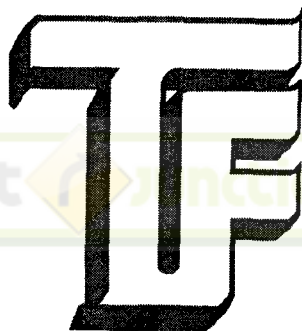
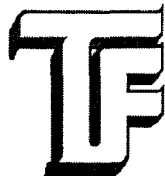


THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED



125th Annual Report
OCTOBER 2005 – SEPTEMBER 2006



THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

DIRECTORS

SUDHIR THACKERSEY

Chairman & Managing Director

RAOUL S. THACKERSEY

Vice-Chairman & Executive Director

CHANDRAHAS K. THACKERSEY

Executive Director

JAGDISH U. THACKERSEY

Executive Director

M. R. B. PUNJA

D. M. POPAT

R. N. BANSAL

D. S. ALVA

P. B. DESAI

Y. A. MANKAD (NOMINEE - IDBI)

R.V. IYER (SPECIAL DIRECTOR - BIFR)
(Upto 24-1-06)

ANIL CHOWDHRY (SPECIAL DIRECTOR - BIFR)
(From 24-1-06 to 7-9-06)

SOLICITORS

MULLA & MULLA AND

CRAIGIE BLUNT & CAROE

FEDERAL & RASHMIKANT

HARIANI & CO.

AUDITORS

C. C. CHOKSHI & CO.

Chartered Accountants

BANKERS

UCO BANK

HDFC BANK LTD.

REGISTERED OFFICE

SIR VITHALDAS CHAMBERS

16, MUMBAI SAMACHAR MARG

MUMBAI - 400 001

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**125TH ANNUAL GENERAL MEETING ON
WEDNESDAY, THE 31ST JANUARY 2007 AT
11.30 A.M. AT "WALCHAND HIRACHAND HALL",
4TH FLOOR, IMC BLDG., IMC MARG,
CHURCHGATE, MUMBAI - 400 020.**

**Shareholders are requested to bring their copies
of the Annual Report along with them at the Annual
General Meeting.**



NOTICE

Notice is hereby given that the **ONE HUNDRED AND TWENTY FIFTH** Annual General Meeting of the Shareholders of the Company will be held at "Walchand Hirachand Hall", 4th Floor, IMC Bldg., IMC Marg, Churchgate, Mumbai - 400 020, on Wednesday the 31st January, 2007 at 11.30 a.m. to transact the following business:

1. To receive and adopt the audited Balance Sheet as at 30th September, 2006 and the Profit and Loss Account for the year ended 30th September, 2006 and to consider the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Raoul S. Thackersey, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. D.M. Popat, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jagdish U. Thackersey, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. M.A. Parikh & Co., Chartered Accountants as Auditors for the current year in place of retiring auditors viz., M/s. C.C. Chokshi & Co., and fix their remuneration.

To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as an Ordinary Resolution:

"RESOLVED THAT M/s. M.A. Parikh & Co., Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office from conclusion of this meeting till the conclusion of next Annual General Meeting and that the Board of Directors of the Company be and is hereby authorised to fix remuneration payable to them."

AS SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as a Special Resolution:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approvals as may be necessary, if any, Mr. Raoul S. Thackersey, be and is hereby reappointed as the Whole-time Director designated as Vice Chairman & Executive Director of the Company with substantial powers of management for a

further period of 5 years with effect from 16th January 2007 on the terms and conditions mentioned hereinbelow, with a liberty to the Board of Directors (including any committee of the Board) to alter, vary or modify the terms and conditions of the re-appointment in such manner as may be required and agreed to by the Board and Mr. Raoul S. Thackersey.

- (i) **Period of appointment:** 5 years from 16th January 2007 to 15th January 2012.
- (ii) **Duties and powers:** Mr. Raoul S. Thackersey shall be entrusted with substantial powers of management subject to superintendence, control and direction of the Board of Directors of the Company.
- (iii) **Remuneration:** The remuneration to Mr. Raoul S. Thackersey during his tenure as the Executive Director of the Company, is as follows:

A. Salary:

Salary of Rs.85,000/- per month in the scale of Rs.40,000/- - Rs.2,00,000/-, with liberty to the Board of Directors (including any statutory modification or re-enactment thereof for the time being in force) to grant such increments as it may in its absolute discretion deem fit.

