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19th Annual Report 2007 - 2008

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For Hytone Texstyles Limited
(Executive Director)

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SUITINGS

HYTONE TEXSTYLES LIMITED

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HYTONE TEXSTYLES LIMITED

ANNUAL GENERAL MEETING

Date : 30th September, 2008

Time : 10.00 a.m.

Venue : Plot No. 70, TTC (MIDC) Industrial Area, Textile Processing Zone, Mahape Village, Navi Mumbai-400 709.

Members are requested to bring their copy of Annual Report with them at the Annual General Meeting, as copies of the Report will not be distributed at the meeting.

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BOARD OF DIRECTORS

AMRUT T. SHAH	*Chairman & Managing Director*
PRAFUL K. DEDHIA	*Executive Director*
SANJAY K. GALA	*Director*
DEEPAK C. SHAH	*Director*
DILIP M. KHONA	*Director*

SOLICITORS

M/s. PURNANAND & CO.

AUDITORS

Mr. Muiraj D. Gala
Chartered Accountants

BANKERS

Syndicate Bank
The South Indian Bank Limited
Canara Bank

REGISTERED OFFICE

Plot No. 70,
TTC (MIDC) Industrial Area,
Textile Processing Zone,
Mahape Village,
Navi Mumbai - 400 709

WORKS

Plot No. A-77, TTC (MIDC) Industrial Area,
Thane Belapur Road,
Khairane Village,
Navi Mumbai - 400 701

CITY OFFICE

25-C, Gyan Building,
Ramwadi,
Kalbadevi ,
Mumbai -400002

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HYTONE TEXSTYLES LIMITED

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Company will be held on Tuesday, the 30th September , 2008 at 10.00 a.m. at the Registered office of the Company at Plot No. 70, TTC (MIDC) Industrial Area , Textile Processing Zone, Maphe Village , Navi Mumbai - 400 709 to transact the following business.

ORDINARY BUSINESS :

1. To receive , consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date together with Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Deepak C. Shah, who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint a Director in place of Mr. Sanjay K. Gala, who retires by rotation and being eligible offers himself for re-appointment.

4 To appoint Auditors and fix their remuneration.

By Order of the Board
For HYTONE TEXSTYLES LIMITED

Amrut T. Shah
Chairman & Managing Director

Place: Navi Mumbai
Date : 25th August, 2008.
Registered Office :
Plot No. 70 , TTC (MIDC) Industrial Area ,
Textile Processing Zone , Mahape Village,
Navi Mumbai - 400 709.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. Members who hold shares in dematerialised form are requested to bring their DP ID and Client ID numbers for easy identification of attendance at the meeting.

3. Members desirous of getting any information about the accounts of the Company are requested to send their queries so as to reach atleast ten days before the meeting at the company's Registered office at Plot No.70, TTC (MIDC) Industrial Area , Textile Processing Zone , Mahape Village , Navi Mumbai - 400 709.

4. Members are requested to notify immediately any change in their address (with Pincode) , if any , quoting their Folio No.(s) to the Company. In case your mailing address mentioned on this Annual Report is without Pincode , then you are requested to kindly inform your Pincode immediately.

5. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

6. The Members/Proxies should bring the attendance slip duly filed in for attending the meeting.

7. The common agency for the purpose of transfer of shares in both forms is M/s Intime Specturm Registry Ltd. C- 13 Pannalal Industrial Estate,Bhandup (W) Mumbai - 400 078.

8. The Company's share capital had been dematerilised under ISIN "INE 926D01012" with NSDL and CDSL. Shareholder who have not dematerilised their shares may opt the same accordingly.

9. The Register of members and the Share Transfer Books of the Company were closed from 25/09/2008 to 30/09/2008 (both days inclusive).

10. Pursuant to Section 205 C of the Companies Act, 1956 the unclaimed dividend for the year 1994-95 had been transfered to the Investor Education and Protection Fund of the Government of India.

By Order of the Board
For HYTONE TEXSTYLES LIMITED

Amrut T. Shah
Chairman & Managing Director

Place : Navi Mumbai
Date : 25th August, 2008.

Registered Office :
Plot No. 70 , TTC (MIDC) Industrial Area ,
Textile Processing Zone , Mahape Village,
Navi Mumbai - 400 709.

