



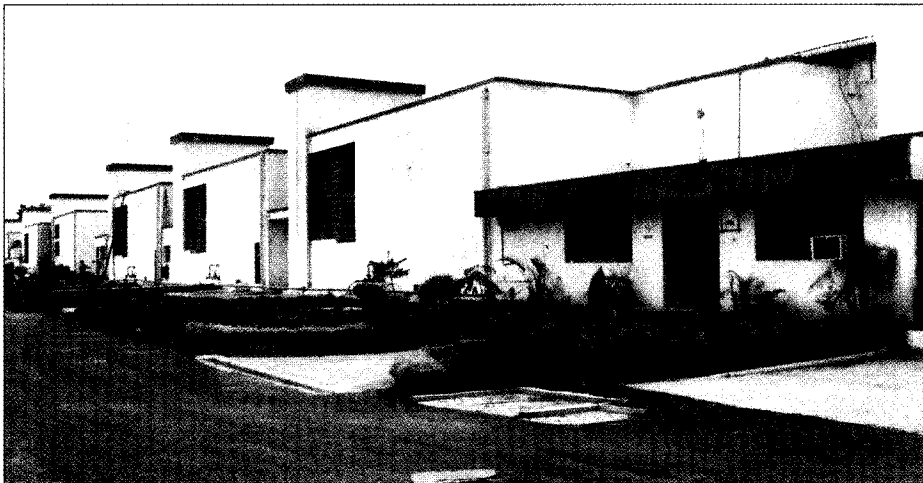
MORARJEE TEXTILES LTD

12th ANNUAL REPORT 2006 - 2007



Shirting Plant, Nagpur

Report  Junction.com



Voile & Prints Plant, Nagpur

BOARD OF DIRECTORS**Ms. Urvi A. Piramal***Chairperson***Mr. Harshvardhan A. Piramal***Executive Vice Chairman***Mr. P. K. Gothi***Managing Director***Mr. Aditya Mangaldas****Dr. Giuseppe Callegari****Mr. Mahesh Gupta****Mr. Pradipta Mohapatra****Mr. Ranjan Sanghi****Mr. Shallesh Haribhakti****Mr. Shobhan Thakore****Mr. Takao Yajima****COMPANY SECRETARY****Mr. S. C. Kashimpuria****AUDITORS****M/s. Shah & Co.***Chartered Accountants***BANKERS**

Allahabad Bank

Export - Import Bank of India

UTI Bank

REGISTERED OFFICE

Peninsula Spenta

Mathuradas Mills Compound

Senapati Bapat Marg

Lower Parel, Mumbai - 400 013

SHARE TRANSFER AGENT**Amtrac Management Services Limited****Administrative Unit**

008, Ground Floor

Peninsula Centre

Dr. S. S. Rao Road

Parel, Mumbai 400 012

Processing Unit

Plot No. 101/102, MIDC 19th Street

Satpur, Nasik - 422 007

Email : amtrac_nsk@sancharnet.in

CONTENTS

Page Nos.

Notice 2-5

Directors' Report 6-9

Management Discussion & Analysis 10-11

Corporate Governance 12-23

Auditor's Report 24-25

Balance Sheet 26

Profit & Loss Account 27

Schedules to the Accounts 28-40

Cash Flow Statement 41

Balance Sheet Abstract 42

Annexure to Balance Sheet 43

Consolidated Results 44-60

Reports and Accounts of
Subsidiary Companies 61-80

Annual General Meeting of the Company will be held on **Thursday, the 26th July, 2007 at 3.00 p.m.** at M C Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 8/20 Kaikhushru Dubash Marg, Mumbai 400 001.



MORARJEE TEXTILES LTD

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the members of Morarjee Textiles Limited will be held on Thursday, the 26th day of July, 2007 at 3.00 p.m. at M C Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 8/20 Kaikhushru Dubash Marg, Mumbai 400 001 to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on preference and equity shares of the Company.
3. To appoint a Director in place of Ms. Urvi A. Piramal, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Shailesh Haribhakti, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. Ranjan Sanghi, who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') (including any statutory modifications or re-enactment thereof for the time being in force), the relevant provisions of the Articles of Association of the Company, Mr P K Gothi be and is hereby reappointed as Managing Director for a further period upto 27th December, 2009 with effect from 1st October, 2006 upon the terms and conditions including payment of remuneration, perquisites and benefits as under with the liberty and powers to the Board of Directors (including its Committee appointed for the purpose) ("the Board") to grant increment/s and alter and vary from time to time, the amount and type of perquisites payable to Mr P K Gothi within the limits specified in Schedule XIII of the Act or any amendments thereto and subject to the approval of the Central Government, if and to the extent required :

