Maharaja Shree
UMAID MILLS LIMITED

73rd Annual Report
2012-13

Regd Office: 706, Krishna, 224, AJC Bose Road, Kolkata 700 017
Head Office : Jodhpur Road, Pali 306 401(Rajasthan) INDIA
visit us at : www.msumindia.com

Board of Directors :

Mr. LN BANGUR, *Chairman & Managing Director*

Mr. GOVIND SHARDA, *Executive Director*

Mr. YOGESH BANGUR, *Director (CA&S)*

Mrs. ALKA BANGUR, *Director*

Mr. SS KOTHARI, *Director*

Mr. CHANDRAVADAN DESAI, *Director*

Mr. AMITAV KOTHARI, *Director*

Mr. GR AGARWAL, *Director*

Auditors :

M/s BD GARGIEYA & CO., JAIPUR

Bankers :

BANK OF BARODA

ICICI BANK LTD.

IDBI BANK LTD.

STATE BANK OF BIKANER & JAIPUR

Regd. Office :

706, ''KRISHNA''

224, AJC BOSE ROAD

KOLKATA – 700017 (W.B.)

Head Office and Works :

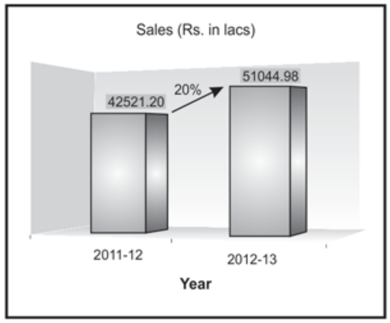
JODHPUR ROAD

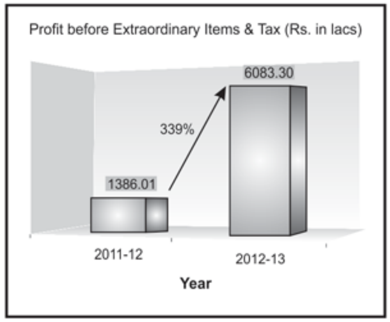
PALI – 306 401 (Rajasthan)

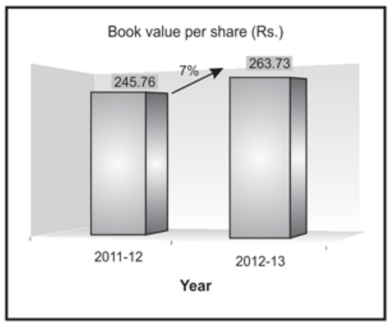
Important Communication to Members on Green Initiative

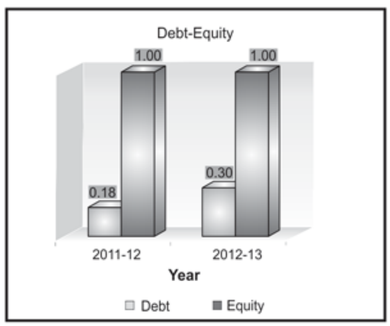
The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings, with their respective Depository Participants.

Members who hold shares in physical form are requested to download the “E- Communication Registration Form” from our website: *www.msumindia.com* under “financials” and send the duly filled-in and signed form to Company Secretary, Maharaja Shree Umaid Mills Limited, 706, Krishna, 224, AJC Bose Road, Kolkata-700 017 (W.B.)









CMD's Communiqué

Dear Fellow Shareholders,

I take pleasure in sharing the financial statements of your Company where we have reported an all round growth in terms of revenue, exports and profits while building competence for the future growth.

The year was generally supportive for the textile industry with all segments having optimism for the growth until towards the end of the financial year where economic revelations set in a pessimistic tone. The psychological barrier of maintaining GDP growth would be a challenge that could impact the economic actions within the national economy.

During the year, your Company has commissioned state of the art weaving capacity using the latest technology to have own fabric for bottomweight and shirting segment at larger scales apart from adding 8.50 MW of wind energy turbines, as a significant diversification towards power securitisation. The Company would be commissioning state of the art processing facilities for value addition to the fabric.

