



ANNUAL REPORT 2005-2006

STM

SURAT TEXTILE MILLS LIMITED

BOARD OF DIRECTORS

| | |
|----------------|-------------------------|
| M. R. Momaya | Wholetime Director |
| S. M. Vig | Director |
| Y. C. Papaiya | Director |
| M. Parmeswaran | Nominee Director of UTI |

AUDITORS

Messrs Natvarlal Vepari & Co.,
Chartered Accountants

BANKERS

Dena Bank

REGISTERED OFFICE

Garden Mills' Complex,
Sahara Gate,
Surat 395 010

MANUFACTURING FACILITIES

- i. Varachha Road, Surat 395 006.
Tel.: (0261) 2548444, 2551192
Fax: (0261) 2553346
- ii. Village Vareli,
Taluka Palsana,
Dist. Surat 394 327
Tel. No. (02622) 276046
- iii. Village Jolva, Taluka Palsana,
Dist. Surat 394 305
Tel. No. (02622) 273287, 273289
- iv. Survey No. 285, Village Khadoli,
Silvassa-Khanvel Road,
Silvassa (DNH)
Tel. No. (0260) 2699009

REGISTRARS & TRANSFER AGENTS

MCS Limited,
Neelam Apartment,
88, Sampatrao Colony, Alkapuri,
Baroda 390 007.
Tel. No. (0265) 2339397, 2314757
Fax No. (0265) 2341639.
e-mail: mcsbaroda@iqara.net

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("Surat Textile Mills Limited" formerly known as "Garden Cottons & Yarns Ltd.")

**60th Annual General Meeting on Thursday, 31st August, 2006 at 10.30 a.m.
at Garden Mills Complex, Sahara Gate, Surat 395 010**

NOTICE

NOTICE is hereby given that the Sixtieth Annual General Meeting of the Members of **SURAT TEXTILE MILLS LIMITED** will be held at the Registered Office of the Company at **Garden Mills' Complex, Sahara Gate, Surat 395 010** on Thursday, 31st August, 2006, at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2006, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Y. C. Papaiya, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**.

"RESOLVED THAT M/s. Natvarial Vepari & Company, Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed upon between the Board of Directors and the auditors."

By Order of the Board of Directors

M. R. Momaya
Wholtime Director

Surat, 30th June, 2006.

NOTES:

- (1) **A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company.**

The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the Meeting.

- (2) In terms of Section 224A of the Companies Act, 1956, a Special Resolution is proposed to be passed for the appointment of the auditors of the Company as the aggregate of shareholdings of the nationalised banks and financial institutions exceeds 25% of the subscribed capital of the Company.
- (3) The Company has already notified closure of Register of Members and Transfer Books from Thursday, 24th August, 2006 to Thursday, 31st August, 2006 (both days inclusive).
- (4) Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.

- (5) The Company has transferred all unpaid / unclaimed dividends declared upto the financial year ended March 31, 1995 to the General Revenue Account of the Central Government as required under the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978 (the Rules). Members who have not so far claimed or collected their dividends declared up to the aforesaid financial year are requested to claim such dividends from the Registrar of Companies - Gujarat, Opp. Rupal Park Flats, Near Ankur Bus Stand, Naranpura, Ahmedabad 380 013.
- (6) Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid / unclaimed dividends for the financial year 1995-96 to the **Investor Education and Protection Fund (IEPF)** established by the Central Government.
- (7) Members who hold Shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents for consolidation in to a single folio.
- (8) Members seeking any information or clarification on the Accounts are requested to send their queries in writing to the company, at least one week before the date of the meeting.
- (9) The Shareholders may kindly note that as mandated by the Securities & Exchange Board of India (SEBI), the Equity Shares of the Company are traded in compulsory dematerialised form by all the investors since 17th January, 2000.
- (10) Pursuant to the provisions of Section 109A of the Companies Act, 1956, Members are entitled to make a nomination in respect of Shares held by them. Members desirous of making a nomination are requested to send their requests in Form No. 2B to the Company's Registrar and Share Transfer Agent - MCS Limited.
- (11) Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company at its Registered Office a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
- (12) **Re-appointment of Directors:** At the ensuing Annual General Meeting, Shri Y. C. Papaiya retires by rotation and being eligible offer himself for re-appointment. The details pertaining to this Director required to be provided pursuant to Clause 49 of the Listing Agreement are furnished in the Statement on Corporate Governance published elsewhere in this Report.