- a. **Salary** : Rs. 2,10,000/- (Rupees Two Lacs Ten

Thousand only) per month, with an authority to the Board to increase from time to time in accordance with Schedule XIII of the Act, as amended from time to time;

- b. **Leave Travel Allowance (LTA)** : upto a maximum of Rs 1,25,000/- (Rupees One Lac Twenty Five Thousand only) per annum for self and family;
- c. **Reimbursement of Medical Expenses** : upto a maximum of Rs 1,00,000/- (Rupees One Lac only) per annum for self and family;
- d. **Following perquisites which shall not be included in the computation of the ceiling of remuneration specified above :**
 - i Company's contribution to Provident Fund and Superannuation Fund as per the Rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act;
 - ii Gratuity as per the Rules of the Company;
 - iii Leave with full pay as per the Company's Rules. Encashment of leave at the end of tenure is permitted, as per the Company's Rules;
- e. **Accommodation** : Rent free company accommodation or House Rent Allowance in lieu thereof subject to a maximum of Rs 1,50,000/- (Rupees One Lac Fifty Thousand only) per month;
- f. **Commission** : @ 1% of net profit;
- g. Company maintained car;
- h. **Telephone** : Telephone at residence. All personal long distance calls on telephone will be borne by Mr P K Gothi;

RESOLVED FURTHER THAT if in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to compliance with the applicable provisions of Schedule XIII of the Act, if and to the extent necessary with the approval of the Central Government;

RESOLVED FURTHER THAT the terms and conditions of Mr. Gothi's appointment as Managing Director may be varied, altered, increased, enhanced or widened from time to time by the Board as it may in its discretion deem fit, within the maximum amounts payable in accordance with the provisions of the Act or any amendments made hereafter in this regard."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') (including any statutory modifications or re-enactment thereof for the time being in force), the relevant provisions of the Articles of Association of the Company, Mr Harshvardhan A. Piramal be and is hereby reappointed as Executive Vice Chairman for a further period of 5(five) years with effect from 1st June, 2007 upon the terms and conditions including payment of remuneration, perquisites and benefits as under with the liberty and powers to the Board of Directors (including its Committee appointed for the purpose) ("the Board") to grant increment/s and alter and vary from time to time, the amount and type of perquisites payable to Mr Harshvardhan A. Piramal within the limits specified in Schedule XIII of the Act or any amendments thereto and subject to the approval of the Central Government, if and to the extent required :

a. **Salary :** Basic Salary in the scale of Rs. 3,20,000 – Rs. 50,000 – Rs. 5,70,000 per month;

b. **Perquisites :**

Reimbursement of Medical Expenses upto a maximum of Rs. 1,00,000 per annum;

Reimbursement of Leave Travel Expenses upto a maximum of Rs. 1,50,000 per annum;

c. **Following perquisites which shall not be included in the computation of the ceiling of remuneration specified above :**

- i Company's contribution to Provident Fund and Superannuation Fund as per the Rules of the Company to the extent these, either singly or put together, are not taxable under the Income Tax Act;
- ii Gratuity as per the Rules of the Company;
- iii Leave with full pay as per the Company's Rules. Encashment of leave at the end of tenure is permitted, as per the Company's Rules;

RESOLVED FURTHER THAT if in any financial year during the currency of the tenure of the Executive Vice Chairman, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to compliance with the applicable provisions of Schedule XIII of the Act, if and to the extent necessary with the approval of the Central Government;

RESOLVED FURTHER THAT the terms and conditions of Mr. Piramal's appointment as Executive Vice Chairman may be varied, altered, increased, enhanced or widened from time to time by the Board as it may in its discretion deem fit, within the maximum amounts payable in accordance with the provisions of the Act or any amendments made hereafter in this regard."

