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ANNUAL REPORT 2007-2008

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.
HDFC BANK LTD.

Regd. Office :

ROOM NO. 706, 7TH FLOOR, "KRISHNA",
224, AJC BOSE ROAD,
KOLKATA-700017 (W.B.)

Administrative Office and Works :

PALI (Rajasthan)
PIN – 306 401

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 68th Annual General Meeting of the members of MAHARAJA SHREE UMAID MILLS LIMITED will be held at Sitaram Seksaria Auditorium of Bhartiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata – 700017 on Tuesday, the 30th day of September, 2008 at 3.00 P.M. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 2008 and the Profit & loss Account for the year ended on that date.
2. To declare Dividend.
3. To appoint a Director in place of Shri SS Kothari, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Amitav Kothari who retires by rotation and being eligible, offers himself for reappointment.
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 SPECIAL RESOLUTION :

   RESOLVED that pursuant to the provision of section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to appoint Shri Yogesh Bangur as President (Corporate Affairs and Strategy) of the Company, with effect from 4th July, 2008 on remuneration and terms mentioned below :

   (a) Remuneration shall not exceed Rs.6,00,000 per annum.

   (b) During his tenure, he will be governed by the Rules and Regulations of the Company as may be applicable to the employees of the Company from time to time including change in designation and responsibilities.

   (c) The revision of remuneration will be effective only after obtaining all necessary approvals in this regard.

RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the resolution.

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

   "RESOLVED that Shri Govind Sharda, who was appointed as an Additional Director of the Company with effect from 11th August, 2008 by the Board of Directors under Article 92 of the Articles of Association 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 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

8. 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 sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, the consent of the Company be and

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is hereby accorded to the reappointment of Shri LN Bangur as Chairman and Managing Director of the Company for a further period of 3 years with effect from 11th August, 2008 as per the terms and conditions set out in agreement and also in the Explanatory Statement."

9. 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 sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, the consent of the Company be and is hereby accorded to the appointment of Shri Govind Sharda as Wholetime Director designated as Director (Finance) of the Company for a period of 3 years with effect from 11th August, 2008 as per the terms and conditions set out in agreement and also in the Explanatory Statement."

On behalf of the Board
LN BANGUR
Chairman & Managing Director

Kolkata
8th August, 2008

NOTES

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item Nos.6, 7, 8 & 9 above is annexed hereto and form 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 and 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 Thursday the 25th day of September, 2008 to Tuesday the 30th day of September, 2008. (both days inclusive)
4. Dividend, when declared, will be payable to those members whose names appear on the Register of Members as on 30th day of September, 2008.
5. Information to Shareholders as prescribed in clause 49 of Listing Agreement in respect of appointment/reappointment as Directors, is given at Annexure-A attached to this Notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ANNEXED TO THE NOTICE CONVENING THE 68TH ANNUAL GENERAL MEETING TO BE HELD ON TUESDAY, THE 30TH DAY OF SEPTEMBER, 2008.

Item No.6

With the emergence of new textile trends in the international arena, a lot of untapped opportunities exist for the growth of the Company. The huge brand equity developed over the period of time offers enormous potential for fuelling the growth of the business of the Company including the possible re-structuring of the business.

In order to strengthen the existing team, Shri Yogesh Bangur's name was proposed to be appointed as President (Corporate Affairs and Strategy) for spearheading the corporate affairs and strategy formation and implementation.

As per the provisions of section 314(1)(b) of the Companies Act, 1956, the appointment of a Relative of a Director drawing a monthly remuneration of Rs.10,000 (Rupees Ten thousand only) or more shall not be made except with the approval of shareholders by a special resolution passed at the General Meeting of the Company.

Your Directors recommend the resolution for your approval.

None of the Directors, except Shri LN Bangur and Smt. Alka Bangur, is concerned or interested in this resolution.

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Item No.7.