By Order of the Board of Directors

M. R. Momaya
Wholtime Director
Surat, 30th June, 2006.

DIRECTORS' REPORT

To the Members of SURAT TEXTILE MILLS LIMITED

The Directors hereby present their Sixtieth Annual Report on the business and operations of the Company together with the audited statement of accounts of the Company for the year ended 31st March, 2006.

FINANCIAL RESULTS

| | (Rs. in Lacs) | |
|--|---------------|----------|
| | 2005-06 | 2004-05 |
| Gross Sales and Job Charges Income | 22357.19 | 11318.77 |
| Profit before interest, depreciation and tax | 375.26 | 113.60 |
| Financial Charges (Net) | 150.54 | 48.95 |
| Profit before Depreciation and Tax | 224.72 | 64.65 |
| Depreciation | 183.35 | 184.91 |
| Profit / (Loss) before Tax | 41.37 | (120.26) |
| Provision for Tax. | 1.00 | 0.00 |
| Net Profit / (Loss) after Tax | 40.37 | (120.26) |

OPERATIONS :

During the year under review, the gross turnover was higher, primarily due to increase in volume of business. Sales of Polyester Filament Yarn increased to 9091 MT from 7475 MT in the previous year, sales of Polyester Chips was higher at 1133 MT compared to 1032 MT in the previous year and sales of Spun Yarn increased to 1151 MT from 1093 MT in the previous year. However, average price realisation for these products was lower due to highly competitive market conditions. The fluctuating raw material prices continued to exert pressure on the margins. At the same time, it offered some trading opportunities for the Company to increase its turnover.

REFERENCE UNDER SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985 :

The reference made by the Company U/s.15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 was registered by the Board for Industrial and Financial Reconstruction (BIFR) in March, 2003. At present the matter is pending before the Appellate Authority for Industrial & Financial Reconstruction (AAIFR).

MANAGEMENT DISCUSSION & ANALYSIS :

Industry Scenario and Outlook

The Indian economy has accelerated the growth rate to 8.1% in 2005-06 up from 7.5% in 2004-05. Other economic indicators like foreign exchange reserves, improved FDI remittances and exports are showing a healthy growth.

The raw material prices are expected to go up and is likely to put pressure on margins. The Company hopes to counter this effect by improved product-mix. In Spun Yarn activity, the operating margins are likely to remain under pressure due to lower price realisation.

During the year under review, the market of Polyester Filament Yarn remained subdued. Higher raw material prices, the slow pace of growth in demand and increase in supply due to capacity expansion by large players were contributing factors. The PFY Spinning industry has gone through a difficult period.

Opportunities, Threats & Challenges

The continuing demand sluggishness and oversupply situation does not indicate an immediate upswing in the performance of polyester industry. However, with a lot of global feedstock capacities expected to go onstream, this may result in a softening of feedstock prices and improvement of margins. The Company can look forward to positive long term prospects.

The rising oil prices could result in higher input prices, especially polyester and fuel, and higher inflation, which may push up the cost structure.

The Company expects to sustain the operations in Polyester Chips and POY Division due to contribution from their operations in the short term. However, the contribution is not enough for the Company to service the huge long-term debt.

Internal Control Systems

The Company has an adequate system of internal controls implemented by the management towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with applicable laws.

The system is improved and modified continuously to meet with changes in business conditions, statutory and accounting requirements. A qualified and independent Audit Committee of the Board of Directors reviews the internal audit reports and the adequacy of internal controls.

Environment and Safety

The Company is conscious of the need for an environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include change in Government regulations, tax laws, economic and political developments within and outside the country and such other factors.

DIRECTORS' REPORT (Contd.)**DIRECTORS :**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Shri Y. C. Papaiya retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

The information on the particulars of Directors seeking appointment / re-appointment as stipulated under Clause 49 of Listing Agreements with the Stock Exchanges, are provided in the Report on Corporate Governance forming part of the Annual Report.

FIXED DEPOSITS :

The Company has not accepted any public deposits within the meaning of Section 58A of the Companies Act, 1956 and, as such, no amount on account of principal or interest on public deposits was outstanding on the date of the Balance Sheet.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information relating to technology absorption, foreign exchange earnings and outgo required to be disclosed under Rule 2 of the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1998, is given in the annexure and forms an integral part of this report.

