present value of estimated future cashflows discounted at rates reflecting the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of the plan assets is the Company's expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. Plan assets are measured at fair value as at the Balance Sheet date.

### 10. Related party Disclosures :

#### A. Names of related parties and description of relationship :

- i) Key Management Personnel : Shri LN Bangur  
The Chairman & Managing Director  
Shri AL Maheshwari  
The Managing Director
- ii) Associate Companies/Others : Andhra Pradesh Paper Mills Ltd.(APPML)  
The Peria Karamalai Tea & Produce Co. Ltd.  
Digvijay Investments Ltd. (DIL)  
Swadeshi Commercial Co. Ltd.  
Chandridevi Bangur Charitable Trust

#### B. Transaction with related parties :

	<b>2007-08</b>	2006-07
	(Rs. in lacs)	
i) Key Management personnel (Salaries etc. of the CMD and MD)	<b>58.62</b>	70.90
ii) Associate Companies/Others –		
a. Subscription to the Right issues of Equity shares in - DIL	–	390.00
d. Donation to the above Charitable Trust	–	9.51

11. The sum of Rs.696.24 lacs being the deferred tax liability as on 31.03.2008 (Rs. 681.20 lacs as on 31.03.2007), appearing in the Balance Sheet, as per the mandatory incumbent requirement of the Accounting Standard (AS-22), relates to difference in timing of allowance of depreciation under the Income Tax Act and the timing of provision thereof in the books of accounts.
12. In pursuance of the provisions of the Accounting Standard (AS-28), an exercise has been carried out to ascertain the extent of impairment of the Assets of any of the units of the Company. It is revealed that there has been no impairment of Assets of any of the units of the Company resulting into carrying amount of its assets being lower than its estimated recoverable value.
13. The Company's business activity (i.e. Textiles) falls within a single primary business segment; and as such the disclosure requirements of the Accounting Standard (AS-17) on Segment Reporting, issued by the Institute of Chartered Accountants of India, in this regard is getting met.
14. The previous year's figures have been regrouped/rearranged wherever necessary.
15. The additional information pursuant to provisions of Paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 are annexed herewith marked as Annexure 'A'.
16. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

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

I) Registration details :

Registration No. 62, State Code 17, Balance Sheet Date 31st March, 2008

II) Capital raised during the year: (Amount Rs. in Thousands)

Public Issue	NIL	Bonus Issue	NIL
Right Issue	NIL	Private Placement	NIL

III) Position of mobilization and deployment of funds as on 31.03.2008:

(Amount Rs. in Thousands)

<b>Total Liabilities</b>	19,96,565	<b>Total Assets</b>	19,96,565
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid up capital	86,400	Net Fixed Assets	7,77,668
Reserve & Surplus	6,78,540	Investments	4,13,920
Deferred Tax Liability	69,624	Net Current Assets	8,04,977
Secured Loans	10,12,286		
Unsecured Loans	1,49,715		

IV) Performance of Company for the year 2007-08 :

(Amount in Rs. Thousands)

Turnover (Net ) (Incl. other Income)	25,70,911	Profit after Tax	3,853
Total Expenditure (After Adjustment of Stock)	25,63,173	Earning per Share (Rs.)	0.45
Profit before Tax	7,738	Dividend Rate (%)	7.50%

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

i) Item Code No. (ITC)	52051100
Product Description	Cotton Yarn
ii) Item Code No. (ITC)	55091100
Product Description	Blended Yarn
iii) Item Code No. (ITC)	52071000
Product Description	Cotton Fabric

Signature to Schedules '1' to '17'

For BD Gargieya & Co.  
*Chartered Accountants*  
NK Gupta  
*Partner*  
M. No. 72326

Kolkata  
30th June, 2008

LN Bangur *Chairman &  
Managing Director*  
Alka Bangur  
CV Desai  
SS Kothari  
Amitav Kothari *Directors*

**ANNEXURE 'A'**

*Additional Information pursuant to the Provision of Paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956*