B. Commission:

Commission on the net profits of the Company computed in the manner laid down under Section 309(5) of the Act, as may be fixed by the Board of Directors in its absolute discretion from year to year at the time of adoption of the annual accounts each year by the Board of Directors of the Company, to be due and payable after adoption of the accounts by shareholders and subject to the overall ceiling laid down under Sections 198 and 309 of the Act.

C. Perquisites:

- (a) Perquisites such as Furnished accommodation or House Rent Allowance, provision of gas, electricity, water, furnishings and maintenance in respect of such accommodation, medical reimbursement for self and family, club fees, leave benefits, leave travel concessions for self and family, personal accident insurance and such other perquisites and allowances and on such terms and conditions as the Board of Directors may in its absolute discretion determine from time to time.

- (b) The monetary value of such perquisites shall be restricted to a maximum of 200% salary of the Executive Director. Such value is to be determined in accordance with the relevant rules laid down in this regard under the Income Tax Act. In the absence of such rules the monetary value of such perquisites shall be determined at cost.
 - (c) Company's contribution to Provident Fund and Superannuation Fund shall not be included in the computation of the ceiling on perquisites referred to in (b) above to the extent these either singly or put together are not taxable under the Income Tax Act as applicable from time to time. Gratuity payable shall not exceed half a month's salary for each completed year of service. Such gratuity and the encashment of leave at the end of the tenure shall not be included in the computation of the ceiling on perquisites.
 - (d) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to Mr. Raoul S. Thackersey or appropriate recoveries made from his salaries as per Income-tax Act, 1961 towards the use of car for personal purposes.
- D. The above remuneration payable to him by way of salary, perquisites and commission shall be subject to the limit of 10% of net profits as laid down in Section 309(3) of the Companies Act, 1956, and the overall limit of 11% of the net profits as laid down in Section 198(1) of the said Act.
- E. In the event of loss or inadequate profits during the currency of his tenure, the Executive Director shall be paid the remuneration by way of salary and

perquisites as minimum remuneration subject to the ceiling as specified in Para A of Clause I of Section II of Part II of Schedule XIII to the Companies Act 1956 (as amended from time to time).

(iv) **Other conditions:**

- (a) Mr. Raoul S. Thackersey shall be liable to retire by rotation as a Director.
- (b) Mr. Raoul S. Thackersey shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.
- (c) Mr. Raoul S. Thackersey shall be reimbursed all expenses actually and properly incurred by him for the business of the Company.
- (d) The appointment may be terminated by either the Company or Mr. Raoul S. Thackersey, giving three months' written notice.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to execute necessary agreement with such modifications and alterations as may be required and agreed to by the Board of Directors of the Company and the Executive Director.

RESOLVED FURTHER THAT any of the Directors and/or Company Secretary of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary, expedient or desirable to give effect to the above resolution".

By Order of the Board of Directors,

SUDHIR THACKERSEY

Chairman & Managing Director

Registered Office:

"Sir Vithaldas Chambers",
16, Mumbai Samachar Marg,
Mumbai - 400 001.

Dated : 15th November, 2006.



NOTES FOR MEMBERS' ATTENTION

1. A MEMBER ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 24-1-2007 to 31-1-2007 (both days inclusive).
3. Members intending to require information about the accounts to be explained at the meeting are requested to write to the Company atleast ten days in advance of the Annual General Meeting, so as to enable the Company to keep the information ready.
4. The shareholders are hereby informed that all unclaimed dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government in terms of provisions of Section 205A of the Companies Act, 1956. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, in the prescribed manner.
5. Members are requested to bring their copies of the Annual Report and Attendance Slip at the Meeting.
6. Since equity shares of the Company are traded compulsorily in Dematerialised Form, the shareholders holding shares in physical form are requested to get their shares dematted early in their own interest.
7. As required in terms of paragraph IV(G) of Clause 49 of the Listing Agreement, details of Directors seeking re-appointment at the ensuing Annual General Meeting is attached herewith:-

