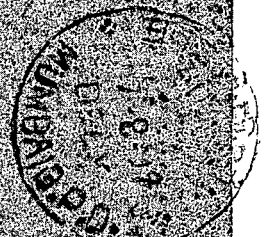


71st

**Annual Report
2008-2009**



SOMA TEXTILES & INDUSTRIES LIMITED



A SOMANY ENTERPRISE
Making technology pay



Annual Report 2008-2009

BOARD OF DIRECTORS

| | |
|--------------------|-------------------------------------|
| Shri S. K. Somany | (Chairman) |
| Shri A. K. Somany | (Managing Director) |
| Shri Shrikant Bhat | (Executive Director) |
| Shri B. L. Dhoot | |
| Shri B. K. Hurkat | |
| Shri B. H. Parghi | (Nominee Director - IDBI Bank Ltd.) |

COMPANY SECRETARY

Shri R. S. Sharma

AUDITORS

Pipara & Company
Chartered Accountants
104, N.R. House, Ashram Road,
Ahmedabad - 380009

BANKERS

Dena Bank Ltd.
State Bank of India Ltd.

REGISTERED OFFICE

2, Red Cross Place, Kolkata - 700 001

WORKS

- 1) Rakhial Road, Ahmedabad - 380 023
- 2) Plot No. D-49, MIDC, Baramati - 413 133,
Dist. Pune, Maharashtra

SUBSIDIARY

Soma Textile FZE, Hamriya Free Zone,
Sharjah, UAE

REGISTRAR & TRANSFER AGENT

Pinnacle Share Registry Pvt. Ltd.
Near Ashoka Mills, Naroda Road,
Ahmedabad - 380 025.

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ANNUAL REPORT 2008-2009**NOTICE**

NOTICE is hereby given that the 71st Annual General Meeting of the Members of Soma Textiles & Industries Limited will be held at Jhajharia Committee Room of Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata – 700 001 on, Monday, the 24th day of August, 2009 at 2.30 P.M. to transact the following business :-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereto.
2. To appoint a Director in place of Shri S. K. Somany, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification(s), the following resolutions:-

4. **Appointment of Shri Bajrang Lal Dhoot as a Director of the Company.**

As an Ordinary Resolution

"RESOLVE THAT pursuant to the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956 Shri Bajrang Lal Dhoot, who was appointed as an Additional Director of the Company and who, pursuant to the provisions of Section 260 of the Companies Act, 1956, and Article 91 of the Articles of Association of the Company holds office as Director upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice, in writing from a member along with a deposit of Rs. 500/-, pursuant to and in accordance with the provisions of Section 257 of the Companies Act, 1956, proposing the candidature of Shri Bajrang Lal Dhoot for the office of Director, be and is hereby appointed a Director of the Company, liable to retire by rotation."

5. **Appointment of Shri Brij Kishore Hurkat as a Director of the Company.**

As an Ordinary Resolution

"RESOLVE THAT pursuant to the provisions of Section 257 and other applicable provisions, if any of the Companies Act, 1956 Shri B. K. Hurkat, who was appointed as a Director of the Company with effect from 30th January, 2009 in the casual vacancy caused by the resignation of Shri Ashok C. Gandhi and who holds office in terms of the provisions of Section 262 of the Companies Act, 1956 and Article 92 of the Articles of Association of the Company up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing alongwith a deposit of Rs. 500/- from a members intimating his intention to proposed Shri B. K. Hurkat as a candidate for the office of a Director of the Company be and is hereby appointed a Director, liable to retire by rotation."

Registered Office:

2, Red Cross Place,
Kolkata - 700 001
Dated, the 30th June, 2009

By Order of the Board

R.S. SHARMA
Company Secretary

Notes :

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to item nos. 4 & 5 of the accompanying Notice is annexed hereto and forms part of this Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ATTACHED AND IF INTENDED TO BE USED, IT SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF COMMENCEMENT OF THE MEETING.**
3. Corporate Members/Trust/Society intending to send their authorized representatives for attending the Annual General Meeting are requested to send a duly certified copy of the Board/Managing Committee Resolution authorising their representatives to attend and vote on their behalf at the Annual General Meeting.
4. In case of Joint Holders attending the Meeting only such Joint Holders who is higher in names will be entitled to vote.



5. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 19th August, 2009 to Monday, the 24th August, 2009 (both days inclusive).
 6. Members are requested to notify change in their address in block letters, if any, quoting their folio number to the Company and/or Pinnacle Share Registry Private Limited, the Registrar & Transfer Agents (RTA) of the Company.
 7. Members/Proxies are requested to bring their copies of the Annual Report to the Meeting.
 8. Pursuant to the provisions of Section 205A of the Companies Act, 1956 and the Rules made thereunder, all unclaimed or unpaid dividends upto and including the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Members, who have so far not claimed or collected their dividends for the said financial years, may claim the same from the Registrar of Companies, West Bengal, Nizam Palace, IInd MSO Building, 234/4 A.J.C. Bose Road, Kolkata – 700 020 by submitting to them an application in Form II, prescribed under the Companies unpaid Dividend (Transfer to General Revenue Account of the Central Government), Rules 1978.
 9. Pursuant to the provisions of Section 205A read with 205C of the companies Act, 1956, all the unpaid and/or unclaimed Dividends upto the financial year ended 31st March 1998 have been transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. The Company has not declared any dividend for the financial year ended 31st March 1999 and upto financial year ended 31st March 2009.
- Shareholders may note that no claim shall lie against the Company or the said Fund in respect of any individual amounts which were unclaimed and unpaid for a period of 7 (Seven) years from the date(s), they first became due for payment, once transferred to the said fund and no payment shall be made in respect of any such claim.
10. As per the provision of Section 109A of the Companies Act, 1956, the Shareholders may avail of the nomination facility in respect of Equity Share held by them by submitting form 2B (in duplicate) prescribed by the Act, duly completed and signed to the Company's Registrar and Share Transfer Agents.
 11. Members who hold shares in physical form in multiple folios in identical order of names or joint accounts in the same order and names, are requested to send details of such folios together with Share Certificates to the Company's Registrar and Share Transfer Agents for consolidation in to a single folio.
 12. Members who wish to obtain any information, on the Company or its Accounts and operation may send their queries to the Company at least 10 days before the Meeting to keep the information ready at the meeting.
 13. Members who hold shares in dematerialised form are requested to bring their Depository ID and Client ID Numbers for easier identification of attendance at the Annual General Meeting.

Brief Resume and other information in respect of the Director, retiring by rotation seeking re-appointment and appointment of a Director at the Annual General Meeting as required under Clause 49 (IV) (G) of the Listing Agreement:-

Shri S.K. Somany, aged about 78 years, is an Industrialist and a promoter of the Company. He is a graduate in Commerce. He is currently a Director and Chairman of the Company. Besides this, Shri Somany is holding directorship in (a) Jamshri Ranjitsinghji Spinning & Weaving Mills Company Limited, (b) Nav Bharat Refrigeration & Industries Limited (c) Simplex Reality Limited, (d) Shreelekha Global Finance Limited and (e) Somany Evergreen Knits Limited. He is also Chairman of Somany Evergreen Knits Limited. Shri Somany has enriched himself with a business experience of over 5 decades and has a rich and vast all-round knowledge and experience in business and in Ceramic, Glass and Textiles Industry. Shri Somany is a member of the Remuneration Committee and Audit Committee of the Company, constituted in line with requirements of 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement on Corporate Governance. Shri Somany is also the Chairman of the Audit Committee of Jamshri Ranjitsinghji Spinning & Weaving Mills Company Limited and also a member of the Remuneration Committee of the said Company. He is also Chairman of Share Transfer Committee & Shareholders'/ Investors' Grievance Committee of the Company besides member of Share Transfer Committee of Simplex Reality Limited and Nav Bharat Refrigeration & Industries Limited.

Shri Somany retires from the Board by rotation at this meeting and being eligible, offers himself for re-appointment as Director of the Company.

A Brief profile of Sri Bajrang Lal Dhoot, the additional director and Shri B. K. Hurkat, appointed in the casual vacancy caused by the resignation of Ashok C. Gandhi, are given under item nos. 4 and 5 of the Explanatory Statement forming part of this notice as required under Clause 49 (IV) (G) of the Listing Agreement.

