

ANNUAL
REPORT
2004-2005



Maharaja Shree
UMAID MILLS LIMITED

Board of Directors

SHRI LN BANGUR, *Chairman & Managing Director*

SMT ALKA BANGUR, *Director*

SHRI SS KOTHARI, *Director*

SHRI CHANDRAVADAN DESAI, *Director*

SHRI UTSAV PAREKH, *Director*

SHRI AL MAHESHWARI, *Managing Director*

Vice President (Finance) & Secretary

SHRI LP SONI

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


**Maharaja Shree
UMAID MILLS LIMITED**

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 65th Annual General Meeting of the Members of **MAHARAJA SHREE UMAID MILLS LTD.**, will be held at its Registered Office at A-2, Prithviraj Road, Jaipur – 302 005 on Tuesday, the 30th day of August, 2005 at 4:00 P.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended on 31st March, 2005 and the 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 Smt. Alka Bangur, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a director in place of Shri AL Maheshwari, 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.

SPECIAL BUSINESS :

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

"RESOLVED that Shri SS Kothari, who was appointed as an Additional Director of the Company with effect from 9th November, 2004 by the Board of Directors and who holds the office upto 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 under section 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 consent of the Company be and is hereby accorded for empowering the Board of Directors of the Company for borrowing from time to time as the need be for the business of the Company, any sum or sums of monies, on such terms and conditions and with or without security as the Board of Directors may think fit, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business), may exceed the aggregate, of the paid-up capital of the company and its free reserves for the time being, that is to say, reserves not set apart for any specific purpose, provided that the total such borrowings by the Board at any time shall not exceed the limit of Rs.100 Crores (Rupees One hundred crores only)."

8. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED that consent of the members be and is hereby accorded for increasing the number of Directors of the Company to nine and the existing Article No. 89 of the Articles of Association of the company be substituted by the following new Article :

"89. Until otherwise determined by Special Resolution, the number of the Directors of the Company shall not be less than three and not more than nine."

9. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with the Stock Exchanges and the provisions of the Securities Exchange Board of India (Delisting of Securities) Guidelines, 2003, or any amendment(s) or modification(s) thereof and subject to such other approvals, permissions and sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company or by Managing Director, the consent of the Company be and is hereby accorded for delist of the equity shares of the Company from the Jaipur Stock Exchange Ltd., Jaipur."


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10. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED that pursuant to the provision of Section 198, 269, 309 and all other applicable provisions, as be applicable, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) read with Schedule XIII of the said Act, the consent of the Company be and is hereby accorded to the increase in the remuneration, commission, perquisites, benefits and amenities payable to Shri LN Bangur, Chairman & Managing Director of the Company with effect from 1st July, 2005 for the remaining period of his current tenure, as specified in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that perquisites and commission payable to Shri LN Bangur shall be computed with reference to the revised salary as above. All other terms and conditions of the appointment of Shri LN Bangur, Chairman & Managing Director as approved by Members at the Annual General Meeting held on 27th September, 2003, shall remain unchanged.

RESOLVED FURTHER that the Board be and is hereby authorised to do and perform all such acts, deeds and things as it may consider necessary desirable or expedient to give effect to the Resolution."

11. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 198, 269, 309 and all other applicable provisions, as be applicable, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) read with Schedule XIII of the said Act, the consent of the Company be and is hereby accorded to the increase in remuneration, commission, perquisites, benefits and amenities payable to Shri AL Maheshwari, Managing Director of the Company with effect from 1st July, 2005 for the remaining period of his current tenure, as specified in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that the deduction against the existing perquisite of house provided by the Company to Shri AL Maheshwari shall be made @10% of salary with reference to the revised salary being proposed. The other perquisites as per the existing entitlements shall be available to Shri AL Maheshwari on the basis of the revised salary being proposed as above. The benefits of commission shall remain the same as per the existing entitlement of Shri AL Maheshwari except that the existing ceiling of Rs.3.50 lacs in a year shall be raised to Rs.5.00 lacs in a year.

