



# **BOARD OF DIRECTORS**

Shri Sachin Ranka – Chairman & Managing Director

Shri B.L. Verma – Director

Shri Punit Saxena – Nominee, UTI

Shri R. Parthasarathy – Nominee, IFCI

Shri R.R. Maheshwari – Director

Shri H.L. Sharma

Director

**Company Secretary** Shri Kirit R. Shah

# Auditors

M/s J.T. Shah & Company, Chartered Accountants, Ahmedabad - 380 009

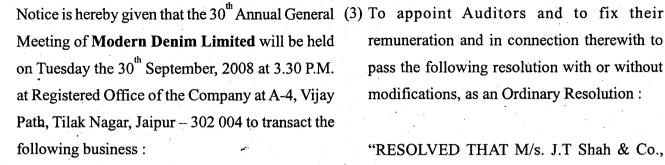
# **Registered office**

A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 (Rajasthan)

**Corporate Headquarter** 68/69, Godavari, Poachkhanwala Road, Worli, Mumbai - 400 030

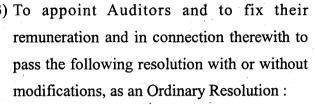
**Plant** Village - Moriya Distt. Ahmedabad - 380 015 (Gujarat)

## NOTICE



# A. ORDINARY BUSINESS :

- (1) To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2008 and the Audited Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
- (2) To re-appoint Shri B.L Verma as Director who retires by rotation and being eligible, offers himself for re-appointment.



"RESOLVED THAT M/s. J.T Shah & Co., Chartered Accountants, Ahmedabad be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting untill the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors of the Company."

By Order of the Board

Place :	Mumbai	(Kirit R. Shah)
Date :	30th June, 2008	Company Secretary

### **NOTES** :

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO 1. ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
- The proxy should be deposited at the Registered Office of the Company not less than FORTYEIGHT 2. hours before the commencement of the meeting.
- The Share transfer books and Register of members shall remain closed from 27.09.2008 to 3. 30.9.2008 (both days inclusive).

#### **DIRECTORS' REPORT**

#### The Members,

Your Directors present Annual Report and Audited Statement of Accounts for the year ended 31st March, 2008.

#### 1. FINANCIAL RESULTS

•	(Rs. in crores)	
	2007-2008	2006-2007
Net Profit / (Loss) before Tax	(32.79)	(45.23)
Fringe Benefit Tax	0.05	0.06
Net Profit / (Loss) for the Year	(32.84)	(45.29)
Exceptional items	38.08	0.28
Balance brought forward from last year	(279.50)	(234.49)
Balance carried to Balance Sheet	(274.26)	(279.50)

#### 2. OPERATIONS

Since last two years the Denim industry is passing through difficult business conditions. During the year under review margins were under pressure due to increase in cotton prices and the downturn witnessed in the Denim market. With the entry of new manufacturers and additions to the capacities by all the major producers in the country taking place, there has been a surplus in the market with the average realization declining during the year under review.

The company operated at lower utilization levels compared to previous financial year during the year under review. The current supply glut in the domestic denim market has dragged down the entire financial performance of the company which is visible in the financial results and the situation is not expected to improve in the near term. The exports of the Denim are not remunerative due to weak dollar and continued recessionary trend prevailing in global denim markets. However, despite of all adverse features, the Company is continuing its efforts to explore opportunities for its products in overseas markets.

Although the Company has taken several remedial steps to meet the challenges viz. optimize use of available resource, measures of saving in cost at all fronts of operation etc, it has suffered a loss of Rs.32.79 crores. In absence of profits, your directors and unable to recommend any dividend for the year under review.

#### 3. FUTURE PROSPECTS

The substantial increase in the number of players in denim is a cause of worry and may lead to a further glut in the market. Domestic demand is expected to grow at 20-25 % whereas supply growth is expected to be in excess of 50%. This obviously means pressure on demand and margins. Your Company is hopeful to maintain its presence with competitive edge inspite of new entrants.

#### 4. RESTRUCTURING OF DEBTS & REFERENCE TO BIFR

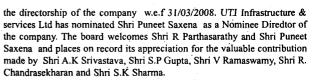
The Company is making continuous efforts for settlement of dues of the secured lenders which includes re-schedulement, one time settlement, waiver of penal and compound interest. Settlement made during the year under review has resulted into write back of principal and interest which has been included in the exceptional items shown under the financial results. In the last hearing held on 15<sup>th</sup> March, 2007, Hon'ble BIFR has appointed IDBI as the Operating Agency with direction to submit Revised Draft Rehabilitation Scheme.

#### 5. PUBLIC FIXED DEPOSITS

In view of petition filed by the Company, the Hon'ble Company Law Board has passed an order on 21/12/2001 that "The repayment of fixed deposits shall be made by the Company in accordance with the "revival scheme" as and when approved by BIFR under the provisions of 'SICA'. However payments on compassionate ground are continued to be made as per the decision of the committee formed by Hon'ble CLB for this purpose.