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

"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company do hereby approve the payment of remuneration by way of commission to the Non Whole Time Directors of the Company not exceeding the limit as prescribed by law for the time being in force, if and to the extent necessary with the approval of the Central Government, subject to a ceiling as may be decided by the Board of Directors, such commission being paid to and distributed amongst such Directors of the Company or some or any of them and in such amounts as may be directed by the Board of Directors and such payment shall be made in respect of the profits of the Company for each year for the period of five years."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, 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.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.
3. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 19th July, 2007 to Thursday, 26th July, 2007 (both days inclusive).
4. Dividend on preference shares and equity shares as recommended by the Directors for the financial year ended 31st March, 2007 when declared at the meeting will be paid on and from 2nd August, 2007.
5. Section 109A of the Companies Act, 1956 permits nomination by shareholders of the Company in prescribed Form No. 2B. Shareholders are requested to avail this facility. The duly filled in and signed Form No. 2B should be sent to the Share Transfer Agents of the Company at their Nasik address.



MORARJEE TEXTILES LTD

6. In order to render better and efficient services, we request you to consolidate the multiple folios which are in the same names and in identical order. Consolidation of folios does not amount to transfer of shares and therefore no stamp duty or other expenses are payable by you. In case you decide to consolidate your folios, you are requested to forward your share certificates to the Share Transfer Agents of the Company at their Nasik address.
7. To ensure against misappropriation of dividend warrants to be mailed to you, members holding shares in physical form who have not sent their bank details are requested to provide their bank account number, name and address of the bank branch to the Company's Share Transfer Agents for incorporating the same on the dividend warrants.
8. Facility of electronic credit of dividend directly to the respective bank accounts of our shareholders through Electronic Clearing Service (ECS) is available. This facility is currently available at the locations specified in the Mandate Form separately enclosed in this Annual Report. This is in addition to the Bank Mandate Facility that already exists whereby bank account details are printed on the dividend warrants. Shareholders who would like to avail of the ECS Mandate Facility or the Bank Mandate Facility (if not done earlier) are requested to complete and submit the Mandate form that is separately enclosed with this Annual Report, so as to reach the Company's Share Transfer Agent latest by 19th July, 2007. Kindly note that shareholders holding shares in dematerialized form would receive their dividend directly to the bank account nominated by them to their Depository Participant, as per SEBI directives.
9. Members holding shares in physical form are requested to immediately intimate to the Company / Share Transfer Agents, changes, if any, in their registered address alongwith the pin code number. Members holding shares in dematerialized mode are requested to forward intimation for change of address, if any, to their respective Depository Participant.
10. Trading in the Company's shares through Stock Exchange is permitted only in dematerialized / electronic form. The equity shares of the Company have been inducted in both National Securities Depository Limited and Central Depositories Services (India) Limited to enable shareholders to hold and trade the securities in dematerialized / electronic form. In view of the numerous advantages offered by the Depository System, members holding shares of the Company in physical form are requested to avail of the facility of dematerialization.

11. Re-appointment of Directors

Ms. Urvi A. Piramal, Mr. Shailesh Haribhakti and Mr. Ranjan Sanghi, Directors of the Company, who are retiring by rotation at the ensuing Annual General Meeting, are eligible for reappointment. Approval of the shareholders is also being sought for the reappointment of Mr. P. K. Gothi as Managing Director and Mr. Harshvardhan A. Piramal as Executive Vice Chairman of the Company. The information / data to be provided in this regard under the Corporate Governance Code of the Listing Agreement, is given in the Corporate Governance Section of this Annual Report.

By Order of the Board

S C Kashimpuria
Company Secretary

Registered Office:
Peninsula Spenta
Mathuradas Mills Compound
Senapati Bapat Marg
Lower Parel, Mumbai 400 013

Mumbai : 18th May, 2007

Explanatory Statement

Explanatory Statement under Section 173(2) of the Companies Act, 1956 ("the Act").

Item No. 7

At the Extra Ordinary General Meeting held on 26th November, 2003, shareholders had approved the appointment of Mr P K Gothi as the Managing Director of the Company for a period of 3 years with effect from 1st October, 2003. The Board of Directors at their meeting held on 15th December, 2005 had approved the revised terms of remuneration of Mr. P. K. Gothi with effect from 1st April, 2005.

On 16th October, 2006, the Board of Directors reappointed Mr. P. K. Gothi as Managing Director of the Company, not liable to retire by rotation, for a further period upto 27th December, 2009 on the terms and conditions including the payment of remuneration, perquisites and benefits as set out in the resolution at Item No. 7 of the accompanying Notice.

Brief resume of Mr. P. K. Gothi, his experience and other directorships held by him is given in the Section concerning Corporate Governance in this Annual Report.