ANNUAL REPORT 2008-2009**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956****ITEM NO. 4**

The Board of Directors of the Company at its meeting held on 30th May, 2009 had appointed Shri Bajrang Lal Dhoot (Shri Dhoot) as an Additional Director of the Company with effect from 30th May, 2009. As such, he holds office upto the date of this Annual General Meeting under the provisions of Section 260 of the Companies Act, 1956 read with Article 91 of the Articles of Association of the Company. A notice in writing from a Member along with a deposit of Rs. 500/- under Section 257 of the Companies Act 1956 has been received by the Company, proposing the appointment of Shri Dhoot, as a Director of the Company. Shri Dhoot, aged about 77 years is a Intermediate in Art's by qualification. He has vast business experience. His long standing experience and knowledge will be useful to the Company. The Board recommends this Resolution for his appointment as a Director of the Company for approval of the Members of the Company. Shri Dhoot does not hold any Shares in Soma Textiles & Industries Limited as of date.

Except Shri Dhoot, no other Director is concerned or interested in the said Resolution as set out in item no. 4 of the accompanying Notice.

This explanatory statement may also be regarded as a disclosure under Clause 49 (IV) (G) of the Listing Agreement entered in to by the Company with the Stock exchange(s).

ITEM NO. 5

Shri B. K. Hurkat was appointed as a Director of the Company with effect from 30th January, 2009 pursuant to Section 262 of the Companies Act, 1956 and Article 92 of the Articles of Association of the Company to fill up the casual vacancy caused by the resignation of Shri Ashok C. Gandhi. Pursuant to the provisions of Section 262(2) of the Companies Act, 1956, Shri B. K. Hurkat holds office as a Director of the Company only up to the date of the ensuing Annual General Meeting of the Company, being the date up to which Shri Ashok C. Gandhi would have held office if it had not been vacated.

A notice in writing has been received from a Member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose Shri B. K. Hurkat as a candidate for the office of the Director of the Company. The requisite sum of Rs. 500/- has been duly received from such manner.

Shri B. K. Hurkat aged about 67 years, has a graduate degree in Commerce. He has vast business experience. The Board believes that it would, therefore, be in the interest of the Company to continue to have the benefit of his experience and expertise in the deliberations of the Board. The Board recommends this Resolution for his appointment as a Director of the Company for approval of the Members of the Company. Shri Hurkat does not hold any Shares in Soma Textiles & Industries Ltd. as of date.

Except Shri Hurkat, no other Director is concerned or interested in the said Resolution as set out in item no. 5 of the accompanying Notice.

This explanatory statement may also be regarded as a disclosure under Clause 49 (IV) (G) of the Listing Agreement entered in to by the Company with the Stock exchange(s).

Registered Office:

2, Red Cross Place,

Kolkata - 700 001

Dated, the 30th June, 2009

By Order of the Board**R.S. SHARMA**

Company Secretary


SOMA TEXTILES & INDUSTRIES LIMITED
DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 71st Annual Report of the Company, along with audited statements of Accounts for the year ended 31st March, 2009. The summarized financial results are given below:

1. SUMMARISED FINANCIAL RESULTS:

| | 2008-09 | (Rs. in lacs) 2007-08 |
|--|---------|--------------------------|
| Turnover | 15,707 | 19,261 |
| Other Income | 953 | 984 |
| Total Income | 16,660 | 20,245 |
| Profit/(Loss) Before Depreciation, Exceptional Items, Extra Ordinary items and Tax | (1850) | 662 |
| Less : Depreciation | 1,651 | 1,568 |
| Profit/(Loss) Before Exceptional Items, Extra Ordinary items and Tax | (3,501) | (906) |
| Less : Exceptional Items | (442) | 75 |
| Less : Extraordinary Items | — | 547 |
| Profit / (Loss) before Tax | (3,059) | (1,528) |
| Less : Taxes | 16 | 8 |
| Less : Deferred Tax Liabilities / (Assets) | (238) | 224 |
| Net Profit / (Loss) for the year | (2,837) | (1,760) |
| Balance brought forward from previous year | 541 | 2,301 |
| Balance carried to Balance Sheet | (2,296) | 541 |

2. DIVIDEND

Your Directors do not recommend any dividend for the year 2008-09, in view of net loss during the year.

3. RESULTS OF OPERATIONS

During the year under review, the operations of the Company were severally affected due to increase in the input cost of major raw materials like cotton, dyes & chemicals, power & fuel and high volatility in foreign exchange market which coupled with global recession lead to lack of demand and drop in consumer sentiments. The Company had to exercise caution in giving material due to non availability of finance in trade circle. The Company had to resort to reduce its production. All these factors affected the Company's operations and to overcome this distressed situation, the Company has requested the lenders to refer the matter to Corporate Debt Restructuring (CDR) Cell and accordingly IDBI Bank Limited, the lead financial institution referred the matter to Corporate Debt Restructuring (CDR) Cell and the same was approved.

