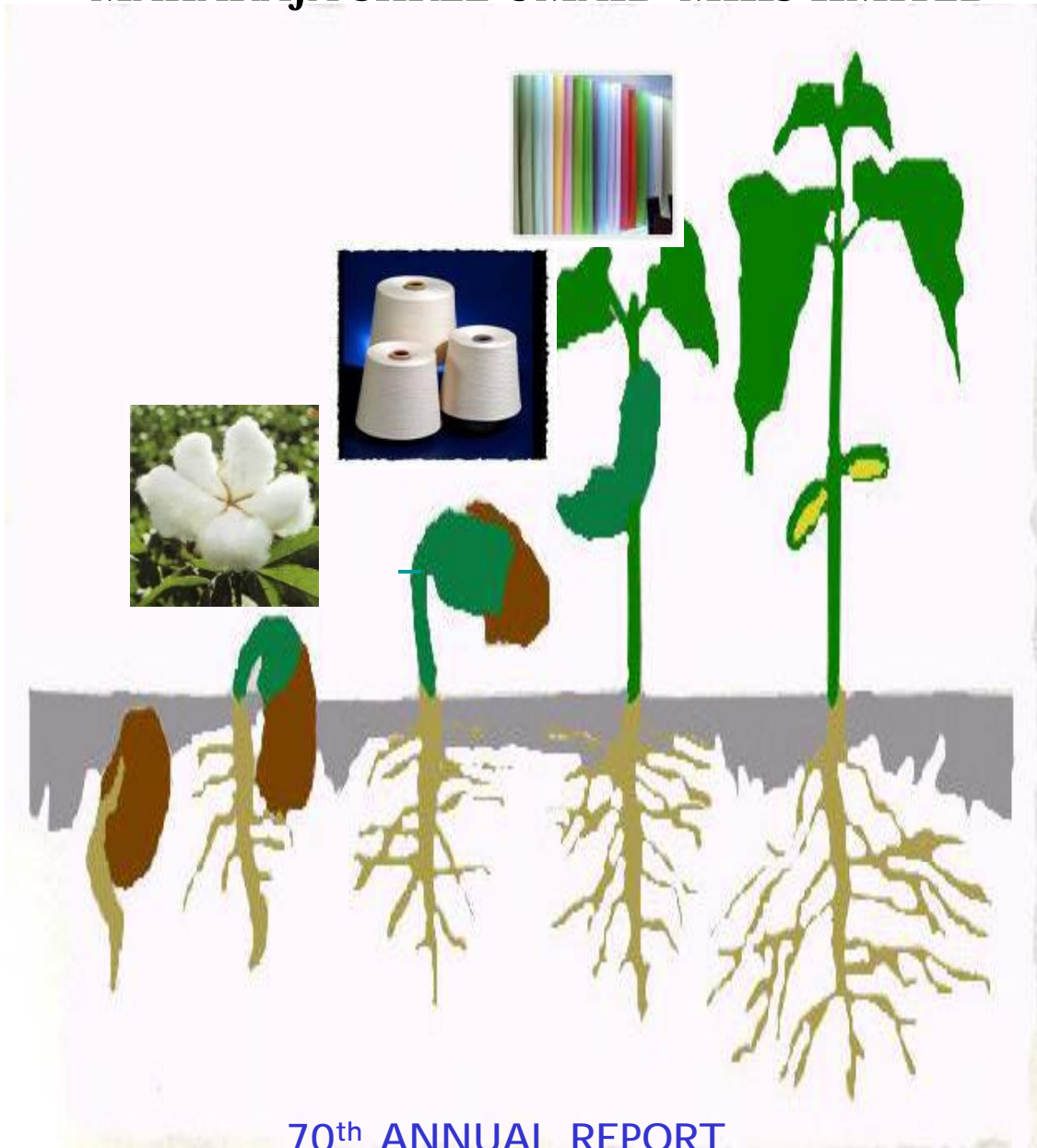




MAHARAJA SHREE UMAID MILLS LIMITED



2009-10

Regd Office: Room # 706, 7th Flr, Krishna, 224, AJC Road, Kolkata 700 017

HO and Works: Jodhpur Road, Pali 306 401

www.msumindia.com

BUILDING STRENGTH

Board of Directors :

Mr. LN BANGUR, *Chairman & Managing Director*
 Mr. GOVIND SHARDA, *Executive Director*
 Mrs. ALKA BANGUR, *Director*
 Mr. SS KOTHARI, *Director*
 Mr. CHANDRAVADAN DESAI, *Director*
 Mr. AMITAV KOTHARI, *Director*
 Mr. AMIT MEHTA, *Director*
 Mr. GR AGARWAL, *Director*

Auditors :

M/s BD GARGIEYA & CO., JAIPUR

Bankers :

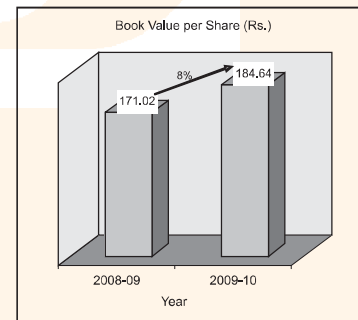
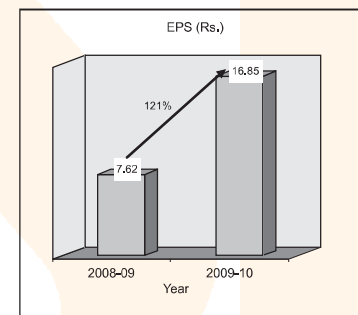
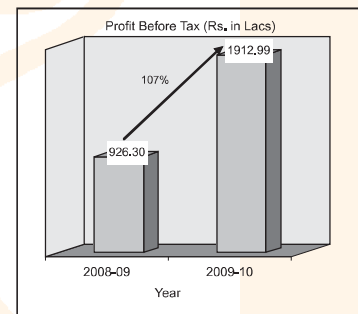
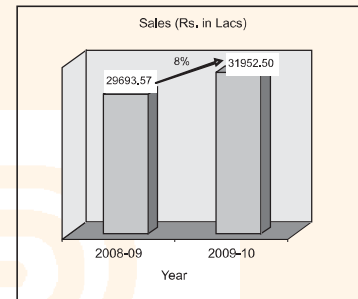
ICICI BANK LTD.
 IDBI BANK LTD.
 PUNJAB NATIONAL BANK
 STATE BANK OF INDIA
 STATE BANK OF BIKANER & JAIPUR
 THE BANK OF RAJASTHAN LTD.

Regd. Office :

ROOM NO. 706, 7TH FLOOR, "KRISHNA"
 224, AJC BOSE ROAD
 KOLKATA – 700017 (W.B.)

Administrative Office and Works :

PALI (Rajasthan)
 PIN – 306 401





We have entered into the growth phase wherein our strategy is being implemented in phased manner in terms of consistent value accretion for all the stakeholders.

The year gone by has seen us put up a solid financial performance across our business during the testing time together with signs of a stronger growth coming through in future years. With significant cash flow accruing, the Company would be able to perform at the growth trajectory.

Your Company has made excellent progress in the execution of the first phase of its planned modernisation cum expansion plan while laying out the second phase of implementation on card. The step by step execution of the model would have stronger performance pillars to substantiate its long-term value growth while mitigating the risks.

The Company has created a business model that has focus on continuous acceptance of its products, a strong re-call of the brands while maintaining and developing strong market network. To build upon its strength, the Company has carved out a detailed plan of action to enhance the value addition while balancing the segmental territories in such a manner that mitigates business risks.

We remain committed to position the Company amongst the most valuable textile players in the chosen business verticals. We will continue investment in building capacities and strengthening the value chain.

The year that lies ahead is expected to yield better financial results.

The Company has shown remarkable performance during the worst of the textile industry phase and faces a promising future ahead.

I would like to thank one and all including our investors and other stakeholders for spurring us to perform better and reposing their faith in the Company.

**LN BANGUR
Chairman and Managing Director**

NOTICE is hereby given that the 70th Annual General Meeting of the members of MAHARAJA SHREE UMAID MILLS LIMITED will be held at Club House, The Tollygunge Club Ltd., 120, Deshpriya Sasmal Road, Kolkata 700033 on Saturday the 31st day of July, 2010 at 11.00 A.M. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date.
2. To declare dividend.
3. To appoint a Director in place of Mr. S.S.Kothari, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Amitav Kothari, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the current year and to fix their remuneration.

Special Business

6. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED that in supersession of the resolution passed by the members of the Company at the Annual General Meeting held on 30th Day of August, 2005 and pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956, and other applicable provisions, if any, the consent of the Company be and is hereby accorded for empowering the Board of directors of the Company for borrowing from the Company's Bankers or any other bank, financial institutions, bodies corporate(s), persons etc from time to time as the need be for the business of the Company, any sum or sums of money, on such terms and conditions and with or without security as the Board of Directors may think fit, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the company and its free reserves for the time being, that is to say, reserves not set apart for any specific purpose, provided that the total such borrowings by the Board at any time shall not exceed the limit of Rs.200 Crores (Rupees two hundred crores only)".
7. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:
"RESOLVED that in supersession of the resolution passed by the members of the Company at the Annual General Meeting held on 30th day of August, 2005 and pursuant to Section 309 of the Companies Act, 1956 and Article 94 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded for payment to its Directors (other than Managing/ Wholetime Directors) a commission @ 1% of the net profits of the Company in any financial year to be computed in the manner provided in Section 198(1) of the Companies Act, 1956 and subject to a ceiling of Rs.2.50 lacs in case of each such Director in any financial year".
8. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:
"RESOLVED that pursuant to the provisions of Section 198, 269, 309 and all other applicable provisions, as be applicable, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) read with Schedule XIII of the said Act, the consent of the Company be and is hereby accorded to the increase in remuneration, perquisites, benefits and amenities payable to Mr. Govind Sharda, Wholetime Director of the Company with effect from 11th Aug 2010 for the remaining period of his current tenure, as specified in the Explanatory Statement annexed hereto.
RESOLVED FURTHER that the Board be and is hereby authorized to do and perform all such acts, deeds and things as it may consider necessary desirable or expedient to give effect to the Resolution".

Kolkata
May 22, 2010

For and on Behalf of the Board
Govind Sharda
Executive Director

NOTES

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item Nos. 6, 7 & 8 above is annexed hereto and form part of the Notice.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A Proxy Form in order to be effective, must reach the Company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 26th July, 2010 to 31st July, 2010 (both days inclusive).
4. Dividend, when declared, will be payable to those members whose names appear on the Register of Members as on 31st July, 2010.
5. Information to Shareholders as prescribed in clause 49 of Listing Agreement in respect of Appointment/reappointment as Directors, is given at Annexure-A attached to this Notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Under section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Company cannot, except with the consent of the Company in general meeting, borrow money, apart from temporary loans obtained from the company's bankers in the ordinary course of business, including the borrowings for working capital, in excess of the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose. The shareholders at the Annual General Meeting of the Company held on 30th Day of August, 2005 had accorded their consent empowering the Board of Directors to borrow money subject to the condition that total such borrowings shall not exceed Rs.100 crores over and above the aggregate of the paid up capital of the Company and its free reserves.

Keeping in view that for meeting the cost of capital Expenditure Programme/s of any unit/s and/ or for the purposes of business of the Company, and with the efflux of time it may in future be necessary to exceed the limit sanctioned in past by the shareholders at the Annual General Meeting held on 30th Day of August, 2005. The consent of the Shareholders is therefore, sought in accordance with the provisions of Section 293(1)(d) of the Companies Act, 1956 to give authority to the Board of Directors enabling the Company to borrow sum or sums of money upto a revised total limit of Rs.200 crores.

The proposed resolution being in the interest of business of the Company, the Board commends the resolution for approval by the members.

None of the Directors of the company are concerned with or interested in this Resolution.

Item No. 7

At the Annual General Meeting of the Company held on 30th Day of August, 2005 the members had through a special resolution approved the payment of remuneration by way of commission @ 1% of net profits subject to the provisions of law in this regard, to non-executive Directors, with immediate effect for a period of five years subject to a ceiling of Rs.2.50 lacs in case of each such Director. Pursuant to provisions of Section 309 (7) of the Companies Act, 1956 the special resolution passed, as aforesaid, shall not remain in force for more than 5 years but may be renewed from time to time by passing special resolution for further period of not more than five years at a time. The validity of the said resolution passed on 30th Day of August, 2005 is upto 29.08.2010 and hence it is required to be renewed.

The Board commends this resolution for approval by members.

All the Directors other than Mr. Govind Sharda, including Mr. LN Bangur being related to the Director Mrs. Alka Bangur are interested in this Resolution since it relates to payment of commission to them.

Item No. 8

The members of the Company, at the Annual General Meeting of the Company held on 30.09.2008, had approved the appointment of Mr. Govind Sharda as Wholetime Director, for a period of 3 years with effect from 11.08.2008, at the terms and conditions as then approved.

The Board of Directors in their meeting held on 22.05.2010 have reviewed the remuneration of Mr. Govind Sharda in the context of the Company's needs in respect of its present and emerging business as well as the enlarging responsibilities and performance under his leadership, general availability of competent professionals for such purposes, their aspirations with the change of times and the present levels of remuneration in vogue for such type of professionals etc.

The revised terms and conditions as recommended by the Remuneration Committee are as follows:

- 1) The monthly basic salary be revised to a level not exceeding Rs. 150000/- per month with effect from 11th August 2010.
- 2) The perquisites, benefits and amenities as per the existing entitlement, are to be available to Mr. Govind Sharda on the basis of the revised salary being proposed as above.
- 3) The other terms and conditions remain same as approved by the members in the Annual General Meeting held on 30.09.2008.

None of the Directors, except Mr. Govind Sharda is concerned or interested in the resolution. Other members of the Board recommend the resolution for approval by the members.

