

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their sixty-third Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	<u>2009</u>	<u>2008</u>
Profit before depreciation and taxation	3559.38	7594.62
Less: Depreciation	1647.56	1578.00
Profit before taxation	1911.82	6016.62
Less: Provision for Current Taxation	125.00	475.00
	1786.82	5541.62
Less: Provision for Earlier Year Taxation	-	(220.41)
	1786.82	5762.03
Less: Provision for Fringe Benefit Tax	15.00	15.79
	1771.82	5746.24
Less/Add: Deferred Tax Liability	(149.23)	(67.59)
Profit after tax	1921.05	5813.83
Add: Balance brought forward from previous year	15637.47	11766.01
	17558.52	17579.84
Which the Directors have appropriated as follows:		
General Reserve	300.00	700.00
Preference Share Redemption Reserve	240.00	280.00
Proposed Dividend On Equity Shares	157.91	710.57
Proposed Dividend On Preference Shares	112.00	112.00
Corporate Dividend Tax	45.87	139.80
Balance carried forward to next year	16702.74	15637.47
	17558.52	17579.84

PERFORMANCE REVIEW

During the financial year 2008-09, the sales of your Company increased to Rs.51003.75 lacs as compared to Rs.48165.28 lacs in the previous year. Profit after tax declined to Rs.1921.05 lacs as against Rs.5813.83 lacs mainly due to global recession leading to lower margins.

POST BALANCE SHEET DEVELOPMENT

The top line in the quarter ended 30th June, 2009 increased to Rs.151.78 Crores as against Rs.129.93 Crores in the corresponding quarter last year. The net profit, however, declined to Rs.4.39 Crores as against Rs.19.46 Crores in the corresponding quarter of the previous year due to pressure on pricing.

DIVIDEND

Your Directors recommend payment of the following Dividends for the year:

- | | |
|---|------------------|
| i) On 14,00,000 – 8% Cumulative Redeemable Preference Shares of Rs.100/- each | Rs.1,12,00,000/- |
| ii) On 7,89,52,620 Equity Shares of Rs.2/- each @ Rs 0.20 per share | Rs.1,57,90,524/- |

PUBLIC DEPOSIT SCHEME

During the year, your Company has not accepted any deposits. There are no outstanding deposits as on date.

CORPORATE GOVERNANCE

A separate section on Corporate Governance and Management Discussion and Analysis together with the Auditors' Certificate confirming the compliance of conditions on Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges form part of the Annual Report.

DIRECTORS

Shri G.D. Harnathka and Shri H.S. Gopalka, Directors of the Company retire from the office by rotation and are eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- i) That in preparation of the annual accounts, the applicable accounting standards have been duly followed.
- ii) That 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 profit 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.
- iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2009 on a going concern basis.

DISCLOSURE OF PARTICULARS

The information required under Rule 2 of the Companies Act, 1956 (Disclosure of Particulars in the Report of Board of Directors Rules, 1988) relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed.

AUDITORS

Messrs B.K. Shroff & Company, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

As regards the remarks of the Auditors regarding delay in payment of corporate dividend tax, we have to state that due to delay by the banks in disbursement of the term loan for the new project, the bank's share also had to be financed through internal accruals which resulted in delay of the payment.

The Auditors have also qualified about the delay of three months in the repayment of a term loan installment amounting to Rs.18.85 lacs due to UCO Bank and interest of Rs.1.95 lacs. In this regard your Directors would like to explain that the repayment of term loan installments are normally debited by the concerned bank in the current account of the Company. The debit for this particular installment was inadvertently not made by the bank. Immediately on notice the Company made the payment.

COST AUDITORS

Pursuant to the directives of the Central Government under the provisions of Section 233 B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct Cost Audits relating to products of the Company subject to the approval of the Central Government.

PERSONNEL

The particulars of employees required to be furnished under Sec. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended is as under.

Name, Age, Qualification, Designation, Nature of Employment, Remuneration (Rs), Experience (Years), Date of Commencement of Employment, Last Employment held, Relationship to any Director.