Shri Govind Sharda has been appointed by the Board, in its meeting held on 8th August, 2008, as an Additional Director with effect from 11th August, 2008 in accordance with the provisions of section 260 of the Companies Act, 1956 and the Article 92 of the Articles of Association of the Company. Shri Govind Sharda holds his office as Additional Director till the ensuing Annual General Meeting. A notice U/Sec. 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose the candidature of Shri Govind Sharda for appointment as a Director of the Company.

The Board recommends the resolution for approval by the members.

None of the Directors, except Shri Govind Sharda is interested or concerned in the proposed resolution.

Item No.8

Shri LN Bangur was reappointed as the Chairman & Managing Director of the Company in the meeting of the Board held on 30th June, 2003 for a term of five years with effect from 11th August, 2003, which was approved by the shareholders in the 63rd Annual General Meeting held on 27th September, 2003. The said term is expiring on 10th August, 2008.

Members of the Company are aware that Shri LN Bangur as industrialist, has vast experience in Textile as well as other businesses. Under his leaderdship, the Company has been registering steady progress and growing from strength to strength.

The Board of Directors at the meeting held on 8th August, 2008, took a view that in the context of the ever increasing competitive climate for the industry and in the best interests of the Company, it is desirable that Shri LN Bangur should continue to lead the Company as its Chairman & Managing Director for a further period of 3 years.

The Board of Directors of the company other than Shri LN Bangur and Smt. Alka Bangur, in the said meeting held on 8th August, 2008, unanimously decided to reappoint Shri LN Bangur as Chairman & Managing Director with effect from 11th August, 2008 for a period of 3 years, subject to approval of the members in the ensuing Annual General Meeting on terms and conditions as set out herein below :

Terms and Conditions :

1. Shri LN Bangur shall be responsible for advising and assisting the Board of Directors of the Company in formulation of long term business plans and strategic thrust of the Company, for coordinating the key affairs of business of the Company externally and where needed internally too, for formulation of and decision on developmental, diversification and growth plans of the Company including plans for major capital expenditure; for reviewing and monitoring the execution of plans and conduct of overall affairs of the Company; and for all matters of strategic importance.
2. Shri LN Bangur shall have adequate communication facilities and necessary office establishment, appropriate setup and systems built-up, provided to him by the Company, for the purpose of carrying out his above duties. Shri LN Bangur shall have power to visit the Works of the Company, its Registered Office and other offices at various places, to have meetings, deliberations and negotiations with Banks/Institutions, Government Authorities, Trade Associations, Business Dealers and others concerned as and when needed for the purpose of discharging his duties as above.
3. Shri LN Bangur shall generally have all powers in the normal course of business of the Company to deliberate, deal, negotiate, interact and enter into agreements on behalf of the Company with whomsoever concerned, in respect of the business of the Company from time to time, and shall exercise and perform the above and such other powers and duties as the Board of Directors of the Company may, from time to time, subject to the provisions of law and the Articles of Association of the Company, further determine.

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4. Shri LN Bangur shall have the necessary powers as the Chairman of the Board of Directors.

5. Shri LN Bangur while being away from his normal place of establishment at Kolkata, shall be responsible to keep appropriate arrangements to keep communication with the Works, Registered Office, other offices of the Company and other business associates, as be necessary from time to time, for the purpose of discharging his duties.

6. Any actual expenses on travel, staying in hotel etc. and any other expenses incurred by Shri LN Bangur for the purpose of carrying out his duties as above, will be reimbursable to him or payable to the party concerned, by the Company.

7. Shri LN Bangur, while he continues to hold the office as Chairman & Managing Director, in his capacity as Director of the Company, shall not be subject to retirement by rotation under section 255 of the Companies Act, 1956 and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of directors or in fixing the number of directors to retire, but he shall *ipsofacto* and immediately, be liable to cease to be the Chairman & Managing Director, if for any reasons he ceases to hold office as Director of the Company.

8. Since prior to reappointment of Shri LN Bangur in capacity of the Chairman & Managing Director with effect from 11th August, 2008, he has remained in the services of the Company, he shall be deemed to be in continuous service of the Company for the purpose of the benefit of Gratuity.

