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ANNUAL
REPORT
2006-2007

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 AMITAV KOTHARI, *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.
IDBI BANK 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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Maharaja Shree
UMAID MILLS LIMITED

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 67th 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 Saturday, the 17th day of September, 2007 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, 2007 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 Shri Chandravadan Desai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Smt. Alka Bangur, 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 a Ordinary Resolution :

   "RESOLVED that Shri Amitav Kothari, who was appointed as an Additional Director of the Company with effect from 22nd January, 2007 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."

On behalf of the Board
AL Maheshwari
Managing Director

Kolkata
30th June, 2007

NOTES:

1. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted 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 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 time of commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 3rd day of September 2007 to 5th day of September 2007 (both days inclusive).
4. Dividend, when declared, will be payable to those members whose names appear on the Register of Members as on 5th September 2007.
5. Information to shareholders as prescribed in clause 49 of the Listing Agreement in respect of appointment/re-appointment as Directors, is given at Annexure-A attached to this Notice.

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

Item No. 6 (SPECIAL BUSINESS)

The Board of Directors at its meeting held on 22nd January, 2007 appointed Shri Amitav Kothari as Additional Director w.e.f. 22nd January, 2007, pursuant to Article 92 of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956 Shri Amitav Kothari will hold office upto the date of 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 Amitav 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 Amitav Kothari as outlined in the Notes appended to the Notice, that the Company continues to avail of the services of Shri Amitav Kothari as Director, and assuch commend the resolution for acceptance by the members. The necessary particular of Shri Amitav Kothari are contained in the Annexure 'A' appended hereto.

None of the Directors, except Shri Amitav Kothari, are concerned with or interested in this resolution.

ANNEXURE - 'A' ATTACHED TO THE NOTICE DATED 30TH JUNE, 2007

(as required under clause 49 of the Listing Agreement)

Information on appointment/re-appointment of Directors

Name	Shri Chandravadan Desai	Shri Amitav Kothari	Smt. Alka Bangur
Date of Birth & Age	10.12.1949 58 Yrs.	10.12.1952 55 Yrs.	29.11.1954 53 Yrs.
Qualification	B.Com.	M.Com., LL.B., FICA, FCA	M.B.A.
Expertise in Specific functional areas	Financial Consultancy	Banking & Financial Services	Industrialist
Directorship held in other companies as on 31.3.2007 (other than Private Ltd. Companies/ Membership of Managing Committees of Chambers of Commerce/Religious Professional Bodies).	Other than Pvt. Ltd. Companies : None	Other than Pvt. Ltd. Companies : None	1. The Peria Karamalai Tea & Produce Co. Ltd. 2. The Andhra Pradesh Paper Mills Ltd.

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DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended on 31st March, 2007

Dear Shareholders,

Your Directors have pleasure to present their 67th Annual Report and Audited Statements of Accounts for the year ended on 31st March, 2007.

The Operating Results are as follows :

(Rs. in Lacs)

		Year ended on 31.3.2007		Year ended on 31.3.2006
Gross Operating Profit		**2,151.12**		2,320.49
From which are deducted :				
Depreciation	981.98		855.97	
Provision for Taxation – Current	321.00		457.28	
– Deferred	45.00	**1,347.98**	(38.05)	1,275.20
		803.14		1,045.29
To which are added :				
Balance brought forward from last year	380.62		329.28	
Excess provision of Income Tax for earlier years written back	–		3.46	
Transferred from Stock & Investment Reserve	–	**380.62**	–	332.74
Profit available for Appropriation		**1,183.76**		1,378.03
The Directors propose to appropriate the same as under :				
Provision for Taxation for Earlier Years		**93.17**		–
Tax (Education Cess) on Distributed Profit for Earlier Years		**0.28**		–
Transfer to General Reserve		**500.00**		825.00
Proposed Dividend		**151.20**		151.20
Tax on Distributed Profit		**25.70**		21.21
Balance carried forward		**413.41**		380.62
		1,183.76		1,378.03

Dividend :

Your Directors are pleased to recommend payment of dividend of Rs.1.75 (previous year Rs. 3.50) per equity share for the year ended on 31st March, 2007 on the 86,40,000 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 a review of Company's performance, the business imperatives, the gist of industry scenario and the

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management perspective of opportunities before the Company.

The Industry Overview :

The sustained year on year growth in the domestic cotton output on expected lines, is a significant positive feature worth a longterm valuable reassurance on the input side for the industry which legitimately aspires to maintain an important position and make the best out of its potential role as one of the major global players in cotton textiles.