Kolkata
May 22, 2010

For and on Behalf of the Board
Govind Sharda
Executive Director

ANNEXURE – 'A' ATTACHED TO THE NOTICE DATED 22ND MAY, 2010
(as required under clause 49 of the Listing Agreement)

Information on re-appointment of Director

Name	Shri S.S. Kothari	Shri Amitav Kothari
Date of Birth & Age	15.06.1930 80 Yrs.	1.12.1952 57 Yrs.
Qualifications	F.C.A.	M.Com., LL.B., FICA, FCA
Nature of Appointment	Retiring by Rotation and seeking reappointment as a Director	Retiring by Rotation and seeking reappointment as a Director
Expertisement in specific functional areas	A Practicing Chartered Accountant having vast experience in Financial Consultancy as well as in corporate functioning	Banking & Financial Services
Directorship held in other companies as on 31-03-2010 (other than Private Limited Companies/membership of Managing Committees of Chambers of Commerce/ Religious/Professional Bodies)	1. Jay Shree Tea & Industries Ltd. 2. Kriti Industries (India) Ltd.	1. Andrew Yule & Co. Ltd. 2. Kanoria Chemicals & Industries Ltd.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure to present the 70th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2010.

The Financial Results are given hereunder :

(Rs. in Lacs)

Perticulars	Year ended on 31.03.2010	Year ended on 31.03.2009
Net Sales / Income	31952.50	29693.57
Gross Profit before depreciation and interest	3710.14	2587.21
Interest	611.99	426.31
Cash Profit before taxes	3098.15	2160.90
Depreciation	1185.16	1234.60
Profit before taxes	1912.99	926.30
Provision for taxes	457.48	267.73
Profit after tax for the period	1455.51	658.57
Balance brought forward from previous year	796.97	376.13
Tax Adjustments for earlier years (net)	21.92	(61.38)
Profit available for appropriation	2274.40	973.32
Appropriations		
Proposed Dividend	216.00	108.00
Tax on Proposed Dividend	36.71	18.35
Transferred to General Reserve	500.00	50.00
Balance carried to Balance Sheet	1521.69	796.97

BUSINESS

With poor off-take in the overseas market, leading to glut in the domestic segment albeit higher prices, the volume growth was insignificant. However, based upon our internal estimates, the Company had moved up in the value chain to confront such adversaries enabling it to register 8% growth in the value terms. Keeping in line with the volatile international market scenario, the Company continues to strengthen its

domestic centric marketing to take advantage of upturn in domestic economy.

DIVIDEND

Your Directors are pleased to recommend payment of Rs. 2.50 per equity share (previous year: Rs. 1.25) for the year ended on 31st March, 2010 on the fully paid up shares of Rs. 10 each. The total outgo would be to the tune of Rs. 252.71 lacs (previous year: Rs. 126.35 lacs) including Corporate Dividend Tax. The Company intends to save resources in view of planned expansion/upgradation of its manufacturing capabilities.

NEW BUSINESS DEVELOPMENT

Your Company has already taken initiatives to move up in the textile value chain. The first phase of modernisation cum expansion plan is under implementation with serious evaluation process having begun for the second phase, which may be undertaken towards the end of the current financial year.

The Company is also evaluating the proposal of utilising the surplus land available with it in more remunerative manner.

SCHEME OF RE-ARRANGEMENT

The detailed scheme of re-arrangement is being validated by the Stock Exchange authorities. We expect the entire re-arrangement and value unlocking to take place in the current financial year.

INVESTMENT IN ASSOCIATE COMPANIES

During the year, your Company has acquired 100% equity of erstwhile Allied Dealcomm Pvt. Ltd., a strategic investment.

Your Company has increased its controlling share from 14.1% to 18.5% by way of enhanced investment in The Andhra Pradesh Paper Mills Ltd (APPML) during their recent Right Issue. The Company is also entitled to exercise options through warrants issued to it along with Rights' subscription.

MANAGEMENT DISCUSSION AND ANALYSIS

The detailed analysis is appended herewith and form part of the Directors' report.

CORPORATE GOVERNANCE

A compliance report on Corporate Governance has been annexed as part of the Annual Report along with Auditors' Certificate in compliance with Clause 49 of the Listing Agreement with the Stock Exchanges.

LISTING / DELISTING OF THE EQUITY SHARES

The equity shares of your Company are listed at Bombay Stock Exchange and the Calcutta Stock Exchange. The annual listing fees have been paid to these Stock Exchanges and there is no intent of the management to delist the shares from either of the Stock Exchanges.

DIRECTORS

Mr. SS Kothari and Mr. Amitav Kothari retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their appointment at the ensuing Annual General Meeting.

PUBLIC DEPOSITS

There are no public deposits with the Company.

PARTICULARS OF EMPLOYEES

Particulars of employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are required to be set out in Annexure to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the accounts are being sent to all the members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EARNING/OUTGO

The information required under the provision of section 217(1)(e) of the Companies Act is set out in the annexure to the Directors' Report.

AUDITORS

M/s BD Gargieya & Co., Chartered Accountants (Firm Regn. No.: 001072C) who are the Statutory Auditors of the Company, hold office, in accordance with the provisions of the Companies Act, 1956 upto the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received letter from them giving their consent to act as Auditors of the Company and stating that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of

the Companies Act, 1956. Your Directors recommend their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based upon the representations received from the Operating Management, confirm that:

- i. in the preparation of the Annual Accounts for the year ending on 31st March 2010, the applicable accounting standards have been followed and there has been no material departure;
- ii. appropriate accounting policies have been selected by them and applied the same 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 31st March 2010 and of its profits for the year ending on that date;
- iii. proper and sufficient care has been taken by them 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. the Annual Accounts for the period ended on 31st March 2010 have been prepared by them on a going concern basis.

ACKNOWLEDGEMENT

The Directors express their gratitude to Financial Institutions, Banks and various other agencies for the co-operation extended to the Company. The Directors also take this opportunity to thank all business associates for the confidence reposed by them in the Company. The employees of the Company have contributed significantly to achieve the financial performance. The Directors take this opportunity of thanking them and hope that they will maintain their commitment to excel in the time to come.

Kolkata
May 22, 2010

For and on behalf of the Board
LN Bangur
Chairman and Mg. Director

ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

FORM 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER & FUEL CONSUMPTION :		Current Year	Previous Year
		2009-2010	2008-2009
(1) Electricity			
a) Own Generation			
(i) Through Diesel Generators			
Units	('000 Units)	-	8
Units per Ltr. of Oil		-	2.42
Cost/Unit	(Rs.)	-	12.61
(ii) Through Furnace Oil Generators			
Units	('000 Units)	13,461	27,387
Units per Ltr. of Oil		4.06	4.07
Cost/Unit	(Rs.)	4.69	4.16
b) Purchased from JVVNL			
(i) Units		71,897	55,928
Total Amount	('000 Rs.)	3,27,767	2,48,655
Cost/Unit	(Rs.)	4.56	4.45
(2) Coal (Used in Boilers for generation of Steam)			
Quantity	(M.T.)	12,025	11,930
Total Cost	('000 Rs.)	58,885	51,561
Average Rate	(Rs./M.T.)	4,896.88	4,321.96
(3) Furnace Oil			
Quantity	('000 Ltrs.)	3,299	6,664
Total Amount	('000 Rs.)	62,561	1,13,603
Average Rate	(Rs./Ltr.)	18.96	17.05
B. CONSUMPTION PER UNIT OF PRODUCTION :			
(1) Electricity (Units)			
	Fabrics (per '000 Mtrs.)	7,88.39	758.59
	Yarn (per M.T.)	3,136.88	3,045.57
(2) Coal (M.T.)			
	Fabrics (per '000 Mtrs.)	0.48	0.48
	Yarn (per M.T.)	0.09	0.09

The figures given in Entry 'B' above with regard to consumption of different types of energy/fuel per unit of production are only gross averages and are not comparable from year to year on account of the inherent factors about the denominators used in the prescribed format of the Annexure; and because of such vast number of variables that go into computations as above, variations are inescapable.

FORM 'B'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT (R & D) :		
1. Specific areas in which R & D carried out by the Company and benefits derived as a result thereof :	Process control and improving quality standards of the existing products.	
2. Future plan of action :	Diversifying into yarns of better value has been in process.	
3. Expenditure on R & D :	Not accounted for separately.	
B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :		
1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	The Company is having plans to update the technology of the equipment by continued further modernisation.	
2. Benefits derived as a result of the above efforts.		
3. Information regarding Technology imported during last 5 years.		
C. FOREIGN EXCHANGE EARNINGS & OUTGO :		
1. Activities relating to exports; initiatives taken to increase exports; developments of new export markets for products and services, and export plan:	Management endeavour for selective product quality upgradation continues.	
2. Total foreign exchange earnings & outgo		
(i) Foreign exchange earnings	Rs. 588.96 Lacs	
(ii) Foreign exchange outgo	Rs. 836.50 Lacs	

MANAGEMENT DISCUSSION AND ANALYSIS

We are living through a unique period in economic history. The year began with the deflationary pressure to end with double digit inflation, the safe haven of EU witnessed sovereign financial crisis and the roaring economies of Asia are feared to have got potential to ignite another crisis. At national level, a positive IIP and a robust GDP growth are symptoms of return of buoyancy in the market.

Fiscal 2010 began with shadows of pressurised profits for the textile industry. The year witnessed too many events happening all through the year for the segment with no significant capacities being added. Many of the projects under execution had a planned time over-run confirming the belief that the industry, the largest employer next to agriculture, had uncertainty about the economic revival.

During the year, the Indian Rupee strengthened by almost 15% vis-à-vis USD to reduce the exports value. Towards the end of the year, with the sovereign credit risks looming large in the EU, the off-take in the geographical segment got adversely impacted. Going forward, the overhang of global recession, if continued, would have bearing on exports. However, long term prospects remain intact owing to higher domestic demand supported with a stable and consistently growing economy.

During the previous cotton season, the export of cotton was less than 50% of the preceding year and was expected to support the profitability of the cotton textile sector. With Poor off-take and impact of the recessionary forces continuing, the prices of the processed products were hammered during the initial period of the fiscal. Power cuts in different parts of the country affected the productivity and off-take.

Towards the later half of the current fiscal, with onset of cotton season, and a poor crop and depletion of carry over stock in neighbouring countries, the demand for the cotton as well as yarn increased that had positive impact on the industry. Discretionary measures adopted by neighbouring countries' government enhanced demand for Indian yarn and cotton, enabling the two sectors to register historic highs leading to imposition of export duty on cotton and withdrawal of export incentives on cotton yarn expecting a cool off in the domestic prices. Essentially, the short-sighted may have unexpected implications for the industry. Textile exports during the first 9 months of fiscal 2010

have grown negatively and future growth would be impacted with the 'punitive' measures used towards the end of the fiscal.

With the national economy having grown in the vicinity of 7.5%, the domestic demand remains robust whereas the export market may continue lacklustre performance.

We need to review performance of the Company in this backdrop. The comprehensive report hereunder should be read in conjunction with the audited financial statements and schedules appended thereto for the periods under reference.

The discussion contains some forward looking statements based upon the intent and perception of the management of the Company. However, the actual outcome may be influenced by the external factors.

OPERATIONAL PERFORMANCE FOR THE YEAR

The year gone by, has re-established the strength of the Company in more than a way. The major events that had impacted the outcome during the year are:

Stabilisation of additional weaving facilities while moving into new product segment;

Additional capacities added in value added yarn manufacturing;

Phased replacement of inefficient engineering processes.

The measures would have impact in the following financial year.

INCOME

Sailing through adverse market circumstances for a significant part of the year, the revenues registered growth of 7.6% during the year, growing from Rs. 29,694 lacs to Rs. 31,953 lacs. The volume growth in business was negligible largely due to product mix. The price realisation improved in yarn as well as fabric business. Direct exports were further curtailed during the year owing to economic uncertainty prevalent in the US and EU. However, the Company continues to build the acceptability of its produce in international market through merchant exports.

The bottom wear range was established during the year while value added yarn begun in the market place

towards the end of the fiscal. With upward move in textile value chain, the Company expects to fetch a better realisation per unit in the coming periods.

The Company has entered into institutional supplies as well and expect to register additional revenues through the segment.

Order book for the products of the Company continued to gain strength.

A part of the idle fixed assets was disposed off during the year leading to gain of Rs. 799 lacs. Remaining part of the "other income" is operative income / regular income from investments made on long term basis.

MAJOR COSTS

Raw Materials Costs

Led by a poor monsoon across the country, the cotton season began in anticipation of lower production and prices firmed up. With higher crop size, the export market registered more than 100% growth YoY, without impacting availability for domestic industry. Before intervention by the ministry of textile and imposition of export duty on cotton, the prices were so high that no significant purchases could be made at the Administered Support Prices altered in the previous year. Prices of the clean cotton increased by 6%, while the prices of other manmade fibre advanced by 3%.

Manufacturing Costs

The Company has got adequate back up power facilities to facilitate manufacturing in the event of a grid supply failure. The total costs have gone up by 9.1% from Rs 4,150 lacs to Rs 4,527 lacs after absorbing 13.3% increase in coal costs and 2.5% increase in grid power costs. The per unit consumption parameters, however, do not convey the efforts made to rationalise the consumption in view of unequal variation in the product mix.

During the current financial year, the Company expects to source a part of its power requirement from the group captive usage generation facilities that has been synchronised with the grid. The overall cost of generation is expected to come down.

During the year, the Company had commissioned phased upgradation of its manufacturing facilities to align the deliverables with the trend in the sector. The first phase of the periodical upgradation, under implementation, has led to higher maintenance costs. With such upgradation, the Company expects to improve quality of its produce and in turn realisation of its products.

Manpower Costs

The entire manufacturing operations are manpower intensive. The year under review witnessed a significant migration of work forces to various infrastructure projects run by the government. However, abundance of skilled officers / engineers ensures the optimal operating outcome. During the year, the manpower costs have gone up by 11.5% from Rs. 2025 lacs to Rs. 2257 lacs. The costs as percentage to sales have gone up from 6.8% to 7.1%.

Selling and General Administration Costs

The cost have declined by 4.5% year on year confirming the commitment of the Company management to rationalise each of the costs that enables it gain strength from wherever it is.

Financial Costs

Managing working capital in textile industry is challenging in view of seasonal peaks of requirement. Continuous evaluation of cost benefit analysis with international trend of commodity prices on best understood hypothesis is tested on regular basis. During the current year, the Company could bring down its inventories of processed material by almost 37% but strategically built-up inventory of inputs by 52%. Despite 57% higher level of working capital borrowings with intact credit rating, the net absolute costs of working capital finance reduced by 3%.

During the year, the Company got disbursement against term loan for expansion cum modernisation for phase-I of its expansion activities. Term Loans' costs were up by 140% primarily due to non-payment of TUFs subsidy by the Govt. of India, though at the gross level, the interest costs have gone down by 14% due to repayment of loans.