PERSONNEL :

None of the employees of the Company are in receipt of remuneration prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS & THEIR OBSERVATION :

M/s Natvarlal Vepari & Co., Chartered Accountant, Statutory Auditor of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their re-appointment if made, would be within the limit under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

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 that:

- (1) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation given in the notes to accounts, relating to material departures;
- (2) the Directors have selected such accounting policies and applied them 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 March 31, 2006, and of the Profit of the Company for the year ended on that date;
- (3) 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
- (4) the Directors have prepared the Annual Accounts on a 'going concern' basis.

CORPORATE GOVERNANCE :

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance practices followed by the Company together with the certificate from the Company's Auditors confirming compliance is set out in the annexure forming part of this Report.

LISTING :

The Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and Ahmedabad Stock Exchange Limited. The Shares are under compulsory dematerialisation list of the SEBI. There are no arrears on account of payment of listing fees to the stock exchanges.

ACKNOWLEDGEMENTS :

Your Directors take this opportunity to express their appreciation to business associates for their support and contribution during the year. Your Directors also thank all the shareholders, customers, suppliers and bankers for their continued support and all the employees of the Company for their diligence and contribution during the year.

By Order of the Board of Directors

Surat, 30th June, 2006

M. R. Momaya
Wholtime Director

ANNEXURE "A" 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 and forming part of the Directors' Report.

I. CONSERVATION OF ENERGY:

a. Measures taken for conservation of energy:

- Primary heater firing mode switched over to natural gas in place of F.O. resulted in saving in fuel cost per kg. of product.
- Conversion of steam boiler firing on natural gas under planning to save on fuel for hot stand-by equipment requirement earlier fulfilled by F.O. firing.

- Installed inverter drive on air compressor.
 - Replaced pulley in blow room HF Plant to reduce fan RPM thereby saving in power.
- b. Impact of above measures for reduction of energy consumption and consequent impact on the cost of production:
- Reduction of fuel / electricity consumption and power savings.
- c. Total energy consumption and energy consumption per unit of production as per Form "A" as per annexure to the Rules.

FORM "A"
Form for Disclosure of Particulars with respect to Conservation of Energy

| | 2005-06 | 2004-05 |
|--|-----------|-----------|
| A. Power And Fuel Consumption | | |
| 1. Electricity | | |
| a. Purchased Unit in lacs | 176.66 | 164.90 |
| Total amount Rs. in lacs. | 969.26 | 913.30 |
| Rate / Unit Rs. | 5.49 | 5.54 |
| b. Own Generation | | |
| i. Through Diesel Generator | | |
| Units in lacs | NIL | NIL |
| Units per Ltr. of Diesel Oil | NIL | NIL |
| Unit per SCM of Gas Consumption | NIL | NIL |
| Cost / Unit Rs. | NIL | NIL |
| ii. Through Steam turbine / Generator | | |
| Units | NIL | NIL |
| Units per Ltr. Of fuel oil / gas | NIL | NIL |
| Cost / Unit Rs. | NIL | NIL |
| 2. Coal / Lignite for Generation of Steam | | |
| Quantity (M.T.) | NIL | NIL |
| Total Cost Rs. in lacs | NIL | NIL |
| Average rate Rs. / M.T. | NIL | NIL |
| 3. Furnace Oil | | |
| Quantity (K.Ltrs.) | 743 | 2587 |
| Total Amount Rs. in Lacs. | 103.72 | 313.47 |
| Average rate Rs. / Ltr. | 13.96 | 12.11 |
| 4. Others / Internal generation | | |
| Quantity | NIL | NIL |
| Total Cost | NIL | NIL |
| Rate / Unit Rs. | NIL | NIL |
| B. Consumption Per Unit of Production | | |
| Product Details | SPUN YARN | SPUN YARN |
| Unit | Kg. | Kg. |
| Electricity (Unit) * | 5.36 | 6.11 |
| Product Details | PFY | PFY |
| Unit | Kg. | Kg. |
| Electricity (Unit) * | 1.03 | 0.94 |
| Product Details | CHIPS | CHIPS |
| Unit | Kg. | Kg. |
| Electricity (Unit) * | 0.15 | 0.13 |
| Furnace Oil | NIL | NIL |
| Coal / Lignite (Kg.) | NIL | NIL |
| Others | NIL | NIL |

* The variation in consumption of Electricity per unit of production is due to changes in product mix.

ANNEXURE "A" TO THE DIRECTORS' REPORT (Contd.)

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

Research and Development

1. Specific areas in which R & D carried out by the Company:

The Company has no specific Research & Development Department however, the Company has quality control department to check the quality of different products manufactured.