RESOLVED FURTHER that the Board be and is hereby authorised to do and perform all such acts, deeds and things as it may consider necessary desirable or expedient to give effect to the Resolution."

12. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED that pursuant to the provisions of clause 49 of the Listing Agreement with the Stock Exchange(s), the consent of the Company be and is hereby accorded for payment of the sitting fees to the Directors i.e. Non-Executive Directors of the Company for attending a Meeting of the Board or Committee as may be approved by the Board of Directors subject to such maximum sum as may be determined from time to time under the Companies Act, 1956 or any statutory modification or enactment thereof and/or under any rules or regulations framed thereunder and/or by the Central Government as amended from time to time."

13. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED that in supersession of the Resolution passed by the members at the Extra Ordinary General Meeting held on 31st January, 2003 and pursuant to Section 309 of the Companies Act, 1956 and Article 94 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded for payment to its Directors (other than Managing/ Wholtime Directors) a commission @ 1% of the net profits of the Company in any financial year


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to be computed in the manner provided in Section 198(1) of the Companies Act, 1956 and subject to a ceiling of Rs.2.50 lacs in case of each such Director in any financial year."

Place : Kolkata
Date : 20.06.2005

By Order of the Board
LP Soni
Vice President (Finance) & Secretary

NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transferred at the meeting is appended herebelow.
2. 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 Form is enclosed. Proxy Form 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 17th day of August, 2005 to 19th day of August, 2005 (both days inclusive).
4. Dividend, when declared, will be payable to those members whose names appear on the Register of Members as on 19th August, 2005.
5. Information to shareholders as prescribed in clause 49 of the Listing Agreement in respect of appointment/reappointment as Directors, is given at Annexure-A attached to this Notice.

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

Item No. 6

The Board of Directors at its meeting held on 9.11.2004 appointed Shri SS Kothari as Additional Director w.e.f. 9.11.2004, pursuant to Article 92 of the Articles of Association of the Company. Under Section 260 of the Act, Shri SS Kothari will hold office upto the date of this Annual General Meeting and is eligible for appointment as Director.

A notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri SS Kothari to be appointed as a Director of the company. Other members of the Board consider it desirable in view of the candidature of Shri SS Kothari as outlined in the Notes appended to the Notice, that the Company continues to avail of the services of Shri SS Kothari as Director, and assuch commend the resolution for acceptance by the Members.

None of the directors, except Shri SS Kothari, are concerned with or interested in this Resolution.

Item No. 7

Under section 293(1)(d) of the Act, the Board of Directors of a Company cannot, except with the consent of the Company in general meeting, borrow monies, apart from temporary loans obtained from the company's bankers in the ordinary course of business, including the borrowings for working capital, in excess of the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose. The shareholders at the Extra Ordinary General Meeting of the Company held on 5th January, 1994, had accorded their consent empowering the Board of Directors to borrow money subject to the condition that total such borrowings shall not exceed Rs.15 crores over and above the aggregate of the paid up capital of the Company and its free reserves.

Keeping in view that for meeting the cost of Capital Expenditure Programme/s of any unit/s of the Company for the purposes of business of the Company, and with the efflux of time it may in future be necessary to exceed the limit sanctioned in past by the shareholders at the EGM on 5th January, 1994. The consent of the Shareholders is therefore, sought in accordance with the provisions of Section 293(1)(d) of the Act, to give authority to the Directors enabling the Company to borrow sum or sums of money upto a revised total limit of Rs.100 crores.

The proposed resolution being in the interest of business of the Company, your Directors commend the resolution for approval by the members.

None of the Directors of the company are concerned with or interested in this Resolution.

Item No. 8

The Present Article 89 of the Articles of Association of the Company restricts the number of the Directors to be not more than seven. For a possible need of broad basing the composition of the Board in accordance with new clause 49 of the Listing Agreement prescribed by SEBI and in line with good corporate governance.