PROFITS AND PROFITABILITY

Earnings before Depreciation, Interest and Taxes & Appropriations (EBDITA) rose from Rs. 2587 lacs to Rs. 3710 lacs, registering a growth of 43.4%. Cash Profits after tax rose to Rs. 2550 lacs from Rs. 1774 lacs, a growth of 43.7%. Profits After Tax rose from Rs. 659 lacs to Rs. 1456 lacs, a growth of 120.9%. Earnings per Share (face value Rs. 10) for the year stands at Rs. 16.85 against Rs. 7.62 in previous year, a growth of 121.1%.

FINANCIAL CONDITION AND CASH FLOW MANAGEMENT

The growth in the earning was skewed towards the end of the year. In contrast, however, processed inventories were reduced by 37% from previous year

level while the debtors' level went up by 22.4 % to Rs. 2138 lacs. Debtors above 180 days remain range bound around 1% of total outstanding.

The total working capital borrowing level went up from Rs. 4495 lacs to Rs. 7067 lacs. The basic application of the working capital is meant for procurement of inputs, the inventory whereof went up from Rs. 4519 lacs to Rs. 6848 lacs.

The Company controlled 14.1% of The Andhra Pradesh Paper Mills Ltd (APPML) before subscribing to its rights issue. The Company enhanced its controlling share to 18.5% by investing Rs. 1,254 lacs towards the right issue. Apart from the right issue subscribed, the Company is also eligible to exercise detachable warrants at the rate of Rs. 50 per share within a period of 18 months for each of the right share issued to it.

During the year, the Company received 1,01,272 Bonus shares of The Peria Karamalai Tea & Produce Co. Ltd (Peria) in the ratio of 1:2. The Company controls 9.8% shareholding of Peria. However, due to no-trade in the shares of Peria, the Company continues to carry a provision for diminution in the value of investment of Rs. 155.77 lacs.

During the year, execution of the first phase of expansion-cum-modernisation plan began. Including the first phase, during the year, the Company invested / advanced Rs. 1,475 lacs towards capital costs.

During the year, the Company generated positive cash flow for Rs. 204 lacs (previous year: negative Rs. 246 lacs). With a cordial relation with the money market agencies, the Company foresees no adversary to its competence to mobilise funds.

SWOT ANALYSIS

Strengths and Opportunities

The Company is having well established network of distribution of its products across India. With domestic centric approach, this access to the market makes the operations reliable and assuring for future performance of the Company. The growth of the business is reasonably hedged against the poor off-take in international market. Access to international market through merchant route multiplies presence in multiple economic zones to take care of downward trend in any particular market.

The manufacturing facilities are situated in the cotton belt to ensure easier and economical sourcing of cotton.

Stiff competition may force closure of inefficient manufacturers. It provides potential for inorganic growth. With its strong financial base, the Company is prepared to avail such opportunities.

The Company is present in more than one market segment of textiles to insulate itself against the adverse movements in any one sector.

Challenges and Threats

The prolonged uncertainties in the EU with fear looming large on other Asian economies, the growth of textile sector across could be impacted. Short-sighted policy measures could compound the negative sentiments and therefore, credit rating of the sector.

Deepening crisis in the EU and a stronger INR vis-à-vis USD could impact export potential that could ultimately lead to margin erosion in domestic segment.

Sourcing of cotton, the major raw-material, depends upon the monsoon conditions. The total acreage of cotton plantation is expected to go up.

OUTLOOK

During the year, the first phase of de-risking cum modernisation cum expansion plan was put for implementation, the progress whereof is quite satisfactory. The Company has established in the most competitive of the garmenting fabric segment. In the current year, the Company intends build upon the experience acquired by it.

The government policies apart, the export market is expected to remain dull and as stated in the previous year, the buoyancy would return to the market only towards the end of calendar year 2010. The Company, however, has considered it an opportunity to establish in-roads in the competitive segment.

Towards the end of the current financial year, the Company could be looking at implementing the second phase of its expansion program, which is expected to change significant part of its business line. The detailed studies are underway and once the same are validated, the execution will begin.

Cotton, notwithstanding increase in the acreage, is expected to remain firm even during the following financial year. Once the export market picks-up, that it would be, during the current financial year, the higher costs would be absorbed by the market. However, foreign currency fluctuation would have to be watched out carefully.

REPORT ON CORPORATE GOVERNANCE

Your Directors are pleased to present the Company's Report on Corporate Governance.

Corporate governance is most often viewed as both the structure and the relationships that determine corporate direction and performance. The Board of Directors is typically central to Corporate Governance. Its relationship to the other primary participants, typically shareholders and management, is critical. Additional participants include employees, customers, suppliers, and creditors. The Corporate Governance framework also depends on the legal, regulatory, institutional and ethical environment of the community. Corporate Governance is about working ethically and finding a balance between economic and social goals. It includes the ability to function profitably while obeying laws, rules and regulations.

Corporate Governance is a reflection of our culture, policies, our relationship with stakeholders and society, and our commitment to values.

The Company has been adopting preeminent Corporate Governance policies; practices and ethical principle to ensure the transparency at all level.

Company's Governance Philosophy on Corporate Governance

The philosophy on Corporate Governance of the Company envisages a systemic process of direction and control to enhance its wealth-generating capacity. The Company believes that its operations and actions should meet stakeholders' aspirations as well as societal expectations and enhance the long-term shareholder value. Our governance practices endeavor to sustain trusteeship, transparency, empowerment and ethical corporate control.

Trusteeship believes to protect the right of the entire stakeholders whether large or small.

Transparency believes in appropriate and timely disclosures.

Empowerment believes that performance combined with accountability should improve effectiveness, thereby enhancing shareholder value.

Ethical corporate control believes in setting up perfect values of ethical behaviour, both in internal and external relationships.

The Company's Corporate Governance Framework is based on following principles :

- Constitution of the Board comprise with independent directors and expert professionals;
- Strengthening the Committees of the Board;
- Timely disclosure to all the shareholders;
- Regular review of internal control system; and
- Review of the operations and actions to discharge the social responsibilities .

1. BOARD OF DIRECTORS :

Board Composition

As at 31.03.2010, the Board consists of 8 Directors, out of which 4 are Independent Directors. The composition of Board and category of Directors are as under :

Name of the Director/Promoter	Category	Directorship in other public limited companies and Committee Membership		
		Other Directorship	Committee Chairmanship	Committee Membership
Mr. LN Bangur	Promoter-Executive	13	4	3
Mrs. Alka Bangur	Promoter-Non-Executive	2	-	-
Mr. Chandravadan Desai	Independent-Non-Executive	-	-	-
Mr. Amitav Kothari	Independent-Non-Executive	2	1	1
Mr. SS Kothari	Independent-Non-Executive	2	-	-
Mr. Govind Sharda	Non-Promoter-Executive	1	-	-
Mr. Amit Mehta*	Non-Executive- Non-Independent	2	-	-
Mr. GR Agarwal**	Independent-Non-Executive	-	-	-

* Appointed as Additional Director w.e.f. 30.09.2008 and became Director w.e.f. 19.09.2009

** Appointed as Additional Director w.e.f. 27.03.2009 and became Director w.e.f. 19.09.2009

None of the Director is related to any other Director except Mr. LN Bangur & Mrs. Alka Bangur.

2. BOARD MEETING AND PROCEDURE :

The power of decision-making is vested in the body constituted by the shareholders comprises adequate number of Directors; however some powers can be exercised only after the requisite resolution(s) passed in Shareholders' Meeting in accordance with the provisions of Companies Act, 1956.

Board Meeting is a systematic process that makes the decision making process efficient. The following matters are regular Agenda items of the Board Meeting:

- Working and Operations of the business
- Budget and plans
- Annual, half-yearly and quarterly financial results
- Declaration of Dividend
- Appointment/Resignation of the managerial persons
- Proposal for borrowings, investments etc.
- Delegation of power and authority.

The Board meets at least once in a quarter. Five Board Meetings were held during the previous year.

Attendance of Directors at Board Meetings and last Annual General Meeting was as follows :

Name of Director	No. of Board Meetings Attended	Attendance at the last AGM
Mr. LN Bangur	4	Yes
Mrs. Alka Bangur	4	Yes
Mr. Chandravadan Desai	3	No
Mr. Amitav Kothari	3	No
Mr. SS Kothari	4	No
Mr. Govind Sharda	5	Yes
Mr. Amit Mehta*	-	No
Mr. GR Agarwal**	4	No

* Appointed as Additional Director w.e.f. 30.09.2008 and became Director w.e.f. 19.09.2009

** Appointed as Additional Director w.e.f. 27.03.2009 and became Director w.e.f. 19.09.2009

3. DETAILS OF BOARD MEETINGS HELD DURING THE PERIOD :

Five Board Meetings were held during the year 2008-09, as against minimum requirement of four meetings. The maximum time gap between any such two meetings was not more than three months. The details of the Board Meetings are as under:

S.No	Date	Place	Board Strength	No. of Directors Present
1	13.06.2009	7, Munshi Premchand Sarani, Hastings, Kolkata – 700 022	8	7
2	30.07.2009	-do-	8	4
3	07.08.2009	-do-	8	6
4	31.10.2009	Maharaja Shree Umaid Mills Ltd., Jodhpur Road, Pali – 306 401 (Rajasthan)	8	5
5	18.01.2010	7, Munshi Premchand Sarani, Hastings, Kolkata – 700 022	8	5

4. BOARD COMMITTEES :

Board has constituted three functioning committees in accordance with the provisions of Companies Act, 1956 and Listing Agreement, namely :

- Audit Committee
- Shareholders'/Investors' Grievance Committee
- Remuneration Committee

Details of each committee are provided as under :

(A) Audit Committee :

Composition: The Audit committee comprises two independent Directors and one non-executive Director, namely Mr. GR Agarwal, Mr. Amitav Kothari and Mrs. Alka Bangur.

Objective : The primary objective of the Committee is to monitor and provide effective supervision of the financial reporting process to ensure reliability and timeliness of disclosures while ensuring integrity and quality of the reports.

Terms of Reference : The Committee interacts with the audit agencies involved in the validation of the financial disclosures and assesses the adequacy of checks and controls in the business. The broader responsibilities of the Committee are as under:

1. Facilitate two-way communication between the auditors and the Board;
2. Assurance to the independence of the auditors by taking suitable steps including appointment, Fixation of compensation, removal and defining the audit charter, when required.
3. Review of the quarterly and annual financial statements, whether audited / unaudited or reviewed by the auditors including the approval of the management's discussion and analysis of financial performance and reports forming part of the Directors' report in the Annual Report of the Company. The following points would specifically be approved by the audit committee:

- a. Review of related party transactions.
- b. Review of contingent liabilities of the Company that may have significant implications on the financial health of the Company.
- c. Review the change, if any, in the accounting policies / practices and relevant qualifications / disclosures by the auditors.
- d. Compliances with the relevant accounting standards.
- e. Compliances with the stock exchange and legal requirements concerning financial statements.
4. Review, approve and monitor the code of ethics that the senior management and financial personnel of the Company must adhere to.
5. Review and approval of the risk management policy of the Company.
6. Approval of the financial reports / results for consideration of the Board.

Meeting of Audit Committee

The Audit Committee met four times during the year on 13.06.2009, 29.07.2009, 31.10.2009 and 18.01.2010. The attendance of the committee members to these meetings was as follows:

Name of Director	Status of the Director	No. of Meetings Attended
Mr. GR Agarwal	Chairman	4
Mr. Amitav Kothari	Member	2
Mrs. Alka Bangur	Member	4

The Chief Financial Officer (CFO)/Executive Director is invited in the meeting of Audit Committee.

(B) Shareholders'/Investors' Grievance Committee:

Composition:

The Shareholders'/Investors' Grievance Committee comprises three Directors namely Mr. SS Kothari – Chairman, Mrs. Alka Bangur and Mr. Govind Sharda.

Terms of Reference:

The Shareholders'/Investors' Grievance Committee, inter alia, considers the matter relating to transfer/transmission of Shares, issue of Duplicate Share Certificates, Dematerialization/ Rematerialisation of Shares, redressal of shareholders'/ investors' grievances etc. The committee regular reviews the services provided by Registrars and Transfer Agent to shareholders.

Meeting:

Three meetings of the Committee were held during the financial year 2009-10, i.e. on 13.06.2009, 31.10.2009 and 18.01.2010. The attendance of the committee members to these meetings was as follows:

Name of Director	Status of the Director	No. of Meetings Attended
Mr. SS Kothari	Chairman	2
Mrs. Alka Bangur	Member	3
Mr. Govind Sharda	Member	3

(C) Remuneration Committee:

Composition:

The Remuneration Committee comprises three Independent Directors, namely Mr. SS Kothari – Chairman, Mr. Chandravadan Desai and Mr. Amitav Kothari.

Terms of Reference:

Remuneration Committee recommends/reviews the remuneration of Executive members of the Board.

Meeting:

There was no meeting of Remuneration Committee held during the financial year 2009-10.

Remuneration Policy:

The Company's remuneration policy is based upon the market phenomena, performance and qualitative appraisal.

Remuneration of Directors:

The Details of Remuneration paid to the Directors during the year are as under: (Rs. in Lacs)

Name of Director	Salary	Contribution to PF	Commission on profits	Perquisites and other benefits	Sitting Fees	Total
Mr. LN Bangur (CMD)	29.90	3.59	4.24	17.94	-	55.67
Mrs. Alka Bangur	-	-	1.80	-	0.33	2.13
Mr. Chandravadan Desai	-	-	1.80	-	0.09	1.89
Mr. Amitav Kothari	-	-	1.80	-	0.15	1.95
Mr. SS Kothari	-	-	1.80	-	0.18	1.98
Mr. Govind Sharda (ED)	14.28	1.17	-	6.10	-	21.55
Mr. Amit Mehta*	-	-	1.80	-	-	1.80
Mr. GR Agarwal**	-	-	1.80	-	0.24	2.04

* Appointed as Additional Director w.e.f. 30.09.2008 and became Director w.e.f. 19.09.2009

** Appointed as Additional Director w.e.f. 27.03.2009 and became Director w.e.f. 19.09.2009

5. GENERAL BODY MEETING:

a) Annual General Meeting:

Venue, date and time of the Annual General Meetings held during last 3 years are as follow:

Year	Venue	Date	Time
2007	A-2 Prithviraj Road, C -Scheme, Jaipur – 302005	17.09.2007	4.00 p.m.
2008	Sitaram Seksaria Auditorium of Bhartiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata 700 017 (WB)	30.09.2008	3.00 p.m.
2009	Sitaram Seksaria Auditorium of Bhartiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata 700 017 (WB)	19.09.2009	11.30 a.m.

b) Special Resolution(s) passed in previous 3 AGMs

Date	Matter
30.09.2008	Appointment of Mr. Yogesh Bangur on place of profit u/s 314(1B) of the Companies Act, 1956
30.09.2008	Re-appointment of CMD
30.09.2008	Appointment of Whole-time Director

c) Details of Extra-Ordinary General Meeting and Resolution passed through Postal Ballot during the year:-

There was no Extraordinary General Meeting held during the year 2009-10 and there was no Resolution passed through Postal Ballot in the year 2009-10.

