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ANNUAL REPORT 2006-2007

STM

SURAT TEXTILE MILLS LIMITED

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**BOARD OF DIRECTORS**

M. R. Momaya	Wholetime Director
S. M. Vig	Director
Y. C. Papaiya	Director
Vishwa Nath Mathur	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.")**

**61st Annual General Meeting on Tuesday, 14th August, 2007 at 10.30 a.m.  
at Garden Mills Complex, Sahara Gate, Surat 395010**

## NOTICE

**NOTICE** is hereby given that the Sixty-first Annual General Meeting of the Members of **SURAT TEXTILE MILLS LIMITED** will be held on Tuesday, the 14th August 2007 at 10.30 a.m. at the Registered Office of the Company at **Garden Mills' Complex, Sahara Gate, Surat 395010**, to transact the following businesses:

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2007 and the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. S. M. Vig 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 Messrs Natvarlal Vepari & Co., 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 shall be fixed by the Board of Directors."

By Order of the Board of Directors

**M. R. Momaya**  
**Whole-time Director**

Surat, 26th June, 2007.

### Notes:

- (1) A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself 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) The Register of members and Share Transfer Books of the Company will remain closed from Tuesday, 7th August 2007 to Tuesday, 14th August 2007 (both days inclusive).
- (3) Members, who are holding Shares in identical order of names in more than one Folio in physical form, are requested to apply to the Share Department or the Share Transfer Agent of the Company along with the relevant Share Certificates for consolidation of such Folios in one Folio.

- (4) 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.
- (5) 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.
- (6) Members, who hold shares in dematerialized 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.
- (7) Corporate Members intending to send their authorised representative to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.
- (8) As per provisions of the Companies Act, 1956, facility for making nominations is now available to Individuals, holding shares in the Company. The Nomination Form-2B, prescribed by the Government for the purpose, can be obtained from the Share Department or the Share Transfer Agent of the Company.
- (9) **Re-appointment of Director:**  
At the ensuing Annual General Meeting, Shri S. M. Vig retires by rotation and being eligible, offers himself for re-appointment.  
  
As per the requirement of Clause 49(IV)(G)(i) of the Listing Agreement with Stock Exchanges, the particulars of Directors retiring by rotation and eligible for reappointment are given in the Corporate Governance Section of the Annual Report.

By Order of the Board of Directors

**M. R. Momaya**  
**Whole-time Director**

Surat, 26th June, 2007

## DIRECTORS' REPORT

Dear Members,

Your Directors hereby present their Sixty-first Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2007.

### FINANCIAL RESULTS:

	(Rs. in Lacs)	
	2006-07	2005-06
Gross Sales and Job Charges Income	10659.31	22132.22
Profit before interest, depreciation and tax	318.03	375.26
Interest & Finance Charges (Net)	181.01	150.54
Profit before Depreciation and Tax	137.02	224.72
Depreciation	183.20	183.35
Profit / (Loss) before Tax	(46.18)	41.37
Provision for Tax	0.90	1.00
Net Profit / (loss) after Tax	(47.08)	40.37
Balance brought forward from previous year	(15075.27)	(15115.64)
Balance carried to Balance Sheet	(15122.35)	(15075.27)

### OPERATIONS:

During the year under review, the gross sales was lower as compared to the previous year since the Company did not have any trading activity in the current year. The sale of Polyester Filament Yarn (PFY) for the year was also lower due to demand recession and competition with the other players in the segment.

Fluctuation in raw material prices coupled with competitive pressures continued to hamper the profitability of the Company. Moreover the increase in the cost of major inputs could not be entirely passed on to the customers.

The production at the Chips plant during the year was partially affected due to non availability of Dimethyltryptamine (DMT), however, the Company continued its job work activities and achieved a reasonable level of capacity utilization. The Company also undertook trials for manufacturing chips from Purified Terephthalic Acid (PTA), with satisfactory results.

The Company maintained its production level in respect of spun yarn whereas production of PFY was marginally lower as compared to the previous year.

The interest burden increased during the year due to higher utilization of working capital limits.