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practices, the Board is of the opinion that the maximum number of Directors on the Board be increased to nine. Section 31 of the Companies Act, 1956 provides that a Company may, by special resolution, alter its Articles. Accordingly Article 89 of the Articles of Association is proposed to be altered for raising the total number of Directors to maximum nine.

The Board commends the Resolution for approval by the members.

None of the Directors of the Company are concerned with or interested in this Resolution.

Item No. 9

The equity shares of the Company (nominal value of Rs.10/- each) are presently listed on the stock exchanges at Mumbai, Jaipur and Kolkata. Available data on trading volumes indicate that there has not been any trading in Company's share at Jaipur Stock Exchange Ltd. over the period of last five years. The Stock Exchange, Mumbai accounts for practically the entire traded volumes of Company's shares and has an extensive network of trading terminals, which facilitate trading by members/ investors across the country. Continuance of listing at the Jaipur Stock Exchange Ltd., therefore serves no purpose or interests of the members/ investors or of the Company.

The Board of Directors of your Company at its meeting held on 20th June, 2005 accordingly, have commended the proposed resolution for the approval of the members, for voluntarily delisting of the Company's shares from the Jaipur Stock Exchange Ltd. The Company's shares will continue to be listed on the Stock Exchange, Mumbai and Calcutta Stock Exchange Association Ltd., Kolkata.

The Board commends the Resolution for approval by the members.

None of the Directors of the Company are concerned with or interested in this Resolution.

Item No. 10 and 11

The members of the Company, at the Annual General Meeting (AGM) of the Company held on 27.09.2003, had approved the reappointment of Shri LN Bangur as Chairman & Managing Director and the appointment of Shri AL Maheshwari as Managing Director, for a period of 5 years with effect from 11.8.2003 in both the cases, at the terms and conditions as then approved.

The Board of Directors in their meeting held on 20.6.2005 have reviewed the remuneration of Shri LN Bangur and Shri AL Maheshwari in the context of the Company's needs in respect of its present and emerging business as well as the enlarging responsibilities, general availability of competent professionals for such purposes, their aspirations with the change of times, the present levels of remuneration in vogue for such type of professionals etc. The Board had decided to refer the matter to the Remuneration Committee comprising of three independent Directors, to review and recommend revised remunerations in cases of Shri LN Bangur, Chairman & Managing Director and of Shri AL Maheshwari, Managing Director.

The revision in remuneration as considered appropriate and approved by the Remuneration Committee of the Board, in the two cases is as follows :

i. In case of Shri LN Bangur, Chairman & Managing Director :

The monthly salary be revised to Rs. 1,60,000/- per month with effect from 01.07.2005 with an annual increment of Rs.15000/-.

The perquisites and commission as per the existing entitlement, are to be available to Shri LN Bangur on the basis of the revised salary being proposed as above.

ii. In case of Shri AL Maheshwari, Managing Director :

The monthly salary be revised to Rs. 1,40,000/- per month with effect from 01.07.2005 with an annual increment of Rs.12500/-.

The deduction against the existing perquisite of house provided by the Company to Shri AL Maheshwari shall be made @10% of salary with reference to the revised salary being proposed. The other perquisites as per the existing entitlements are to be available to Shri AL Maheshwari on the basis of the revised salary being proposed as above. The benefits of commission shall remain the same as per the existing entitlement of Shri AL Maheshwari except that the existing ceiling of Rs.3.50 lacs in a year shall be raised to Rs.5.00 lacs in a year.

Shri LN Bangur and Shri AL Maheshwari are concerned with or interested in the Resolution themselves, and Smt. Alka Bangur being wife of Shri LN Bangur, is deemed to be interested in and/or concerned with the proposed resolution. The other directors commend the Resolution at the Item Nos. 10 and 11 for approval by the members.