Name of the Director	Mr. R.S. Thackersey	Mr. D.M. Popat	Mr. J.U. Thackersey
Qualifications	B.Com	B.A., B.Com., LL.B	B.Com
Date of appointment	16.01.1997	08.02.1995	27.02.1985
Expertise in specific Functional areas	Industrialist having business experience.	Solicitor and Sr. Partner of Mulla & Mulla and Craigie Blunt & Caroe	Industrialist having business experience.
List of Directorship held*	Art Leather Ltd. Bintex Investments Ltd. Aristocrat Investments Ltd. Western Holdings Ltd. Sukta Investment Ltd. Prudential Holdings Ltd. Capricon Realty Ltd. Bhishma Realty Ltd. Chaitra Realty Ltd.	Hindustan Construction Co. Ltd. Peninsula J. and Ltd. The Ruby Mills Ltd. Bombay Incorporated Law Society	The Sirdar Carbonic Gas Co. Ltd. Delta Investments Ltd. Bintex Investments Ltd. Western Holdings Ltd. Earnest Holdings Ltd. Aristocrat Investments Ltd. Sukta Investment Ltd. Assured Investments Ltd. Prudential Holdings Ltd. Art Leather Ltd. Capricon Realty Ltd. Bhishma Realty Ltd. Chaitra Realty Ltd.
Chairman / Member of the committees of the Board of the Companies on which he is a Director	—	—	<u>Share Transfer Committee</u> The Sirdar Carbonic Gas Co. Ltd. - Member

*Directorship of Private Limited Companies not considered

Registered Office:

"Sir Vithaldas Chambers",
16, Mumbai Samachar Marg,
Mumbai - 400 001.

Dated : 15th November, 2006.

By Order of the Board of Directors,

SUDHIR THACKERSEY

Chairman & Managing Director

ANNEXURE TO THE NOTICE

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No.5

In the last Annual General Meeting held on 8.3.2006, M/s. C.C. Chokshi & Co., Chartered Accountants were re-appointed as Auditors of the Company to hold the office till conclusion of next Annual general Meeting. M/s. C.C. Chokshi & Co., have sent a letter dated 10.11.2006 to the Company to the effect that they do not offer themselves for re-appointment as Statutory Auditors of the Company for the financial year ending on 30.9.2007.

In its meeting held on 15.11.2006, the Board of Directors of the Company have considered and proposed appointment of M/s. M.A. Parikh & Co., Chartered Accounts, Mumbai as Statutory Auditors of the Company for the financial year ending on 30.9.2007 and M/s. M.A. Parikh & Co., have confirmed that they are eligible for being appointed as Auditors of the Company in terms of Section 224(1-B) of the Companies Act, 1956.

This may be treated as special notice u/s. 225 of the Companies Act, 1956 for passing a resolution as an Ordinary Resolution at the Annual General Meeting appointing as Auditor a person other than a retiring auditor.

The Board of Directors therefore recommend for your approval the said resolution for appointment of M/s. M.A. Parikh & Co., Chartered Accountants, as Auditors of the Company.

Item No.6

Mr. Raoul S. Thackersey was re-appointed as the Whole-time Director designated as an Executive Director of the Company with substantial powers of the management for a period of 5 years with effect from 16th January 2002 and his term will expire on 15th January 2007.

Subject to his reappointment for further 5 years term to be approved by the Board of Directors, the Remuneration Committee has, at its meeting held on 14th November 2006, approved his remuneration including the payment of minimum remuneration in the event of loss or inadequate profits.

The Board of Directors of the Company, at their meeting held on 15th November 2006 passed a resolution reappointing Mr. Raoul S. Thackersey designated as Vice Chairman & Executive Director with substantial powers of management for a further period of 5 years from 16th January 2007 to 15th January 2012 on remuneration as set out in Item No. 6 of the accompanying Notice. The terms of re-appointment and remuneration of the Executive Director are in accordance with the provisions of sections 269, 309 read with schedule XIII to the Companies Act, 1956.

