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ANNUAL
REPORT
2001-2002

Maharaja Shree UMAID MILLS LIMITED

Board of Directors

SHRI LN BANGUR, *Chairman & Managing Director*
SMT ALKA BANGUR, *Director*
SHRI KISHORE BIYANI, *Director*
SHRI CHANDRAVADAN DESAI, *Director*
SHRI GR AGARWAL, *Director*
SHRI AL MAHESHWARI, *Managing Director*

Vice President (Finance) & Secretary

SHRI ANIL JAIN

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.

Regd. Office

A-2, PRITHVIRAJ ROAD,
JAIPUR (Rajasthan)
PIN – 302 005

Administrative Office and Works

PALI (Rajasthan)
PIN – 306 401

For Maharaja Shree Umaid Mills Ltd.

Authorised Signatory

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Maharaja Shree
UMAID MILLS LIMITED

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 62nd Annual General Meeting of the members of **MAHARAJA SHREE UMAID MILLS LIMITED** will be held at its Registered Office at A-2, Prithviraj Road, Jaipur - 302 005 on Saturday, the 28th day of September, 2002 at 4.00 P.M. to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date.
2. To declare Dividend.
3. To appoint a Director in place of Smt. Alka Bangur, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint Auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS

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

   "RESOLVED that Shri Kishore Biyani, who was appointed as an Additional Director of the Company with effect from 31st March, 2002 by the Board of Directors 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 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."

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

   "RESOLVED that Shri Chandravadan Desai, who was appointed as an Additional Director of the Company with effect from 31st March, 2002 by the Board of Directors 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 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."

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

   "RESOLVED that Shri GR Agarwal, who was appointed as an Additional Director of the Company with effect from 30th April, 2002 by the Board of Directors 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 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."

On behalf of the Board
ANIL JAIN
Vice President (Finance) & Secretary

JAIPUR
16th August, 2002

NOTES

1. The Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the business under item No. 5, 6 and 7 above is annexed hereto and forms 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. 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 26th day of September, 2002 to 28th day of September, 2002 (both days inclusive).
4. Dividend, when declared, will be payable to those members whose names appear on the Register of members as on 28th September, 2002.
5. As per provisions of the Income Tax Act, 1961 as amended by the Finance Act, 2002, tax @ 10.50% is required to be deducted at source if the gross amount of dividend payable to a Resident Individual Shareholder during the financial year exceeds Rs. 2,500/-.

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6. Resident Individual Shareholders who are likely to receive dividend amount more than Rs. 2,500/- during a financial year and their total estimated income from dividend and sources as provided in Section 197A(1B) of the Income Tax Act during such financial year is not likely to exceed Rs. 50,000/-, can claim gross dividend without deduction of tax at source by submitting declaration in Form 15G (in duplicate) with the Company on or before 1st October, 2002. Please note that it would not be possible for the Company to act upon 15G declarations received thereafter.

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

Item No. 5, 6 & 7 :

The Board of Directors in its meeting on 31.3.2002 appointed Shri Kishore Biyani and Shri Chandravadan Desai as Additional Director w.e.f. 31.3.2002; and in its another meeting dated 30.4.2002 appointed Shri GR Agarwal as Additional Director w.e.f. 30.4.2002, pursuant to Article 92 of the Articles of Association of the Company. Under Section 260 of the Act, Shri Kishore Biyani, Shri Chandravadan Desai and Shri GR Agarwal will cease to hold office at this Annual General Meeting and are eligible for appointment.

Notices U/S 257 of the Act have been received from members signifying their intention to propose Shri Kishore Biyani, Shri Chandravadan Desai and Shri GR Agarwal as additional directors of the Company. Other members of the Board consider it desirable that the Company continues to avail of the services of Shri Kishore Biyani, Shri Chandravadan Desai and Shri GR Agarwal as Directors, and as such commend the resolutions for acceptance of the Members.

Shri Kishore Biyani, Shri Chandravadan Desai and Shri GR Agarwal are concerned or interested in Items No. 5, 6 and 7 respectively.