During the year, due to the reasons mentioned above, the turnover of the Company was lower by 18.45% at Rs. 15,707 lacs as compared to Rs. 19,261 lacs in the previous year.

The Company has incurred a net loss of Rs. 2,837 lacs against the previous year net loss of Rs. 1,760 lacs.

4. CORPORATE DEBT RESTRUCTURING

Your Company has been granted a Restructuring Package by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009 for restructuring the Company's existing financial assistance availed of from the Institutional Lenders and Working Capital Banks, and sanctioning additional financial assistance to the Company in the manner and to the extent set out in the LOA. Once the scheme is implemented, the financial distress on the Company will be eased out to some extent. The salient features of the scheme are injection of fresh working capital with concession in the bank charges, reduction in margins, fresh term loan for completion of pending capital projects, funding of interest, reduction in interest rate, moratorium and deferment of principal repayments. The cut off date for the restructuring was 30th September, 2008.

5. COTTON

It is quite natural for our Government to increase the minimum support price to enable the farmers to earn by selling their produce at a higher value. This would result in increased cultivation of cotton in terms of acreage and by using better quality seed to obtain higher yield. On the eve of the general election, the Government steeply increased the minimum support price by 40% which resulted in a sharp increase in prices which gradually would have to be passed on to the consumer.

However, cotton is now available at a reasonable price from the CCI and NAFED, both Government organizations, and positive signs of revival of the textile industry are visible.

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6. EXPORT

Indian textile products are incompetent in the world market due to additional support being provided to competing countries by their respective Governments. The Indian Textile Industry has a good potential for further increasing export but only with the support from our Government by way of soft Bank loans, reduced margin money, and timely payment of export incentives.

Exports in terms of FOB for the year under review were Rs. 3,584 lacs, a decrease of 13.37%.

7. EXPANSION AND MODERNISATION

The Company shall incur capital expenditure as sanctioned by the lenders under Corporate Debt Restructuring mechanism for completing the Garment project and essential capital expenditure in existing fabric process house.

8. SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act, 1956 the Audited Statement of Accounts and the Auditors' Report for the year ended 31st March, 2009 of the Company's wholly owned subsidiary Soma Textile "FZE" Sharjah, UAE is attached to this report. The statement required under Section 212 of the Companies Act, 1956 in respect of the Subsidiary Company is also appended to this report.

9. CONSOLIDATED ACCOUNTS

The Directors present the Consolidated Financial Statements duly incorporating the accounts of Soma Textile FZE, Sharjah, UAE, a wholly owned subsidiary of the Company for the year ended 31st March, 2009. As stipulated by Clause 32 of the Listing Agreement(s), Consolidated Financial Statements have been prepared in accordance with Accounting Standard AS - 21 and the same has been annexed to this Annual Report.

10. CASH FLOW STATEMENT

As required under Clause 32 of the Listing Agreement with the Stock Exchange(s), in India, a Cash Flow Statement, as prepared in accordance with the Accounting Standard on Cash Flow Statement (AS 3) issued by the Institute of Chartered Accountants of India (ICAI), is given along with Balance Sheet and Profit and Loss Account.

11. INSURANCE

All the properties of our Company have been adequately insured against fire, flood, earthquake, and explosive risks.

12. PUBLIC DEPOSITS

The Company has not accepted any deposit nor has it any outstanding deposit as defined under Section 58A of the Companies Act, 1956.

13. DELISTING OF GLOBAL DEPOSITORY RECEIPTS (GDRs)

GDRs issued by the Company during the year 2006-07 were listed on the Luxembourg Stock Exchange (LSE). The Luxembourg Stock Exchange (LSE) has, vide its letter dated 30th December, 2008, confirmed delisting of the said GDRs from their Exchange w.e.f. 2nd January, 2009 as per the application made by the Company upon extinguishment of the entire GDRs by way of conversion into equity shares of the Company during the year under review.

14. DIRECTORS

Appointment

Shri B. H. Parghi, has been nominated by IDBI Bank Ltd. as its Nominee Director on the Board of the Company effective from 26th May, 2009. Shri B. K. Hurkat (Shri Hurkat) has been appointed as a Director with effect from 30th January, 2009 to fill in the casual vacancy caused by the resignation of Shri Ashok C. Gandhi, effective from 28th October, 2008. Shri Bajrang Lal Dhoot (Shri Dhoot), has been appointed as an Additional Director on the Board of the Company effective from 30th May, 2009. Shri Hurkat and Shri Dhoot hold office as directors upto the date of this Annual General Meeting and being eligible offer themselves for re-appointment.