6. DISCLOSURES ON RELATED PARTY TRANSACTION:

During the year there were several related party transactions executed by the Company but none of the transaction was prejudicial to the interest of Company and investors. All the transactions were made on arms length price. The details of transactions are given under "Notes on Accounts – Schedule 18" forming part of the Annual Report.

7. OTHER DISCLOSURE:

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years.

No penalties have been levied or strictures have been passed by SEBI, any of the Stock Exchanges or any other Statutory Authority on any matters relating to capital markets, in the last three years.

8. CEO/CFO CERTIFICATION:

As per the clause 49 of the Listing Agreement, the Chairman & Managing Director, Mr. LN Bangur, being the CEO and the Executive Director, Mr. Govind Sharda, being the CFO, have jointly furnished to the Board, the requisite certificate before the meeting of the Board of Directors held on 22nd May 2010.

9. MEANS OF COMMUNICATION:

Financial Results

The quarterly and half yearly results are published in one English daily newspaper circulating in whole or substantially the whole of India and in one newspaper published in the language of the region, where the registered office of the Company is situated i.e. Kolkata. The results of the last quarter of the year are, however, published alongwith the Annual Audited Results.

Annual Report

Annual Report containing, inter alia, Audited Annual Accounts, Directors' Report, Management Discussion & Analysis Report, and other relevant/important information is circulated to members and other entitles.

Website:

The company website www.msumindia.com displays adequate information and financial Results.

Corporate Filing

Pursuant to clause 52 of the Listing Agreement, Financial Results, and Shareholding Patterns etc. are also posted to www.corpfiling.co.in.

E-mail IDs for Shareholders/Investors

Investors may send their query/feedback to kolkata@msumindia.com.

10. GENERAL SHAREHOLDERS' INFORMATION :

- a. Company Registration Details Corporate Identity Number (CIN) of the company is L17124WB1939PLC128650. Referencing this no., a person can obtain the details about the company with ROC at www.mca.gov.in

- b. Registrar and Transfer Agent (Physical/ Electronic Shares) Maheshwari Datamatics Pvt. Ltd.
6 Mangoe Lane, Surendra Mohan Ghosh Sarani, 2nd Floor,
Kolkata – 700 001. Phone: 033-2243-5809/5029 Fax: 033-2248-
4787 E-mail ID : mdpl@cal.vsnl.net.in
- c. Date, Time and Venue of AGM 31st July, 2010 at 11.00 a.m. at Club House, The Tollygunge
Club Ltd., 120, Deshpran Sasmal Road, Kolkata 700033
- d. Financial Calendar/
Financial Year 1st April to 31st March every year
- Quarterly Financial reporting Within one month from the end of each quarter except the fourth
quarter when Audited Annual Results are published within two
months.
- e. Date of Book Closure 26th July, 2010 to 31st July, 2010
(Stock Exchange will be duly notified)
- f. Dividend Payment Within 30 days from 31st July, 2010 (the date of the next AGM),
if any, as may be approved by the members of the Company as
recommended by the Board.
- g. Share Transfer System Share transfer is normally effected within a period of 15 days
from the date of receipt, if all required documentation are
submitted. All requests for dematerialization of shares are
processed and confirmation is given to the depositories within
15 days. The Company obtains a certificate of compliance in
respect of share transfer from a practicing company secretary
pursuant to clause 47 (c) of the Listing Agreement.
- h. Stock Code BSE - 530059
CSE - 10023019
- i. Listing at Stock Exchanges The Bombay Stock Exchange Ltd., Mumbai;
The Calcutta Stock Exchange Ltd., Kolkata
- j. Market Price Data The market price and volume of the Company's shares traded
in The Bombay Stock Exchange Ltd. (BSE), Mumbai and The
Calcutta Stock Exchange Ltd. (CSE), Kolkata during the year
2009-10 are as follows:

Year	BSE		CSE*		VOLUME	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	BSE (Nos.)	CSE (Nos.)
2009-10						
April	49.20	42.80	-	-	9301	-
May	68.10	44.90	-	-	26129	-
June	79.10	63.00	-	-	11193	-
July	73.50	53.25	-	-	8674	-
August	84.00	60.60	-	-	55764	-

September	170.65	79.80	-	-	75887	-
October	183.90	132.90	-	-	46156	-
November	159.95	113.50	-	-	25568	-
December	147.80	118.10	-	-	30092	-
January	163.00	118.00	-	-	55680	-
February	154.50	101.00	-	-	42620	-
March	128.00	103.50	-	-	316117	-

* There was no trading of shares at CSE during the year.

k. Distribution of Shareholding as on 31st March, 2010 :

No. of shares held	No. of share-holders	% of share-holders	No. of shares held	% of share-holding
Up to 500	2022	87.31	2,62,816	3.04
501 to 1000	155	6.69	1,20,442	1.39
1001 to 2000	52	2.25	80,856	0.94
2001 to 3000	19	0.82	45,804	0.53
3001 to 4000	14	0.60	51,983	0.60
4001 to 5000	6	0.26	27,570	0.32
5001 to 10000	9	0.39	63,207	0.73
10001 & above	39	1.68	79,87,322	92.45
Total	2316	100.00	86,40,000	100.00

i. Categories of share holding as on 31st March, 2010 :

Shareholders Category	No. of shares held	% of total shares held
Promoters & Promoter Group	72,31,400	83.70
FIs	NIL	NIL
FIIIs	NIL	NIL
Mutual Funds	NIL	NIL
Banks	NIL	NIL
Corporate Bodies	6,52,073	7.54
NRIs	17,896	0.21
Others	7,38,631	8.55
Total	86,40,000	100.00

m. Dematerialisation of Shares : As on 31st March, 2010, 61.58% of the Company's equity shares have been dematerialised. As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in the dematerialised form with effect from 26.12.2000.

n. Plant Location : Maharaja Shree Umaid Mills Ltd.,
Jodhpur Road, Pali Marwar - 306401 (Rajasthan)

CEO/CFO DECLARATION

This is to declare that as a measure of following sound Corporate Governance practices and the requirements of the Listing Agreements, the Company has framed a Code of Conduct to be observed by the members of the Board of Directors and the Functional Heads of the Company.

This is to state that all the members of the Board of Directors and the Functional Heads of the Company have furnished their affirmations for due observance and compliance on their part of the Code of Conduct laid down as above and there is no non-compliance thereof during the year ended 31st March, 2010.

Kolkata
May 22, 2010

Govind Sharda
Executive Director
CFO

LN Bangur
Chairman & Managing Director
CEO

AUDITORS' COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of **Maharaja Shree Umaid Mills Ltd.**

We have reviewed the compliance of conditions of Corporate Governance by Maharaja Shree Umaid Mills Ltd. for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement with Stock Exchange have been complied with in all material respect of the Company.

No investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee.

Kolkata
May 22, 2010

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner
M. No. 72326
Firm Regn. No. 001072C

AUDITORS' REPORT TO THE MEMBERS OF MAHARAJA SHREE UMAID MILLS LIMITED

We have audited the attached Balance Sheet of MAHARAJA SHREE UMAID MILLS LIMITED as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

3. Further to our comments in the annexure referred to in para 2 above, we report that :

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as it appears from our examination of those books;

c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;

d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956;

e) In our opinion and based on information and explanations given to us, none of the Directors of the Company are prima-facie, as at 31st March, 2010, disqualified from being appointed as Directors of the Company in terms of Section 274(1)(g) of the Companies Act, 1956 ;

f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon and schedule 18, give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;

i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and

ii) in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and

iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Kolkata
May 22, 2010

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner
M. No. 72326
Firm Regn. No. 001072C

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF MAHARAJA SHREE UMAID MILLS LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2010

1. i) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - ii) The fixed assets have been physically verified wherever practicable on a phased manner by the management, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. As informed to us, no material discrepancies between book records and physical inventory were noticed.
 - iii) In our opinion there was no substantial disposal of fixed assets, during the year and the going concern status of the company is not affected.
 2. i) As explained to us the management has conducted physical verification of inventory at reasonable intervals during the year.
 - ii) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventory followed by the management are, in our opinion and according to information and explanations given to us, reasonable and adequate in relation to the size of the Company and the nature of its business.
 - iii) The Company is maintaining proper records of inventory and as explained to us no material discrepancies were noticed on physical verification of inventory as compared to book records.
 3. The Company has neither granted nor taken, during the year, any loan, secured or unsecured, to or from Companies, Firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and service.
- During the course of our audit, no major weakness has been noticed in internal control system.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements, the particulars of which need to be entered into the Register maintained under section 301 of the Companies Act, 1956.
 6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and 58AA or any other relevant provision of the Act and rules framed there under, and the directives issued by the Reserve Bank of India.
 7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
 8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
 9. i) According to the records of company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding at the year end for a period of more than six months from the date they became payable.
 - ii. According to the records of the Company and information given to us, the particulars of statutory dues of the Sales Tax, Income Tax, Service Tax, Custom Duty, Wealth Tax, Excise Duty, Cess and any other statutory dues which have not been

deposited on account of disputes and the forum where the dispute is pending are given hereunder :

S. No.	Name of the statute	Nature of the Dues	Forum where dispute is pending	Amount (Rs. in Lacs)
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Taxation :

i.	Income Tax Act, 1961	Income-Tax	High Court	23.75
ii.	Income Tax Act, 1961	Income-Tax	High Court	137.57
iii.	Central Excise Act, 1944	Excise Duty	High Court	169.58
iv.	Central Excise Act, 1944	Excise Duty	Supreme Court	11.50
v.	Finance Act, 1994	Service Tax	Commissioner (Appeals)	90.78
vi.	The Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Entry Tax	Deputy Commissioner High Court	16.26 147.41

Others :

i.	Payment of Wages Act, 1936	Wages	Relevant Authority	1.75
ii.	Payment of Gratuity Act, 1972	Gratuity	Relevant Authority	0.43
iii.	Industrial Dispute Act, 1947	Wages	High Court	3.23
iv.	ESI Act, 1948	ESI	High Court	4.75

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

11. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks. There are no debenture holders.

12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.

14. In our opinion and according to the information and explanations given to us, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial Institutions..

16. Based on information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.

17. On the basis of an overall examination of the balance sheet and cash flows of the company and the information and explanations given to us, we report that the company has not utilized the funds raised on short-term basis for long term investment.

18. During the year the company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. The company did not issue any debentures during the year.

20. The company has not raised any money through a public issue during the year.

21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Kolkata
May 22, 2010

For B.D. GARGIEYA & CO.
Chartered Accountants
NK Gupta
Partner
M. No. 72326
Firm Regn. No. : 001072C

BALANCE SHEET AS AT MARCH 31, 2010

(Rs. in Lacs)

	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	864.00	864.00
Reserves & Surplus	2	15,088.50	13,912.38
		15,952.50	14,776.38
Loan Funds :			
Secured Loans	3	12,331.65	10,086.01
Unsecured Loans	4	500.00	-
		12,831.65	10,086.01
Deferred Tax Liability (Net)		486.51	576.90
		29,270.66	25,439.29
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	23,482.06	22,642.44
Less : Depreciation		10,288.41	9,212.68
Net Block		13,193.65	13,429.76
Capital Work-in-Progress		366.67	159.60
		13,560.32	13,589.36
Investments	6	5,477.34	4,308.40
Current Assets, Loans & Advances :			
Inventories	7	8,021.42	6,161.04
Sundry Debtors	8	2,137.80	1,746.74
Cash & Bank Balances	9	353.11	149.52
Loans & Advances	10	2,014.89	1,548.76
		12,527.22	9,606.06
Less : Current Liabilities & Provisions	11		
Current Liabilities		1,379.25	1,446.23
Provisions		914.97	618.30
		2,294.22	2,064.53
		10,233.00	7,541.53
		29,270.66	25,439.29

Significant Accounting Policies and Notes on Accounts 18

The Schedules referred to above form part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner
M. No. 72326
Kolkata
May 22, 2010
Firm Regn. No. : 001072C

Sanjay Kumar Periwal
Company Secretary

LN Bangur
Govind Sharda
SS Kothari
C V Desai
Amitav Kothari
Amit Mehta
GR Agarwal
Chairman &
Managing Director
Executive Director
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

(Rs. in Lacs)

	Schedule	Year ended on March 31, 2010	Year ended on March 31, 2009
INCOME			
Turnover (Gross)		31,953.95	29,739.67
Less : Excise Duty		1.45	46.10
Turnover (Net)		31,952.50	29,693.57
Other Income	12	843.02	98.27
Increase/(Decrease) in Stocks	13	(505.56)	(159.55)
		32,289.96	29,632.29
EXPENDITURE			
Raw Materials and Other Materials Consumed		19,866.12	19,074.78
Manufacturing Expenses	14	5,837.57	5,297.12
Manpower Cost	15	2,256.73	2,024.81
Selling, Administrative and Other Expenses	16	619.40	648.37
Interest & Finance Charges	17	611.99	426.31
		29,191.81	27,471.39
PROFIT BEFORE DEPRECIATION AND TAXATION		3,098.15	2,160.90
Depreciation		1185.16	1,234.60
PROFIT BEFORE TAXATION		1,912.99	926.30
Provision for Taxation – Current Tax		547.88	382.47
– Fringe Benefit Tax		-	4.60
– Deferred Tax		(90.40)	(119.34)
PROFIT AFTER TAX		1,455.51	658.57
Add : Balance brought from last year		796.97	376.13
Tax adjustment for earlier years (net)		21.92	(61.38)
PROFIT AVAILABLE FOR APPROPRIATION		2,274.40	973.32
APPROPRIATIONS			
Proposed Dividend		216.00	108.00
Tax on distributed profits		36.71	18.35
General Reserve		500.00	50.00
Balance carried forward		1,521.69	796.97
		2,274.40	973.32
Basic and Diluted Earnings per Share of Rs. 10 each (Rs.)		16.85	7.62
Significant Accounting Policies and Notes on Accounts	18		

The Schedules referred to above form part of the Profit & Loss Account.
This is the Profit & Loss Account referred to in our report of even date.