Benefits derived as a result of the above efforts:

The Company has been continuously improving the quality of its existing products and also been able to reduce the cost of production.

3. Future Plan of Action :

Management is committed to strengthen quality control department, further to improve its competitiveness in times to come.

4. Expenditure on R & D:

The Company, from time to time incurs capital expenditure, exposes itself to better technology and keeps itself abreast of technological improvements.

Technology Absorption, Adaptation and Innovation

1. Efforts in brief, made towards absorption, adaptation and innovation:

Modifications of process and products are carried out from time to time to suit market requirements and to improve operational efficiency.

2. Benefits derived as a result of the above efforts:

Better quality of yarn will be produced at low costs.

3. Particulars of Technology Imported:

The technology used by the Company is indigenously developed and no technology has been imported.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Details relating to foreign exchange earnings and outgo are given in Note No.15 of Schedule 13 annexed to the accounts.

By Order of the Board of Directors

Surat, 30th June, 2006.

M. R. Momaya
Wholetime Director

Report  Junction.com

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your company is committed to the principles of good governance. The Company strongly believes in fair, efficient and transparent business operations, fairness to all stakeholders in the company, proper disclosure of relevant financial and non-financial information and enhancing shareholder value on a continuing basis.

II. BOARD OF DIRECTORS:

(a) Composition of the Board:

The Board of Directors consists of professionals drawn from diverse fields. As of the year ended 31st March, 2006, the Board of Directors had four members comprising 1 Executive Director and 3 Non-Executive Directors including a nominee from institution.

The composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which he is a member / chairman are as under.

| Name of Director | Category of Directorship | Directorship in other companies | No. of other Board / Committee/s of which he is a member | No. of other Board / Committee/s of which he is a Chairperson |
|--------------------|----------------------------|---------------------------------|--|---|
| Mr. M. R. Momaya | Executive Director | None | None | None |
| Mr. S. M. Vig | Non-executive, Independent | None | None | None |
| Mr. Y. C. Papaiya | Non-executive, Independent | None | None | None |
| Mr. M. Parmeswaran | Non-executive, Independent | None | None | None |

Excludes Alternate Directorship, Directorship in Indian Private Limited Companies and foreign companies and membership of management committees of various bodies.

(b) Board Procedure

The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. All the items on the Agenda are accompanied by notes given comprehensive information on the related subject. The Agenda and the relevant notes are sent in advance separately to each Director and only in exceptional cases, the same is tabled at the meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

(c) Attendance of each Director at the Board Meetings and the last Annual General Meeting.

5 Board Meetings were held during the financial year ended 31st March, 2006. The Company has held at least one Board meeting in every three months and the maximum time gap between any such two meetings was not more than four months. The dates on which the meetings were held are as follows:

23rd May, 2005, 28th June, 2005, 28th July, 2005, 26th October, 2005 and 30th January, 2006

The attendance of each of the Directors at the said Board Meetings is given below:

| Name of Director | No. of Meetings attended during 2005-2006 |
|--------------------|---|
| Mr. M. R. Momaya | 05 |
| Mr. S. M. Vig | 04 |
| Mr. Y. C. Papaiya | 04 |
| Mr. M. Parmeswaran | 00 |

All Directors except Mr. M. Parmeswaran attended the Annual General Meeting of the Company held on 6th September, 2005.

CORPORATE GOVERNANCE REPORT (Contd.)

III. AUDIT COMMITTEE:

The Board of Directors has constituted an Audit Committee of Directors to exercise powers and discharge functions as stipulated in Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement with Stock Exchanges and other relevant statutory / regulatory provisions. The Audit Committee of Directors consists of three Non-Executive Directors viz.: Mr. Y. C. Papaiya as Chairman of the Committee and Mr. S. M. Vig and Mr. M. Parmeswaran as members.

Besides the Committee Members, representative from various divisions of the Company, internal auditors and Secretary who is acting as Secretary to the Audit Committee were also present at the meetings to answer the queries raised by the committee members.

The Audit Committee met three times during the financial year 2005-2006 on 28.07.2005, 29.09.2005 and 23.01.2006. Mr. Y. C. Papaiya and Mr. S. M. Vig were present for each of the three meetings.

IV. REMUNERATION COMMITTEE:

The remuneration committee consists of three Non-executive Directors viz.: Mr. Y. C. Papaiya, Mr. S. M. Vig and Mr. M. Parmeswaran, as members. The terms of reference of the Remuneration Committee in brief pertain to determining the Company's policy on and approve specific remuneration packages for executive directors after taking into the account financial position of the company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, interest of the company and shareholders etc.

