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ANNUAL REPORT 2003-2004

Maharaja Shree UMAID MILLS LIMITED

Board of Directors

SHRI LN BANGUR, *Chairman & Managing Director*
SMT. ALKA BANGUR, *Director*
SHRI CHANDRAVADAN DESAI, *Director*
SHRI UTSAV PAREKH, *Director*
SHRI GR AGARWAL, *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.

Regd. Office

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

Administrative Office and Works

PALI (Rajasthan)
PIN – 306 401

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 64th 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 Wednesday, the 29th day of September, 2004 at 4.00 P.M. to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2004 and Balance Sheet of the Company as at that date together with reports of the Directors' and Auditor's thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri Chandravadan Desai, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in place of Shri GR Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the current year and to fix their remuneration.

By Order of the Board
AL MAHESHWARI
Managing Director

MUMBAI
30th June, 2004

NOTES

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company. Proxy Forms is enclosed. Proxy Forms in order to be effective should be duly stamped, completed, signed and deposited at the registered office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 27th day of September 2004 to 29th day of September 2004 (both days inclusive).
3. Dividend, when declared, will be payable to those members whose names appear on the Register of Members as on 29th September 2004.

Information on Directors retiring by rotation seeking re-appointment at this Annual General Meeting and *the Director appointed against casual vacancy
(as required under Clause 49 of the Listing Agreement)

Name	Shri GR Agrawal	Shri Chandravadan Desai	*Shri Utsav Parekh
Date of Birth & Age	15.8.1945 - 59 Yrs.	10.12.1949 - 55 Yrs.	28.8.1956 - 48 Yrs
Qualifications	B.Sc., B.Text, M.Tech	B.Com.	B.Com.
Expertise in Specific functional areas	Textile Technology & Engineering	Financial Consultancy	Financial Services
Directorship held in other companies as on 31.3.2004 (other than Private Ltd. Companies/Membership of Managing Committees of Chambers of Commerce/Religious/ Professional Bodies)	None	None	1. SMIFS Capital Markets Ltd. 2. SMIFS Securities Ltd. 3. The Sirpur Paper Mills Ltd. 4. Mcnally Bharat Engg. Co. Ltd. 5. Xpro India Ltd. 6. Globsyn Technologies Ltd. 7. SMIFS Capital Services Ltd. 8. Moving Picture Co. (I) Ltd. 9. Lend Lease Co. (I) Ltd. 10. Simoco Telecommunication (South Asia) Ltd. 11. Transceivers India Ltd.

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Maharaja Shree
UMAID MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended on 31st March, 2004

Dear Shareholders,

Your Directors have pleasure to submit their 64th Annual Report and Audited Statements of Accounts for the year ended on 31st March, 2004.

The Operating Results are as follows :

(Rs. in Lacs)

			Year ended on March 31, 2004	Year ended on March 31, 2003
Gross Operating Profit			1,980.56	1,706.86
From which are deducted :				
Depreciation		646.78		
Provision for Taxation	– Current	148.00		
	– Deferred	58.94	853.72	806.54
			1,126.84	900.32
To which are added :				
Balance brought forward from last year		226.04		
Provision for taxation (prior years) written back		13.05	239.09	198.19
			1,365.93	1,098.51
Which the Directors propose to appropriate and dealwith as under :				
Proposed Dividend on 43,20,000 Equity Shares @ Rs. 2.50 per share		108.00		
Tax on Distributed Profit		13.84		
Transfer to General Reserve		900.00	1,021.84	872.47
Balance carried forward to next year			344.09	226.04

The board is pleased to present herebelow the management review, discussions, analysis and perspective.

Operations

In the follow through of a slower paced but widespread revival of world economy and a recovery of agriculture and industry sectors in the country, the overall business environment improved. Helped by a regain in the domestic cotton output against depleted overall global availability, a comfortable parity at higher levels ruled during the year between Indian and world prices. The situation lead to reduced dependence on imports, though carryover at the end of the season is slated to remain at just the minimum workable level.

Despite substantially higher costs of raw material, operational performance could be maintained as a result of economies in other factors of costs at higher volume of business during the year under review. Deemed and normal exports during the year increased to Rs. 24.43 Crores.