It is proposed that the remuneration payable to Mr. Raoul S. Thackersey as per the terms of his re-appointment as the Executive Director of the Company be paid to him as minimum remuneration in the event of loss or inadequacy of profits in any year during the currency of his tenure, subject to the ceiling as prescribed under Para A of Clause 1 of Section II of Part II of Schedule XIII to the Companies Act 1956.

Mr. Raoul S. Thackersey, 35, is a Commerce Graduate and has been associated with the Company for more than 15 years handling various operations of Karad and Mumbai Units in various capacities.

He is also a Director in Art Leather Ltd., Bintex Investments Ltd., Aristocrat Investments Ltd., Western Holdings Ltd., Sukta Investment Ltd., Prudential Holdings Ltd., Capricorn Realty Ltd., Bhishma Realty Ltd., and Chaitra Realty Ltd.

In view of his considerable experience, it is felt that the re-appointment of Mr. Raoul S. Thackersey would be in the interest of the Company.

The re-appointment and remuneration of Mr. Raoul S. Thackersey as an Executive Director is subject to the approval of the shareholders in General Meeting pursuant to the provisions of Section 198, 269, 309, 310, 314 and Schedule XIII of the Companies Act, 1956. Further on his re-appointment as an Executive Director of the Company, he may be regarded as holding an Office or place of profit in the Company in terms of Section 314 of the Companies Act, 1956 which would require consent of the Company by way of a Special Resolution. The Resolution at Item No.6 is therefore placed before members as a Special Resolution.

This explanatory statement read with the terms as detailed in Resolutions contained at Item No.6 of the accompanying Notice may also be treated as an abstract of the Agreement between the Company and the Executive Director pursuant to, section 302 of the Companies Act, 1956.

Necessary resolutions for re-appointment of Mr. Raoul S. Thackersey as Executive Director form part of the Notice of the Annual General Meeting and the Directors commend approval of resolutions set out in item No.6 of Notice.

Mr. Raoul S. Thackersey and Mr. Sudhir Thackersey, the Directors of the Company are interested in the said resolution.

By Order of the Board of Directors,

SUDHIR THACKERSEY

Chairman & Managing Director

Registered Office:

"Sir Vithaldas Chambers",
15, Mumbai Samachar Marg,
Mumbai - 400 001.

Dated : 15th November, 2006.



THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

DIRECTORS' REPORT

TO
THE MEMBERS,

Your Directors are pleased to present herewith the 125th Annual Report together with the audited statements of accounts for the year ended 30th September, 2006.

SUMMARISED FINANCIAL RESULTS

	Current Year 30.9.2006	Previous Year 30.9.2005
	Rs. in lakhs	Rs. in lakhs
Gross Profit before interest, depreciation and tax (PBIDT)	355.88	511.53
Less: - Interest	6.82	54.58
Gross Profit after interest but before depreciation (PBD)	349.06	456.95
Less: - Depreciation	237.46	551.33
Profit / (Loss) before taxation	111.60	(94.38)
Less: - Provision for Wealth Tax	0.45	0.50
- Fringe Benefit Tax	6.01	3.75
Profit /(Loss) after tax	105.14	(98.63)
Profit as per Profit & Loss Account brought forward from last year	160.65	259.28
Balance carried to Balance Sheet	265.79	160.65

DIVIDEND

Due to financial constraints, your Directors regret their inability to declare any dividend for the year ended 30th September, 2006.

WORKING RESULTS

The sales turnover at Rs.61 crores for the current year was the same as per last year. The company has posted cash profit of Rs.3.49 crores for the year. The performance and overall view of textile business has been covered in the Management Discussions and Analysis which forms part of this Directors' Report.

REHABILITATION SCHEME

To give full effect to the scheme, your company is engaged in certain litigations pertaining to the dues of workers belonging to the unrecognized union on behalf of the Special Purpose Vehicles (SPVs).

