

Millars

Millars India Limited

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Annual Report
2005-2006

BOARD OF DIRECTORS	ASHOK J. PATEL ANAND J. VASHI VINOD N. JOSHI N. V. SUBRAMANYAM NARENDRA H. BHATT TARAK A. PATEL	CHAIRMAN
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AUDITORS	SHAH & CO.
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INTERNAL AUDITORS	ARVIND & CO.
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SOLICITORS	VIGIL JURIS
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BANKERS	BANK OF MAHARASHTRA
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REGISTERED OFFICE	24, KURLA-KIROL ROAD, P.B. No. 9208, GHATKOPAR (W.), MUMBAI - 400 086.
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REGISTRARS & TRANSFER AGENTS	INTIME SPECTURM REGISTRY LTD. C-13, PANNALAL SILK MILLS COMPOUND, L. B. S. MARG, BHANDUP (WEST), MUMBAI - 400 078.
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NOTICE

NOTICE is hereby given that the EIGHTY SIXTH ANNUAL GENERAL MEETING of the Members of MILLARS INDIA LIMITED will be held at Babasaheb Dahanukar Sabha Griha, 6th Floor, Oricon House, 12, K Dubash Marg (Rampart Row), Fort, Mumbai - 400 023 on Thursday, October 26, 2006 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS

- 1 To consider and adopt the Audited Balance Sheet as at March 31, 2006 and the Profit & Loss Account for the year ended on that date with the notes and schedules along with reports of the Directors and Auditors thereon.
- 2 To appoint Director in place of Mr. Narendra H. Bhatt who retires by rotation and being eligible, offers himself for re-appointment.
- 3 To appoint Director in place of Mr. Tarak A. Patel who retires by rotation and being eligible, offers himself for re-appointment.
- 4 To appoint Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 163 and other applicable provisions of the Companies Act, 1956, ("the Act") the consent of the company be and is hereby accorded to keep the Register of Members and debenture holders and copies of the Annual Returns Annexures thereto and copies of certificates and other documents required to be annexed therewith as required under Section 159, 160 or 161 of the Act and submitted to the Office of the Registrar of Companies be kept at the Office of the Intime Spectrum Registry Ltd. having their office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078. from such date that as the Board may decide."

"RESOLVED FURTHER that the Board of Directors be and are hereby authorised to do all acts, deeds and things as they deem fit to give effect to the said Resolution and generally."

Mumbai, July 31, 2006

By Order of the Board of Directors

Registered Office :

24, Kurla-Kirol Road, P.B. No. 9208,
Ghatkopar (West), Mumbai 400 086.

Ashok J. Patel
Chairman

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956**ITEM No. 5**

The Company had appointed MCS Limited as Registrars and Share Transfer Agents. MCS Limited are not continuing in the said business and hence your Company has entered into an Agreement with Intime Spectrum Registry Ltd. appointing them as Registrars and Transfer Agents. Section 163 of the Companies Act, 1956 ("the Act") requires that all the records like Register of Members and Debenture Holders including the indexes thereof alongwith the Annual Returns shall be maintained at the registered office of the Company and if the same are to be shifted the same is to be done with the consent of the Members of the Company by passing a Special Resolution in the general meeting. In view of the change in the Registrars and Transfer Agents, the said documents are proposed to be maintained at the Office of the Intime Spectrum Registry Ltd. who have now been appointed as Company's Registrars and Transfer Agents. The Directors recommend the above resolution for acceptance.

None of the Directors may be deemed to be interested or concerned in the above said resolution.

Mumbai, July 31, 2006

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By Order of the Board of Directors

Ashok J. Patel
Chairman

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NOTES

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- 2 The Relevant Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of Item No.5 as set out above, is annexed hereto.
- 3 The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for the meeting.
- 4 The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 20th October, 2006 to Thursday, 26th October 2006 (both the days inclusive).
- 5 Members who have multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificate(s) to the Registrar & Transfer Agents, M/s Intime Spectrum Registry Ltd. for consolidation of all such shareholdings into one account to facilitate better service. Members are also requested to notify the change, if any, in their address and also correspond in respect of any matter relating to their holding, to the Company's Registrar and Transfer Agents at the following address : C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078.
- 6 Individual shareholder can now avail of the facility of nomination. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of the shares shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination Form. The facility of nomination is not available to non-individual shareholders such as Societies, Trusts, Bodies Corporate, Partnership firms, Kartas of Hindu Undivided Families and holders of Powers of Attorney. For further details, please contact the Company's Secretarial Department.
- 7 The unclaimed dividends upto the year ended March 31, 1995 have been transferred to the General Revenue Account of the Central Government. Members who have a valid claim to any of the unclaimed dividends referred to above may claim the same from the Office of the Registrar of Companies, 'Everest' Building, 100, Marine Drive, Mumbai - 400 002. in the prescribed manner. In case any assistance is required, please write to our Registrars and Transfer Agents.
- 8 Members are requested to kindly bring their copies of Annual Report to the Meeting.
9. The Company's Equity Shares are listed on The Stock Exchange, Mumbai and The Stock Exchange, Ahmedabad. Further the Annual Listing Fees to the above Stock Exchanges has been paid upto March 31, 2007.