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DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present their 19th Annual Report on the business and operations of the Company together with the audited Financial Accounts for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS

	Year ended 31.03.2008 (Rs. In Lacs)	Year ended 31.03.2007 (Rs. in lacs)
Total Revenue	164.71	671.39
Profit/(Loss) before Interest & Depreciation	(6.72)	(73.68)
Less : Financial Charges	1.27	1.25
Depreciation	90.06	87.57
Profit / (Loss) before prior period & Extraordinary Items	(98.06)	(162.50)
Less : Prior year items	0.67	Nil
Profit / (Loss) before Tax	(97.39)	(162.50)
Less : Provision for Taxation (Fringe Benefit Tax)	1.00	1.20
Profit/(Loss) for the year after Taxation	(98.39)	(163.70)
Balance brought forward from previous year	(2955.60)	(2792.90)
BALANCE CARRIED TO B/S	(3054.99)	(2956.60)

DIVIDEND

In view of losses, the Directors are unable to recommend any dividend.

Operations:

Due to losses suffered by the Company, the operations were affected adversely. The Company is not having sufficient Working Capital to run the business. In view of this the Company is mainly arranging out job work. The profitability of the Company has suffered due to this.

Fixed Deposits:

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956, and the rules made there under.

Reference under SICA:

The Company had made reference to BIFR in December 2004 under Section 15 of Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"). Accordingly case has been registered. The Company has submitted various proposals to Financial Institutions and Bankers for rehabilitation of the Company. The Company was successful in arriving at one time settlement with Canara Bank and The South Indian Bank Limited. Discussion with other bank and institution along with investors are in progress for working out a suitable rehabilitation proposal.

Management Discussion & Analysis:

a) **Industrial Structure and Developments**

The textile industry continues to be dominated by the unorganised sectors like power looms and handlooms. The organised composite mill sector in the macro cities has to compete with these unorganised sectors, as well as the organised mills in town other than the macro cities including Mumbai, is facing serious difficulties due to cost escalation mainly in wages, municipal taxes, etc. and water supply charges. Barring metro cities textile industry is still encouraging. The Government recognises the potential of textile industry and is taking a number of steps to improve the competitiveness of this industry in the global market.

b) **Opportunities and Threats**

Indian textile industry has to compete with determined players like China, Pakistan, Indonesia and Thailand who have all the resources, huge capacities and low costs. The Indian textile industry has to battle against and overcome poor infrastructure, shortage of power and soaring global oil prices. The absence of integrated production facilities is a bottleneck for our industry, which leads to lengthening of lead times, which adds to the total cost of production.

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c) Segment wise or Product wise Performance
The Company is presently working on job work basis.

D) Out Look
Due to appreciating rupee against dollar and recession in USA and Europe, exports of textiles and garments are facing major profitability concerns. Government has initiated steps to help industry to overcome these issues, but steps are insufficient because industry needs more support to overcome problems.

E) Risks and Concerns
Today, the world's focus is on India as the economy is improving. We have to face operational challenges in global trade. To improve our share in the world market our country has to face onslaught from economies with better infrastructure and logistics. China's scale, infrastructure and cost competency give it an edge over other Countries. The emergence of various foreign brands in India also poses a global challenge for the textile industry in India.

F) Internal Control System and its adequacy
The Company has adequate control procedures commensurate with the size of the Company.

h) Human Resources Management
The Company has excellent Human Resources with variety of skill sets appropriate to its business requirement. Industrial relations have been cordial.

Corporate Governance:
A separate report on Corporate Governance is furnished along with this report and a certificate from Auditors of the Company regarding compliance of conditions of corporate governance as stipulated under clause 49 of the listing agreement is attached to this report.

Directors:
In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr.Deepak C.Shah and Mr.Sanjay K.Gala will retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

Auditors:
Mr.Muiraj D.Gala, Chartered Accountant, the retiring auditors have expressed their willingness to accept re-appointment. In terms of the Companies Act,1956, their re-appointment needs to be approved by the members and their remuneration has to be fixed.

Auditor's Report:
The Auditor's Report to the Shareholders does not contain any reservation, qualification or adverse remark.

Directors Responsibility Statement

The Board of Director of the Company confirms that:

i. in preparation of the annual accounts, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards.

ii. Appropriate accounting policies have been selected and applied Consistently, and have made judgements and estimates that are reasonable and prudent so as to give true and fair view of the State of affair of the Company for the year ended 31st March 2008.

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting record in accordance with the Provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and Other irregularities; and

iv. The annual accounts have been prepared on a **"going concern"** basis.

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Particulars of Employees :
There were no employees drawing salary in excess of limits specified under section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975.