Cessation

ICICI Bank Ltd. has withdrawn Shri Anupam Verma, as its Nominee Director from the Board of Directors of the Company with effect from 30th October, 2008. Shri Ashok C. Gandhi and Shri Prafull Anubhai Shah Directors of the Company have resigned from the Board with effect from 28th October, 2008 and 30th May, 2009 respectively. Shri D. K. Thirani, who was inducted on the Board as an additional Director, effective from 30th January, 2009, has also resigned from the office of Director with effect from 1st June, 2009.

The Board Members took on record their deep appreciation and gratitude for the appreciation of their valuable services rendered by Shri Gandhi, Shri Shah and Shri Verma during their association with the Company. The Board also recorded its appreciation for the services rendered by Shri D. K. Thirani during short span, as Director on the Board.

Rotation

Shri S. K. Somany, Director of the Company retires at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment.

The Board recommends the appointment of Sarvashree S. K. Somany, Shri B.K. Hurkat and Shri B.L. Dhoot.

**15. CORPORATE GOVERNANCE**

Your Company is committed to the principles of good Corporate Governance and the Board lays strong emphasis on transparency, accountability and integrity. Your Company has taken adequate steps to comply with all the requirements of the code of Corporate Governance as per Clause 49 of the Listing Agreement and pursuant thereto a separate Report on Corporate Governance alongwith Auditors' Certificate on its compliance is annexed as a part of this Annual Report.

16. MANAGEMENT DISCUSSION AND ANALYSIS

A Report on Management Discussion and Analysis is presented separately pursuant to the provisions of the Corporate Governance, under Clause 49 of the Listing Agreement forming part of this Annual Report.

17. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed –

- (i) that in the preparation of the accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any ;
- (ii) that the 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 at the end of the financial year and of the loss of the Company for the year under review ;
- (iii) that 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 ; and
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

18. AUDITORS

M/s Pipara & Company, Chartered Accountants, Ahmedabad, who are the Statutory Auditors of the Company, continue to hold office until the conclusion of the 71st Annual General Meeting of the Company and being eligible offer themselves for re-appointment. The Board recommends the re-appointment of M/s. Pipara & Co., Chartered Accountants, as the Statutory Auditors of the Company.

19. AUDITORS' REPORT

The Statutory Auditors' of the Company have made certain comments in their Audit Report on the Accounts of the Company for the accounting year ended 31st March, 2009. In response to their observation, reference is made to Note No. 25 of Schedule 21 (B) to the Accounts, which is self explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956. The Directors' Report should be read in conjunction with the Auditors' Report and Notes to Accounts annexed hereafter.

20. COST AUDITORS

Subject to the approval of the Central Government, the Board has appointed M/s. N D Birla & Co., Cost Accountants, Ahmedabad, as Cost Auditors of the Company for the financial year ending 31st March, 2010. Necessary application has been submitted to the Central Government within the stipulated time.

21. PARTICULARS OF EMPLOYEES

Particulars of employees as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, from time to time, forms part of this Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Act, the Report and Accounts are being sent to all the members excluding the statement containing the particulars of employees to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

22. ADDITIONAL INFORMATION

As required under Section 217(1)(e) of the Companies Act, 1956 and the Rules made thereunder, the concerned particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure, which is attached hereto and forms a part of the Directors' Report.

23. ACKNOWLEDGEMENT

The Directors thank all its employees for their contribution and the shareholders, customers, Government Authorities, Financial Institutions and bankers for their continued support.

On behalf of the Board

Place : Ahmedabad
Date : 30th June, 2009

S. K. SOMANY
Chairman

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ANNEXURE TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY :

- a) Energy Conservation measures taken :
 - Used transparent poly carbonate sheet at various production areas & warehouse for utilising daylight.
 - Achieved unity power factor to get maximum power factor rebate by installing power capacitors.
 - Installed self driven turbo ventilators at denim & process house instead of motorized exhaust fans.
 - Energy efficient light fixtures installed at Garment manufacturing unit.
 - Condensate recovery pump installed at Garment manufacturing unit.
 - Installation of solid fuel fired FBC Boiler, to save on fuel cost.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
 - The Company continues to focus on its efforts for further improvement in energy saving in the coming years.
- c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :
 - The above measures of energy conservation have resulted in savings of power & fuel during the year under review
- d) Total energy consumption and energy consumption per unit of production:
 - As per prescribe Form A :