The domestic and international cotton markets indicate a softening trend and a consequent slack in the yarn business in the current year. The fiercely competitive principal cotton yarn business of the company generally presents a profitability outlook dotted with unpredictability of prospects of domestic cotton crop. Being internally sound however, the slide if any in the profit performance during the year, may not be substantial.

A plan of capital outlay of Rs. 36.68 Crores for the technology upgradation covering a part of the existing Fabric Weaving and Processing equipments; some areas of value addition to yarns; and augmentation of capacity of the Power Generation Unit , is under implementation but due to delayed equipment delivery, should complete by June 2005.

Industry Overview

Global geographical barriers collapsing, your directors reiterate the centrality of increasing value

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addition and development of product profile without losing agility of manufacturing operations and a lean competitive cost structure. Thrust areas for further technological upgradation through investment proposals with a healthy outlook of return, are under consideration.

Human Resource Development and Industrial Relations

Within the frame work of HRD objectives and *policy approach outlined in the previous year's* report, continued efforts have helped better communication, enabling work environment and improved mutual confidence leading to peaceful industrial relations.

Public Deposits

The company had Public Deposits aggregating to Rs.159.68 lacs as on 31st March, 2004. No deposits maturing for repayment upto 31.03.2004 received unpaid. All the statutory requirements in connection with the same are complied with by the Company.

Directors

Shri Kishore Biyan's term as a director was upto the Annual General Meeting for the year 2004-2005. He has however, tendered his resignation and expressed his inability to continue on the Board. As such his resignation has been accepted w.e.f. 30.06.2004. The members of the Board, on behalf of the Company and on their own behalf, place on record appreciation and gratitude for the services rendered by Shri Biyani during his tenure as director of the Company.

Shri Utsav Parekh has been appointed on the Board with effect from 30th June, 2004 in place of the casual vacancy arising as above. As such he shall hold office for the balance period of term of the retiring director Shri Kishore Biyani.

Shri Chandravadan Desai and Shri GR Agrawal retire by rotation from the Board of Directors and being eligible offer themselves for re-appointment.

Particulars as per Section 217 of the Companies Act, 1956

Information with respect to conservation of energy, technology absorption, foreign exchange coming and outgo. Pursuant to section 217(1)(e) of the Companies Act, 1956 is set out in Annexure-A to the report.

The particulars of employees, as require 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.

Directors Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, we 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 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 the 31.3.2004 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 separate report on Corporate Governance alongwith Auditor's Certificate on its compliance is included as part of the Annual Report.

Auditors

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

On behalf of the Board
ALKA BANGUR
Director

MUMBAI
30th June, 2004

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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

		Current Year 2003-2004	Previous Year 2002-2003
A. POWER & FUEL CONSUMPTION :			
(1) Electricity			
Own Generation			
(i) Through Diesel Generators			
Units	('000 Units)	**1,839**	1,590
Units per Ltr. of Oil		**3.53**	3.77
Cost/Unit	(Rs.)	**4.78**	4.60
(ii) Through Furnace Oil Generator			
Units	('000 Units)	**57,382**	54,821
Units per Ltr. of Oil		**4.36**	4.30
Cost/Unit	(Rs.)	**2.40**	2.47
(2) Coal Grade 'B' (Used in Boilers for generation of Steam for steaming Yarn & Fabrics)			
Quantity	(Tonnes)	**7,200**	7,057
Total Cost	('000 Rs.)	**10,926**	10,836
Average Rate	(Rs. per Tonne)	**1,517.50**	1,535.50
(3) Furnace Oil			
Furnace Oil Quantity	(K. Ltrs.)	**13,206**	12,744
Total Amount	('000 Rs.)	**1,38,153**	1,35,256
Average Rate	(Rs./Ltr.)	**10.46**	10.61
(4) Other/Internal Generation		**NIL**	NIL
B. CONSUMPTION PER UNIT OF PRODUCTION			
(1) Electricity (Units)	Fabrics (*per Thousand Mtrs.*)	**771.49**	913.04
	Yarn (per Metric Tonne)	**3178.13**	2964.29
(2) Coal Grade 'B' (Tonnes)	Fabrics (per Thousand Mtrs.)	**0.39**	0.36
	Yarn (per Metric Tonne)	**0.07**	0.08

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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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. 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 (2003-2004)	
(i) Foreign exchange earnings	Rs. 228.10 Lacs
(ii) Foreign exchange outgo	Rs. 893.69 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	36.93	B.Com.	34	11-08-93	55	—

NOTE : Remuneration includes salary, commision, 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 and encashment of unaviled leave.