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

The Appellate Authority for Industrial & Financial Reconstruction (AAIFR) in response to the appeal filed by the Company under Section 25 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), set aside the impugned order of the Board for Industrial And Financial Reconstruction (BIFR) dated 1st August, 2005 and directed the BIFR to take necessary further steps for the rehabilitation of the appellant in accordance with law.

At the hearing held on 27th November, 2006 before the BIFR the Company was declared as a Sick Industrial Company and IDBI was appointed as the Operating Agency (OA) for formulating a revival scheme. A draft rehabilitation scheme has been submitted by the Company and this is at present being appraised by the OA and the secured creditors and their inputs and approval are awaited.

### MANAGEMENT DISCUSSION & ANALYSIS:

#### Industry Scenario and Outlook

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.

Your Company is pursuing cost control measures, increased productivity, improving efficiencies in manufacturing areas and a thrust in sales and better price realization. However, the performance in the coming months, would be largely dependent on the overall industry scenario.

The raw material prices are expected to go up and is likely to put pressure on margins. The Company is gearing up to meet the challenges to continue improvement in quality, reduction in costs, better marketing arrangement and higher value added products.

#### Opportunities, Threats & Challenges

The Company perceives threat from imports and consequent pressure on the domestic prices, apart from the increase in prices of raw materials and other inputs due to any spurt in crude oil prices.

In order to take advantage of quota-free era, the textiles industry require huge investments in infrastructure to improve efficiencies and productivity.

The Company is experiencing pressure on margins due to severe competition from other low-cost countries like China. There is also a threat of high inflation rate as the prices of commodities have been increasing. Textile being a labour intensive industry, rising labour and skilled human resource costs can put pressure on margins.

#### Internal Control Systems

The Company has set up internal control procedures commensurate with its size and nature of the business. These business procedures ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes.

The internal control system provide for well-defined policies, guidelines, authorizations and approval procedures. The prime objective of such audits is to test the adequacy and effectiveness of the internal controls laid down by management and to suggest improvements.

A qualified and independent Audit Committee of the Board of Directors reviews the internal audit reports and the adequacy of internal controls.

#### 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

**DIRECTORS' REPORT** (Contd.)

operations include change in Government regulations, tax laws, economic and political developments within and outside the country and such other factors.

**DIRECTORS:**

In accordance with the articles of association of the Company, Shri S. M. Vig retires by rotation as Director at the ensuing Annual General Meeting and is eligible for re-appointment.

During the year, The Administrator of The Specified Undertaking of Unit Trust of India (SUUTI) withdrew the nomination of Shri M. Parameswaran as Nominee Director and in his place Shri Vishwa Nath Mathur was nominated by the said institution. The Board places on record the deep appreciation of services rendered by Shri Parameswaran during his tenure as Director with the Company.

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 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.

**LISTING AT STOCK EXCHANGES:**

The Equity Shares of the Company continue to be listed on Bombay Stock Exchange Limited and the Ahmedabad Stock Exchange. The annual listing fee for the year 2006-07 have been paid to these exchanges.

**AUDITORS & THEIR OBSERVATION:**

M/s Natvarlal Vepari & Co., Chartered Accountants, Statutory Auditor of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received a letter from them to the effect that their reappointment, if made would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

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

**COST AUDITORS:**

The Company has appointed qualified Cost Auditors, in terms of the directives of the Central Government under section 233B of the Companies Act, 1956, to conduct cost audits of the various products manufactured by the Company.

**CASH FLOW ANALYSIS:**

The Cash Flow Statement for the year under reference in terms of clause 32 of the Listing Agreement with the stock exchanges is annexed hereto.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to sub-section (2AA) of Section 217 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 at the end of the financial year and of the loss of the Company for that period;
- (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 of the Company on a 'going concern' basis.

**CORPORATE GOVERNANCE:**

Adequate steps to ensure compliance of all the mandatory provisions of 'Corporate Governance' as provided in the Listing Agreements of the Stock Exchanges with which the Company's Shares are listed have been taken and your company has ensured its required compliance. 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.

**APPRECIATION:**

Your Directors commend the continuing commitment and dedication of employees at all levels. The Directors would also like to thank all other stakeholders, including bankers, financial institutions and other business associates, who have extended their valuable sustained support and encouragement. The Directors look forward to their continued support and understanding in the years to come.