Pursuant to the provisions of the Companies Act, 1956, the aforesaid reappointment and the terms of remuneration are subject to the approval of the members of the Company. The Board, therefore, recommends the resolution at Item No. 7 of the accompanying Notice for the approval of the members.

Annual Report 2006 - 2007

Except Mr. P. K. Gothi, no other Director is deemed to be concerned or interested in the said resolution.

An abstract of the terms of reappointment and remuneration of Mr. P. K. Gothi has already been sent to the shareholders as required under Section 302 of the Companies Act, 1956.

Item No. 8

Mr. Harshvardhan A. Piramal was appointed as Deputy Managing Director of the Company for a period of 3 years from 1st June, 2004 to 31st May, 2007. The appointment and remuneration of Mr. Harshvardhan A. Piramal as Deputy Managing Director was approved by the shareholders at the Extra Ordinary General Meeting held on 21st August, 2004. The Board of Directors at their meeting held on 18th February, 2005 had redesignated Mr. Harshvardhan A. Piramal as Joint Managing Director and subsequently he was appointed as Executive Vice Chairman with effect from 28th April, 2005. The Board of Directors on 15th December, 2005 approved the revised terms of remuneration of Mr. Harshvardhan A. Piramal with effect from 1st April, 2005.

On 18th May, 2007, the Board of Directors reappointed Mr. Harshvardhan A. Piramal as Executive Vice Chairman of the Company, not liable to retire by rotation, for a further period of 5 (five) years with effect from 1st June, 2007 on the terms and conditions including the payment of remuneration, perquisites and benefits as set out in the resolution at Item No. 8 of the accompanying Notice.

Brief resume of Mr. Harshvardhan A. Piramal, his experience and other directorships held by him is given in the Section concerning Corporate Governance in this Annual Report.

Pursuant to the provisions of the Companies Act, 1956, the aforesaid reappointment and the terms of remuneration are subject to the approval of the members of the Company. The Board, therefore, recommends the resolution at Item No. 8 of the accompanying Notice for the approval of the members.

Mr. Harshvardhan A. Piramal, as it concerns himself is deemed to be concerned or interested in this resolution. Ms. Urvi A. Piramal, Chairperson, being relative of Mr. Harshvardhan A. Piramal, is also deemed to be concerned or interested in the said resolution.

An abstract of the terms of reappointment and remuneration of Mr. Harshvardhan A. Piramal has already been sent to the shareholders as required under Section 302 of the Companies Act, 1956.

Item No. 9

Section 309 of the Companies Act, 1956 provides that a director who is neither in whole time employment of the Company nor a managing director may be paid remuneration by way of commission, if the Company by special resolution, authorizes such payment.

The proposed resolution would allow the Company to make payment by way of commission to Non Whole Time Directors for a period of five years in accordance with Section 309.

All the Directors of the Company except the Whole Time Directors are deemed to be concerned or interested in the resolution set out at Item No. 9 of the Notice to the extent of the remuneration that may be received by them.

The Board recommends the resolution set forth at Item No. 9 of the accompanying Notice for the approval of the members.

By Order of the Board
S C Kashimpuria
Company Secretary

Registered Office:
Peninsula Spenta
Mathuradas Mills Compound
Senapati Bapat Marg
Lower Parel, Mumbai 400 013
Mumbai : 18th May, 2007



MORARJEE TEXTILES LTD

DIRECTORS' REPORT

Dear Shareholders

The Directors present their 12th Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2007.

Financial Results

Particulars	Rs. In lacs	
	Year ended 31 st March, 2007	Year ended 31 st March, 2006
Income from operations	21506.95	17345.85
PBIDTA	2762.01	2507.40
Interest	968.19	619.29
Depreciation	926.74	807.33
Profit before tax	867.08	1080.78
Provision for tax (MAT/FTB)	122.36	126.69
MAT Credit Entitlement	(97.29)	(90.95)
Profit after tax	842.01	1045.04
Profit brought forward from Previous year	950.98	363.91
Profit available for appropriation	1792.99	1408.95
Appropriation :		
Proposed Dividend – Preference Shares with Tax	58.50	57.01
Proposed Dividend – Equity Shares with Tax	318.86	295.96
Transfer to General Reserve	43.01	105.00
Profit carried to the Balance Sheet	1372.63	950.98
Total Appropriation	1792.99	1408.95

Allotment of Shares & Warrants on Rights Basis

During the year, the Company raised Rs. 4282.80 lacs by issue of 77,86,913 fully paid equity shares of Rs. 10/- each at a premium of Rs. 45/- per equity share to the existing equity shareholders on rights basis in the ratio of three fully paid equity shares for every four existing equity shares held by them. Post rights issue, the share capital of the Company has increased to Rs. 1816.95 lacs.