- a) Employees employed throughout the financial year under review who are in receipt of remuneration in the aggregate of not less than Rs.24,00,000/- during the year:
- i) S.S. Shah, 74, B.Com, LL.B., Chairman & Managing Director, Contractual, 5124000, 55, 01.9.1952, Nil, Father of Sri Sundeep Shah, Executive Director.
 - ii) Sundeep Shah, 47, B.Com., Executive Director, Contractual, 3326400, 29, 01.12.1980, Nil, Son of Sri S.S. Shah, Chairman & Managing Director.
- b) Employed for part of the year and were in receipt of remuneration at the rate of not less than Rs.2,00,000/- per month. – NIL

ACKNOWLEDGEMENT

Your Directors wish to convey their appreciation for the co-operation and assistance received from the government, the financial institutions, bankers and stakeholders of your Company. The Board wishes to place on record its deep appreciation for the integrity and hard work of its employees at all levels to meet challenging markets.

Registered Office:

19 R N Mukherjee Road
Kolkata 700 001
Dated: The 30th July, 2009.

By Order of the Board
S. S. SHAH
Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, forming part of Directors' Report:

CONSERVATION OF ENERGY:

The Company has developed a continuous process of energy conservation through improved operational and maintenance practices.

FORM A

(A) Power and Fuel Consumption

			Current Year	Previous Year
1.	Electricity			
	(a) Purchased	Units	52,05,826	66,54,142
	Total Amount	Rs.	2,67,82,985	3,23,93,392
	Rate/Unit	Rs.	5.14	4.87
	(b) Own General through Diesel Generator	Units	3,69,531	6,74,806
	Total Amount	Rs.	92,50,336	62,55,452
	Cost/Unit	Rs.	25.03	9.27
2.	Furnace Oil			
	Quantity	Kilo Ltr.	6,09,574	6,52,331
	Total Amount	Rs.	1,44,42,103	1,63,43,680
3.	Others Internal Generation	Ltrs.	-	1,69,525
	Total Cost	Rs.	-	46,60,578

(B) Consumption per unit of products:

Products				
	Silk Fabrics	Mtrs	13,29,935.65	15,63,855.80
	Electricity	Rs.	11.84	11.21
	Furnace Oil	Rs.	3.62	3.48
	Diesel	Rs.	6.02	6.18
	Silk Yarn	Kgs.	2,43,319.880	3,06,840.550
	Electricity	Rs.	45.36	48.40
	Furnace Oil	Rs.	39.55	35.53
	Diesel	Rs.	5.11	4.06

TECHNOLOGY ABSORPTION

Form B

Research & Development

- | | | | | | | | |
|---|--|---------|----|-----------|--------------|---|-------|
| 1. Specific areas in which R&D carried out by the Company | R&D activities are carried out in product and design development by using latest softwares. | | | | | | |
| 2. Benefits derived as a result of above R&D | Some of the benefits are betterment of quality, customer satisfaction, cost reduction and increased efficiency. | | | | | | |
| 3. Future plan of action | Further improvement in quality parameters of finished products.. | | | | | | |
| 4. Expenditure on R & D | <table border="0"> <tr> <td>Capital</td> <td>--</td> </tr> <tr> <td>Recurring</td> <td>Rs. 74 lakhs</td> </tr> <tr> <td>R&D Expenditure as a percentage of turnover</td> <td>0.15%</td> </tr> </table> | Capital | -- | Recurring | Rs. 74 lakhs | R&D Expenditure as a percentage of turnover | 0.15% |
| Capital | -- | | | | | | |
| Recurring | Rs. 74 lakhs | | | | | | |
| R&D Expenditure as a percentage of turnover | 0.15% | | | | | | |

Technology Absorption, Adaptation & Innovation

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|--|--|
| 1. Efforts in brief, made towards technology Absorption, adaptation and innovation | Latest technologies have been adopted to develop value added products with innovative designs. |
| 2. Benefits derived as a result of the above | Higher product output and minimum wastages. |
| 3. Details of imported technology | Not Applicable. |

FOREIGN EXCHANGE EARNINGS & OUTGO

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|---|--|
| (a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for product and services and export plans. | Export promotion tours are undertaken on regular basis by marketing personnel to interact with the existing buyers and also to tap prospective customers. They also visit international trade fairs to display the Company's products and to procure bulk orders.. |
| (b) i) Overseas Travelling
ii) Commission to Agents
iii) Consultation Fees
iv) Others | The information on foreign exchange earnings and outgo is contained in Schedule 14 item 22 (i) & (j) |

By Order of the Board
S.S. SHAH
 Chairman & Managing Director

Kolkata 700 001
 Dated: the 30th July, 2009.