A notable aspect of the matter is that even after meeting the substantially higher in-country consumption resulting from a large scale fructification of new cotton yarn manufacturing capacities over the current couple of years, a significantly large volume of raw cotton is being exported. Obviously therefore as things stand, the revolutionary upsurge being achieved in the cotton farms in India eventually happens to be supporting the indomitable China's commercial drive of massive value addition in the global arena of cotton textiles. Apparently as this phenomenon is slated to continue, a growth opportunity for the Indian industry clearly stands out to further gear-up its conversion capacities and value addition capabilities offering interalia a vast scope for further employment generation. To effectively garner this advantage on an abiding basis however, there is no escape to addressing the task of enabling the industry reach competitiveness in respect of the crucial energy factor which accounts for an enormous proportion of the conversion costs at the initial stages of manufacture. A case for an urgent macro level policy initiative in this regard is therefore strongly indicated.

As to price movements in Cotton, the globalised regime is of age now and has come into full play. After meeting the whole of the increased domestic consumption, a large volume of Indian cotton has been reaching out to level off the global availability in the face of a trend of marginal drop in the overall world production. As the consumption has been moving up and carryover stocks have been declining worldover including in India, the inevitable result has been significant hardening of prices all over including in India itself.

The union budget 2007 contained a welcome announcement as to continuance of the Technological Upgradation Fund Scheme (TUFS) for Textiles over the whole of the 11th plan period, though budgetary allocation for the purpose was found to be extremely inadequate. As a result the industry has been running a huge backlog of uncleared reimbursements causing a cash strap which couldnot have come at a more difficult juncture than now when it is already face to face with several other odds in business. Besides, new approvals under TUFS currently stand withheld as there are indications of an impending revision of the scheme. Hopefully the suspension doesnot last long and doesnot end on a note of an ironic dilution of the scheme which is more needed to be operative now than ever before, ofcourse squarely in its original format rather than being pruned as to its contents and cover.

The current turmoil for the Textile & Clothing industry, seemingly arising out of the setback in export realisations on account of appreciation of rupee, is really for reasons far more complex than just the currency values. The demand seems to have significantly slackened and competition from other textile players has become more intense than before, compelling the Indian industry to yield place. The resultant pressure on the domestic market is clearly beyond its capacity to sustain.

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Maharaja Shree
UMAID MILLS LIMITED

Regd. Office : A-2, Prithviraj Road, Jaipur-302 005

PROXY

I/We _____

of _____ being a Member(s) of the

Maharaja Shree Umaid Mills Ltd., Jaipur hereby appoint _____

of _____ (or failing him _____

of _____) (or failing him _____

of _____) as my/our proxy in my/our absence to attend

and vote for me/us and on my/our behalf at the 67th Annual General Meeting of the Company to be held on the 17th day of September, 2007 and at any adjournment thereof.

As Witness my/our hand/hands this _____ day of

_____ 2007.

Signature .....

DPID No. .....

Folio No./Client ID No. .....

Please Affix Re.1 Revenue Stamp

NOTE : The Proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the Meeting.

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Company Performance and Perspective : The key factors which had their impact on the profit performance for the year under review are that a) since the third quarter of the year the raw material prices have shot up by about 15 percent on one hand and the effective yarn realisation in the domestic aswell as international market has comedown by about 10 to 12 percent on the other hand; and b) the interest cost and Power & Fuel costs have gone up. In the given scenario of price movements on the raw material front and the yarn realisation, prospects for the current year are pinned on revival of demand in the international market.

Implementation of innovative plans at successive stages under the TUFS, has enabled achieve a transformational change in the equipment lineup and systems inkeeping with the latest trends in the domestic aswell as international markets for quality cotton yarns which is the business mainstay of the company.

Upon completion of the current technology upgradation cum expansion plan by September 2007, the installed capacities, estimated production volumes and Turnover values shall be as follows :

Plan for select technical upgradation for the present Fabrics business alongwith revamping of the Fabric processing facilities at the existing location, is in the process of being framed soon enough when processing of new proposals under TUFS is resumed. Developmental efforts as a measure of preparation for future thrust in Fabric business targeting new products are being actively visualised and attempted.

The company had been considering a plan for expansion of superior quality combed cotton yarns business in higher counts group of 34s to 50s by creating a new unit at a new location in the Guntur region of Andhra Pradesh or alternatively, nearer Rajasthan in Gujarat. Land for the purpose is yet to be acquired. In the present business conditions and till the time as approvals under TUFS are resumed, this is being kept on hold. Product development efforts and consolidation of strengths internally aswell as in the market place are on active agenda in the meantime.