The Company has also allotted 51,91,275 detachable warrants in the ratio of two warrants for every three equity

shares allotted pursuant to the aforesaid rights issue. The holders of warrants may exercise their right to convert the warrant into equity shares of the Company at a price of Rs. 100/- per share at any time after 12 months from the date of allotment but not later than 36 months from the date of allotment as decided by the Company.

Out of the amount of Rs. 4282.80 lacs realized by the Company from the allotment of equity shares under rights basis, Rs. 3082.80 lacs was utilized for repayment of existing high costs debts, working capital requirements, general corporate purposes and to meet the rights issue expenses and the balance amount of Rs. 1200 lacs was invested in bank fixed deposits.

Dividend

For the year ended 31st March 2007, the Board has recommended a dividend at 5% (Rs.5/-) per Preference Share of Rs.100/- each and 15% (Rs.1.50/-) per Equity Share of Rs.10/- each.

The dividend will be free of tax in the hands of the shareholders. Total cash outflow on account of these dividend payments together with distribution tax will be Rs.377.36 lacs.

Operation Highlights - Standalone

- During the year the total income has increased by 23.56% to Rs.21506.95 lacs from Rs. 17345.85 lacs in the previous year. The Earnings Before Interest, Depreciation and Tax (EBIDTA) has increased by 10% to Rs. 2762.01 lacs from Rs. 2507.40 lacs in the previous year. The Company faced significant pressure on its margins on account of the following:

- Increase in Cotton and Yarn cost 30% and 5% respectively.
- Increase in Power cost.
- Appreciation of Rupee against US Dollars by 5.4% increase.
- Increase in interest cost on account of interest rate increases.

The Company is taking effective steps to improve the profitability of its operations.

Other Highlights

- Expansion and modernization of printing facilities by installing state of art machinery.
- Successful Implementation of ERP.
- Introduction of "Morarjee Fashion" branding in printed voiles in the Sudanese Market.

Subsidiary Companies

In respect of the Company's subsidiaries viz Integra Apparels & Textiles Private Limited and Morarjee International s.r.l., the Balance Sheet and Profit and Loss Account together

with the particulars required under Section 212 of the Companies Act, 1956 are annexed herewith. During the year under review, Men's Club spa became subsidiary of the Company. Men's Club spa was incorporated on 22nd December, 2006 and the first financial year will be from the date of incorporation upto 31st December, 2007.

Integra Apparels & Textiles Pvt. Ltd.

During the year the Company increased its stake in Integra Apparels & Textiles Pvt. Ltd. to 88%. The Company has achieved a turnover of Rs.4363.16 lacs as against Rs.1767.14 lacs in the previous year. Profit after tax is Rs.209.92 lacs as against a loss of Rs.51.42 lacs in the previous year. This growth has been possible due to the expansion in the Capacity, rationalization of customer mix, focus on design and stabilization of the quality of formal shirts.

Morarjee International s.r.l.

During the year the Company expanded its activities beyond Italy into neighbouring countries in the European Union.

Men's Club spa

During the year the Company made its foray in International Branding with the acquisition of 67% stake (together with Morarjee International s.r.l.) in Men's Club spa. Men's Club spa is a medium sized shirt brand company in Italy, known for its brands like Gorena, Men's Club, Vaughan & Pickett.

Joint Ventures

Just Textiles Limited

Just Textiles Limited, a Joint Venture in which the Company has acquired 49% last year, has stabilized its operations and started contributing to the Company's sales and profitability.

Shifting of Registered Office

The Registered Office of the Company was shifted from 106, Peninsula Centre, Dr. S. S. Rao Road, Parel, Mumbai 400 012 to Peninsula Spenta, Mathuradas Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 with effect from 24th January, 2007.

Conservation of energy and technology absorption

A Statement showing particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, read with Section 217(1)(e) of the Companies Act, 1956, in the prescribed forms (Form A and Form B) is attached herewith and marked as Annexure A.