Your Company has started working on the next phase of expansion of the manufacturing facilities based upon the learning curve gained in the recent past. The project at the existing manufacturing location would be completed in two phases, to be accomplished in next two years.

Your Company has set out a detailed plan for the future growth and with the support of all our stakeholders, including shareholders, lenders, business associates and employees, the Company would be positioned to capture all the opportunities that are offered, particularly during the testing economic scenario.

Thanking you,

LN BANGUR
Chairman and Managing Director

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 73rd Annual General Meeting of the members of MAHARAJA SHREE UMAID MILLS LIMITED will be held at Club House, The Tollygunge Club Ltd., 120, Deshpran Sasmal Road, Kolkata 700033 on Wednesday, the 14th day of August, 2013 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

1) To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended 31st March, 2013 and the Balance Sheet as at that date together with Reports of the Board of Directors and Auditors there on.
2) To declare Dividend
3) To appoint a Director in place of Mrs. Alka Bangur, who retires by rotation and being eligible, offers herself for reappointment.
4) To appoint a Director in place of Mr. 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.

By Order of the Board
For Maharaja Shree Umaid Mills Ltd.

(P.K.OJHA)
COMPANY SECRETARY

Kolkata
May 27, 2013

NOTES

1. 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 8th August, 2013 to 14th August, 2013 (both days inclusive).
3. Dividend, when declared, will be payable to those members whose names appear on the Register of Members as on 14th August, 2013.
4. 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.

ANNEXURE – 'A' ATTACHED TO THE NOTICE DATED 27TH MAY, 2013

(as required under clause 49 of the Listing Agreement)

Information on appointment/re-appointment of Director

Name	Mrs. Alka Bangur	Mr. Amitav Kothari
Date of Birth	28.11.1954 59 Yrs.	1.12.1952 61 Yrs.
Qualification	M.B.A	M.Com., LL.B., FICA, FCA
Nature of Appointment	Retiring by Rotation and seeking reappointment as a Director	Retiring by Rotation and seeking reappointment as a Director
Expertisement in Specific functional areas	Industrialist	Banking & Financial Services
Directorship held in other public limited companies	1. The Peria Karamalai Tea & Produce Co. Ltd.	1.Kanoria Chemicals & Industries Ltd. 2.South Eastern Coal Fields Ltd. 3. National Insurance Co. Ltd.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure to present the 73rd Annual Report together with the Audited Accounts of the Company for the year ended on 31st March 2013.

The Financial Results are given hereunder :

(Rs. in Lacs)

Particulars	Year ended on 31.03.2013	Year ended on 31.03.2012
Total Revenue	**52936.10**	44490.88
Gross Profit before Depreciation & Amortisation Expense and Finance Cost	**9187.08**	2778.06
Finance Cost	**1002.86**	220.35
Cash Profit before taxes	**8184.22**	2557.71
Depreciation & Amortisation Expense	**2100.92**	1171.70
Profit before Extraordinary Items	**6083.30**	1386.01
Extraordinary Items	**-**	50133.28
Profit before taxes	**6083.30**	51519.29
Provision for taxes	**1664.65**	10615.69
Profit after tax for the period	**4418.65**	40903.60
Balance brought forward from previous year	**48927.28**	14530.30
Tax adjustments for earlier years (net)	**997.42**	(0.38)
Provision for diminution in the value of investments w/back	**-**	-
Profit available for appropriation	**54343.35**	55433.52
Appropriations		
Proposed Dividend	**648.00**	1296.00
Tax on Proposed Dividend	**110.13**	210.24
Transferred to General Reserve	**500.00**	5000.00
Balance carried to Balance Sheet	**53085.22**	48927.28

BUSINESS

During the year, your Company has entered into the league of Rs 500 Crore turnover textile players, with a significant shift in the business mix of yarn and fabrics. The growth in sales by 20% over the last year with larger share of value added products signifies the inherent strength of the Company for future growth.