Originally the company had planned too for installation of a Cogeneration Thermal Power Unit of about 12.5 MWe capacity for captive use with a provision for extraction of about 12 TPH steam for use in fabric

	Installed Capacities	Businesses	Production Volumes	Turnover Values (Rs. Lacs/day)
Spindles	1,10,544	Yarns :	Kgs/day	
Rotors (OE)	1,728	Cotton	56,900	51.50
			(incl. OE Yarn - 14,800 kgs)	
		PV Grey	6,600	8.00
		Subtotal	63,500	59.50
	(Note : In addition, about 6,600 kgs. of Cotton yarn is for captive use for Fabrics)			
Looms	460	Fabrics :	Mtrs/day	
		Processed	49,169	13.20
		Grey	1,954	0.60
		Subtotal	51,123	13.80
		TOTAL		73.30
				i.e. about Rs. 265 Cr. in a year

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processing activity. This has been on hold on account of the difficulty for sourcing requisite additional raw water at the existing location. For the time being the matter of a new 33 KV line with requisite system, for sourcing additional about 5 MW power from the State Power Discom, is being pursued.

The matter of selling, leasing or otherwise disposing of the company's landed property at Jaipur, for which consent stands accorded by members of the company through postal ballot concluded on 20.05.2005, is under consideration of the Board.

Public Deposits :

The company had repaid all Public Deposits by 31st March, 2007. All the statutory requirements in connection with the Public Deposits, have been and are being duly complied with by the Company.

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. As to the matters at Serial No. 9 (ii) and 15 contained in the Annexure enclosed to the Auditor's Report, the position is self explanatory from the said notes.

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 in consultation with statutory auditors 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 31.3.2007 and of its Profit for the year ended on that date;

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 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 :

Informations in respect of conservation of energy, technology absorption, foreign exchange incoming and outgo pursuant to section 217(1)(e) of the Companies Act, 1956 are set out in Annexure-A to the report.

The particulars of employees, as required 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 :

During the year Shri Amitav Kothari has been appointed as Additional Director on 22nd January 2007. As per the provisions of Section 260 of the Companies Act, 1956, Additional Director holds office upto the date of the forthcoming Annual General Meeting of the Company. The company has received notice under Section 257 of the Act,

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proposing his appointment as a director of the Company. Resolutions seeking approval of the shareholders for his appointment have been incorporated in the Notice of the forthcoming Annual General Meeting along with brief details of Shri Amitav Kothari.

Mr Chandravadan Desai, retires by rotation and being eligible has offered himself for re-appointment.

Auditors :

M/s B D Gargieya & Co., Chartered Accountants, who are the statutory auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956, upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

Human Resources Development and Acknowledgement :

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

Your Directors are pleased to place on record their sincere appreciation for the devoted services of all the employees of the Company. Your Directors do 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, which has been of immense value.

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For and on behalf of the Board
LN Bangur
Chairman & Managing Director

Kolkata
30th June, 2007

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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 2006-2007	Previous Year 2005-2006
A. POWER & FUEL CONSUMPTION :			
(1) Electricity			
a) Own Generation			
(i) Through Diesel Generators			
Units	('000 Units)	**516**	712
Units per Ltr. of Oil		**3.89**	3.07
Cost/Unit	(Rs.)	**7.99**	8.55
(ii) Through Furnace Oil Generators			
Units	('000 Units)	**48,444**	64,640
Units per Ltr. of Oil		**4.07**	4.04
Cost/Unit	(Rs.)	**4.63**	4.17
b) Purchased from JVVNL			
(i) Units	('000 Units)	**21,741**	–
Total Amount	('000 Rs.)	**96,336**	–
Cost/Unit	(Rs.)	**4.43**	–
(2) Coal Grade 'B' (Used in Boilers for generation of Steam for steaming Yarn & Fabrics)			
Quantity	(Tonnes)	**9,670**	7,200
Total Cost	('000 Rs.)	**20,809**	14,371
Average Rate	(Rs. per Tonne)	**2,151.91**	1,995.97
(3) Furnace Oil			
Furnace Oil Quantity	(K. Ltrs.)	**11,884**	15,990
Total Amount	('000 Rs.)	**2,23,337**	2,69,368
Average Rate	(Rs./Ltr.)	**18.79**	16.85
B. CONSUMPTION PER UNIT OF PRODUCTION :			
(1) Electricity (Units)	Fabrics (per Thousand Mtrs.)	**763.45**	773.91
	Yarn (per Metric Tonne)	**3,121.80**	3,064.25
(2) Coal Grade 'B' (Tonnes)	Fabrics (per Thousand Mtrs.)	**0.47**	0.37
	Yarn (per Metric Tonne)	**0.09**	0.07

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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