#### 6. DIRECTORS

Shri B.L Verma is liable to retire by rotation and being eligible, offer himself for reappointment. IFCI has withdrawn the nomination of Shri A.K Srivastava w.e.f 29/09/2007 and appointed Shri S.P Gupta as a nominee Director of the company w.e.f 29/09/2007 and the nomination of Shri S.P Gupta was withdrawn by IFCI w.e.f 31/03/2008 and appointed Shri R Parthasarathy. GIC has withdrawn the nomination of Shri V Ramaswamy w.e.f 29/09/2007 and appointed Shri R.Chandrasekaran w.e.f 29/09/2007 as a nominee Director of the company and the nomination of Shri R.Chandrasekaran was withdrawn by GIC w.e.f 05/03/2008. Shri S.K Sharma has resigned from



#### 7. AUDITORS

M/s. J.T.Shah & Co., Chartered Accountants, Ahmedabad retire at the forthcoming Annual General Meeting. Your Directors recommend their reappointment as Auditors of the Company for the year 2008-09. The observations made by the Auditors are self explanatory and have been dealt with in the notes vide Schedule 13 forming part of the accounts and hence need no further clarifications.

#### 8. INDUSTRIAL RELATIONS & PARTICULARS OF EMPLOYEES

Your Directors sincerely appreciate the workers, staff and officers for putting their best efforts. The Company has enjoyed healthy and cordial relations throughout the year. There is no employee getting remuneration as prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

#### 9. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that :-

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- 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;
- iv) the Directors have prepared the annual accounts on a going concern basis.

#### 10. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

The statement of particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo as required in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Rule 2(A), 2(B) and 2(C) of the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

#### 11. CONSTITUTION OF AUDIT COMMITTEE

The Board of Directors has constituted an Audit Committee of Directors to exercise powers and discharge functions as stipulated in section 292 A of the Companies Act, 1956. The Audit Committee consists of member directors as under: -

Shri H-L. Sharma, Chairman

Shri B.L. Verma

Shri A.K Srivastava (up to 29th September, 2007)

Shri S.P Gupta (From 29th September, 2007 to 31\* March, 2008)

Shri R. Parathasarthy (From 31<sup>st</sup> March, 2008)

#### 12. ACKNOWLEDGEMENTS

The Board places on record its sincere thanks and gratitude for the assistance and continued co-operation that the Company has been receiving from the financial institutions, banks, employees, shareholders and Central as well as State Government.

#### ON BEHALF OF THE BOARD

Place	: Mumbai		(SACHIN RANKA)
Dated	: 30 <sup>th</sup> June, 2008	۳	Chairman & Managing Director



## **ANNEXURE TO THE DIRECTORS' REPORT**

Information as per Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### 1. ENERGY CONSERVATION: -

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The Company has been giving high priority to conservation of energy on continuous basis by close monitoring of energy consuming equipments. The energy conservation measures taken by the Company include installation of energy efficient equipments and energy saving devices, implementation of various measures arising out of an energy audit and reduction of motor-ratings wherever possible. Periodical reviews and studies are undertaken from time to time for energy savings.

	•		Current Year	Previous Year
A. Power and I	uel Consu	imption:		
` 1. Electricit	y:		•	·
a) Purch	ased	(Units in lacs)	112.30	166.67
Total	Amount	(Rs. in lacs)	540.96	835.21
Rate/	Unit	(Rs.)	4.82	5.01
b) Own	Generation	1:		
Throu	igh Diesel	Generator (Units in lacs)	0.12	12.01
Units	Ltr. of Di	esel Oil	1.31	3.29
Cost/	Unit (Rs.)		27.49	8.99
2. Furnace	Oil			
Quantity	(KL)		64.76	1567.68
Total Cos	t (Rs. in la	cs)	12.99	311.51
Rate/Ltr.	(Rs.)		20.06	19.87
3. Coal				•
Quantity (	MT)		2616.40	1370.13
Total Cos	(Rs. in la	cs)	146.67	65.25
Rate/Kg.	•		5.61	4.76
. Consumptio	n per unit	of Production:		
Electricity	-	•	1.36	1.57
Furnace C	•		0.01	0.14
Coal (Kg.			0.32	0.31

### 2. TECHNOLOGY ABSORPTION: -

Your Company is having research and development cell, headed by a senior and experienced textile technologist. The section is keeping continuous watch on the quality of the product at various stages. The R & D section also keeps a regular track on the latest advancement on the spinning and finishing technology in order to keep pace with the demand of the new products.

### 3. FOREIGN EXCHANGE EARNING AND OUTGO: -

The Company has earned foreign exchange of Rs.216.22 lacs against an outgo of Rs.228.20 lacs during the year.