	<b>CURRENT YEAR</b>			<b>PREVIOUS YEAR</b>		
	<b>Spindles</b>	<b>Rotors</b>	<b>Looms</b>	<b>Spindles</b>	<b>Rotors</b>	<b>Looms</b>
<b>(a) Quantitative Information</b>						
(i) Installed Capacity	<b>1,09,344</b>	<b>1,896</b>	<b>460</b>	1,01,984	1,176	460
	<b>Fabrics in</b>		<b>Yarn in</b>	<b>Fabrics in</b>		<b>Yarn in</b>
	<b>('000 Mtrs.)</b>		<b>(M.T.)</b>	<b>('000 Mtrs.)</b>		<b>(M.T.)</b>
(ii) Production	<b>18,657</b>		<b>21,187</b>	17,107		18,464
		<b>Units of</b>			<b>Amount</b>	
(iii) Stock of Packed Goods		<b>Qty.</b>		<b>Qty.</b>		<b>Rs. in Lacs</b>
Opening Stock						
Fabrics	('000 Mtrs.)	<b>171</b>	<b>37.13</b>	243		49.48
Yarn	M.T.	<b>621</b>	<b>567.00</b>	508		382.00
Closing Stock						
Fabrics	('000 Mtrs.)	<b>104</b>	<b>26.76</b>	171		37.13
Yarn	M.T.	<b>977</b>	<b>928.60</b>	621		566.76
(iv) Raw Material Consumed						
Cotton	M.T.	<b>25,375</b>	<b>13,150.23</b>	21,934		10,006.82
Man-made Fibre	M.T.	<b>2,429</b>	<b>2,085.00</b>	2,414		1,860.07
Filament Yarn	M.T.	<b>3</b>	<b>5.04</b>	41		73.82
			<b>15,240.27</b>			<b>11,940.71</b>
(v) Turnover (Gross)						
Fabrics	('000 Mtrs.)	<b>18,724</b>	<b>5,153.58</b>	17,179		4,662.82
Yarn	M.T.	<b>20,831</b>	<b>20,134.95</b>	18,351		17,013.54
Waste	M.T.	<b>2,730</b>	<b>449.00</b>	2,227		304.82
			<b>25,737.53</b>			<b>21,981.18</b>
<b>(b) Value of Imports on CIF basis in respect of</b>						
(i) Components & Spare parts			<b>85.23</b>			132.36
(ii) Capital Goods			<b>684.61</b>			1,926.86
<b>(c) Expenditure in Foreign Currency</b>						
Travelling			<b>1.71</b>			0.22
Commission			<b>8.02</b>			5.93
<b>(d) (i) Value of Raw Materials consumed</b>						
			<b>Value</b>		<b>Value</b>	
			<b>Rs. in Lacs</b>		<b>Rs. in Lacs</b>	
Imported			—		—	
Indigenous			<b>15,240.27</b>		<b>11,940.71</b>	
			<b>100.00</b>		<b>100.00</b>	
			<b>15,240.27</b>		<b>11,940.71</b>	
			<b>100.00</b>		<b>100.00</b>	
<b>(ii) Value of Stores &amp; Spare Parts consumed</b>						
Imported			<b>80.15</b>		<b>97.73</b>	<b>6.10</b>
Indigenous			<b>1,642.55</b>		<b>1,504.39</b>	<b>93.90</b>
			<b>1,722.70</b>		<b>1,602.12</b>	<b>100.00</b>
<b>(e) Earnings in Foreign Exchange</b>						
Export of Goods (F.O.B. Value)			<b>3053.58</b>		<b>881.73</b>	

Note : (1) The Kota Establishment was closed on 6.3.1985 following judgement of the Court, whereby Company's case for closure of that establishment was upheld (Installed Spindles 22,772).

