

## DIRECTOR'S REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting their sixty-second Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2008.

### FINANCIAL RESULTS

	(Rs. in Lacs)	
	2008	2007
Profit before depreciation and taxation	<b>7594.62</b>	7999.02
Less: Depreciation	<b>1578.00</b>	1037.31
Profit before taxation	<b>6016.62</b>	6961.71
Less: Provision for current taxation	<b>475.00</b>	850.00
	<b>5541.62</b>	6111.71
Less: Provision for Earlier Year Taxation	<b>(220.41)</b>	-
	<b>5762.03</b>	6111.71
Less: Provision for Fringe Benefit Tax	<b>15.79</b>	23.17
	<b>5746.24</b>	6088.54
Less/Add: Deferred Tax Liability	<b>(67.59)</b>	321.92
Profit after tax	<b>5813.83</b>	5766.61
Add: Balance b/f from previous year	<b>11766.01</b>	7941.77
	<b>17579.84</b>	13708.38
Which the director's have apportioned as follows:		
General Reserve	<b>700.00</b>	700.00
Preference Share Redemption Reserve	<b>280.00</b>	280.00
Proposed Dividend on Equity Shares	<b>710.57</b>	710.57
Proposed Dividend on Preference Shares	<b>112.00</b>	112.00
Corporate Dividend Tax	<b>139.80</b>	139.80
Balance carried forward to next year	<b>17579.84</b>	11766.01
	<b>17579.84</b>	13708.38

### PERFORMANCE REVIEW

The sale of your Company has increased by 7% over the previous year to Rs.48165.28 lacs. Profit after tax increased by 1% over the previous year to Rs.5813.83 lacs.

### SUB-DIVISION OF SHARES

1,57,90,524 Equity Shares of Rs.10/- each were sub-divided into 7,89,52,620 Equity Shares of Rs.2/- each with effect from the record date of 7th July 2008. The effect of subdivision have been given in the demat accounts of the members holding shares in electronic form. Members holding shares in physical form, have been requested to surrender old share certificates to obtain new share certificates in lieu thereof.

## **POST - BALANCE SHEET DEVELOPMENTS**

Your Company posted 2.31% increase in the net profit in the quarter ended 30th June 2008 amounting to Rs.19.46 crores against Rs.19.02 crores in the corresponding quarter last year. The top line also recorded 4.24% rise from Rs.124.64 crores in the corresponding quarter last year to Rs.129.93 crores in the current year.

## **DIVIDEND**

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

On 14,00,000 - 8% Cumulative Redeemable Preference Shares of Rs. 100/- each	Rs. 1,12,00,000/-
On 1,57,90,524 Equity Shares of Rs.10/- each @45%	Rs 7,10,57,358/-

## **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.

## **SUBSIDIARY COMPANIES**

During the year under review P.K. Textiles Ltd., Ethics Commercials Ltd. and Lucky Goldstar Co. Ltd. ceased to be subsidiaries of the Company.

## **DIRECTORS**

Shri R.S. Rungta and Shri O.P. Agarwal, 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, 2008 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, offered themselves for re-appointment.

The observations of Auditors are explained where necessary in the appropriate notes to the Accounts.

### 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 Board of Directors wishes to express its appreciation to all the employees of the Company for their valued contributions to the operations of the Company during the year. 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.

(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:

Name	Age (Years)	Qualification	Designation	Nature of Employment	Remuneration (Rs)	Experience (Years)	Date of commencement of employment	Last employment held	Relationship to any Director
S.S. Shah	73	B.Com LL.B	Chairman & Managing Director	Contractual	43,92,000/-	54	01.9.1952	Nil	Father of Sri Sundeep Shah, Executive Director
Sundeep Shah	46	B.Com	Executive Director	Contractual	28,51,200/-	28	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. Your Directors also express their appreciation of the dedication of employees in working cohesively to achieve Company goals. We look forward to receiving the continued patronage of all your Company's business partners to attain greater heights over the foreseeable future.

#### Registered Office:

19, R.N. Mukherjee Road  
Kolkata - 700001

Dated: The 31st July, 2008.

**By order of the Board**

S.S. SHAH

**Chairman & Managing Director**