9. The terms and conditions as to remuneration of Shri LN Bangur for his reappointment as Chairman & Managing Director, as recommended by the Remuneration Committee are as follows:

   I. Salary : Rs.2,30,000/- per month in the scale of
   Rs.2,30,000/- Rs.30,000/- Rs.2,90,000/-

   II. Commission : Commission on net profits of the company in each year computed in accordance with Section 349 of the Companies Act, 1956 subject to such limit as may be determined by the Board in accordance with such performance parameters but shall not exceed an amount equal to the annual salary for the relevant year.

   III. Perquisites :

   a. **Housing** : The expenditure incurred by the Company in providing furnished/unfurnished accommodation to the Chairman and Managing Director shall not exceed 60% of his salary. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance at 60% of salary.

   b. **Gas, Electricity and Water** : Actual subject to a ceiling of 15% of salary.

   c. **Conveyance** : Car with driver to be provided by the Company.

   d. **Telephone** : Provision of telephone at the residence.

   e. **Leave Travel Concession, Medical reimbursement, Contribution to Provident Fund, Superannuation Fund and Gratuity** : As per rules applicable to the managerial staff of the Company.

   f. **Club Fees** : Fees of clubs subject to a maximum of two clubs.

   g. **Personal Accident Insurance** : Not exceeding Rs.7,500 per annum.

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h. **Leave** : Leave in accordance with the rules applicable to the managerial staff of the Company.

i. Such other benefits, amenities, facilities and perquisites as may be permitted by the Board of Directors to the Chairman and Managing Director.

IV. Use of Company's car for official purposes, cell phone, telephone at residence and encashment of leave at the end of tenure and contribution to Provident Fund, Superannuation Fund and Gratuity Fund will not be considered as perquisites.

V. In the event of loss or inadequacy of profits in any financial year, the Chairman and Managing Director shall be paid remuneration by way of salary, allowances and perquisites as specified under Para 1(B) of Section II in Part II of Schedule XIII of the Companies Act, 1956 or within such ceilings as may be prescribed under Schedule XIII from time to time or the Companies Act, 1956 and as may be amended from time to time.

VI. The Chairman and Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

VII. The re-appointment of three years may be determined by either party by giving three months' notice in writing to the other party.

VIII. None of the Directors, except Shri LN Bangur and Smt. Alka Bangur, Director is concerned or interested in the resolution.

IX. This may be treated as an abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956.

X. The Board recommends the resolution for approval by the members.

Item No.9

In the meeting of the Board held on 8th August, 2008, members of the Board took a view that in order to keep adequate representation of professional Director on the Board with an objective to facilitate proper management deliberations and also keeping in view the potential size of business operations, it is desirable that Shri Govind Sharda be appointed as Wholetime Director designated as Director (Finance) for a period of 3 years with effect from 11th August, 2008 subject to approval of the members in the ensuing Annual General Meeting on terms and conditions as to remuneration recommended by Remuneration Committee as set out herein below :

Terms and Conditions :

1. Shri Govind Sharda will be responsible for the day to day management of the affairs of the Company subject to the superintendence and control, and in accordance with the directions of the Board of Directors and shall have all powers in the normal course of Company's business to deliberate, deal, negotiate, interact and to enter into agreements on behalf of the Company to buy, sell acquire, transfer any goods, service, equipments, effects and rights and generally to do all such acts, deeds and things in connection with the business of the company as may be necessary from time to time.
2. During his tenure, Shri Govind Sharda will only employ his energies towards the work and well being of the Company ; and he shall not at all enter into any business, profession or vocation etc. or join any other service, whole time or part time, or take any consultative, advisory or part time job / jobs anywhere else.

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3. Shri Govind Sharda shall exercise and perform the above and such other powers and duties as the Board of Directors of the Company has given to him and may, from time to time, subject to the provisions of law and the Articles of Association of the Company, further determine.

4. The term of appointment of Shri Govind Sharda as Wholetime Director designated as Director (Finance) is for a period of 3 years with effect from 11th August, 2008.

