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JAGJANANI TEXTILES LIMITED

Annual Report 2007-2008



JAGJANANI TEXTILES LIMITED

JAGJANANI TEXTILES LIMITED

BOARD OF DIRECTORS

Mr. S.G.Vyas
Mr. S.K.Singhal
Mr. H.K.Agarwal
Mr. N.K.Khurana
Mrs. Shakuntala Vyas
Mr. Anil Goyal
Mr. Akash Bharatbhai Shah
Mr. Narendra Mahajani

COMPANY SECRETARY

Mr. N K Sharma

AUDITORS

G. Dutta & Co.
Chartered Accountants
36, New Colony,
Jaipur

REGISTERED OFFICE

S-25, Shyam Nagar,
Jaipur - 302 019.

HEAD OFFICE

F-14, Ashok Vihar,
Phase I,
Delhi - 110 052

MILLS

E-228, RIICO Industrial Area,
Bagru Extn.,
Bagru - 303 007

REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg
Bhandup (W), Mumbai - 400 078
Tel : 022-25960320 (9 Lines)



NOTICE

NOTICE is hereby given that the 11th Annual General Meeting of the Members of JAGJANANI TEXTILES LIMITED will be held at its Registered Office at S-25 Shyam Nagar, Jaipur on Tuesday the 30th day of September, 2008 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2008 and Profit & Loss Account for the year ended on that date along with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. S K Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr Akash Bharatbhai Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Narendra Mahajani, who retires and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s), as an Ordinary Resolution, the following :

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (as may be re-enacted or modified from time to time), and pursuant to the resolution passed by the Remuneration Committee of Directors of the Company and subject to such other approvals as may be necessary, consent and approval of the Company be and is hereby accorded to the appointment by the Board of Directors of the Company of Mr S K Singhal to the office of Whole-time Director of the Company for a term of five years with effect from 1st June, 2008, on the terms and conditions including remuneration as stated in the explanatory statement annexed to this notice, with liberty to the Board of Directors to alter and vary the terms and conditions of appointment, but so as not to exceed the remuneration and perquisites as stated in the explanatory statement.”

By Order of the Board

Place : Jaipur

Date : 30/8/2008

(N K SHARMA)
COMPANY SECRETARY

**NOTES:**

- (i) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the time of the Meeting.
- (ii) The information pursuant to Corporate Governance Clause of the Listing Agreement regarding the directors seeking appointment/re-appointment in the Annual General Meeting as proposed in item no. 2, 3 & 4 of the Notice is also being annexed hereto separately and forms part of the Notice.
- (iii) The Register of Members and the Share Transfer Books of the Company shall remain closed from 28th September, 2008 to 30th September, 2008.
- (iv) The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However members, holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
- (v) Members desiring any information, as regards Accounts, are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.
- (vi) Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.
- (vii) Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/Registrar and Transfer Agent.

By Order of the Board

Place : Jaipur
Date : 30/8/2008

(N K SHARMA)
COMPANY SECRETARY



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Mr S K Singhal is one of the promoter of the Company and has been associated since inception. He has made significant contributions to the Company's growth and implementation of plans and business strategies. His Knowledge and experience will further help the Company to widen its perspective. As such, the Board of Directors recommend the above said resolution for the approval of members in respect of his appointment as Whole-time Director for a period of five years w.e.f. 1st June, 2008 on the following remuneration and perquisites :

Basic Salary : Rs. 40,000/- per month.

Perquisites : Besides the above salary, Mr S K Singhal shall be entitled to the perquisites which may include accommodation/HRA, reimbursement of expenses of gas, electricity, water and furnishings, medical insurance for self and family, LTC, PF and Superannuation, Car with driver for official use and Telephone for official use.

None of the Directors, except the appointee himself and Mr H K Agarwal who is related to him, may be deemed to be concerned or interested in the said resolution.

Information pursuant to corporate governance clause of the Listing Agreement regarding the Directors seeking appointment/re-appointment in the Annual General Meeting.

| Name of the Director | Mr. S. K. Singhal | Mr. Narendra Mahajani | Mr Akash Bharatbhai Shah |
|---|---|-----------------------|---------------------------------|
| Date of Birth | 30.05.1952 | 03.08.1968 | 13.07.1974 |
| Date of appointment | 23.07.1997 | 27.08.2008 | 13.01.2006 |
| Expertise in specific or more functional area | Industrial & business experience of more than 29 years. | Financial expert | Industrial & business expertise |
| Qualification | Chartered Accountant | Chartered Accountant | B.E. |
| Directorships of other Companies as on 31 st March, 2008 | Daga Global Chemicals Ltd. | Nil | Nil |
| Chairman/Member of Committees of other Companies as on 31 st March, 2008 | Nil | Nil | Nil |
| No. of shares held | 20,60,000 | Nil | Nil |