DIVIDEND

Your Directors are pleased to recommend payment of Rs.2.50 per equity share (previous year: Rs. 5.00) for the year ended on 31st March 2013 on the fully paid up shares of Rs 10 each. The total outgo would be to the tune of Rs. 758.13 lacs (previous year: Rs. 1506.24 lacs) including Corporate Dividend Tax.

NEW BUSINESS DEVELOPMENT

Your Company has commissioned the first part of its project expansion cum modernisation program during the year while the second part of the project is expected to be commissioned in the first half of the following financial year. The balanced financial benefits would be visible from the second half of the following financial year.

SCHEME OF RE-ARRANGEMENT

The Board of Directors of the Company at its meeting held on 14th August, 2012 had approved Scheme of Arrangement U/s.391 to 394 of the Companies Act, 1956 between Kiran Vyapar Ltd. and the Company and their respective shareholders whereby “Investment Division” of the Company is to be transferred to and vested with Kiran Vyapar Ltd. by way of Demerger. The said Scheme of Arrangement has been approved by the shareholders of both the companies in their respective meetings held on 13th February, 2013.

An Application has already been submitted with Hon’ble High Court at Calcutta for its sanction.

The Scheme as and when sanctioned by the Hon’ble High Court at Calcutta will be binding with effect from the 1st day of April, 2012 or from such other date as the Hon’ble High Court may fix.

SUBSIDIARIES

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

MANAGEMENT DISCUSSION AND ANALYSIS

The detailed analysis is appended herewith and form part of the Directors' report.

CORPORATE GOVERNANCE

A compliance report on Corporate Governance has been annexed as part of the Annual Report along with Auditors' Certificate in compliance with Clause 49 of the Listing Agreement with the Stock Exchanges.

LISTING / DELISTING OF THE EQUITY SHARES

The equity shares of your Company are listed at the Bombay Stock Exchange and the Calcutta Stock Exchange. The annual listing fees have been paid to these Stock Exchanges and there is no intent of the management to delist the shares from either of the Stock Exchanges.

DIRECTORS

Mrs. Alka Bangur and Mr. Amitav Kothari retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their appointment at the ensuing Annual General Meeting.

PUBLIC DEPOSITS

There are no public deposits with the Company.

PARTICULARS OF EMPLOYEES

Particulars of employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are required to be set out in Annexure to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the accounts are being sent to all the members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EARNING/OUTGO

The information required under the provision of section 217(1)(e) of the Companies Act is set out in the annexure to the Directors' Report.

AUDITORS

M/s BD Gargieya & Co., Chartered Accountants (FRN : 001072C) 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 being eligible offer themselves for re-appointment. The Company has received letter from them giving their consent to act as Auditors of the Company and stating that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based upon the representations received from the Operating Management, confirm that:

i. in the preparation of the Annual Accounts for the year ending on 31st March 2013, the applicable accounting standards have been followed and there has been no material departure;
ii. appropriate accounting policies have been selected by them and applied the same consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2013 and of its profits for the year ending on that date;
iii. proper and sufficient care has been taken by them 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 Annual Accounts for the period ended on 31st March 2013 have been prepared by them on a going concern basis.

ACKNOWLEDGEMENT

The Directors express their gratitude to Financial Institutions, Banks and various other agencies for the co-operation extended to the Company. The Directors also take this opportunity to thank all business associates for the confidence reposed by them in the Company. The employees of the Company have contributed significantly to achieve the financial performance. The Directors take this opportunity of thanking them and hope that they will maintain their commitment to excel in the time to come.