5. Shri Govind Sharda, while he continues to hold the office as Wholetime Director designated as Director (Finance), in his capacity as Director of the Company shall not be liable to retirement by rotation, unless it be required under Section 255 of the Companies Act, 1956 at the given point of time in view of the total number of directors on the Board. In that event, he shall be eligible for re-election.

6. Shri Govind Sharda will *ipsofacto* and immediately, ceases to be the Wholetime Director of the Company, if for any reasons he ceases to be a Director and is not forthwith appointed as Director. Besides, Shri Govind Sharda will ipsofacto and immediately, cease to be Director of the Company, if for any reason be ceases to hold office as Wholetime Director.

7. Any actual expenses on travel, staying in hotel etc. and any other expenses incurred by Shri Govind Sharda for the purpose of carrying out his duties as above will be reimbursable to him or payable to the party concerned by the Company.

8. Since prior to appointment of Shri Govind Sharda in capacity of the Wholetime Director with effect from 11th August, 2008, he has remained in the services of the Company, he shall be deemed to be in continuous service of the Company for the purpose of the benefit of Gratuity.

9. The terms and conditions as to remuneration of Shri Govind Sharda for his appointment as the Director (Finance) as recommended by the Remuneration Committee are as follows :

   I. **Salary** : Rs.75,000/- per month in the scale of
   Rs.75,000/- Rs.10,000/- Rs.95,000/-

   II. **Perquisites** :

   a. **Housing** : Shri Govind Sharda will be provided by Company the facility of residential accommodation as per Company's own convenience and availability. He shall be bound to vacate the accommodation immediately at the time of cessation of his service with the Company ; or on his otherwise ceasing to work on the company's job for any reasons whatsoever.

   b. **Conveyance** : Actual expenses to be reimbursed subject to limits as specified below :
   i) Car lease Rs.15,000/- per month
   ii) Driver Salary Rs. 5,000/- per month
   iii) Vehicle running/ Maintenance Rs. 7,500/- per month

   c. **Books and Periodicals** :
   Actual expenses to be reimbursed subject to limit of Rs.500/- per month

   d. **Leave Travel Concession, Medical reimbursement, Contribution to Provident Fund, Superannuation Fund and Gratuity** :
   i) Leave Travel Assistance : 6% of the Salary
   ii) Medical reimbursement : Rs.1250/- per month
   iii) Provident Fund : 12% of the Salary
   iv) Gratuity : 4.81% of the Salary

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e. **Leave** : Leave in accordance with the rules applicable to the managerial staff of the Company.

f. **Allowances** :

i) Special allowance	:	Rs.37610/- per month
ii) Service continuation Allowance	:	Rs.7500/- per month
iii) Education allowance	:	Rs.200/- per month

g. Such other benefits, amenities, facilities and perquisites as may be permitted by the Board of Directors to the Director (Finance).

III. Use of Company's car for official purposes, cell phones, encashment of leave at the end of tenure and contribution to Provident Fund, Superannuation Fund and Gratuity Fund will not be considered as perquisites.

IV. In the event of loss or inadequacy of profits in any financial year, the Director (Finance) shall be paid remuneration by way of salary, allowances and perquisites as specified under Para 1(B) of Section II in Part II of Schedule XIII of the Companies Act, 1956 or within such ceilings as may be prescribed under Schedule XIII from time to time or the Companies Act, 1956 and as may be amended from time to time.

V. His services shall be liable to summary termination with immediate effect if any of the conditions of this appointment are flouted by him at any time. Further, his services shall be terminable by the Company at the sole discretion by giving to him two months notice or salary in lieu thereof. He may leave the services of the Company on his own accord subject to the condition, that he will serve upon the Company an advance notice before two months of the intended date of leaving the services of the Company ; and it shall be incumbent on him that during the said notice period, he will, in the normal course, remain actually present for work as theretofore, with fullest devotion and dedication to the Company. In case he fails to give notice of two months, required as above, or do not remain present on duty during such notice period as above, the Company shall be entitled to recover from him a sum equal to his two month's salary then, in lieu thereof. The Company shall be entitled to forfeit any amount payable to him, against such receivables of the Company from him and he shall be liable to make payment of the balance amount of such dues to the Company by depositing cash at that time immediately and forthwith, on demand by the company.