On behalf of the Board
ANIL JAIN
Vice President (Finance) & Secretary

JAIPUR
16th August, 2002

Note : The information as prescribed in Clause 49 of the Listing Agreement in respect of appointment/ reappointment of directors is attached as per Annexure A to this statement.

Annexure A to Explanatory Statement
(as required under Clause 49 of the Listing Agreement)

Information on Directors retiring by rotation; and Additional Directors ceasing to hold office at the Annual General Meeting, and being eligible, have been notified for being considered to be appointed as Directors at this Annual General Meeting

Name	Smt. Alka Bangur	Shri Kishore Biyani	Shri Chandravadan Desai	Shri GR Agarwal
Date of Birth & Age	29.11.1954 - 48 Yrs.	9.8.1961 - 41 Yrs.	10.12.1949 - 53 Yrs.	15.8.1945 - 57 Yrs.
Qualifications	M.B.A.	B.Com., PG Dip. in Marketing	B.Com.	B.Sc., B.Text., M.Tech.
Expertise in specific functional areas	Industrialist	Retail Marketing	Financial Consultancy	Textile Technology & Engineering
Directorship held in other Public Companies (excluding foreign companies)	The Peria Karamalai Tea & Produce Co. Ltd. The Andhra Pradesh Paper Mills Ltd. The Marwar Textiles (Agency) Ltd.	Pantaloon Retail (India) Ltd. PFH Mall & Retail Management Ltd. Pantaloon Retail Technologies Ltd. PFH Entertainment Ltd.	CD Capital Markets Ltd. Rupa & Co. Ltd.	None

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Maharaja Shree
UMAID MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended on 31st March, 2002

Dear Shareholders,

Your Directors are pleased to submit their 62nd Annual Report and Audited Statements of Accounts for the year ended on 31st March, 2002.

The Operating Results are as follows :

(Rs. in Lacs)

		Year ended on March 31, 2002	Year ended on March 31, 2001
Gross Operating Profit		**1,062.65**	711.56
From which are deducted :			
Depreciation	494.36		383.14
Provision for Taxation – Current	44.00		28.00
– Deferred	114.24	**652.60**	—
		410.05	300.42
To which are added :			
Balance brought forward from last year	409.55		325.30
Provision for taxation (prior years) written back	(3.57)	**405.98**	6.44
		816.03	632.16
Which the Directors propose to appropriate as under :			
Proposed Dividend on 43,20,000 Equity Shares @ Re. 1 per share	43.20		43.20
Tax on Distributed Profit	—		4.41
Transfer to General Reserve	575.00	**618.20**	175.00
Balance carried forward to next year		**197.83**	409.55

Textile Unit Operations

Reeling under strains of prevailing general economic slow down for practically whole of the year under review, the industry has been passing through a difficult period. Price volume performance of the company's textile unit, under these circumstances, has just about been maintained. The Company continued its march on the Technology upgradation path in respect of its principal business of yarns. This is nearing completion in the current year. The thrust areas, viz. product quality upgradation, value addition and market development including deemed and direct exports, are currently being addressed. Results of these exercises have been encouraging.

Power Generation Unit (PGU) - Base Load

Company's programme of expanding the capacity of its PGU (base load) from the initial 3.8 MW to 7.6 MW. by installing and commissioning the second power plant, was completed on schedule. This has enabled the Company reach cent percent independence as to its requirement of electricity for the captive use at its textile unit. Due care of Operations and Maintenance of both plants of the unit is being ensured.

Overall working

While the Textile Unit operations have been on a transition trail, its Power Generation Unit operations have helped it return an overall improved profit performance at the corporate level. In the meanwhile the Company is steadily reaching better levels of confidence to respond to challenges of intense competition in the more and more demanding market place. Fabrics side of the Textile operations of the Company is to be brought into a selective technical upgradation and development focus in future for which possibilities are being explored.