For BD Gargieya & Co.  
Chartered Accountants  
NK Gupta  
Partner  
Kolkata  
30th June, 2008  
M. No. 72326

LN Bangur } Chairman &  
Alka Bangur } Managing Director  
CV Desai }  
SS Kothari } Directors  
Amitav Kothari }

**CASH FLOW STATEMENT**

(Prepared Pursuant to Listing Agreement in the SE's Format) (Rs. in Lacs)

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net profit before tax and extraordinary items</b>	<b>77.38</b>	1,169.14
<b>Adjustments for :</b>		
Depreciation	<b>1,228.50</b>	981.98
Investments :		
Profit/Loss on sale of Investments	-	31.89
Income from Investments	<b>(38.49)</b>	(79.62)
Interest paid (Net)	<b>825.21</b>	425.47
Other Income		
Profit on sale/scraping of fixed assets	<b>(12.47)</b>	(0.75)
	<b><u>2,002.75</u></b>	<u>1,358.97</u>
<b>Operating Profit before Working Capital Changes</b>	<b>2,080.13</b>	2,528.11
<b>Adjustments for :</b>		
Trade and other receivables	<b>62.39</b>	(545.86)
Inventories	<b>(1,510.36)</b>	(1,558.12)
Trade payables	<b>30.26</b>	2,331.23
	<b><u>(1,417.71)</u></b>	<u>227.25</u>
<b>Cash Generated from Operations</b>	<b>662.42</b>	2,755.36
Interest paid	<b>(205.56)</b>	(135.39)
Direct taxes paid	<b>(147.47)</b>	(328.38)
	<b><u>(353.03)</u></b>	<u>(463.77)</u>
<b>Net Cash Flow from Operating Activities</b>	<b>309.39</b>	2,291.59
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets & other capital exp.	<b>(1,579.45)</b>	(3,054.23)
Sale/scraping of fixed assets	<b>18.51</b>	7.91
Purchase of Investments	-	(390.00)
Sale of Investments	-	-
Income from Investments :		
Interest received	<b>98.93</b>	92.94
Dividend received	<b>38.49</b>	79.62
Profit on sale of Investment	-	(31.89)
<b>Net cash used in investing activities</b>	<b><u>(1,423.52)</u></b>	<u>(3,295.65)</u>

(Rs. in Lacs)

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from issue of share capital	-	-
Proceeds from :		
Long-term borrowing	<b>820.15</b>	3,808.78
Short-term borrowing	<b>4,075.54</b>	-
Repayment of :		
Long-term borrowing	<b>(615.00)</b>	(540.00)
Short-term borrowing	<b>(3,362.80)</b>	(404.30)
Public deposits	-	(28.42)
Interest paid	<b>(646.41)</b>	(383.02)
Dividend and tax thereon paid	<b>(177.10)</b>	(172.03)
Net cash used in financing activities	<b>94.38</b>	2,281.01
	<b>(1,019.75)</b>	1,276.95
Cash and cash equivalents as at 31.3.2007	<b>1,415.42</b>	138.47
Cash and cash equivalents as at 31.3.2008	<b>395.67</b>	1,415.42
	<b>(1,019.75)</b>	1,276.95

*Note* : Negative figures represent cash outflows.

For BD Gargjeya & Co.  
*Chartered Accountants*  
NK Gupta  
*Partner*  
Kolkata  
30th June, 2008  
*M. No. 72326*

LN Bangur *Chairman &*  
*Managing Director*  
Alka Bangur  
CV Desai  
SS Kothari  
Amitav Kothari *Directors*



**ANNUAL REPORT**  
**2007-2008**

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Room No. 706, 7<sup>th</sup> Floor, "KRISHNA",  
224, AJC Bose Road, Kolkata-700017 (W.B.)

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# Maharaja Shree UMAID MILLS LIMITED

Regd. Office : Room No. 706, 7<sup>th</sup> Floor, "KRISHNA",  
224, AJC Bose Road, Kolkata-700017 (W.B.)

## PROXY

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a Member(s) of the  
Maharaja Shree Umaid Mills Ltd., Jaipur hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ (or failing him \_\_\_\_\_  
of \_\_\_\_\_ ) (or failing him \_\_\_\_\_  
of \_\_\_\_\_ ) as my/our proxy in my/our absence to attend  
and vote for me/us and on my/our behalf at the 68th Annual General Meeting of  
the Company to be held on the 30th day of September, 2008 and at any adjournment  
thereof.

As Witness my/our hand/hands this \_\_\_\_\_ day of  
\_\_\_\_\_ 2008.

Signature .....

DPID No. ....

Folio No./Client ID No. ....

Please  
Affix  
Re.1  
Revenue  
Stamp

NOTE : The Proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the Meeting.