Mumbai, July 31, 2006

By Order of the Board of Directors

Registered Office :

24, Kurla-Kirol Road, P.B. No. 9208,
Ghatkopar (West), Mumbai 400 086.

Ashok J. Patel
Chairman

DIRECTORS' REPORT

To The Members,

Your Directors present their Eighty Sixth Annual Report and the Audited Statement of Accounts for the year ended March 31, 2006.

FINANCIAL RESULTS

	<u>2005-2006</u> (Rs. In Lacs)	<u>2004-2005</u> (Rs. In Lacs)
Sales and other Income	785.86	640.82
	<u>785.86</u>	<u>640.82</u>
Profit/(Loss) before Interest, Depreciation and Taxation	238.39	148.15
i) Interest	32.39	88.60
ii) Depreciation	13.08	13.30
iii) Taxation	18.83	4.03
Profit/(Loss) after interest, Depreciation and Taxation	<u>174.09</u>	<u>42.22</u>
Balance brought forward from the previous year	145.47	103.25
Balance Carried to Balance Sheet	<u>319.56</u>	<u>145.47</u>

DIVIDEND

The Board of Directors do not recommend any dividend for the year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report is included in this report.

OPERATIONS

Sales and other income for the year ended 31st March, 2006 amounted to Rs. 785.86 lacs, an increase of 23% as compared to previous year of Rs. 640.82 lacs. This improvement is a result of strategic actions from concentrating manufacturing activities in Karamsad. Company has made profit of Rs. 174 lacs which has mainly resulted due to written back of excess provisions made under development expenses in the Accounting Year 2003-04.

FIXED DEPOSITS

The Company has not accepted Fixed Deposits from the Public.

STATUS OF REHABILITATION SCHEME

Based on the Audited Balance Sheet as at 31st December, 2003, the net worth of the Company stood positive and our Application to Board for Industrial & Financial Reconstruction to de-list our Company as a Sick Company is pending disposal.

FINANCE

The Company has during the year under review fully repaid unsecured loan of Rs. 152 lacs to Promoters alongwith interest and also cleared Promoters contribution of Rs. 117 lacs alongwith interest brought by the Promoters pursuant to the Rehabilitation Scheme of BIFR. The Company during the year under review has reduced its cash credit by paying Rs. 85 lacs to Bank of Maharashtra and as a result the cash credit facility during the year under review is Rs. 25 lacs with non-funded facilities of Rs. 50 lacs. Due to substantial reduction in borrowings, it will have a significant impact on our interest expense during the current year. During the current year the Company has invested in mutual funds Rs. 90 lacs from the fund realized in our Real Estate Division.

DEVELOPMENT OF GHATKOPAR PROPERTY

The Company has received during the year under review Rs. 470 lacs as advance from sale of flats under development at our Ghatkopar property from prospective buyers. The Company has mainly utilized the said amounts towards reducing cash credit facilities of Bank of Maharashtra and towards repayment of entire outstanding of Promoters loan and contribution brought by the Promoters.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The system and procedures of the Company are designed to ensure adequate internal controls to give true and accurate information to the Management. A firm of Chartered Accountants ensure adequacy of the internal controls, adherence to Company's policies & procedures, ensures statutory and other compliance through, periodical checks and internal audit.

OUTLOOK

During the year under review the Company continues to get orders on reasonable margins despite cheaper alternatives available in the market for Batching & Mixing Plants and Transit Mixers due to development of infrastructure projects activities all over the country. The Company continue to focus to reduce its input cost and procure orders on reasonable returns.

CORPORATE GOVERNANCE

A report on Corporate Governance and a Certificate from the Auditor's of the Company as prescribed under Clause 49 of the Listing Agreement are furnished as part of the Annual Report.