APPEAL AGAINST AAIFR ORDERS

The unrecognized union had challenged the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) orders dated 12th April 2005 and 23rd December 2004 in the Bombay High Court. Both the appeals were dismissed by the Hon'ble Bombay High Court vide its orders dated 1st August 2006.

ACCOUNTS OF THE SUBSIDIARY COMPANIES

As reported in the earlier years, two subsidiaries of the Company viz; Makarand Investments Ltd. and Satark Investments Ltd. had discontinued functioning w.e.f. 27th March 2004 and had applied to Registrar of Companies (ROC) for striking off their names as per section 560 of the Companies Act, 1956. The notification of removal of names by ROC is still awaited.

In view of the above, accounts of said two subsidiaries were not prepared for the period after 27th March 2004 and hence, statement u/s 212 of the Companies Act and the accounts are not annexed hereto.

Considering that the control of the holding company is intended to be temporary pending notification by the ROC, the Board has been advised that there is no case for presentation of consolidated accounts by the Company in view of the above.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company has been making continuous efforts to conserve energy and upgrade/absorb technology. A statement containing information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report is enclosed herewith as annexure - I.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange, a separate report on Corporate Governance is enclosed herewith as annexure - II together with a certificate from the company's Auditors confirming compliance of conditions on Corporate Governance.

INSURANCE

Adequate insurance cover has been taken for all the properties and insurable interests of the Company.

FIXED DEPOSITS

In spite of reminders, matured deposits of Rs.0.50 lakhs from 5 deposit holders remained unclaimed as on 30th September 2006. The Company has been following up with these depositors for repayment of unclaimed deposits.

PARTICULARS OF EMPLOYEES

There were no employees during the year covered under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement with the Bombay Stock Exchange Ltd., the cash flow statement for the year ended 30th September 2006 is annexed to the accounts.

DIRECTORS

In accordance with article 139 of the Articles of Association of the Company, Mr. Raoul S. Thackersey, Mr. D.M. Popat and Mr. Jagdish U. Thackersey retire by the rotation and they, being eligible, offer themselves for re-appointment.

Mr. R.V. Iyer, a Special Director appointed by BIFR ceased to be Director w.e.f. 24.1.2006. In his place, Mr. Anil Chowdhry was appointed as a Special Director by BIFR and he also ceased to be a Director on the Company's Board w.e.f. 7.9.2006. The Board places on record its appreciation for the guidance and valuable contribution provided by both of them during their tenure as members of the Board.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 (hereinafter referred to as "the Act"), your Directors confirm that:-

- (i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th September 2006 and of the profit of the Company for the year ended 30th September 2006;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the Annual Accounts on a "going concern" basis.

AUDITORS

Auditor's observations in the Annexure to the Auditors' Report (CARO Report) read with the notes forming part of the accounts are self-explanatory.

In the last AGM held on 8th March 2006, M/s C.C. Chokshi & Co., Chartered Accountants, were re-appointed as auditors of the Company to hold the office till conclusion of next Annual General Meeting. The retiring Auditors have now given to the Company a notice in writing to the effect that they do not offer themselves for re-appointment as Statutory Auditors of the Company for the financial year ending on 30.9.2007.

In their place, it is proposed to appoint M/s M.A. Parikh & Co., Chartered Accountants, Mumbai, who have confirmed that they are eligible for being appointed as auditors of the Company in terms of Section 224 (1-B) of the Companies Act. You are requested to appoint the Auditors in the ensuing Annual General Meeting and fix their remuneration.

APPRECIATION

The Board of Directors places on record its appreciation for continued co-operation and excellent support extended to the company by IDBI Bank (the Monitoring Agency) and Shareholders during the period under review. Your Directors would also like to place on record its sincere appreciation of the commitment and dedication of employees at all levels.

For and on behalf of the Board of Directors,

SUDHIR THACKERSEY

Chairman & Managing Director

Mumbai, 15th November, 2006

**ANNEXURE – I TO DIRECTORS' REPORT**

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2006.