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Item No. 12

The Securities and Exchange Board of India has issued a circular to all the Stock Exchange(s) advising them to amend the Listing Agreement by inserting the revised clause 49 relating to corporate governance requirements to be fulfilled by the Companies. The Stock Exchange(s) have accordingly amended the Listing Agreement with the Company. The said amendment in the Listing Agreement shall be effective from 1st January, 2006. One of the requirements stipulated under the revised clause 49 is that all the fees/ compensation payable to Non-Executive Directors, including independent Directors, shall be fixed by the Board of Directors and prior approval of the Shareholders in a General Meeting needs to be obtained.

In view of the revised clause 49 of the Listing Agreement, a formal approval of Shareholders is required for the payment of sitting fees to the Directors of the Company excluding Chairman & Managing Director and Managing Director who are in the employment of the Company. The resolution being moved in is for a formal approval of the sitting fees at the existing level without any revision thereof.

Accordingly the Board commends this resolution for approval by members.

All the Directors other than Shri AL Maheshwari, including Shri LN Bangur being related to the Director Smt. Alka Bangur, are interested in this Resolution since it relates to payment of fees to them for attending Board/Committee Meetings.

Item No. 13

At the Extra Ordinary General Meeting of the Company held on 31st January, 2003 the members had through a special resolution approved the payment of remuneration by way of commission @ 1% of net profits subject to the provisions of law in this regard, to non-executive Directors, effective from 01.04.2002 for a period of five years, subject to a ceiling of Rs.1.25 lacs in case of each such Director. The validity of the said resolution is upto 31.3.2007.

With the changes in the norms of corporate governance, increased responsibilities of independent non-executive Directors as members of its Board and also as Chairman/ members of the respective committees of the Board, the role of non-executive independent directors on Board has undergone a significant qualitative change. Your Board is of the view that there is a need to revise the remuneration of such Directors so that it is commensurate with their enhanced role and involvement in the corporate governance of the Company. Accordingly keeping the percentage value same, the monetary ceiling on the commission payable to the non-executive Directors is proposed to be raised as per the resolution.

The Board commends this resolution for approval by members.

All the Directors other than Shri AL Maheshwari, including Shri LN Bangur being related to the Director Smt. Alka Bangur are interested in this Resolution since it relates to payment of commission to them.

Place : Kolkata
Dated : 20.06.2005

On behalf of the Board
LP Soni
Vice President (Finance) & Secretary

ANNEXURE - 'A' ATTACHED TO THE NOTICE DATED 20TH JUNE, 2005

(as required under clause 49 of the Listing Agreement)

Information on appointment/re-appointment of Directors

Name	Smt. Alka Bangur	Shri AL Maheshwari	Shri SS Kothari
Date of Birth & Age	29.11.1954 51 Yrs.	15.08.1945 60 Yrs.	15.06.1930 76 Yrs.
Qualification	M.B.A.	B. Com., F.C.A.	F.C.A.
Expertise in Specific functional areas	Industrialist with vast experience in business	Vast experience in capacities as the Executive Wholetime Director of the Company since 11.08.1993 and various positions in the Company held prior to that	A practising Chartered Accountant of repute and having vast experience in Financial Consultancy, as well as in corporate functioning
Directorship held in other Public Companies (excluding foreign companies)	1. Andhra Pradesh Paper Mills Ltd. 2. The Peria Karamalai Tea & Produce Co. Ltd.	None	1. Kriti Industries (India) Ltd. 2. Jay Shree Tea & Industries Ltd. 3. The Pratappur Sugar & Industries Ltd. 4. Uniworth Boitech Ltd.



DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended on 31st March, 2005

Dear Shareholders,

Your Directors have pleasure to submit their 65th Annual Report and Audited Statements of Accounts for the year ended on 31st March, 2005.