REGISTRAR AND SHARE TRANSFER AGENT

The Company has appointed Intime Spectrum Registry Ltd. having their office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078 as a Registrar & Transfer Agents both for physical & dematerialised shares and they will be taking over from previous Registrar & Transfer Agents MCS Limited with effect from 1st November, 2006. Necessary

resolution for the keeping of records of the Company like Annual Returns, Register of Member etc. by Intime Spectrum Registry Ltd. is being proposed at the ensuing Annual General Meeting.

DISCLOSURES OF PARTICULARS OF EMPLOYEES

As there are no employees getting remuneration exceeding the prescribed limits, particulars of employees as required under Section 217(2A) of the Companies Act, 1956 as amended, read with the Companies (Particulars of Employees) Rules, 1975 are not given.

DIRECTORS

Mr. N. H. Bhatt and Mr. Tarak A. Patel will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) That they 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, 2006 and of the profit of the Company for the period from 1st April, 2005 to 31st March, 2006;
- c) That they 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;
- d) That they have prepared the annual accounts on a going concern basis.

AUDITORS

The notes to Accounts referred to by the Auditors in their report to the Shareholders, are in the opinion of the Board, self-explanatory.

Messrs. Shah & Co., Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting. The Company has received a certificate pursuant to the provisions of Section 224 (1B) of the Companies Act, 1956, regarding the eligibility for re-appointment of Messrs. Shah & Co. your Directors recommend their re-appointment.

ACKNOWLEDGEMENTS

The Board takes this opportunity to express its whole-hearted appreciation for the dedicated service and contribution made by Employees. The Board also wishes to place on record the sustained support extended to the Company by its Shareholders.

On behalf of the Board of Directors

Mumbai, July 31, 2006

Ashok J. Patel
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

In addition to steps already taken earlier the Company is constantly trying to reduce the Energy consumption.

The information required under Rule 2 of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for Conservation of energy in Form - A is not given as the Company does not fall under the category of industries listed in Schedule annexed to Form - A.

B. TECHNOLOGY ABSORPTION

Research and Development

1. The Company continues its efforts by internal upgradation programme on Research and Development.
2. Computers are being used with latest software for design calculation in process engineering, drafting packages etc.
3. Particulars of imported Technology (imported during the last five years)

Technology Imported (Product)	Year of Import	Has Technology been fully absorbed	If not fully absorbed areas where this has not taken place, reason therefore and future plans of action
-	-	-	-

C. FOREIGN EXCHANGE

The particulars of foreign exchange inflow and outflow are given in the Schedule 13 forming part of the Financial Statement.

On behalf of the Board of Directors

Mumbai, July 31, 2006

Ashok J. Patel
Chairman

REPORT ON CORPORATE GOVERNANCE**1 CORPORATE GOVERNANCE PHILOSOPHY**

The Company is committed to good Corporate Governance. The Company has been following good principles of business over the years by following all the laws and regulations of the land with an emphasis on accountability and integrity. The code of Corporate Governance emphasises the transparency of systems to enhance the benefits to shareholders, customers, creditors and employees of the Company.

Your Company has complied with the requirements of the Corporate Governance Code as disclosed here in below:

2 BOARD OF DIRECTORS

The Board of the Company comprises of six Directors all are non-executive having wide range of skills and experience in the fields of management and industrial activities.

Name of Director	Category of Directorship	No. of Meetings held upto 31.03.2006	No. of Meetings attended	Number of Other Directorships (*)	Number of other Committee Memberships	Attendance at last AGM
Mr. Ashok J. Patel	Chairman Non-Executive	4	4	9	2	Yes
Mr. Anand J. Vashi	Director Non-Executive	4	4	5	4	Yes
Mr. Vinod N. Joshi	Director Non-Executive	4	0	0	3	No
Mr. N.V. Subramanyam	Director Non-Executive	4	4	0	3	Yes
Mr. Tarak A. Patel	Director Non-Executive	4	4	5	3	Yes
Mr. N. H. Bhatt	Director Non-Executive	4	4	7	4	Yes

* Includes Directorships in Public Limited Companies, Private Limited Companies & Foreign Companies.

3 DATE OF THE BOARD MEETINGS

The Board met 4 times on following dates during the financial year 2005-2006 and the maximum time gap between two meetings did not exceed four months :

28.04.05, 29.07.05, 17.10.05, 13.01.06