JAGJANANI TEXTILES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting 11th Annual Report together with Audited Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS

| | (Rs.000) Year ended On 31/03/2008 | (Rs.000) Year ended On 31/03/2007 |
|------------------------------------|---|---|
| Gross sales including other income | 353,208 | 183,900 |
| Gross profit | 37,953 | 38,131 |
| Depreciation | 12,708 | 11,691 |
| Profit before tax | 25,245 | 26,440 |
| Provision for Tax | 5,422 | 3,041 |
| Profit after tax | 19,823 | 23,399 |
| Surplus carried to Balance Sheet | 16,121 | 25,367 |

MANAGEMENT DISCUSSION AND ANALYSIS

The global textile industry witnessed increased restructuring, relocation and mergers and acquisitions in the last couple of years. There has been steady shift of textile capacities in Asian countries like India, China, Pakistan, Bangladesh and Srilanka.

The Indian Textile industry witnessed good investments during last 2-3 years. The demand, though currently not keeping pace with those investments will eventually grow with the economies of scale arising out of investments. The industry is striving hard to manage increasing cost of production by diversifying its product mix and strengthening its global competitiveness. We hope that Indian Government will address various constraints faced by the industry including pending fiscal policy reforms, market development initiatives and labour issues.

REVIEW OF OPERATIONS

During the year under review, your company has registered a turnover of Rs. 3532 lac as compared to Rs. 1839 lac during the previous year representing an increase of 90%. The turnover is higher on account of higher production which increased to 2784 MT from 2733 MT in the preceeding year. The higher cost of raw materials yielded higher per kg sales realization. Besides, the company also purchased and sold fabrics to create its presence in fabric market so as to smoothen marketability of its own fabric which is underway. The company reviews its product mix from time to time keeping in view the profitability and workability of production plan and accordingly increased production of polyester/cotton blended yarn. The company had an export turnover of Rs. 1387 Lacs.

OUTLOOK ON OPPORTUNITIES & FUTURE PROSPECTS

The fundamental growth drivers remain strong in India and free movement of textile products would offer better opportunities in the international market. Domestic market is likely to witness improved demand due to growing per capita income, population and strong retail push.

The company's expansion plan undertaken this fiscal is going in full swing. The company has commissioned 42 Airjet looms and will achieve full capacity utilization shortly. The quality of fabric produced is excellent and has been well received in the market. The civil work for ring spinning is in advanced stage of completion. The machineries for the same have also started arriving. Barring unforeseen circumstances the company hopes to start production of ring yarn in the last quarter of current fiscal year.



FINANCIAL/RESOURCE UTILISATION

The proceeds of the IPO and the loans of Rs. 28 crore raised for expansion project have largely been utilized for the project and the balance will be used for ongoing ring spinning project in the months to come.

MANAGEMENT PERCEPTION OF RISK & CONCERN

Like all businesses, textile business is also susceptible to various risks. You are aware raw material cost is the single largest component of total cost for your Company. Our main raw material is cotton and the same being an agricultural produce suffers from climate volatility. In addition, growing demand and increase in prices of all commodities in the world has pushed up prices of cotton in India. Besides; increase in oil prices has increased Polyester Staple Fibre prices. For last couple of years Govt has allowed introduction of BT cotton and the results thereof are visible on our crop size which has substantially increased. Another factor which has a bearing on your business is value of Indian Rupee vis a vis US Dollar. The rapid strengthening of rupee against dollar has adversely affected export of textile products from India and has consequently affected the rate realization of textile products. We are making all efforts to cope up with the challenges through continuous cost reduction and process improvement.

INTERNAL CONTROL SYSTEM

The Company has well defined internal control system commensurate to the size and nature of its business. The Company takes abundant care to design, review and monitor the working of internal control system for optimal utilization and protection of resources. All significant issues are brought to the attention of the Audit Committee of the Board.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

Your Company lays emphasis on building and sustaining an excellent organization climate based on human performance. Performance management is the key word for the Company. The Company has developed an environment of harmonious and cordial relations with its employees.

As the Company is in Textile business only, segment reporting is not required.

DIVIDEND

No dividend is being recommended for the year under review to conserve resources for future projects.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, the Directors hereby 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) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;
- (iii) the Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis.