The Operating Results are as follows :

	(Rs. in Lacs)	
	Year ended on 31.3.2005	Year ended on 31.3.2004
Gross Operating Profit	2,131.88	1,980.56
<i>From which are deducted :</i>		
Depreciation	765.41	646.78
Provision for Taxation – Current	254.00	148.00
– Deferred	78.07	58.94
	1,097.48	853.72
	1,034.40	1,126.84
<i>To which are added :</i>		
Balance brought forward from last year	344.09	226.04
Excess provision of Income Tax for earlier years written back	22.92	13.05
Transferred from Stock & Investment Reserve	0.28	–
	367.29	239.09
Profit available for Appropriation	1,401.69	1,365.93

The Directors propose to appropriate the same as under :

Transfer to General Reserve	900.00	900.00
Proposed Dividend	151.20	108.00
Tax on Distributed Profit	21.21	13.84
Balance carried forward	329.28	344.09
	1,401.69	1,365.93

Dividends :

The Directors are pleased to recommend payment of dividend of Rs.3.50 (previous year Rs.2.50) per equity share for the year ended on 31st March, 2005 on the 43,20,000 equity shares of Rs.10/- each.

Management Discussion and Analysis :

On the eve of presenting the annual results as above, the board is pleased to place hereunder the gist of industry scenario and management perspective of opportunities for the Company.

Industry Outlook :

Simultaneous to the onset of post MFA era, the industry has witnessed certain significant developments in the business environment around.

Having picked up growth momentum to regain the earlier higher volume in the previous year, the domestic cotton output during the season 2004-05 has leapfrogged to a commendable high of 240 lacs standard bales, which is no mean an achievement. This feat is largely



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attributable to technological change in seed and adoption of better farming practices leading to a modest improvement in yield. The challenge before all concerned at policy level including the industry itself is to strive for converting this gain into an abiding advantage in order to secure the bottomline and to enable it retain edge in the global arena. The phenomenon of lower productivity and excessive contamination shall however, need to be addressed more effectively.

The unprecedented and relentless rise in crude prices has resulted in the steepest ever increase in Heavy Fuel Oil prices leading to a situation where the power cost for the industry is getting out of hands. So much so that the very viability of liquid fuel based power generation for captive use has come under a serious question mark. Impositions of Electricity duty on own consumption of captive power; and an Entry tax on HFO by the state at the same time, have only further aggravated the hardship. Power cost being the biggest and most crucial component of value addition, the countrywide distorted energy scenario which is even more acute for the Industrial units in Rajasthan, leads to a serious disadvantage vis a vis the global textile players, particularly the inexorable China. Nothing can be more urgent a task on hand than to frame a conducive as well as equitable national energy policy enabling the textile industry, among others, to assert its legitimate immense potential in the post quota global opportunities.

Belated though, the pathbreaking fiscal initiative of the Central Govt. in undoing the hitherto heavily skewed and counterproductive system of excise imposts, augurs well as a pragmatic step in right direction.

With mutually compensating reflections of the above features related to its textile business, the overall company performance during the year under review has been maintained at a reasonable level justifying a modest uplift of dividend as recommended. Barring any unforeseen turn, prospects for the current year do look encouraging.

Textile Unit Expansion :

Obscure power outlook for the time being as above and the regional limitation of water

availability notwithstanding, a plan for further expansion of capacity by adding a modern Spinning unit for production of Combed cotton hosiery yarns having about 26000 spindles with an estimated outlay of Rs.70.00 crores, as part of company's Textile Unit at the same premises, is being taken in hand. This would then be well-nigh a saturation at the existing location. In the meanwhile, other options for captive power generation are under study.