For and on behalf of the Board

Kolkata LN Bangur

May 27, 2013 Chairman and Mg. Director

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

		2012-13	2011-12
A. POWER & FUEL CONSUMPTION:			
(1) ELECTRICITY			
a) Purchased from JVVNL			
i) Units	('000 Units)	**36402**	50580
Total Amount	('000 Rs)	**238937**	272410
Cost/Unit	(Rs.)	**6.56**	5.39
b) Purchased through Open Access			
i) Units	('000 Units)	**46019**	32261
Total Amount	('000 Rs)	**166091**	122741
Cost/Unit	(Rs.)	**3.61**	3.80
c) Own Generation			
Through Furnace Oil Generator			
Units	('000 Units)	**973**	168
Total Amount	('000 Rs)	**8993**	1312
Cost/Unit	(Rs.)	**9.24**	7.82
(2) COAL/OTHERS			
(Used in Boilers for generation of Steam)			
Quantity	(Tonnes)	**6649**	8691
Total Cost	('000 Rs.)	**53701**	61714
Average Rate	(Rs.per Tonne)	**8076**	7101
(3) FURNACE OIL			
Quantity	(K. Ltrs.)	**227**	46
Total Amount	('000 Rs.)	**8413**	1248
Average Rate	(Rs./Ltr.)	**37.06**	27.14
B. CONSUMPTION PER UNIT OF PRODUCTION			
(1) Electricity (Units)	Fabrics (Per Thousand Mtrs.)	**694.22**	756.35
	Yarn (Per Metric Tonne)	**3155.03**	3188.75
(2) Coal (Tonnes)	Fabrics (per Thousand Mtrs.)	**0.23**	0.35
	Yarn (Per Metric Tonne)	**0.04**	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.

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 : Process control and improving quality standards of the existing products.
2. Future plan of action : 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 continuous 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.
2. Total foreign exchange earnings & outgo
   (i) Foreign exchange earnings — Rs. 5654.47 Lacs
   (ii) Foreign exchange outgo — Rs. 4673.08 Lacs

MANAGEMENT DISCUSSION AND ANALYSIS

The looming inflationary pressure and widening trade deficit for the national economy coupled with dried up inflow of investments in the economy and a political uncertainty is reflected in pessimism in economy. The delayed relaxation of monetary policy with a contrasting inflationary pressure has generated a negative tone in economy notwithstanding the fact that economic growth in vicinity of 5% is not dismal looking to the growth of other economies.

Fiscal 2013 began with booming shades of growth after having tested the economy in the preceding financial year. The resilience shown by the textile industry has been remarkable from all corners. Unlike previous fiscal, non-action of the Government agencies provided a free competitive economy to enable the fittest to survive and grow that has been adequately demonstrated by a mature textile industry. At this juncture, a new textile policy can be the best intervention that the Government can provide after having released the last policy way back in the year 2000.

The economic actions taken in the neighbouring economy of China, the largest textile player of the world, had some cascading effects on Indian textile industry, for its betterment. The Indian Rupee initially strengthened that made exports a bit incompetitive. However, the depreciation of Indian Rupee towards the end of the fiscal was coupled with a slowdown in the textile segment across the globe. Strengthening of USD generally helps enhance exports, yet in the peculiar economic journey that we are into, the depreciation of the national currency is considered a benefit to the buyer resulting in continuous pressure on the otherwise weaker textile segment that is otherwise being dominated by China.

With a relative stability in the cotton mandis all through the year, efficiency and value addition in the manufacturing process becomes the sole mantra for the survival and growth of the textile players. Having seen volatility in the foreign exchange market all through the recent past, sourcing of capital items from international sources has really not been encouraging with larger orders having remained partially executed or in go-slow mode. With no significant addition to the manufacturing capacity couple with a reasonable monsoon prediction, the demand-supply matrix for the natural fibre seems to stabilise for a while that would bring more certainty for the business outcome of the enteprises within the segment.

With the national economy having slowed down in terms of GDP growth in the vicinity of 5%, the domestic textile demand doesn't seem to grow in line with the expectations through the statistical tools, being a discretionary spending, whereas the export market may continue lacklustre performance in view of volatile foreign exchange scenario.

We need to review performance of the Company in this backdrop. The comprehensive report hereunder should be read in conjunction with the audited financial statements and notes appended thereto for the periods under reference.

The discussion contains some forward looking statements based upon the intent and perception of the management of the Company. However, the actual outcome may be influenced by the external factors.