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Outlook for current year

Overall working of the Company in the current year has been so far so good, thanks to the anti-climax for the recession-stricken cotton textile industry, finding itself in the midst of a favourable spell of raw material prices for the time being. With the total failure of monsoon for the third consecutive year this time in our region, however, the nature poses an unprecedented threat as to availability of water which is so crucial to maintain working of the textile unit as well as the PGU.

Statutory Information

Information as required under the Companies Act with regard to energy conservation, technology absorption, foreign exchange earnings/outgo and employees are given in the Annexures hereto which form part of this report.

Public Deposits

The Company had Public Deposits aggregating to Rs. 284.77 lacs as on 31st March, 2002. All the statutory requirements in connection with the same are complied with by the Company.

Directors

In accordance with the Articles of Association of the Company, Smt. Alka Bangur, retires by rotation from the Board of Directors and being eligible offers herself for re-appointment.

Shri Kishore Biyani and Shri Chandravadan Desai were appointed as Additional Directors w.e.f. 31.3.2002 and Shri GR Agarwal was so appointed w.e.f. 30.4.2002, to hold office upto the date of the ensuing Annual General Meeting. Notices under section 257 have been received from members of the Company signifying their intentions to propose their appointments as Directors of the Company.

During the period under review, Shri SR Mohta, Director of the Company, expired on 12.10.2001. The Board condoles the sad demise and places on record its appreciation for the services rendered by him during his tenure as Director.

Shri MM Kasat resigned from the Board w.e.f. 31.3.2002. The Board is pleased to place on record its appreciation for the services rendered by him during his tenure as Director.

Director's Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, the hereby state and confirm that :

i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

ii. the Directors have selected accounting policies and applied them 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 31st March, 2002 and of its Profit for the year ended on that date;

iii. the Directors have taken proper and sufficient care 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 Directors have prepared the Annual Accounts on a going concern basis.

Corporate Governance

Your Company has taken adequate steps to ensure that all mandatory provisions of Clause 49 of the listing agreement, are duly complied with.

A seperate report on "Corporate Governance" alongwith Auditor's Certificate on its compliance is included as a part of the Annual Report.

Auditors

At the forthcoming Annual General Meeting, the Members are requested to appoint Auditors for the current year and to fix their remuneration. M/s BD Gargieya & Co., Auditors of the Company, retire and are eligible for reappointment.

On behalf of the Board
LN BANGUR
Chairman & Managing Director

KOLKATA
2nd September, 2002

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Maharaja Shree
UMAID MILLS LIMITED

ANNEXURE TO DIRECTORS' REPORT

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

FORM 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Current Year 2001-2002	Previous Year 2000-2001
A. POWER & FUEL CONSUMPTION :			
(1) Electricity			
(a) Purchased Units	('000 Units)	**14,109**	27,585
Total Amount	('000 Rs.)	**63,885**	1,18,647
Rate/Unit	(Rs.)	**4.53**	4.30
(b) Own Generation			
(i) Through Diesel Generators			
Units	('000 Units)	**4,014**	19,065
Units per Ltr. of Oil		**3.89**	3.77
Cost/Unit	(Rs.)	**3.44**	3.69
(ii) Through Furnace Oil Generator			
Units	('000 Units)	**32,581**	351
Units per Ltr. of Oil		**4.35**	4.23
Cost/Unit	(Rs.)	**1.94**	2.29
(2) Coal Grade 'B' (Used in Boilers for generation of Steam for steaming Yarn & Fabrics)			
Quantity	(Tonnes)	**10,900**	14,859
Total Cost	('000 Rs.)	**16,666**	22,696
Average Rate	(Rs. per Tonne)	**1,528.99**	1,527.42
(3) Furnace Oil			
Furnace Oil Quantity	(K. Ltrs.)	**7,491**	83
Total Amount	('000 Rs.)	**63,361**	803
Average Rate	(Rs./Ltr.)	**8.46**	9.67
(4) Other/Internal Generation		**NIL**	NIL
B. CONSUMPTION PER UNIT OF PRODUCTION			
(1) Electricity (Units)	Fabrics (per Thousand Mtrs.)	**890.48**	797.56
	Yarn (per Metric Tonne)	**2,799.10**	2,649.44
(2) Coal Grade 'B' (Tonnes)	Fabrics (per Thousand Mtrs.)	**0.58**	0.75
	Yarn (per Metric Tonne)	**0.13**	0.19

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.