By Order of the Board of Directors

Surat, 26th June, 2007.

**M. R. Momaya**  
Whole-time 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:**

- Implementation of gas firing for steam boiler in place of Furnace Oil.
- Bifurcation of steam usage area in two categories i.e. high pressure, medium pressure and supplying only part steam at

high pressure and generating rest at medium pressure resulted in saving of heat energy.

**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.**

<b>FORM "A"</b>			
<b>Form for Disclosure of Particulars with respect to Conservation of Energy</b>			
		<b>2006-07</b>	<b>2005-06</b>
<b>A Power And Fuel Consumption</b>			
1. Electricity			
a. Purchased Unit in lacs .....		<b>165.86</b>	176.66
Total amount Rs. in Lacs. ....		<b>938.75</b>	969.26
Rate / Unit Rs. ....		<b>5.66</b>	5.49
b. Own Generation			
i. Through Diesel Generator			
Units in lacs .....		<b>NIL</b>	NIL
Units per Ltr. of Diesel Oil .....		<b>NIL</b>	NIL
Unit per SCM of Gas Consumption .....		<b>NIL</b>	NIL
Cost/Unit Rs. ....		<b>NIL</b>	NIL
ii. Through Steam turbine/Generator			
Units .....		<b>NIL</b>	NIL
Units per Ltr. Of fuel oil / gas .....		<b>NIL</b>	NIL
Cost/Unit Rs. ....		<b>NIL</b>	NIL
2. Coal/Lignite for Generation of Steam			
Quantity (M.T.) .....		<b>NIL</b>	NIL
Total Cost Rs. in lacs .....		<b>NIL</b>	NIL
Average rate Rs./M.T. ....		<b>NIL</b>	NIL
3. Furnace Oil			
Quantity (K.Ltrs.) .....		<b>245</b>	688
Total Amount Rs. in Lacs. ....		<b>46.77</b>	103.72
Average rate Rs./ Ltr. ....		<b>19.09</b>	15.08
4. Others/Internal generation			
Quantity .....		<b>NIL</b>	NIL
Total Cost .....		<b>NIL</b>	NIL
Rate / Unit Rs. ....		<b>NIL</b>	NIL
<b>B. Consumption Per Unit of Production</b>			
Product Details .....	<b>SPUN YARN</b>	<b>SPUN YARN</b>	
Unit .....	<b>Kg.</b>	<b>Kg.</b>	
Electricity (Unit) * .....	<b>5.23</b>	<b>5.36</b>	
Product Details .....	<b>PFY</b>	<b>PFY</b>	
Unit .....	<b>Kg.</b>	<b>Kg.</b>	
Electricity (Unit) * .....	<b>1.15</b>	<b>1.03</b>	
Product Details .....	<b>CHIPS</b>	<b>CHIPS</b>	
Unit .....	<b>Kg.</b>	<b>Kg.</b>	
Electricity (Unit) * .....	<b>0.18</b>	<b>0.15</b>	
Furnace Oil .....	<b>NIL</b>	<b>NIL</b>	
Coal / Lignite (Kg.) .....	<b>NIL</b>	<b>NIL</b>	
Others .....	<b>NIL</b>	<b>NIL</b>	

\* 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.

2. 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. 14 of Schedule 12 annexed to the accounts.

By Order of the Board of Directors

Surat, 26th June, 2007.

**M. R. Momaya**  
**Whole-time Director**

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## CORPORATE GOVERNANCE REPORT

### I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's philosophy on corporate governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, lenders and the Government.

### 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, 2007, 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 is in conformity with the Corporate Governance Code. Composition of the Board and category of Directors are as follows:

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. Vishwa Nath Mathur	Non-executive, Independent	None	None	None

The nomination of Mr. M. Parmeswaran was withdrawn during the year and Mr. Vishwa Nath Mathur was appointed as Nominee Director on the Board with effect from 21st September, 2006.

#### (b) Board Procedure

Minimum four Board Meetings are held in each year, which are prescheduled. Apart from the four prescheduled Board Meetings, additional Board Meetings can be convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matter, resolutions are passed by circulation.