Employees

The Directors acknowledge with thanks the contribution made by the employees towards the growth of the Company and appreciate their unstinted co-operation and support to the Management.

Any shareholder interested in obtaining a copy of the statement of particulars of employees referred to in Section

217(2A) of the Companies Act, 1956, may write to the Company Secretary at the Registered Office of the Company.

Employee Stock Option Scheme

During the year, the Company granted 1,85,000 stock options. Disclosures as required by Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in the Annexure B to this report.

Directors

At the meeting of the Board of Directors held on 16th October, 2006, Mr. P. K. Gothi was reappointed as the Managing Director of the Company for a further period upto 27th December, 2009 on the terms and conditions including the remuneration as set out in the Notice convening the meeting. The Board of Directors at their meeting held on 18th May, 2007 have reappointed Mr. Harshvardhan A. Piramal as the Executive Vice Chairman for a further period of 5(five) years with effect from 1st June, 2007 on the terms and conditions including the remuneration mentioned in the Notice convening the meeting.

Ms. Urvi A. Piramal, Mr. Shailesh Haribhakti and Mr. Ranjan Sanghi, Directors of the Company retire by rotation at this Annual General Meeting and are eligible for reappointment which the Board recommends.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 ("the Act"), we hereby state that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures, if any;
- your Directors have selected such 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 31st March, 2007 and its profit for the year ended on that date;
- your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- your Directors have prepared the Annual Accounts for the year ended 31st March, 2007 on a going concern basis.

Foreign exchange earnings and outgo

During the year foreign exchange earnings were Rs.12315.69 lacs and outgoings were Rs.2682.38 lacs making the Company a net foreign exchange earner with a net inflow of Rs.9633.31 lacs.



MORARJEE TEXTILES LTD

Fixed Deposits

During the year under review, the Company has not accepted any fixed deposits neither does it have any unclaimed / unpaid fixed deposits.

Corporate Governance

The Company has complied with the mandatory provisions of the Corporate Governance as prescribed in the Listing Agreement with the Stock Exchange. A separate report on Corporate Governance compliance is included as a part of this Annual Report alongwith requisite certificate from the Statutory Auditors.

Auditors

The Auditors, M/s. Shah & Co., retire at the ensuing Annual General Meeting and are eligible for reappointment. The Board recommends their reappointment.

Acknowledgements

We owe all our employees, customers, bankers and vendors our gratitude for their co-operation and continued support.

By Order of the Board

Urvi A Piramal

Chairperson

Mumbai : 18th May, 2007

ANNEXURE 'A' FORM - "A"

Form of disclosure of particulars with respect to conservation of energy

		Units	Current Year 31.03.2007	Previous Year 31.03.2006
A)	Power & Fuel			
1	Electricity			
a)	Purchased Units	Lacs Kwhs	401.55	375.35
	Total Cost	Rs. Lacs	1553.47	1234.14
	Rate / Unit	Rupees	3.87	3.29
b)	Own Generation			
	Through Diesel Generator			
	Units	Lacs Kwhs	4.22	0.77
	Unit per litre of Diesel Oil	Kwhs	3.37	3.39
	Cost / Unit (Diesel Oil Only)	Rupees	9.51	10.68
	Total Cost of Diesel	Rs. Lacs	40.11	8.22
2	Coal (slack coal for Boiler)			
	Quantity	M. T.	15948.95	16041.58
	Total Cost	Rs. Lacs	365.44	368.40
	Average rate per M. T.	Rupees	2291.31	2296.53
3	Furnace Oil			
	Quantity	K. Ltrs	387.18	169.44
	Total Amount	Rs. Lacs	66.85	29.05
	Average rate per K. Ltr	Rupees	17266	17145

B) Consumption per unit of Production.

In view of composite nature of its Textile Business, it is not possible to express the consumption of power & fuel per unit of production

FORM - "B"

RESEARCH AND DEVELOPMENT

The addition of inkjet plotter & exposing give us an edge in reproducing designs which are same as seen on the computer.

Expenditure on R&D

- | | | |
|----|--------------------------------|----------------|
| a. | Capital expenditure | Rs. 0.00 lacs |
| b. | Recurring | Rs. 16.93 lacs |
| c. | Total | Rs. 16.93 lacs |
| d. | Total R&D expenditure as | |
| | a percentage of total turnover | 0.08% |

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

With the installation of Sophisticated ichinose flat bed printing machine our design printing has improved further.