Cautionary Statement:
Statement in the Management Discussion and Analysis describing the Company's Objectives, Projections, estimates or predictions may be "forward looking statements". The actual results may differ from those expected or predicted. Prime factors that may make difference to the Company's performance include market conditions, input costs, interest cost, Govt. Regulations and economic developments within/ outside the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:
The particulars in accordance with the provision of 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 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this report.

Acknowledgement:
Your Directors place on record their deep sense of appreciation of the dedication of the Company's employees at all levels and are confident they will maintain their commitment to excellence in the coming years.

Your Directors also express their deep appreciation of the support received from the Government and other Regulatory authorities.

Your Directors also thank you, our valued shareholders, the Financial Institution, Banks, Dealers, Agents and customers for their continued trust in the Company and its management.

For and on behalf of the Board

Place : Navi Mumbai
Date : 25th August, 2008

Amrut T. Shah
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

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

CONSERVATION OF ENERGY, TECHONOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. **CONSERVATION OF ENERGY**
   A. Energy Conservation measures taken : Your Company has been proactively seeking measures to conserve energy through innovation in order to reduce wastage and optimise consumption.

   B. *Additional investment & proposals : Nil*

   C. Impact of the above measures: Improvement in quality and effeciency in production.

FORM A

Disclosure of particulars with respect to energy consumption:

(a) **Power & Fuel consumption :**

		Year ended 31.03.2008	Year ended 31.03.2007
1.	**ELECTRICITY:**		
a)	Purchased:		
	Unit (KWH in lacs)	**5.73**	9.59
	Total amount (Rs.in lacs)	**16.04**	37.05
	Rate/KWH (in Rs.)	**2.80**	3.66
b)	Own generation:	**NIL**	NIL
2.	COAL :	**NIL**	NIL
3.	FURNACE OIL :	**NIL**	NIL
4.	OTHERS :	**NIL**	NIL

(b) **Consumption per Unit Production:**

	Year ended 31.03.2008	Year ended 31.03.2007
Products (with detailed unit)		
Electricity	**Rs. 2.61 Per Mtr.**	Rs. 1.74 Per Mtr.

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FORM B
[Forming part of Annexure (1)]

Disclosure of particulars with respect to Technology Absorption:

2. TECHNOLOGY ABSORPTION :

A) Research & Development :

1. Specific areas in which R & D carried out by the Company :

   The Research and Development is an ongoing process in the Company to improve quality and reduce costs.

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

   Advantage of better product mix and wider local & export market.

3. Future Plan of action :

   To cater better product mix and more value addition and exploration of avenues for continuous cost reduction measures.

4. Expenditure on R & D :
   Capital : Nil
   Recurring : Expenses incurred are charged to respective heads and not allocated separately.

Total : Not determinable

Total R & D expenditure as % of total turnover : Not determinable

B) Techonology absorption,adaptation and innovation

Efforts in brief, made :

To meet the requirement of Garment Exporters, the Company has started R & D of new concepts of fabrics with different blend and weaves to increase the value addition at garment stage.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange used : **Rs. Nil**
(Rs. Nil)

Earned : **Rs. Nil**
(Rs. Nil)

For and on behalf of the Board

Place : Navi Mumbai
Date : 25th August, 2008.

Amrut T. Shah
Chairman & Managing Director

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CORPORATE GOVERNANCE REPORT

1. **COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Your Company believes that good Corporate Governance practices are a continuous process and are essential for long term Corporate Goals. The Board of Directors of the Company strives to lay great emphasis on the broad principles of Corporate Governance.

2. **BOARD OF DIRECTORS :**

a) **Composition of the Board**

The Composition of the Board of Directors of the Company as on 31st March, 2008 consist of 2 Promoter, Executive Directors and 3 Independent, Non Executive Directors are as under:

Mr. Amrut T. Shah	Chairman and Managing Director
Mr. Praful K. Dedhia	Executive Director
Mr. Sanjay K. Gala	Independent Non-Executive Director
Mr. Deepak C. Shah	Independent Non-Executive Director
Mr. Mr. Dilip M. Khona	Independent Non-Executive Director

The Composition of the Board of Directors of the Company is in conformity with clause 49 of the listing agreement entered into with the stock exchanges.

b) **Board Meetings:**

The Board of Directors met 4 times during the financial year 2007-08 on following dates :

30th April,2007	31st July, 2007	25th August, 2007	31st October, 2007	31st January, 2008

c) **Attenance of Directors**

Name of the Directors	Category	Board Meeting Attended	Last AGM	Other Director-ship	Committee Member ship	Committee Chairman-ship
Mr. Amrut T. Shah	Promoter Executive	5	Yes	-	No	-
Mr. Praful K. Dedhia	Promoter Executive	5	Yes	-	No	-
Mr. Sanjay K. Gala	Independent Non-Executive	5	Yes	-	3	2
Mr. Deepak C. Shah	Independent Non-Executive	5	Yes	-	3	1
Mr. Dilip M. Khona	Independent Non-Executive	5	Yes	-	3	-

The Board of Directors of the Company has optimum combination of executive and independent directors with more than half of the number of directors being non-executive independent directors.