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner
M. No. 72326
Kolkata
May 22, 2010
Firm Regn. No. : 001072C

Sanjay Kumar Periwal
Company Secretary

LN Bangur
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GR Agarwal
Chairman &
Managing Director
Executive Director
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2010

(Rs. in Lacs)

	For the year ended March 31, 2010	For the year ended March 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extraordinary items	1,912.99	926.30
Adjustments for :		
Depreciation	1,185.16	1,234.60
Income from Investments	(24.39)	(39.51)
Interest paid (Net)	550.76	379.27
Profit on sale/scrapping of fixed assets	(799.57)	(21.20)
	911.96	1,553.16
Operating Profit before Working Capital Changes	2,824.95	2,479.46
Adjustments for :		
Trade and other receivables	(539.56)	(668.12)
Inventories - Raw Materials	(2,328.87)	202.48
Inventories - Finished and Semi Finished Goods	468.49	286.98
Trade payables	(103.98)	146.28
	(2,503.92)	(32.38)
Cash Generated from Operations	321.03	2,447.08
Interest paid	(241.68)	(281.11)
Direct taxes paid	(552.14)	(259.68)
	(793.82)	(540.79)
Net Cash Flow from (used in) Operating Activities	(472.79)	1,906.29
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets & other capital exp.	(1,165.90)	(262.50)
Sale/scrapping of fixed assets	669.67	43.14
Purchase of Investments	(1,217.54)	(169.20)
Dividend received	24.39	39.51
Net cash used in investing activities	(1,689.38)	(349.05)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Long-term borrowing	1,096.35	-
Proceeds from Short-term borrowing	3,250.57	1,455.02
Repayment of Long-term borrowing	(923.13)	(1,491.87)
Repayment of Short-term borrowing	(678.15)	(1,497.15)
Interest paid	(253.96)	(193.93)
Dividend and tax thereon paid	(125.92)	(75.46)
Net cash flow from (used in) financing activities	2,365.76	(1,803.39)
Net increase in Cash and Cash Equivalents	203.59	(246.15)
Cash and cash equivalents (Opening Balance)	149.52	395.67
Cash and cash equivalents (Closing Balance)	353.11	149.52

Note : Figures in bracket represent cash outflows.

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner
Kolkata
May 22, 2010
M. No. 72326
Firm Regn. No. : 001072C

Sanjay Kumar Periwal
Company Secretary

LN Bangur
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Amitav Kothari
Amit Mehta
GR Agarwal
Chairman &
Managing Director
Executive Director
Directors

SCHEDULES TO ACCOUNTS

(Rs. in Lacs)

SCHEDULE 1 : SHARE CAPITAL		As at March 31, 2010	As at March 31, 2009
Authorised			
1,00,00,000	Equity Shares of Rs. 10/- each	1,000.00	1,000.00
		<u>1,000.00</u>	<u>1,000.00</u>
Issued & Subscribed			
1,60,000	Equity Shares of Rs. 10/- each fully paid-up in cash	16.00	16.00
84,80,000	Equity Shares of Rs. 10/- each issued as Bonus Shares out of Reserves	848.00	848.00
		<u>864.00</u>	<u>864.00</u>

SCHEDULE 2 : RESERVES & SURPLUS			
Capital Reserve			
	As per last Balance Sheet	0.68	0.68
Revaluation Reserve			
	(refer Note 6 of Schedule 18)	6,656.14	6,656.14
Stock & Investment			
	(Diminution/Fluctuation in Value) Reserve	-	48.60
General Reserve			
	As per last Balance Sheet	6,409.99	
	Add : Transferred from Profit & Loss A/c	500.00	6,909.99
Surplus as per Profit & Loss A/c		<u>1,521.69</u>	<u>796.97</u>
		<u>15,088.50</u>	<u>1,3912.38</u>

SCHEDULE 3 : SECURED LOANS			
Loans From Banks			
	- Term Loans	5,764.25	5,591.03
	- Working Capital Loans	6,567.40	4,494.98
		<u>12,331.65</u>	<u>10,086.01</u>

Term loans are secured by equitable mortgage of Land & Building of the Pali Establishment i.e. the Textile Unit and the Power Generation Unit at Pali; and hypothecation of specific Machineries & Equipments, immovable and movable Assets; and by way second of charge on the current assets of the Pali Establishment.

Working Capital Loans are secured by way of hypothecation of Inventories/Book Debts of the Pali Establishment i.e.the Textile Unit and the Power Generation Unit at Pali; and by way of second charge on the Fixed Assets of the Pali Establishment as above, ranking pari passu with each other.

SCHEDULE 4 : UNSECURED LOANS			
Short Term Loans from Banks			
		500.00	-
		<u>500.00</u>	<u>-</u>

(Rs. in Lacs)

SCHEDULE 5 : FIXED ASSETS										
PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 1st April, 2009	Additions/ Adjustments	Deductions/ Adjustments	As at 31st March, 2010	Up to 1st April, 2009	on Deductions/ Adjustments	For the Year	Up to 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Land (Free hold)	6,660.61	1.16	-	6,661.77	-	-	-	-	6,661.77	6,660.61
Buildings	678.79	4.69	2.47	681.01	339.17	1.05	33.11	371.23	309.78	339.62
Plant & Machinery	14,938.60	941.50	86.53	15,793.57	8,648.63	79.21	1,128.09	9,697.51	6,096.06	6,289.97
Electric Installation	107.09	-	-	107.09	45.04	-	4.09	49.13	57.96	62.05
Furniture & Fixture	94.49	1.69	-	96.18	82.95	-	1.76	84.71	11.47	11.54
Equipments	52.71	3.80	24.97	31.54	46.15	24.85	1.88	23.18	8.36	6.56
Vehicles	110.15	5.99	5.24	110.90	50.74	4.32	16.23	62.65	48.25	59.41
Sub Total	22,642.44	958.83	119.21	23,482.06	9,212.68	109.43	1,185.16	10,288.41	13,193.65	13,429.76
Previous Year	15,916.91	6,928.24	202.71	22,642.44	8,158.85	180.77	1,234.60	9,212.68	13,429.67	-
Capital Work - in - Progress including capital advances									366.67	159.60
TOTAL									13,560.32	13,589.36

SCHEDULE 6 : INVESTMENTS					
Previous Year Nos.	Current Year Nos.		Face Value	As at March 31, 2010	As at March 31, 2009
(Non-Trade) - Long Term					
Ordinary Shares - Quoted:					
36,35,470	60,60,540*	1. Andhra Pradesh Paper Mills Ltd.	10	4,674.48	3,461.94
1000	1000	2. State Bank of Bikaner & Jaipur	10	0.54	0.54
2,02,545	3,03,817**	3. The Peria Karamalai Tea & Produce Co. Ltd.	10	177.03	177.03
				4,852.05	3,639.51
Ordinary Shares - Unquoted:					
3,90,000	3,90,000	1. Digvijay Investments Ltd.	100	606.86	606.86
2,99,257	***	2. Dunbar Mills Ltd.	10	***	37.09
5	****	3. Jal Mayur Co-operative Housing Society Ltd.	50	-	****
5	5	4. The Jewel Crown Co-op. Housing Society Ltd.	50	****	****
577778	5,77,778	5. VS Lignite Power (P) Ltd.	10	57.78	57.78
				664.64	701.73
Investment in Wholly Owned Subsidiary-Unquoted:					
-	50,000	1. Allied Dealcomm Ltd.		5.00	-
				5.00	-
Preference Shares - Unquoted:					
11,512	***	1. The Fort William Industries Ltd.	100	***	11.51
11,14,222	11,14,222	2. VS Lignite Power (P) Ltd.	10	111.42	111.42
				111.42	122.93
				5,633.11	4,464.17
		Less : Provision for Diminution in value of Investment		155.77	155.77
				5,477.34	4,308.40
		Aggregate Book Value of Quoted Investments (Net)		4,696.28	3,483.74
		Aggregate Book Value of Unquoted Investments		781.06	824.66
				5,477.34	4,308.40
		Market Value of Quoted Investments		4,838.18	1,457.42

* During the year, 24,25,070 equity shares of Rs. 10 each were subscribed and allotted under right issue of the company.

** During the year, 1,01,272 equity shares of Rs. 10 each were allotted by way of Bonus shares.

*** Investment held in the companies are adjusted against Stock Investment Reserve Account created by appropriation of past profits as the companies went into liquidation.

**** During the year, Shares held in the Society were transferred to the buyer of the property in relation to which such shares were allotted.

***** The value of the item after rounding off, is below the reportable figures, hence ignored.

(Rs. in Lacs)

SCHEDULE 7 : INVENTORIES	As at March 31, 2010	As at March 31, 2009
(As valued & certified by the Management)		
Finished Goods including waste	311.82	771.60
Stock-in-Process	547.90	593.68
Raw Materials	6,847.50	4,518.63
Stores, Spare parts, Fuel, etc.	314.20	277.13
	<u>8,021.42</u>	<u>6,161.04</u>

SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured and Considered good)		
Outstanding for a period exceeding six months	27.85	16.95
Others	2,109.95	1,729.79
	<u>2,137.80</u>	<u>1,746.74</u>

SCHEDULE 9 : CASH & BANK BALANCES		
Cash in hand	2.97	12.43
Balance with Scheduled Banks		
Current Accounts	332.54	116.18
Fixed Deposit Accounts	13.51	13.51
Unpaid Dividend Accounts	3.02	2.59
Balance with Others		
Current Account with The Pali Urban Co-op. Bank Ltd., Pali (Maximum Balance during the year Rs. 14.14 Lacs) (Previous year Rs. 13.86 Lacs)	1.07	4.81
	<u>353.11</u>	<u>149.52</u>

SCHEDULE 10 : LOANS & ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	1,164.87	939.50
Advance Payment for Taxation	723.63	406.45
Balance with Customs, Central Excise Authorities, etc.	124.16	201.03
Interest accrued/receivable	2.23	1.78
	<u>2,014.89</u>	<u>1,548.76</u>

(Rs. in Lacs)

SCHEDULE 11 : CURRENT LIABILITIES & PROVISIONS	As at March 31, 2010	As at March 31, 2009
A. Current Liabilities		
Creditors for goods supplied		
Due to Micro and Small Enterprises	11.94	23.48
Others	114.20	356.35
Other Liabilities	1194.52	1063.81
Interest accrued but not due on Loans	55.57	-
Unclaimed Dividends	3.02	2.59
	1379.25	1446.23
B. Provisions		
Provision for Taxation	547.88	396.57
Proposed Dividends	216.00	108.00
Tax on Proposed Dividend	36.71	18.35
Provision for Gratuity & Leave Encashment	114.38	95.38
	914.97	618.30

SCHEDULE 12 : OTHER INCOME	Year ended March 31, 2010	Year ended March 31, 2009
Profit on Sale/Scrapping of Fixed Assets	802.78	21.32
Dividend on Ordinary Shares (Long Term Investments)	24.39	39.51
Miscellaneous Income	15.85	37.44
	843.02	98.27

SCHEDULE 13 : INCREASE/(DECREASE) IN STOCKS		
Opening Stock		
Finished Goods	771.60	964.11
Stock-in-Process	593.68	560.72
	1365.28	1524.83
Closing Stock		
Finished Goods	311.82	771.60
Stock-in-Process	547.90	593.68
	859.72	1365.28
Increase/(Decrease)	(505.56)	(159.55)

(Rs. in Lacs)

SCHEDULE 14 : MANUFACTURING EXPENSES	Year ended March 31, 2010	Year ended March 31, 2009
Stores and Spare Parts consumed	1047.90	865.39
Power & Fuel	4527.05	4149.96
Processing Expenses	9.56	25.04
Repairs to : Plant & Machinery	147.26	103.60
: Building	69.78	118.02
Pollution Control Expenses	36.02	35.11
	<u>5837.57</u>	<u>5297.12</u>

SCHEDULE 15 : MANPOWER COST		
Salaries, Wages, Bonus & Allowances	1974.86	1778.85
Contribution to Provident & others funds	228.33	208.43
Employees Welfare Expenses	53.54	37.53
	<u>2256.73</u>	<u>2024.81</u>

SCHEDULE 16 : SELLING, ADMINISTRATIVE & OTHER EXPENSES		
Rent	3.55	3.36
Rates & Taxes	14.63	9.96
Insurance Charges	10.33	14.11
Charity & Donation	17.11	0.99
Loss on Sale/Scrapping of Fixed Assets	3.21	0.12
Other Repairs and Maintenance	33.62	35.85
Miscellaneous Expenses	170.45	149.98
Commission & Brokerage on Sales	157.47	150.20
Selling & Distribution Expenses	209.03	283.80
	<u>619.40</u>	<u>648.37</u>

SCHEDULE 17 : INTEREST AND FINANCE CHARGES		
Interest On Long Term Loans	622.94	727.03
Less : Interest Subsidy received under TUFS	321.17	601.37
	301.77	125.66
Interest on Other borrowings	399.55	347.96
Less : Received	150.56	94.35
	248.99	253.61
Interest Cost	550.76	379.27
Finance Charges	61.23	47.04
	<u>611.99</u>	<u>426.31</u>

SCHEDULE 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Significant Accounting Policies:

A. Recognition of Income & Expenditure

Revenues/Incomes and Costs/Expenditures are generally accounted for on accrual basis, as these are earned or incurred. Cenvat as availed of is taken into account. Any subsidy, DEPB, Duty Drawback and Rebate etc. under any Government schemes including TUFs is recognized and accounted for as and when received.

B. Fixed Assets

Fixed Assets (except for Land which is at revalued figure) are stated at cost (Net of CENVAT) of acquisition or construction less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses up to the date of installation/commissioning of assets.