Company Positioning :

As one of the promoters of The Andhra Pradesh Paper Mills Ltd. (APPM), your Company had been holding 5,73,629 equity shares in APPM as on 31.3.2004 as part of Company's investments held in its Corporate Establishments Unit. Considering the long term surplus liquid own funds available with your Company against its reserves, and the prospects of APPM, your Company further acquired 7,99,000 equity shares in APPM during the year under review, in accordance with and duly complying with the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

As per the consent of the members of the company in place, received through the Postal Ballot concluded on 20th May, 2005 in accordance with the provisions of law, the strategic investment of surplus liquid funds out of Reserves of the company to the tune of Rs.13.04 crores shall be made as part of the Corporate Establishments Unit of the company, by subscription to the right issue of equity shares to the extent of the company's own entitlement, in The Andhra Pradesh Paper Mills Ltd., as already announced by the said company.

The matter of selling, leasing or otherwise disposing of the company's landed property at Jaipur as per the consent of the members accorded through the Postal Ballot concluded on 20.05.2005, is under active consideration.

Public Deposits :

The company had Public Deposits aggregating to Rs.67.05 lacs as on 31st March, 2005. All deposits maturing for repayment upto 31.03.2005 have been repaid. All the statutory requirements in connection with the same are complied with by the Company.


**Maharaja Shree
UMAID MILLS LIMITED**
Corporate Governance :

Your Company has taken adequate steps to ensure that all mandatory provisions of Clause 49 of the Listing Agreement, are complied with. A report on Corporate Governance alongwith Auditor's Certificate on its compliance is included which forms part of the Annual Report.

Director's 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 31.3.2005 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.

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 :

The Board at its meeting held on 9th November, 2004 appointed Shri SS Kothari as an Additional Director. He will be holding the office upto the date of the ensuing Annual General Meeting. A notice under section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose Shri SS Kothari's appointment as a Director of the Company. Shri GR Agarwal resigned as Director of the Company effective from 29th January, 2005. 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 GR Agarwal during his tenure as director of the Company.

Smt. Alka Bangur and Shri AL Maheshwari retire by rotation from the Board of Directors and being eligible offer themselves for re-appointment.

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.

Human Resources Development and Acknowledgement :

Industrial relations within the framework of the HRD objectives stated a couple of years back continued to be peaceful and mutually satisfactory.

Your Directors wish to place on record their sincere appreciation for the devoted services of all the employees of the Company. Your Directors express their grateful thanks to the consortium of Banks lead by SBI, IDBI, Government Authorities, Shareholders, Deposit holders, Customers, Suppliers and other business associates for their continued co-operation and patronage.

Kolkata
20th June, 2005

On behalf of the Board
LN Bangur
Chairman & Managing Director



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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

A. POWER & FUEL CONSUMPTION :

**Current Year
2004-2005**

**Previous Year
2003-2004**

(1) Electricity

Own Generation

(i) Through Diesel Generators

Units	('000 Units)	2,983	1,839
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Units per Ltr. of Oil		3.30	3.53
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Cost/Unit	(Rs.)	6.19	4.78
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(ii) Through Furnace Oil Generator

Units	('000 Units)	57,278	57,382
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Units per Ltr. of Oil		4.16	4.36
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Cost/Unit	(Rs.)	2.89	2.40
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(2) Coal Grade 'B'

(Used in Boilers for generation of Steam for steaming Yarn & Fabrics)

Quantity	(Tonnes)	7,314	7,200
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Total Cost	('000 Rs.)	14,202	10,926
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Average Rate	(Rs. per Tonne)	1,941.75	1,517.50
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(3) Furnace Oil

Furnace Oil Quantity	(K. Ltrs.)	13,952	13,206
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Total Amount	('000 Rs.)	1,67,394	1,38,153
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Average Rate	(Rs./Ltr.)	12.00	10.46
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B. CONSUMPTION PER UNIT OF PRODUCTION

(1) Electricity (Units)

Fabrics	762.62	771.49
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(per Thousand Mtrs.)

Yarn	3,170.26	3,178.13
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(per Metric Tonne)

(2) Coal Grade 'B'

(Tonnes)

Fabrics	0.39	0.39
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(per Thousand Mtrs.)

Yarn	0.08	0.07
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(per Metric Tonne)

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.