During the year, one meeting was held on 27th July, 2005 and Mr. Y. C. Papaiya, Mr. S. M. Vig were present at the meeting.

The Company pays sitting fee to all Directors other than the Wholtime Director, for attending each meeting of the Board and / or Committee thereof. Sitting fees paid for the year ended 31st March, 2006, are as follows:

Mr. S. M. Vig Rs. 25,000/-, Mr. Y. C. Papaiya Rs. 25,000/-.

V. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:

The members of the Shareholders' / Investors' Grievance Committee of Directors are Non-Executive Directors viz. Mr. Y. C. Papaiya and Mr. S. M. Vig. The Committee is headed by Mr. Y. C. Papaiya and the Secretary has been designated as the compliance officer.

During the year 71 complaints were received from Shareholders which were duly replied to / resolved. No complaint was pending as on 31st March, 2006.

VI. GENERAL BODY MEETINGS:

The details of Annual General Meetings held in last three years are as under :

| Year | Location | Date | Time |
|---------|--|------------|------------|
| 2002-03 | Garden Mills Complex, Sahara Gate, Surat | 25.09.2003 | 10.30 a.m. |
| 2003-04 | Garden Mills Complex, Sahara Gate, Surat | 24.08.2004 | 10.30 a.m. |
| 2004-05 | Garden Mills Complex, Sahara Gate, Surat | 06.09.2005 | 10.30 a.m. |

No resolutions have been put through postal ballot at the last Annual General Meeting. Similarly, there are no resolutions, which are required to be put through postal ballot at this Annual General Meeting.

VII. CODE OF CONDUCT:

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management. The said Code has been communicated to the Directors and the Members of the Senior Management.

VIII. INSIDER TRADING:

Code of Conduct for Prevention of Insider Trading.

The Securities and Exchange Board of India (SEBI) has, effective February 20, 2002 introduced amendments to the existing Insider Trading Regulations of 1992 which contain new action steps by corporates and other market intermediaries for the purpose of prevention of Insider Trading.

Pursuant to the above requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted a 'Code of Conduct for Prevention of Insider Trading' (The Code) with effect from October 1, 2002. The Code is applicable to all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company.

CORPORATE GOVERNANCE REPORT (Contd.)

IX. DISCLOSURES:

- (a) **Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large.**

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of the Company at large.

Transactions with related parties as per requirements of Accounting Standard (AS-18) - 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India are disclosed in Note No.10 of Schedule 13 to the Accounts in the Annual Report.

- (b) **Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:**

The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

X. MEANS OF COMMUNICATION:

- (a) The Quarterly (Unaudited) Financial Results are sent to Listed Stock Exchanges and are normally published in The Indian Express (English), Baroda Edition, Dhabkar (Vernacular), Surat Edition.
- (b) Management Discussion and Analysis report forms part of the Directors Report.

XI. GENERAL SHAREHOLDER INFORMATION:

- (a) **60th Annual General Meeting:**

Date : Thursday, 31st August, 2006.
 Time : 10.30 a.m.
 Venue : Registered Office of the Company at
 Garden Mills Complex,
 Sahara Gate,
 Surat 395 010.

- (b) **Financial Calendar (2006-07) : April 2006 to March 2007**
 Results for the quarter ending June 30, 2006 : Last week of July, 2006
 Results for the quarter ending September 30, 2006 : Last week of October, 2006
 Results for the quarter ending December 31, 2006 : Last week of January, 2007
 Results for the year ending March 31, 2007 : Before end of May / June, 2007 (tentatively).

- (c) **Book closure dates** : Thursday, 24th August, 2006 to
 Thursday, 31st August, 2006
 (Both days inclusive)

- (d) **Listing on Stock Exchanges** : Stock Code
1. Ahmedabad Stock Exchange Limited, : 58110
 Kamdhenu Complex, Opp. Sahajanand College,
 Panjara Pole, Ambawadi, Ahmedabad 380 015.
 2. Bombay Stock Exchange Limited, : 30185 (Physical Segment)
 Phiroze Jeejeebhoy Towers, Dalal Street, : 530185 (Demat Segment)
 Mumbai 400 001

Demat ISIN for NSDL & CDSL. : INE 936A01017

- (e) **Annual Listing Fees** : The Company has paid the Annual Listing fees to the above stock exchanges for the financial year 2006-2007.