FORM – A

Form of disclosure with respect to Conservation of Energy

A. POWER & FUEL CONSUMPTION

| | <u>Current Year</u> | <u>Previous Year</u> |
|---|---------------------|----------------------|
| 1. a. Purchased | | |
| Unit (in thousands KWH) | 40995 | 52669 |
| Total Amount (Rs. in lakhs) | 1891.99 | 2064.93 |
| Rate / Unit (Rs.) | 4.62 | 3.92 |
| b. Own Generation | | |
| - Through Diesel / FO Generator Unit (in thousands KWH) | — | 1101 |
| - Unit per Ltr. Of Diesel | — | 4.01 |
| - Cost/Unit (Rs.) | — | 5.35 |
| - Through Steam Turbine /Generator | — | N.A. |
| 2. Coal-Lignite (Specify Quality & where used) | | |
| Quantity (Tons) | 8381 | 3654 |
| Total Cost (Rs. in lakhs) | 361.93 | 184.71 |
| Average rate per ton (Rs.) | 4318.39 | 5054.72 |
| 3. Furnace Oil | | |
| Quantity (KL) | — | 266 |
| Total Cost (Rs. in lakhs) | — | 56.52 |
| Average rate per Ltr. (Rs.) | — | 21.23 |
| 4. Light Diesel Oil / High Speed Diesel | | |
| Quantity (KL) | — | 8 |
| Total Cost (Rs. in lakhs) | — | 2.36 |
| Average rate per Ltr. (Rs.) | — | 28.07 |
| 5. CNG | | |
| Quantity (SCM in thousands) | 972 | 2839 |
| Total Cost (Rs. in lakhs) | 254.76 | 427.90 |
| Average rate per SCM (Rs.) | 26.20 | 18.30 |
| 6. Others /Internal Generation | N.A. | N.A. |

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Products

Standard

Cotton, man-made & blended Fabrics, Yarn, Jeans, Trousers & Shirts

There is no prescribed standard. It is not possible to work out such details from the records maintained by the Company in accordance with the Companies Act, 1956 in view of the different types of the products and varied processes.

B. TECHNOLOGY ABSORPTION:**Form – B****Disclosure of particulars with respect to absorption****A. RESEARCH & DEVELOPMENT (R&D)**

Research and Development activities are carried out to improve the product quality and with the aim of developing products which are superior in performance and competitive in cost. These efforts are ongoing and efforts are given on innovations.

1. SPECIFIC AREAS IN WHICH R&D IS CARRIED OUT BY THE COMPANY

- ◆ Introduction of ring spun yarn with latest state of art machinery for catering to high-end export market.
- ◆ Development of various finishes on denim, shirting and bottom weight fabrics.
- ◆ Introduction of various structure and dobby designs in fabric range.
- ◆ Introduction of various dyeing styles by combination in bottoming and topping with indigo on denim fabrics.
- ◆ Introduction of two tone fabrics for bottom weight fabrics.
- ◆ Seasonal collections as per market trends.

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D

- ◆ Improved production efficiency, with consistency in quality products and better product mix.
- ◆ Meeting the requirement of international customers and getting regular export orders from the reputed international buyers.

3. FUTURE PLAN OF ACTION

- ◆ To introduce pigment coating and other specialized coating fabrics for further penetration in international market.
- ◆ To further refine technology at all the stages to match global requirements and end customer satisfaction.
- ◆ To focus on niche segment of specialized fabrics.

4. EXPENDITURE INCURRED ON R&D

| | 2008-09 | (Rs. in lacs) 2007-08 |
|--|---------|--------------------------|
| a) Capital | — | 21.27 |
| b) Recurring | 36.29 | 36.21 |
| c) Total | 36.29 | 57.48 |
| d) Total R&D Expenditure as percentage of turnover | 0.23 | 0.29 |

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

- ◆ Zinser Ring Frames with Auto Doffing system along with high production Cards.

C. FOREIGN EXCHANGE EARNING & OUTGO

Used Rs. 615 lacs (Previous Year Rs. 1,526 lacs), Earned Rs.3,584 lacs (Previous Year Rs. 4,137 lacs)

On behalf of the Board

Place : Ahmedabad
Date : 30th June, 2009

S. K. SOMANY
Chairman