C. Depreciation

Depreciation has been provided for at the rates in force from time to time as per the Schedule XIV of the Companies Act, 1956 as under-

- (i) on Plant & Machinery and Electric Installation added upto 31.12.1979 - on written down value method and on additions from 01.01.1980 onwards - on straight line method.
- (ii) on all other items of Fixed Assets - on written down value method. No Depreciation is charged on land.

D. Investments

Investments are classified as Current and Long Term. The current investments are stated at lower of the costs or fair value. Long Term investments are stated at cost. Suitable provisions are made / reserves created to recognize a non-temporary decline in the value of such investments.

E. Inventories

Raw Materials and Finished Goods are valued at cost or Net realizable value whichever is lower; Stock in Process is valued at cost depending upon the stage of completion ; Stores & Spare Parts and Fuel are valued at cost ; and scrap materials are valued at net realizable value. The cost is determined using specific identification cost method for Raw Materials and weighted average cost method for Stores & Spare Parts and Fuel.

F. Gratuity and Leave encashment

Liabilities for the gratuity and leave encashment are evaluated at the year end by Actuary and the incremental amount of these liabilities is charged to the Income statement for the period.

G. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Export sales are recorded at the custom notified exchange rates.

Monetary items denominated in foreign currencies at the year end, are re-stated at the year end rates or forward exchange contract rates, as the case may be.

Non-monetary items denominated in foreign currencies are carried at cost.

No transaction took place during the year wherein the exchange rate difference arose for the acquisition of fixed assets.

H. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. Qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. The basis of working out the borrowing costs is weighted average rate applicable to the borrowing of the Company that are outstanding during the period except where specific identification exists. All other borrowing costs are recognized as expenses in the period in which they are incurred.

I. Taxes on Income

Provision for current tax is made in accordance with the provisions of the Income-tax Act, 1961, and after taking into consideration, benefits admissible therein. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

J. Impairment of Assets

As asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The carrying value of asset is reviewed at each balance sheet date to determine if there is indication of any impairment. If any indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount, and is recognized in the Profit & Loss Account. An impairment loss is reversed if there has been a change in the estimate of recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

K. Provisions, Contingent Liabilities and Contingent Assets

A provision is made when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation, that may, but probably will not, require an outflow of resources. When there is a possible or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. The Company does not recognize assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, asset and related income is recognized in the financial statements of the period in which the change occurs.

	2009-10	2008-09
	(Rs. in Lacs)	
2. Estimated amount of contracts on Capital Accounts remaining to be executed and not provided for (net of advances)	1367.27	1263.44
3. Other Contingent Liabilities, provision whereof is considered not necessary:		
(i) Claims against the Company regarding Labour Claims etc.	10.78	11.19

	2009-10	2008-09
	(Rs. in Lacs)	
(ii) Claims against the Company regarding Income-tax Assessment for different years (net of provisions / actual payments)	161.32	161.32
(iii) Claims against the Company regarding Entry Tax liabilities (net of provisions / actual payments)	148.15	125.63
(iv) Claims against the Company regarding Excise Duty and Service Tax Assessment for different years (net of provisions / actual payments)	260.36	169.58
<p>All the above matters when concluded, are unlikely, in the opinion of the management, to result in any material liability and consequent effect on the results of operations and/or financial position of the Company.</p>		
4. The Company has export obligations of Rs. 3881.09 Lacs (USD 86.29 Lacs) [Previous Year: Rs. 1369.60 Lacs) against Import Licences taken for import of capital goods under Export Promotion Capital Goods Scheme.		
	2009-10	2008-09
	(Rs. in Lacs)	
5. Deferred Taxation : Deferred Tax Liability (net) on account of accelerated depreciation	486.51	576.90
6. Fixed Assets The land has been shown at the revalued figure amounting to Rs.6,660.61 lacs as against the original cost of Rs. 4.47 lacs on the basis of the Valuation Report dated 12.03.2009 of an approved valuer.		
7. Investments Investments made in the Equity shares of Dunbar Mills Ltd. (Rs. 37.09 lacs) and in the Preference shares of The Fort William Industries Ltd. (Rs. 11.51 lacs) have been removed from investments and adjusted against Stock & Investment (Diminution/Fluctuation in Value) Reserve, created out of profits appropriated in past for the specific purpose. The captioned companies have been liquidated with no payments distributed to the shareholders. In past, there had been a fall in the value of investment in shares in the Peria Karamalai Tea & Produce Co. Ltd., appearing in the books at Rs. 177.03 lacs as on 31.03.2006. As such the sum of Rs. 155.77 lacs, then representing the fall had been provided for in the provision for diminution. However, as the investments in the three Companies, viz. i) The Peria Karamalai Tea & Produce Co. Ltd.; ii) The Andhra Pradesh Paper Mills Ltd.; and iii) Digvijay Investments Ltd., are long term and strategic, made out of reserves of the Company, the fluctuations in the values thereof are considered to be of temporary nature, hence no change in the provision for diminution, if any at the end of the year, is considered necessary.		
8. There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information available with the Company.		
9. Employee Benefits (a) Defined Contribution Plans The Company has Defined Contribution Plan for its employees comprising of Provident Fund, Superannuation Fund, Pension and Employee's State Insurance Fund. The Company and eligible employees make monthly contribution to the Provident Fund trust equal to specified percentage of the covered employees' salary. The		

Company recognised Rs. 228.33 Lacs (previous year Rs. 208.43 Lacs) during the year as expense towards contribution to these plans.

Particulars	2009-10	2008-09
	(Rs. in Lacs)	
Company's contribution to Provident Fund	146.11	133.67
Company's contribution to Employees State Insurance and Group Insurance Scheme	70.77	64.38
Administration charges on above	11.45	10.38

(b) Defined Benefit Plans

The Company has Defined Benefit Plan comprising of Gratuity Fund, Leave Encashment and Long Term Service Award. The Company contributes to the Gratuity Fund, which is recognised by the Income Tax Authorities and administered through its trustees. The liability for Gratuity and Leave Encashment is determined on the basis of an independent actuarial valuation done at the year-end. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method.

The following table set out the disclosures relating to Gratuity and Leave Encashment benefits as required by Accounting Standard (AS)-15 "Employee Benefits" :

	31.03.2010	
	Gratuity (Funded)	Leave Encashment (Unfunded)
I Actuarial Assumptions	LIC (1994-96) Ultimate	
Mortality	7.50%	
Discount Rate	4.00%	
Rate of Increase in compensation	7.50%	
Rate of return (expected) on Plan assets	20.65	
Expected average remaining service (years)		
II Reconciliation of opening and closing balances of Defined Benefit Obligation (DBO)	(Rs. in lacs)	
Defined Benefit obligation at beginning of year	414.02	75.10
Interest Cost	31.05	5.63
Current Service Cost	31.65	9.21
Benefits paid	(60.46)	(40.48)
Actuarial (gain)/loss	18.40	29.65
Defined Benefit obligation at end of year	434.66	79.11
III Reconciliation of opening and closing balances of fair value of plan assets		
Fair Value of Plan Assets at the beginning of year	414.02	-
Expected return on plan assets	31.05	-
Actuarial gain/(loss)	(1.22)	-
Employer Contribution	-	40.48
Benefits paid	(60.46)	(40.48)
Fair value of plan assets at year end	383.39	-
Actual return on plan assets	29.83	-
IV Reconciliation of fair value of assets and obligations		
Fair value of plan assets	383.39	-
Present value of obligation	434.66	79.11
Net asset/(liability) recognized in Balance Sheet	(51.27)	79.11

V Expenses recognized in the statement of P&L A/c

Current Service Cost	31.65	9.21
Interest Cost	31.05	5.63
Expected Return on Plan Assets	(31.05)	-
Net Actuarial (Gain)/Loss recognized for the period	19.62	29.66
Expenses recognized in the statement of P & L A/c	51.27	44.50

10. Manpower costs include Managerial Remuneration* paid to the Board members as detailed hereunder :

	2009-10	2008-09
	(Rs. in Lacs)	
Salaries and House Rent Allowance	62.12	57.69
Contribution to P.F.	4.76	4.70
Other perquisites	6.10	3.20
Commission to the CMD	4.24	-
Commission to Non Executive Directors	10.83	11.29
Directors' sitting fees	0.99	1.38
Total	89.04	78.26

*Does not include the amount paid/payable in respect of gratuity and leave encashment, as the same is determined on an actuarial basis for the company as a whole.

Computation of Net profit for the purpose of determining Managerial Remuneration as per Section 349 of the Companies Act, 1956.

Profit before Tax as per Profit and Loss A/c	1912.99	926.30
Add : Managerial Remuneration	89.04	78.26
Loss on Sale of Fixed Assets	3.21	0.12
	2005.24	1004.68
Less : Profit on Sale of Fixed Assets	802.78	21.32
Net Profit as per Section 349 of the Companies Act, 1956	1202.46	983.36
Amount of Commission payable to the CMD	4.24	-
Commission to Non Executive Directors	10.83	11.29

11. Payments to Auditors

	2009-10	2008-09
	(Rs. in Lacs)	
(i) Statutory Audit Fee (Incl. Service Tax)	0.77	0.79
(ii) In Other Capacity:		
(a) Certification of Statements	0.08	0.09
(b) Fee for Tax Audit	0.11	0.11
(iii) Reimbursement of Expenses	0.33	0.19

12. Earning per share is calculated by dividing the net profit for the respective year attributable to the equity shareholders by the weighted average number of equity shares during that year. The figures used in calculating basic and diluted earnings per equity share are as stated below :

	2009-10	2008-09
	(Rs. in Lacs)	
Profit attributable to equity shareholders (A)	1455.51	658.57
Weighted Avg. number of equity shares (Nos.) (B)	86,40,000	86,40,000
Potential dilutive equity shares (Nos.) (C)	Nil	Nil
Basic Earning per share (Rs.) (A/B)	16.85	7.62
Diluted Earning per share (Rs.) (A/B+C)	16.85	7.62

13. Related party Disclosures:

A. Names of related parties and description of relationship :

S. No.	Key Management Personnel (KMP)	Relatives of Key Management Personnel (KMP)	Subsidiaries	Significant Influence
i.	Mr. LN Bangur CMD	Mr. Yogesh Bangur President (CA&S)	Allied Dealcomm Ltd.	The Andhra Pradesh Paper Mills Ltd.
ii.	Mr. Govind Sharda ED			The Peria Karamalai Tea & Produce Co. Ltd.
iii.				Digvijay Investments Ltd.
iv.				Swadeshi Commercial Co. Ltd.
v.				Shree Rama Vaikunth Temple

B. Related Party Transactions Details :

(Rs. in Lacs)

S. No.	Nature of Transaction/ Relationship	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Significant Influence
i.	Remuneration	78.95 (65.59)	4.21 (2.39)*		
ii.	Subscription to Equity Shares in Right Issue				1212.54 (-)
iii.	Subscription & Purchase of Equity Shares			5.00 (-)	
iv.	Donation				(17.00) (-)
v.	Balance receivable/(payable) as at 31st March 2010	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

*part of the year

Note : Previous years figures are shown in brackets.

- 14.** The Company's business activity (i.e. Textiles) falls within a single primary business segment; and as such the disclosure requirements of the Accounting Standard (AS-17) on Segment Reporting, issued by the Institute of Chartered Accountants of India, in this regard is getting met.

15. Additional Information	CURRENT YEAR 2009-10			PREVIOUS YEAR 2008-09		
	Spindles	Rotors	Looms	Spindles	Rotors	Looms
(a) Quantitative Information						
(i) Licensed Capacity	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(ii) Installed Capacity	1,09,344	2,256	494	1,09,344	1,896	494
(iii) Production						
Fabrics ('000 Mtrs.)		20,716			20,684	
Yarn M.T.		21,976			22,207	
(iv) Stock of Packed Goods						
Opening Stock						
Fabrics ('000 Mtrs.)		446	106.02	104		26.76
Yarn M.T.		646	648.80	977		928.80
Closing Stock						
Fabrics ('000 Mtrs.)		65	19.35	446		106.02
Yarn M.T.		289	273.57	646		648.80
(v) Raw Material Consumed						
Cotton M.T.		25,916	16,351.99	26,006		15,471.06
Man-made Fibre M.T.		2,330	2,113.70	2,343		2,057.05
Others			1,400.43			1,546.67
			<u>19,866.12</u>			<u>19,074.78</u>
(vi) Turnover						
Fabrics ('000 Mtrs.)		21,097	6,478.16	20,342		6,089.19
Yarn M.T.		22,333	25,180.93	22,538		23,367.28
Waste M.T.		1,911	293.41	2,203		361.76
			<u>31,952.50</u>			<u>29,693.57</u>
(b) Value of Imports on CIF basis in respect of						
(i) Components & Spare parts			294.56			205.59
(ii) Capital Goods			499.40			-
(c) Expenditure in Foreign Currency						
Commission			1.89			-
			Value	% of Total	Value	% of Total
			Rs. in Lacs	Consumption	Rs. in Lacs	Consumption
(d) (i) Value of Raw Materials consumed						
Imported			-	-	-	-
Indigenous			19,866.12	100.00	19,074.78	100.00
Total			<u>19,866.12</u>	<u>100.00</u>	<u>19,074.78</u>	<u>100.00</u>
(ii) Value of Stores & Spare Parts consumed						
Imported			338.69	32.32	260.75	30.13
Indigenous			709.21	67.68	604.64	69.87
Total			<u>1,047.90</u>	<u>100.00</u>	<u>865.39</u>	<u>100.00</u>
(e) Earnings in Foreign Exchange						
Export of Goods (F.O.B. Value)			588.96		1745.29	

16. Previous year figures have been regrouped and rearranged wherever necessary to conform to current year's grouping.

**17. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956.
Balance Sheet Abstract and Company's General Business Profile**

I) Registration details :

Registration No. State Code
 Balance Sheet
 Date Date Month Year

II) Capital raised during the year: (Amount in Rs. Thousands) :

Public Issue Right Issue
 Bonus Issue Private Placement

III) Position of mobilization and deployment of funds as on 31.03.2010 (Amount in Rs. Thousands) :

Total Liabilities Total Assets

Sources of Funds

Paid up capital Reserves and Surplus
 Secured Loans Unsecured Loans
 Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Misc. Expenditure

IV) Performance of Company for the year 2009-10 (Amount in Rs. Thousands) :

Turnover (Net) Total Expenditure
 (Incl. other Income)

(After Adjustment of Stock)