A CONSERVATION OF ENERGY

The company has been making continuous efforts to conserve energy. A few major steps taken during the year are as follows:-

(a) Energy Conservation Measures Taken

- (i) Continuous awareness programmes for energy conservation for staff and workers.
- (ii) Rotary air filter mesh of Luwa humidification replaced by Fine Nylon cloth mesh and return air fan blade angle adjusted resulting in power saving.
- (iii) D.G. overhauling carried out to improve specific fuel consumption.
- (iv) During rainy season Humidification plant adjusted for lower through put resulting in power saving during 2 month period.
- (v) Steam conservation system from M/s. Forbes Marshall, Pune would be put into operation resulting in power saving.

(b) Additional Investments and proposal, if any, being implemented for reduction of consumption of energy.

Nil

(c) Impact

- (i) The energy conservation measures have enabled the company to maintain the cost of utilities and power generation cost.
- (ii) Control in consumption of power and fuel.

FORM - A

Form for disclosure of particulars with respect to conservation of energy.

	Current Year	Previous Year
A Power & Fuel Consumption		
1 Electricity		
(a) Purchased Units ('000 KWH)	11515	10332
Total Amount ('000 Rs.)	41063	35755
Rate/Unit (Rs. per KWH)	3.57	3.46
(b) Own Generation		
Through Diesel Generator Units ('000 KWH)	403	920
Units per ltr. of diesel oil	3.20	3.17
Cost/Unit (Rs. per KWH)	8.72	7.21
2 Furnace Oil		
Quantity (K.Ltrs.)	990	988
Total Amount ('000 Rs.)	21790	15156
Average Rate (Rs. per K.Ltr.)	22016	15356
B Consumption per Unit of Production:		
Product-Grey & Finished Cotton & Blended Textiles.		
1 Electricity:		
(Purchased & Generated)		
KWH/Mtr. of Grey Production	0.990	1.034
KWH/Sq.Mtr. of Grey Production	0.609	0.626
2 Furnace Oil:		
Kgs./Mtr. of Grey Production	0.082	0.091
Kgs./Sq. Mtr. of Grey Production	0.051	0.055

FORM B**DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION.****Research & Development (R & D)****1. Specific areas in which R & D carried out by the Company.**

- Chemical testing equipments have been introduced as per recommendation of Research Institute (BTRA).
- Well equipped Laboratory for testing of Cotton properties & Yarn properties (Parameters) and cloth construction & specification as required by the Buyers.
- Improvement of product quality and production efficiency.
- Cost reduction.

2. Benefit derived as a result of the above R & D.

- ❖ The project was accomplished successfully and achievements were overall improvement in the quality of manufactured product, cost of each yarn counts manufactured were reduced, meeting customer need and satisfaction for development of new market segment.
- ❖ Sizing department is assured of the quality parameter of the ingredients as specified by manufacturer and helps them to control the in-process parameter during the working of the warp sheet on the machine.

3. Expenditure on R & D. (Rupees in lakhs)

(a) Capital*	6.72
(b) Recurring	0.83
(c) Total	7.55
(d) Total R & D Expenditure as percentage of total turnover.	0.06

- * Advance paid against Capital expenses of Rs.7.47 lacs under erection.

Technology absorption, adaptation and innovation

1. Our endeavour is to have perpetual research to suit the requirements of changing market demands.
2. We have installed Forbes Marshall flash steam & condensate recovery system to streamline for energy conservation system, commissioning work in progress.
3. We have installed new Aerator unit to effluent treatment plants.
4. Information regarding technology imported during the last five years.

(a) Technology Imported	Nil
(b) Year of Import	Not Applicable
(c) Has Technology been fully absorbed	Not Applicable
(d) If not fully absorbed, areas where this has not taken place, thereof and future plans of action.	Not applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO

Despite severe competition and adverse market condition in quota and non-quota countries, the company has been able to achieve the exports at Rs.1005.09 lakhs (FOB).

- (a) The company's efforts continue in the areas of development and identification of new export markets in quota and non-quota countries.
- (b) Total Foreign Exchange used and earned.

	(Rs. in lakhs)
Used	136.62
Earned	1005.09

The company continues inhouse development of textile fabrics.