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3. COMMITTEE OF THE BOARD

a. AUDIT COMMITTEE

The Board of Directors of the Company had constituted an Audit Committee. The Committee at present comprising three independent, Non-Executive Directors i.e. Shri Sanjay K.Gala, Shri Deepak C.Shah and Shri Dilip M.Khona. Shri Sanjay K.Gala is the Chairman of the Commitee. The terms of reference of the Audit Committee are in line with clause 49 II (C) & (D) of the Stock Exchange Listing Agreement and Section 292A of the Companies Act, 1956. The Commitee act as a link between the Management, Auditors and the Board of Directors of the Company and has full access to financial information.

The company does not have any Company Secretary, as such compliance regarding 'Company Secretary acting as the Secretary to the committee' has not been complied.

Dates of Audit Committee Meetings :

During the financial year four meetings were held i.e. on :

30th April, 2007	20th August, 2007	15th November, 2007	31st January, 2008

Attendance in Audit Committee Meetings:

Name of the Director	No of Meetings Held	No. of Meeting Attended
Mr. Sanjay K. Gala	4	4
Mr. Dilip M. Khona	4	4
Mr. Deepak C. Shah	4	4

The representatives of Statutory Auditors were present for the meeting. The Chairman & Managing/ Wholetime director also attended the meetings.

b. REMUNERATION COMMITTEE:

The remuneration committee review the overall compensation policy, service agreements and other employment conditions of Managing/Whole time Directors.

The remuneration committee consists of three Independent Directors. This committee comprises of the following:

1. Shri Sanjay K.Gala
2. Shri Deepak C.Shah
3. Shri Dilip M. Khona

No meeting of the Remuneration Committee was held during the year under review.

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4. REMUNERATION OF THE DIRECTORS

Details of payments made to directors during the year ended 31st March, 2008 are given belows :-

Director	Sitting Fees (Rs.)	Salary and Perquisites (Rs.)	Total (Rs.)
Mr. Amrut T. Shah*	Nil	5,18,400	5,18,400
Mr. Praful K. Dedhia*	Nil	5,18,400	5,18,400
Mr. Sanjay K. Gala	10,000	Nil	10,000
Mr. Dilip M. Khona	10,000	Nil	10,000
Mr. Deepak C. Shah	10,000	Nil	10,000

*The remuneration paid to the wholetime Directors are subject to the approval of the Department of Company Affairs, New Delhi . In terms of schedules for the No Objection certificate from the Financial Institution is required and the same is expected on restructuring of debts as per debts restructuring policy announced by the Government, for which the Company's application is under process. The Company has obtained an undertaking from the directors that in case the remuneration is not approved, the excess amount, if any, will be refunded back to the Company.

5. SHAREHOLDERS /INVESTORS' GRIEVANCE COMMITTEE:

a) The Board of the Company has constituted a Shareholders'/Investors' Grievances Committee. The Composition of shareholders'/Investors' Grievances Committee is as under:

Mr. Deepak C.Shah- Independent, Non-Executive

Mr. Dilip M.Khona- Independent Non-Executive

Mr. Praful K.Dedhia- Executive Director

Mr. Deepak C.Shah acts as Chairman of Shareholders'/Investors' Grievances Committee. The Committee looks into redressing of Shareholders' complaints like transfer of shares,Non-receipt of balance sheet etc. The Committee overseas the performance of the Share Transfer Agent and recommends measures for overall improvement in the quality of investor services.

During the year under review, the complaints received have been solved to the satisfaction of the shareholder. There are no pending complaints/transfers as on date.

Shri Prful K. Dedhia - Executive Director has been designated as the Compliance Officer.

b) Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting fixed on 30th September,2008 are given hereunder:

1. Mr.Deepak C.Shah aged 42 years is a Businessmen having good business experience in Accounts and Finance.

2. Mr.Dilip M. Khona aged 45 years is a Businessmen having a good business experience.

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