DIRECTORS

Mr. Ram Saran Mehra, who has been associated with the company since beginning resigned from the Board w.e.f. 27.08.2008 due to his poor health. The directors record their appreciation for the service and guidance provided by him during his tenure. Mr. Narendra Mahajani was appointed as director of the company w.e.f. 27.08.2008 in lieu of this vacancy.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. S. K. Singhal and Mr Akash Bharatbhai Shah, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment. Mr. Narendra Mahajani also retires on 30th September'2008 and being eligible, offers himself for reappointment.

Mr. S. K. Singhal was appointed as Whole Time Director w.e.f. 01.06.2008 for a period of 5 years. His appointment is to be regularized in the ensuing Annual General Meeting. His terms of appointment are mentioned in the notice for the Annual General Meeting.

OTHER INFORMATION

Information as per section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975:

None of the employee was in receipt of remuneration in excess of limit prescribed under Section 217 (2A) of the Companies Act, 1956.

Energy, Technology Absorption & Foreign Exchange

The 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 with respect to Conservation of energy, technology absorption and foreign exchange earnings/outgo is appended hereto and form part of this report.

AUDITORS

M/s G. Dutta & Co., Chartered Accountants, Auditors of the Company retire and being eligible offer themselves for re-appointment.

The observations made by the Auditors in their Report are adequately explained in the notes to the Accounts and significant Accounting Policies and need no further elaboration.

CORPORATE GOVERNANCE

As per Clause 49 of the listing agreement with the Stock Exchange, a separate section on Corporate Governance forms part of the Annual Report.

A Certificate from the Auditors of the Company confirming compliance with conditions of Corporate Governance as stipulated under the Clause 49 of the listing agreement is annexed to this Report.

ACKNOWLEDGEMENT

The Board acknowledges the valuable assistance and cooperation received from Government Authorities, IDBI, Bank of Baroda and UCO Bank and looks forward to their continued support.

Your Directors express their deep appreciation for the commitment and hard work put in by all employees.

For and on behalf of the Board

Place: Jaipur
Dated: 30/08/2008

(S.G.VYAS)
WHOLE TIME DIRECTOR



Information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

A. Conservation of Energy:

a. Energy conservation measures taken

Your Company strives to make the plant energy efficient to the extent possible and continually reviews various schemes to conserve energy. Additional cables have been laid to reduce losses, monitoring of compressors' working and distributing compressed air without leakage at proper pressure, use of UPS and Stabilizers are some of the steps taken during the year to conserve energy. Humidification plants are being monitored closely for effective saving in power consumption.

b. Total energy consumption and energy consumption per unit of production

FORM 'A'

Form for Disclosure of Particulars with respect to Conservation of Energy

A. Power & Fuel Consumption

| | | Current Year | Previous Year |
|----|---|--------------|---------------|
| 1 | Electricity | | |
| a) | Purchased Units | 2610610 | 2113800 |
| | Total Amount (Rs.000) | 11,581 | 99,56 |
| | Rate / Unit (Rs.) | 4.44 | 4.71 |
| b) | Own Generation | | |
| | i) Through Diesel Generator Units | - | 343777 |
| | Cost / Unit (Rs.) | | 9.26 |
| | ii) Through steam Turbine/Generators | - | - |
| 2 | Coal (specify quantity & where used) | - | - |
| 3 | Furnace Oil | | |
| | Diesel / Light Diesel Oil | | |
| | Quantity Consumed (Ltrs) | - | 98222 |
| | Total Amount (Rs.000) | - | 31,82 |
| | Average Rate (Rs.) | - | 32.40 |
| 4 | Other / Internal Generation – Steam | | |
| | Quantity Produced (Tonnes) | - | - |
| | Total Cost (Rs.) | - | - |
| | Rate / Tonn (Rs.) | - | - |



JAGJANANI TEXTILES LIMITED

B. Consumption per unit of production :

| Product | Unit | Current Year | | | | Previous Year | | | |
|-------------|------|--------------|------|-------------|-------|---------------|------|-------------|-------|
| | | Elect KWH | Coal | Furn Oil | Steam | Elect KWH | Coal | Furn Oil | Steam |
| Cotton Yarn | KG | 0.94 | - | - | - | 0.90 | - | - | - |

C. Technology absorption:

The Company has neither imported any technology nor has incurred any expenditure on Research and Development during the year.

D. Foreign exchange earnings and outgo:

| | 2007-08 (Rs. 000) | 2006-07 (Rs. 000) |
|---------------------------|----------------------|----------------------|
| Foreign exchange earnings | 138719 | 11,56 |
| Foreign exchange outgo | | |
| Capital goods | 132633 | - |
| Stores & Spares parts | 1262 | 531 |
| Travelling | 177 | - |