Agenda and notes on agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda Papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda.

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

During the year ended on 31st March, 2007, the Board of Directors had 5 meetings. These were held on 24th May, 2006, 30th June, 2006, 31st July, 2006, 28th October, 2006 and 31st January, 2007.

The last Annual General Meeting (AGM) was held on 31st August, 2006.

The attendance record of the Directors at the Board Meeting during the year and at the last AGM is as under:

Name of Director	No. of Meetings attended during 2006-2007
Mr. M. R. Momaya	05
Mr. S. M. Vig	04
Mr. Y. C. Papaiya	04
Mr. M. Parmeswaran *	01
Mr. Vishwa Nath Mathur *	01

\* Mr. M. Parmeswaran ceased to be a Director w.e.f. 21.09.06 and Mr. Vishwa Nath Mathur was nominated w.e.f. 21.09.2006.

All Directors except Mr. M. Parmeswaran attended the Annual General Meeting of the Company held on 31st August, 2006.



**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. Vishwa Nath Mathur 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 five times during the financial year 2006-2007 on 23.05.06, 29.06.06, 31.07.06, 28.10.06 and 31.01.07. Mr. Y. C. Papaiya and Mr. S. M. Vig were present for each of the five meetings.

**IV. REMUNERATION COMMITTEE:**

The remuneration committee consists of three Non-executive Directors viz.; Mr. Y. C. Papaiya, Mr. S. M. Vig and Mr. Vishwa Nath Mathur, 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.

The Remuneration Committee did not meet during the year, since the remuneration payable to Mr. M. R. Momaya, the only Executive Director on the Board of the Company, has already been approved for a five year term with effect from 11th December, 2000. The same was approved by the members in the Annual General Meeting held on 29th December, 2001, however in terms Section II of Part II of Schedule XIII no remuneration has been paid to Mr. M. R. Momaya for the year 2006-07.

The Company pays sitting fee to all Directors other than the Wholetime Director, for attending each meeting of the Board and / or Committee thereof. Sitting fees paid for the year ended 31st March, 2007, are as follows:

Mr. S. M. Vig Rs. 33,000/-, Mr. Y. C. Papaiya Rs. 33,000/-, Mr. M. Parameswaran Rs. 1,000/- and Mr. Vishwa Nath Mathur Rs. 1,000/-.

**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 81 complaints were received from Shareholders which were duly replied to / resolved. No complaint was pending as on 31st March, 2007.

**VI. GENERAL BODY MEETINGS:**

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

Year	Location	Date	Time
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.
2005-06	Garden Mills Complex, Sahara Gate, Surat	31/08/2006	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 Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Company believes that a good corporate governance structure would not only encourage value creation but also provides accountability and control systems commensurate with the risks involved.

The code has been circulated to all the members of the Board and senior management and the compliance of the same has been affirmed by them. A declaration signed by the Wholetime Director forms part of this report.

**CORPORATE GOVERNANCE REPORT** (Contd.)**VIII. INSIDER TRADING:**

The Code of Internal Procedure & Conduct under The SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, is in force since 20th February, 2002.

**IX. DISCLOSURES:**

- (a) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with the Company's interest. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the annual reports.
- (b) There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interest of the Company at large.
- (c) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to 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 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) 61st Annual General Meeting:**

Date	: Tuesday, 14th August, 2007.
Time	: 10.30 a.m.
Venue	: Registered Office of the Company at Garden Mills Complex, Sahara Gate, Surat 395010.

**(b) Financial Calendar (2007-08)**

Results for the quarter ending June 30, 2007	: Last week of July, 2007.
Results for the quarter ending September 30, 2007	: Last week of October, 2007
Results for the quarter ending December 31, 2007	: Last week of January, 2008
Results for the year ending March 31, 2008	: Before end of April/June, 2008 (tentatively).

**(c) Book closure dates**

: Tuesday, 7th August, 2007 to  
Tuesday, 14th August, 2007.  
(Both days inclusive)

**(d) Listing on Stock Exchanges**

1. Ahmedabad Stock Exchange Limited, Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad 380 015	: 58110
2. Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	: 30185 (Physical Segment) 530185 (Demat Segment)
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 2007-2008.