Profit before Tax Profit after Tax
 Earning per Share (Rs.) Dividend Rate (%)

V) Generic Names of Three Principal Products/Services of Company (as per monetary terms) :

Item Code No (ITC Code)
 Product Description
 Item Code No (ITC Code)
 Product Description
 Item Code No (ITC Code)
 Product Description

Signatures to Schedules '1' to '18'

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner

Kolkata
May 22, 2010

M. No. 72326
Firm Regn. No. : 001072C

Sanjay Kumar Periwal
Company Secretary

LN Bangur
Govind Sharda
SS Kothari
C V Desai
Amitav Kothari
Amit Mehta
GR Agarwal
Chairman &
Managing Director
Executive Director
Directors

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANY**

1.	Name of the Subsidiary Company	Allied Dealcomm Limited
2.	Financial Year ending of the Subsidiary	31.03.2010
3.	Number of Shares held & Face Value	50,000 of Rs. 10/- each
4.	Extent of Holding	100%
5.	For Financial Year of the Subsidiary	
	(a) Profit/(Losses) so far it concerns the members of the Holding Company and not dealt with the books of accounts of the Holding Company (Except to the extent dealt within col. 5(b))	Rs. (0.31) lac
	(b) Profit/(Losses) so far it concerns the members of the Holding Company and dealt with the books of accounts of the Holding Company)	Nil
6.	For the Previous Financial Years since it became a Subsidiary	
	(a) Profit/(Losses) so far it concerns the members of the Holding Company and not dealt with the books of accounts of the Holding Company (Except to the extent dealt within col. 6(b))	Nil
	(b) Profit/(Losses) so far it concerns the members of the Holding Company and dealt with the books of accounts of the Holding Company)	Nil

Kolkata
May 22, 2010

LN Bangur *Chairman &
Managing Director
Executive Director*
Govind Sharda
SS Kothari
C V Desai
Amitav Kothari
Amit Mehta
GR Agarwal *Directors*

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
MAHARAJA SHREE UMAID MILLS LIMITED**

We have audited the attached Consolidated Balance Sheet of MAHARAJA SHREE UMAID MILLS LIMITED as at 31st March, 2010 and the Consolidated Profit & Loss Account for the year ended on that date annexed thereto and Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the MAHARAJA SHREE UMAID MILLS LIMITED'S management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting standard 21, "Consolidated financial Statements" as notified under the Companies Accounting Rules, 2006 and on the basis of the separate audited financial statements of MAHARAJA SHREE UMAID MILLS LIMITED and its subsidiary considered in the consolidated financial statements.
3. On the basis of information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of MAHARAJA SHREE UMAID MILLS LIMITED and its subsidiary, we are of the opinion that:
 - a) the Consolidated Balance Sheet given a true and fair view of the consolidated state of affairs as at 31st March, 2010:
 - b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations for the year then ended; and
 - c) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows for the year ended on that date.

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner

M. No. 72326

Firm Regn. No. 001072C

Kolkata
May 22, 2010

BALANCE SHEET AS AT MARCH 31, 2010

(Rs. in Lacs)

	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	864.00	864.00
Reserves & Surplus	2	15,088.04	13,912.38
		15,952.04	14,776.38
Loan Funds :			
Secured Loans	3	12,331.65	10,086.01
Unsecured Loans	4	500.00	-
		12,831.65	10,086.01
Deferred Tax Liability (Net)		486.51	576.90
		29,270.20	25,439.29
APPLICATION OF FUNDS			
Fixed Assets :	5		
Gross Block		23,482.06	22,642.44
Less : Depreciation		10,288.41	9,212.68
Net Block		13,193.65	13,429.76
Capital Work-in-Progress		366.67	159.60
		13,560.32	13,589.36
Investments	6	5,472.34	4,308.40
Current Assets, Loans & Advances :			
Inventories	7	8,021.42	6,161.04
Sundry Debtors	8	2,137.80	1,746.74
Cash & Bank Balances	9	357.63	149.52
Loans & Advances	10	2,014.89	1,548.76
		12,531.74	9,606.06
Less : Current Liabilities & Provisions	11		
Current Liabilities		1,379.31	1,446.23
Provisions		914.97	618.30
		2,294.28	2,064.53
		10,237.46	7,541.53
Miscellaneous Expenses (To the extent not written off or adjusted)		0.08	-
		29,270.20	25,439.29
Significant Accounting Policies and Notes on Accounts 18			

The Schedules referred to above form part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner
M. No. 72326
Firm Regn. No. : 001072C

Sanjay Kumar Periwal
Company Secretary

LN Bangur
Govind Sharda
SS Kothari
C V Desai
Amitav Kothari
Amit Mehta
GR Agarwal

Chairman &
Managing Director
Executive Director

Directors

Kolkata
May 22, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

(Rs. in Lacs)

	Schedule	Year ended on March 31, 2010	Year ended on March 31, 2009
INCOME			
Turnover (Gross)		31,953.95	29,739.67
Less : Excise Duty		1.45	46.10
Turnover (Net)		31,952.50	29,693.57
Other Income	12	843.02	98.27
Increase/(Decrease) in Stocks	13	(505.56)	(159.55)
		32,289.96	29,632.29
EXPENDITURE			
Raw Materials and Other Materials Consumed		19,866.12	19,074.78
Manufacturing Expenses	14	5,837.57	5,297.12
Manpower Cost	15	2,256.73	2,024.81
Selling, Administrative and Other Expenses	16	619.71	648.37
Interest & Finance Cost	17	611.99	426.31
		29,192.12	27,471.39
PROFIT BEFORE DEPRECIATION AND TAXATION		3,097.84	2,160.90
Depreciation		1,185.16	1,234.60
PROFIT BEFORE TAXATION		1,912.68	926.30
Provision for Taxation – Current Tax		547.88	382.47
– Fringe Benefit Tax		-	4.60
– Deferred Tax		(90.40)	(119.34)
PROFIT AFTER TAX		1,455.20	658.57
Add : Balance brought from last year		796.82	376.13
Tax adjustment for earlier years (net)		21.92	(61.38)
PROFIT AVAILABLE FOR APPROPRIATION		2,273.94	973.32
APPROPRIATIONS			
Proposed Dividend		216.00	108.00
Tax on distributed profits		36.71	18.35
General Reserve		500.00	50.00
Balance carried forward		1,521.23	796.97
		2,273.94	973.32
Basic and Diluted Earnings per Share of Rs. 10 each (Rs.)		16.84	7.62
Significant Accounting Policies and Notes on Accounts	18		

The Schedules referred to above form part of the Profit & Loss Account.
This is the Profit & Loss Account referred to in our report of even date.

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner
M. No. 72326
Kolkata
May 22, 2010
Firm Regn. No. : 001072C

Sanjay Kumar Periwal
Company Secretary

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Managing Director
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CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2010

(Rs. in Lacs)

	For the year ended March 31, 2010	For the year ended March 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extraordinary items	1,912.68	926.30
Adjustments for :		
Depreciation	1,185.16	1,234.60
Income from Investments	(24.39)	(39.51)
Interest paid (Net)	550.76	379.27
Profit on sale/scraping of fixed assets	(799.57)	(21.20)
Miscellaneous Expenditure Amortised	0.04	-
Operating Profit before Working Capital Changes	2,824.68	2,479.46
Adjustments for :		
Trade and other receivables	(539.56)	(668.12)
Inventories - Raw Materials	(2,328.87)	202.48
Inventories - Finished and Semi Finished Goods	468.49	286.98
Trade payables	(103.91)	146.28
Cash Generated from Operations	320.83	2,447.08
Interest paid	(241.68)	(281.11)
Direct taxes paid	(552.14)	(259.68)
Net Cash Flow from (used in) Operating Activities	(472.99)	1,906.29
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets & other capital exp.	(1,165.90)	(262.50)
Sale/scraping of fixed assets	669.66	43.14
Purchase of Investments	(1,212.81)	(169.20)
Dividend received	24.39	39.51
Net cash used in investing activities	(1,684.66)	(349.05)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Long-term borrowing	1,096.35	-
Proceeds from Short-term borrowing	3,250.57	1,455.02
Repayment of Long-term borrowing	(923.13)	(1,491.87)
Repayment of Short-term borrowing	(678.15)	(1,497.15)
Interest paid	(253.96)	(193.93)
Dividend and tax thereon paid	(125.92)	(75.46)
Net cash flow from (used in) financing activities	2,365.76	(1,803.39)
Net increase in Cash and Cash Equivalents	208.11	(246.15)
Cash and cash equivalents (Opening Balance)	149.52	395.67
Cash and cash equivalents (Closing Balance)	357.63	149.52

Note : Figures in bracket represent cash outflows.

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner
Kolkata
May 22, 2010
M. No. 72326
Firm Regn. No. : 001072C

Sanjay Kumar Periwai
Company Secretary

LN Bangur
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C V Desai
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Amit Mehta
GR Agarwal
Chairman &
Managing Director
Executive Director
Directors

SCHEDULES TO ACCOUNTS

(Rs. in Lacs)

SCHEDULE 1 : SHARE CAPITAL		As at March 31, 2010	As at March 31, 2009
Authorised			
1,00,00,000	Equity Shares of Rs. 10/- each	1,000.00	1,000.00
		1,000.00	1,000.00
Issued & Subscribed			
1,60,000	Equity Shares of Rs. 10/- each fully paid-up in cash	16.00	16.00
84,80,000	Equity Shares of Rs. 10/- each issued as Bonus Shares out of Reserves	848.00	848.00
		864.00	864.00

SCHEDULE 2 : RESERVES & SURPLUS			
Capital Reserve			
	As per last Balance Sheet	0.68	0.68
Revaluation Reserve			
	(refer Note 6 of Schedule 18)	6,656.14	6,656.14
Stock & Investment			
		-	48.60
(Diminution/Fluctuation in Value) Reserve			
General Reserve			
	As per last Balance Sheet	6,409.99	
	Add : Transferred from Profit & Loss A/c	500.00	6,909.99
Surplus as per Profit & Loss A/c		1,521.23	796.97
		15,088.04	13,912.38

SCHEDULE 3 : SECURED LOANS			
Loans From Banks			
	- Term Loans	5,764.25	5,591.03
	- Working Capital Loans	6,567.40	4,494.98
		12,331.65	10,086.01
<p>Term loans are secured by equitable mortgage of Land & Building of the Pali Establishment i.e. the Textile Unit and the Power Generation Unit at Pali; and hypothecation of specific Machineries & Equipments, immovable and movable Assets; and by way second charge on the current assets of the Pali Establishment.</p> <p>Working Capital Loans are secured by way of hypothecation of Inventories/Book Debts of the Pali Establishment i.e.the Textile Unit and the power Generation Unit at Pali; and by way of second charge on the Fixed Assets of the Pali Establishment as above, ranking pari passu with each other.</p>			

SCHEDULE 4 : UNSECURED LOANS			
Short Term Loans from Banks			
		500.00	-
		500.00	-

(Rs. in Lacs)

SCHEDULE 5 : FIXED ASSETS										
PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 1st April, 2009	Additions/ Adjustments	Deductions/ Adjustments	As at 31st March, 2010	Up to 1st April, 2009	on Deductions/ Adjustments	For the Year	Up to 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Land (Free hold)	6,660.61	1.16	-	6,661.77	-	-	-	-	6,661.77	6,660.61
Buildings	678.79	4.69	2.47	681.01	339.17	1.05	33.11	371.23	309.78	339.62
Plant & Machinery	14,938.60	941.50	86.53	15,793.57	8,648.63	79.21	1,128.09	9,697.51	6,096.06	6,289.97
Electric Installation	107.09	-	-	107.09	45.04	-	4.09	49.13	57.96	62.05
Furniture & Fixture	94.49	1.69	-	96.18	82.95	-	1.76	84.71	11.47	11.54
Equipments	52.71	3.80	24.97	31.54	46.15	24.85	1.88	23.18	8.36	6.56
Vehicles	110.15	5.99	5.24	110.90	50.74	4.32	16.23	62.65	48.25	59.41
Sub Total	22,642.44	958.83	119.21	23,482.06	9,212.68	109.43	1,185.16	10,288.41	13,193.65	13,429.76
Previous Year	15,916.91	6,928.24	202.71	22,642.44	8,158.85	180.77	1,234.60	9,212.68	13,429.76	-
Capital Work - in - Progress including capital advances									366.67	159.60
TOTAL									13,560.32	13,589.36

SCHEDULE 6 : INVESTMENTS					
Previous Year Nos.	Current Year Nos.		Face Value	As at March 31, 2010	As at March 31, 2009
(Non-Trade) - Long Term					
Ordinary Shares - Quoted:					
36,35,470	60,60,540*	1. Andhra Pradesh Paper Mills Ltd.	10	4,674.48	3,461.94
1000	1000	2. State Bank of Bikaner & Jaipur	10	0.54	0.54
2,02,545	3,03,817**	3. The Peria Karamalai Tea & Produce Co. Ltd.	10	177.03	177.03
				4,852.05	3,639.51
Ordinary Shares - Unquoted:					
3,90,000	3,90,000	1. Digvijay Investments Ltd.	100	606.86	606.86
2,99,257	***	2. Dunbar Mills Ltd.	10	***	37.09
5	****	3. Jal Mayur Co-operative Housing Society Ltd.	50	-	*****
5	5	4. The Jewel Crown Co-op. Housing Society Ltd.	50	****	*****
577778	5,77,778	5. VS Lignite Power (P) Ltd.	10	57.78	57.78
				664.64	701.73
Preference Shares - Unquoted:					
11,512	***	1. The Fort William Industries Ltd.	100	***	11.51
11,14,222	11,14,222	2. VS Lignite Power (P) Ltd.	10	111.42	111.42
				111.42	122.93
Less : Provision for Diminution in value of Investment				155.77	155.77
Aggregate Book Value of Quoted Investments (Net)				4,696.28	3,483.74
Aggregate Book Value of Unquoted Investments				776.06	824.66
				5,472.34	4,308.40
Market Value of Quoted Investments				4,838.18	1,457.42

* During the year, 24,25,070 equity shares of Rs. 10 each were subscribed and allotted under right issue of the company.

** During the year, 1,01,272 equity shares of Rs. 10 each were allotted by way of Bonus shares.

*** Investment held in the companies are adjusted against Stock Investment Reserve Account created by appropriation of past profits as the companies went into liquidation.