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Maharaja Shree
UMAID MILLS LIMITED

FORM 'B'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

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.
4. Technology absorption, adaptation and innovation : (i) Efforts, in brief, made towards technology absorption, adaptation and innovation. (ii) Benefits derived as a result of the above efforts. (iii) Information regarding Technology imported during last 5 years.	The Company is having plans to update the technology of the equipment by continued further modernisation.

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. Deemed exports of yarn are continuing and in the current year beginning has been made for direct exports also.
2. Total foreign exchange earnings & outgo (2001-2002)	
(i) Foreign exchange earnings	Nil
(ii) Foreign exchange outgo	Rs. 663.69 Lacs.

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	23.42	B.Com.	32	11-08-93	53	—

NOTE Remuneration includes salary, allowances, Company's contribution to Provident Fund, value of rent free accommodation, leave travel assistance, reimbursement of medical expenses, payment of gratuity, leave salary and other perquisites as per Income Tax Rules, but does not include incremental liability of gratuity.

On behalf of the Board
LN BANGUR
Chairman & Managing Director

KOLKATA
2nd September, 2002

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REPORT ON CORPORATE GOVERNANCE

1. **Company's Philosophy on Corporate Governance :**
The Company endeavours to consistently maintain an enlightened, transparent and responsible approach towards its shareholders as well as all other interests concerned with it. It embarks on a needbased 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. An effective financial control and complete reliability of all financial reportings with requisite monitoring are ensured. Earnest efforts are made to make best possible compliances of all legal as well as other obligations. In addition to necessary internal control systems, the requisite statutory audits 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 of which is as under :

Name of the Director	Executive/Non-Executive/Independent	No. of Membership in Board of other Companies/Board Committees
Shri LN Bangur	Executive	12
Smt. Alka Bangur	Non-executive	3
Shri Kishore Biyani	Independent	4
Shri Chandravadan Desai	Independent	2
Shri GR Agarwal	Independent	None
Shri AL Maheshwari	Executive	None

Number of Board Meetings and the dates on which the same were held during the year :

Nine Board meetings were held during the period under review on 30.4.2001, 31.7.2001, 2.9.2001, 2.9.2001, 30.10.2001, 24.12.2001, 29.1.2002, 21.3.2002 and 31.3.2002.

Attendance of each Director at the Board Meetings and the Annual General Meeting held during the Financial Year 2001-02 :

Name of Director	No. of Meetings Attended	Att. at AGM
Shri LN Bangur	9	No
Smt. Alka Bangur	7	No
Shri MM Kasat*	3	No
Shri SR Mohta*	3	No
Shri Kishore Biyani*	–	N.A.
Shri Chandravadan Desai*	–	N.A.
Shri GR Agarwal*	N.A.	N.A.
Shri AL Maheshwari	4	No

***Note :** Shri SR Mohta ceased to be a director due to death on 12.10.2001. Shri MM Kasat ceased to be a director (by resignation) w.e.f. 31.3.2002. Shri Kishore Biyani and Shri Chandravadan Desai, on 31.3.2002; and Shri GR Agarwal on 30.4.2002, were appointed, as addl. Directors.

3. **Audit Committee :**
The Audit Committee of the Board of Directors comprising of 3 directors was constituted on 31.3.2002 in line with 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 listing agreement of Stock Exchanges.

The Audit Committee as reconstituted by the Board on 30.4.2002 is as under :

Name of the Director	Status of the Director	Category
Shri GR Agarwal	Chairman	Non-executive/Independent
Shri Kishore Biyani	Member	- do -
Smt. Alka Bangur	Member	Non-executive

No meeting of the Audit Committee could be held during the Financial Year 2001-2002 as it was constituted on 31.3.2002.

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