On behalf of the Board
ALKA BANGUR
Director

MUMBAI
30th June, 2004

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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 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. An effective financial control and complete reliability of all financial reportings with requisite monitoring are ensured. Earnest efforts are made to make best possible compliance 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 hitherto fore, 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	No. of Membership in Board of other Companies*/Board Committees
Shri LN Bangur	Promoter/Executive	12 (Member in two Board Committees also)
Smt. Alka Bangur	Promoter/Non-Executive	2
Shri Kishore Biyani**	Independent	5
Shri Chandravadan Desai	Independent	1 (Member in one Board Committee also)
Shri GR Agarwal	Independent	None
Shri AL Maheshwari	Executive	None

* Other than Private Limited Companies. ** Since resigned w.e.f. 30.06.2004.

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

Eight Board Meetings were held during the period under review on 22.05.2003, 30.06.2003, 30.06.2003, 28.07.2003, 17.10.2003, 14.12.2003, 28.01.2004 and 26.03.2004.

Attendance of each Director at the Board Meetings and Annual General Meeting held during the Financial Year 2003-04 :

Name of Director	No. of Board Meetings Attended	Attendance at the AGM
Shri LN Bangur	5	No
Smt. Alka Bangur	5	No
Shri Kishore Biyani	3	No
Shri Chandravadan Desai	5	No
Shri GR Agarwal	7	No
Shri AL Maheshwari	7	Yes

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 agreements.

Number of Committee Meetings held during the year and the dates on which held :

Three meetings were held during the period under review on 28.06.2003, 09.10.2003 and 24.01.2004.

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Attendance of each Director at Meetings held during the Financial Year 2003-04 :

Name of Director	Status of the Director	No. of Meetings Attended
Shri GR Agarwal	Chairman	3
Shri Kishore Biyani	Member	3
Smt. Alka Bangur	Member	—

4. Remuneration of Directors :

(Rs. in Lacs)

Name of Director	Period of Service Contract	Salary	Commission	Perquisites	Sitting Fees	Total Rs.
Shri LN Bangur (CMD)	5 years	23.61	13.32	–	–	36.93
Smt. Alka Bangur		–	1.25	–	0.15	1.40
Shri Kishore Biyani		–	1.25	–	0.18	1.43
Shri Chandravadan Desai		–	1.25	–	0.15	1.40
Shri GR Agarwal		–	1.25	–	0.42	1.67
Shri AL Maheshwari (MD)	5 years	11.27	2.00	0.12	–	13.39

5. Shareholders/Investors Grievance Committee :

Number of Committee Meetings held during the year and the dates on which held :

Four meetings were held during the period under review on 14.06..2003, 18.09..2003, 26.12.2003 and 19.03.2004.

Attendance of each Director at Meetings held during the Financial Year 2003-04 :

Name of Director	Status of the Director	No. of Meetings Attended
Shri GR Agarwal	Chairman	4
Smt. Alka Bangur	Member	—
Shri AL Maheshwari	Member	4

6. General Body Meetings :

Location and time for last three Annual General Meetings.

Year	Meeting	Location	Date	Time
2001	AGM	Registered Office :	29.9.2001	4 PM
2002	AGM	A-2, Prithviraj Road, C Scheme	28.9.2002	4 PM
2003	AGM	Jaipur - 302005	27.9.2003	4 PM

Resolutions are generally passed on show of hands.

7. Disclosure :

Disclosure on materially significant related party transactions i.e. transactions of the Company of Material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.	:	The Company has given deposits to Digvijay Investment Ltd., a related party, aggregating to Rs. 800 Lacs
Details of Non-compliance by the Company, Penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority or any matter related to Capital Market during last three years.	:	None

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