OPERATIONAL PERFORMANCE FOR THE YEAR

During the year, the Company commissioned its wind power project in the western part of Rajasthan adding up another 8.50 MW capacity to existing capacity of 8.95 MW. The Company commissioned its plan for partial modernisation of its spinning production capacity and expansion of fabric weaving capacities. The processing capacity addition is expected to go in stream in the first half of the following financial year.

INCOME

Business revenues are derived from Textile operations and Wind Energy business. Led by aggressive marketing practices to penetrate deep into the market – domestic as well as exports, the Company registered significant growth in the chosen segments.

(Rs. in lacs)

Segment	2012-13	2011-12	%Change
Yarn (Domestic / exports / Trading)	36591	33174	10.3%
Fabric And Value Add (Domestic / Trading)	13906	9347	48.8%
Wind Energy	548	NIL	-

During the year, in yarn segment, the Company registered 65% growth in direct exports vis-a-vis previous year. Direct and Indirect exports account for 22% of total revenues of the Company.

The Company continues to build its competence to enhance the product basket in fabric business, relatively higher value added operations. With additional capacities of fabric processing falling in place in the next financial year, the segment is likely to share a larger pie of the total revenues of the Company, hence profitability. With advent of new products in the following financial year, the well cherished home grown brands of LILLY, CASHMATE, HEENA and DAISY are expected to have in-house competition.

The Company continues to build upon its outsourcing model to provide even larger basket of products for the dynamic requirements of customers.

No single customer accounts for significant part of revenues of the Company to have any adverse impact in case of any downslide.

Investments in the wind energy operations remain strategic for the Company to secure future power at affordable costs. The revenues from the operations of wind mills are for the part of the financial year and would be reflected in totality in the following financial year.

“Other Income” includes the returns earned on parking of the surplus cash available with the Company subsequent to monetisation of its assets.

MAJOR COSTS

Raw Materials Costs

Cotton remains the biggest cost component in the raw material costs. Having remained volatile in the previous financial year, the year witnessed a stable and steady market for the natural fibre and was reciprocated with a suitable impact in the yarn prices. The average cost of clean cotton reduced by 14.8%, whereas the prices of cotton yarn registered growth of 5.5% resulting in lower raw material cost as percentage to sales revenue.

Increase in the cost of traded goods is in line with the increase in the volume.

Overall input costs after considering change in the processed inventory accounted for 63% of sales as compared to 76% in the previous year.

The Company continues to maintain a reasonable stock of natural fibre during the crop season to ensure consistent quality and hedge the costs against potential speculative moves in the unorganised sector.

Manufacturing Costs

The Company has got reasonable back up power facilities to facilitate manufacturing in the event of a grid supply failure. The total power and fuel costs were at Rs. 4650 lacs, up by 2% from the previous year Rs. 4560 lacs after absorbing 13.7% increase in coal costs and 22% increase in grid power costs on an increased revenue of 20%. The per unit consumption parameters, however, do not convey the efforts made to rationalise the costs in view of unequal variation in the product mix.

The strategic decision of sourcing a part of its power requirement from the group captive usage generation facilities has enabled the Company check costs of power. During the year, the Company has sourced a part of its power supply on higher wattage power line that has reduced inherent line / transmission losses marginally.

As part of its Socio-economic Measures, the Company re-cycles its water effluent generated in the normal manufacturing process with the dual intent of conserving natural resources as well as ensuring continuous availability of water. The higher costs of operating pollution control measures at Rs. 110 lacs (PY Rs. 81 lacs) has got its indirect benefits in sustainable manufacturing operations.

Manpower Costs

Textile operations are manpower intensive in inverse proportion to the value addition in the value chain. Being one of the largest organised manufacturing sector, a vast population of skilled manpower at each level of value addition in the process is available. Availability of adequate number of educational institutes across the country ensures a regular supply of requisite manpower for all future requirements of the industry.

During the year, the manpower costs have gone up by 9.8% from Rs. 2769 lacs to Rs. 3040 lacs on an increase in revenue by 20%. The costs as percentage to sales have reduced from 6.5% to 5.9%.