VI. The Wholetime Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

VII. None of the Directors, except Shri Govind Sharda is concerned or interested in the resolution.

VIII. This may be treated as an abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956.

IX. The Board recommends the resolution for approval by the members.

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

Kolkata
8th August, 2008

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Maharaja Shree
UMAID MILLS LIMITED

Statement as required in terms of Schedule XIII of the Companies Act, 1956 annexed to the Notice calling Annual General Meeting for approval of remuneration and terms and conditions of the reappointment of Shri LN Bangur, Chairman and Managing Director and appointment of Shri Govind Sharda, Director (Finance) (please refer Resolution No.8 & 9 of the notice dated August 8, 2008)

I. *General Information*

1. Nature of Industry	Cotton Textiles
2. Date or expected date of commencement of commercial production	Commencement of business on12-08-1939
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable
4. Financial performance based on given indicators	Financial performance of the company for the financial year 2007-08 and 2006-07 is as follows:

Rs. In Lacs

Particulars	2007-08	2006-07
Sales and other income	26264.27	22221.72
Profit before tax	77.38	1169.14
Profit after tax	38.53	803.14
Paid up Equity Capital	864.00	864.00
Reserve & Surplus	6785.40	6822.68
Basic Earnings per share (Rs.)	0.45	9.30

5. Export performance and net foreign Exchange earnings	The Company has export obligations of Rs.5653.01 lacs (USD 127.59 lacs) against Import Licences taken for import of Capital goods under Export Promotion Capital Goods Scheme. Net Foreign Exchange earnings is Rs.2276.98 lacs during the financial year 2007-08.
6. Foreign Investments or collaborators, if any	Nil

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II. Information about the appointees

1. Background details

Particulars	Shri LN Bangur	Shri Govind Sharda
i. Age	59 Years	42 Years
ii. Academic Qualification	B. Com.	B. Com. (Hon's), C.A.
iii. Experience	Over 38 Years of experience in the management and administration of different industries including Composite Textile Mills.	20 Years experience in financial management and general business management for domestic and international operations.
iv. Particulars of previous employment	Appointed as Chairman & Managing Director from 11th August, 1993 to 10th August, 2008 for three successive terms of 5 years each. He has been reappointed as Chairman and Managing Director for further period of 3 years from 11th August, 2008 to 10th August, 2011 by the Board at its meeting held on 8th August, 2008.	He joined the company on 26th April, 2008 as Executive President & CFO. Prior to this he worked with Grasim Industries, Jindal Strips, Amtrex Appliances, Hindustan Inks and Resigns Ltd., Abhishek Industies Ltd., Great Eastern Energy Corporation Ltd. and GHCL Ltd.
v. Date of approval of last appointment	In the Annual General Meeting held on 27th day of September, 2003.	Not Applicable
vi. Approval for increase in remuneration, if any	In the Annual General Meeting held on 30th day of August, 2005.	Not Applicable
1. Past Remuneration		
i. Remuneration	Total remuneration drawn by Shri LN Bangur for the financial year 2007-08 was Rs.36,20,700/-.	Not applicable
ii. Remuneration payable in case of inadequacy of profits in any year	In the event of absence of inadequacy of profits in any financial year salary, commission, allowances and perquisites would be paid as specified under Para 1(B) of Section II in Part II of Schedule XIII of the Companies Act, 1956.	In the event of absence of inadequacy of profits in any financial year salary, allowances and perquisites would be paid as specified under Para 1(B) of Section II in Part II of Schedule XIII of the Companies Act, 1956
iii. Recognition and awards	Shri LN Bangur is Executive Committee Member of Federation of Indian Chamber of Commerce and Industries (FICCI). He has been member of Bharat Chamber of Commerce.	None

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