**** During the year, Shares held in the Society were transferred to the buyer of the property in relation to which such shares were allotted.

***** The value of the item after rounding off, is below the reportable figures, hence ignored.

(Rs. in Lacs)

SCHEDULE 7 : INVENTORIES	As at March 31, 2010	As at March 31, 2009
(As Valued & Certified by the Management)		
Finished Goods including Waste	311.82	771.60
Stock-in-Process	547.90	593.68
Raw Materials	6,847.50	4,518.63
Stores, Spare parts, Fuel etc.	314.20	277.13
	8,021.42	6,161.04

SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured and Considered good)		
Outstanding for a period exceeding six months	27.85	16.95
Others	2,109.95	1,729.79
	2,137.80	1,746.74

SCHEDULE 9 : CASH & BANK BALANCES		
Cash in hand	3.44	12.43
Balance with Scheduled Banks		
Current Accounts	336.59	116.18
Fixed Deposit Accounts	13.51	13.51
Upaid Dividend Accounts	3.02	2.59
Balance with Others		
Current Account with The Pali Urban Co-op. Bank Ltd., Pali (Maximum Balance during the year Rs. 14.14 Lacs) (Previous year Rs. 13.86 Lacs)	1.07	4.81
	357.63	149.52

SCHEDULE 10 : LOANS & ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	1,164.87	939.50
Advance Payment for Taxation	723.63	406.45
Balance with Customs, Central Excise Authorities, etc.	124.16	201.03
Interest accrued/receivable	2.23	1.78
	2,014.89	1,548.76

(Rs. in Lacs)

SCHEDULE 11 : CURRENT LIABILITIES & PROVISIONS	As at March 31, 2010	As at March 31, 2009
A. Current Liabilities		
Creditors for goods supplied		
Due to Micro and Small Enterprises	11.94	23.48
Others	114.20	356.35
Other Liabilities	1,194.58	1,063.81
Interest accrued but not due on Loans	55.57	-
Unclaimed Dividends	3.02	2.59
	<u>1,379.31</u>	<u>1,446.23</u>
B. Provisions		
Provision for Taxation	547.88	396.57
Proposed Dividends	216.00	108.00
Tax on Proposed Dividend	36.71	18.35
Provision for Gratuity & Leave Encashment	114.38	95.38
	<u>914.97</u>	<u>618.30</u>

SCHEDULE 12 : OTHER INCOME	Year Ended March 31, 2010	Year Ended March 31, 2009
Profit on Sale/Scrapping of Fixed Assets	802.78	21.32
Dividend on Ordinary Shares (Long Term Investments)	24.39	39.51
Miscellaneous Income	15.85	37.44
	<u>843.02</u>	<u>98.27</u>

SCHEDULE 13 : INCREASE/(DECREASE) IN STOCKS		
Opening Stock		
Finished Goods	771.60	964.11
Stock-in-Process	593.68	560.72
	<u>1,365.28</u>	<u>1,524.83</u>
Closing Stock		
Finished Goods	311.82	771.60
Stock-in-Process	547.90	593.68
	<u>859.72</u>	<u>1,365.28</u>
Increase/(Decrease)	<u>(505.56)</u>	<u>(159.55)</u>

(Rs. in Lacs)

SCHEDULE 14 : MANUFACTURING EXPENSES	Year ended March 31, 2010	Year ended March 31, 2009
Stores and Spare Parts consumed	1,047.90	865.39
Power & Fuel	4,527.05	4,149.96
Processing Expenses	9.56	25.04
Repairs to : Plant & Machinery	147.26	103.60
: Building	69.78	118.02
Pollution Control Expenses	36.02	35.11
	<u>5,837.57</u>	<u>5,297.12</u>

SCHEDULE 15 : MANPOWER COST		
Salaries, Wages, Bonus & Allowances	1,974.86	1,778.85
Contribution to Provident & others funds	228.33	208.43
Employees Welfare Expenses	53.54	37.53
	<u>2,256.73</u>	<u>2,024.81</u>

SCHEDULE 16 : SELLING, ADMINISTRATIVE & OTHER EXPENSES		
Rent	3.55	3.36
Rates & Taxes	14.63	9.96
Insurance Charges	10.33	14.11
Charity & Donation	17.11	0.99
Loss on Sale/Scrapping of Fixed Assets	3.21	0.12
Other Repairs and Maintenance	33.62	35.85
Miscellaneous Expenses	170.76	149.98
Commission & Brokerage on Sales	157.47	150.20
Selling & Distribution Expenses	209.03	283.80
	<u>619.71</u>	<u>648.37</u>

SCHEDULE 17 : INTEREST AND FINANCE CHARGES		
Interest On Long Term Loans	622.94	727.03
Less : Interest Subsidy received under TUFS	321.17	601.37
	301.77	125.66
Interest on Other borrowings	399.55	347.96
Less : Received	150.56	94.35
	248.99	253.61
Interest Cost	550.76	379.27
Finance Charges	61.23	47.04
	<u>611.99</u>	<u>426.31</u>

SCHEDULE 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Significant Accounting Policies:

A. Basis of consolidation

The consolidated financial statements present the consolidated accounts of Maharaja Shree Umaid Mills Ltd. (the Parent Company) with its subsidiary Allied Dealcomm Limited. In preparing consolidated financial statements, the financial statements of the parent and subsidiary are combined on a line by line basis by adding together the book value of assets, liabilities, income and expenses as per AS-21 on "Consolidated Financial Statements". The intra group balances and transactions are fully eliminated.

B. Recognition of Income & Expenditure

Revenues/Incomes and Costs/Expenditures are generally accounted for on accrual basis, as these are earned or incurred. Cenvat as availed of is taken into account. Any subsidy, DEPB, Duty Drawback and Rebate etc. under any Government schemes including TUFS is recognized and accounted for as and when received.

C. Fixed Assets

Fixed Assets (except for Land which is at revalued figure) are stated at cost (Net of CENVAT) of acquisition or construction less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses up to the date of installation/commissioning of assets.

D. Depreciation

Depreciation has been provided for at the rates in force from time to time as per the Schedule XIV of the Companies Act, 1956 as under-

- (i) on Plant & Machinery and Electric Installation added upto 31.12.1979 - on written down value method and on additions from 01.01.1980 onwards - on straight line method.
- (ii) on all other items of Fixed Assets - on written down value method. No Depreciation is charged on land.

E. Amortisation of expenses

Preliminary expenses are amortised over a period of five years on Straight Line Method.

F. Investments

Investments are classified as Current and Long Term. The current investments are stated at lower of the costs or fair value. Long Term investments are stated at cost. Suitable provisions are made / reserves created to recognize a non-temporary decline in the value of such investments.

G. Inventories

Raw Materials and Finished Goods are valued at cost or Net realizable value whichever is lower; Stock in Process is valued at cost depending upon the stage of completion ; Stores & Spare Parts and Fuel are valued at cost ; and scrap materials are valued at net realizable value. The cost is determined using specific identification cost method for Raw Materials and weighted average cost method for Stores & Spare Parts and Fuel.

H. Gratuity and Leave encashment

Liabilities for the gratuity and leave encashment are evaluated at the year end by Actuary and the incremental amount of these liabilities is charged to the Income statement for the period.

I. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Export sales are recorded at the custom notified exchange rates.

Monetary items denominated in foreign currencies at the year end, are re-stated at the year end rates or forward exchange contract rates, as the case may be.

Non-monetary items denominated in foreign currencies are carried at cost.

No transaction took place during the year wherein the exchange rate difference arose for the acquisition of fixed assets.

J. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. Qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. The basis of working out the borrowing costs is weighted average rate applicable to the borrowing of the Company that are outstanding during the period except where specific identification exists. All other borrowing costs are recognized as expenses in the period in which they are incurred.

K. Taxes on Income

Provision for current tax is made in accordance with the provisions of the Income-tax Act, 1961, and after taking into consideration, benefits admissible therein. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

L. Impairment of Assets

As asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The carrying value of asset is reviewed at each balance sheet date to determine if there is indication of any impairment. If any indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount, and is recognized in the Profit & Loss Account. An impairment loss is reversed if there has been a change in the estimate of recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

M. Provisions, Contingent Liabilities and Contingent Assets

A provision is made when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation, that may, but probably will not, require an outflow of resources. When there is a possible or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. The Company does not recognize assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, asset and related income is recognized in the financial statements of the period in which the change occurs.

	2009-10 (Rs. in Lacs)	2008-09
2. Estimated amount of contracts on Capital Accounts remaining to be executed and not provided for (net of advances)	1367.27	1263.44
3. Other Contingent Liabilities, provision whereof is considered not necessary:		
(i) Claims against the Company regarding Labour Claims etc.	10.78	11.19
(ii) Claims against the Company regarding Income-tax Assessment for different years (net of provisions / actual payments)	161.32	161.32
(iii) Claims against the Company regarding Entry Tax liabilities (net of provisions / actual payments)	148.15	125.63
(iv) Claims against the Company regarding Excise Duty and Service Tax Assessment for different years (net of provisions / actual payments)	260.36	169.58

All the above matters when concluded, are unlikely, in the opinion of the management, to result in any material liability and consequent effect on the results of operations and/or financial position of the Company.

4. The Company has export obligations of Rs. 3881.09 Lacs (USD 86.29 Lacs) [Previous Year: Rs. 1369.60 Lacs) against Import Licences taken for import of capital goods under Export Promotion Capital Goods Scheme.

	2009-10 (Rs. in Lacs)	2008-09
5. Deferred Taxation : Deferred Tax Liability (net) on account of accelerated depreciation	486.51	576.90

6. Fixed Assets

The land has been shown at the revalued figure amounting to Rs.6,660.61 lacs as against the original cost of Rs. 4.47 lacs on the basis of the Valuation Report dated 12.03.2009 of an approved valuer.

7. Investments

Investments made in the Equity shares of Dunbar Mills Ltd. (Rs. 37.09 lacs) and in the Preference shares of The Fort William Industries Ltd. (Rs. 11.51 lacs) have been removed from investments and adjusted against Stock & Investment (Diminution/Fluctuation in Value) Reserve, created out of profits appropriated in past for the specific purpose. The captioned companies have been liquidated with no payments distributed to the shareholders.

In past, there had been a fall in the value of investment in shares in the Peria Karamalai Tea & Produce Co. Ltd., appearing in the books at Rs. 177.03 lacs as on 31.03.2006. As such the sum of Rs. 155.77 lacs, then representing the fall had been provided for in the provision for diminution. However, as the investments in the three Companies, viz. i) The Peria Karamalai Tea & Produce Co. Ltd.; ii) The Andhra Pradesh Paper Mills Ltd.; and iii) Digvijay Investments Ltd., are long term and strategic, made out of reserves of the Company, the fluctuations in the values thereof are considered to be of temporary nature, hence no change in the provision for diminution, if any at the end of the year, is considered necessary.

8. There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information available with the Company.

9. Employee Benefits

(a) Defined Contribution Plans

The Company has Defined Contribution Plan for its employees comprising of Provident Fund, Superannuation Fund, Pension and Employee's State Insurance Fund. The Company and eligible employees make monthly contribution to the Provident Fund trust equal to specified percentage of the covered employees' salary. The Company recognised Rs. 228.33 Lacs (previous year Rs. 208.43 Lacs) during the year as expense towards contribution to these plans.

Particulars	2009-10	2008-09
	(Rs. in lacs)	
Company's contribution to Provident Fund	146.11	133.67
Company's contribution to Employees State Insurance and Group Insurance Scheme	70.77	64.38
Administration charges on above	11.45	10.38

(b) Defined Benefit Plans

The Company has Defined Benefit Plan comprising of Gratuity Fund, Leave Encashment and Long Term Service Award. The Company contributes to the Gratuity Fund, which is recognised by the Income Tax Authorities and administered through its trustees. The liability for Gratuity and Leave Encashment is determined on the basis of an independent actuarial valuation done at the year-end. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method.

The following table set out the disclosures relating to Gratuity and Leave Encashment benefits as required by Accounting Standard (AS)-15 "Employee Benefits" :

	31.03.2010	
	LIC (1994-96) Ultimate	
	7.50%	
	4.00%	
	7.50%	
	20.65	
	Gratuity (Funded)	Leave Encashment (Unfunded)
	(Rs. in lacs)	
Defined Benefit obligation at beginning of year	414.02	75.10
Interest Cost	31.05	5.63
Current Service Cost	31.65	9.21
Benefits paid	(60.46)	(40.48)
Actuarial (gain)/loss	18.40	29.65
Defined Benefit obligation at end of year	434.66	79.11
	Gratuity (Funded)	Leave Encashment (Unfunded)
	(Rs. in lacs)	
Fair Value of Plan Assets at the beginning of year	414.02	-
Expected return on plan assets	31.05	-
Actuarial gain/(loss)	(1.22)	-
Employer Contribution	-	40.48
Benefits paid	(60.46)	(40.48)
Fair value of plan assets at year end	383.39	-
Actual return on plan assets	29.83	-

iv Reconciliation of fair value of assets and obligations			
Fair value of plan assets		383.39	-
Present value of obligation		434.66	79.11
Net asset/(liability) recognized in Balance Sheet		(51.27)	79.11
v Expenses recognized in the statement of P&L A/c			
Current Service Cost		31.65	9.21
Interest Cost		31.05	5.63
Expected Return on Plan Assets		(31.05)	-
Net Actuarial (Gain)/Loss recognized for the period		19.62	29.66
Expenses recognized in the statement of P & L A/c		51.27	44.50
10. Manpower costs include Managerial Remuneration* paid to the Board members as detailed hereunder :		2009-10	2008-09
		(Rs. in Lacs)	
Salaries and House Rent Allowance		62.12	57.69
Contribution to P.F.		4.76	4.70
Other perquisites		6.10	3.20
Commission to the CMD		4.24	-
Commission to Non Executive Directors		10.83	11.29
Directors' sitting fees		0.99	1.38
Total		<u>89.04</u>	<u>78.26</u>
11. Payments to Auditors		2009-10	2008-09
		(Rs. in Lacs)	
(i) Statutory Audit Fee (Incl. Service Tax)		0.82	0.79
(ii) In Other Capacity:			
(a) Certification of Statements		0.08	0.09
(b) Fee for Tax Audit		0.11	0.11
(iii) Reimbursement of Expenses		0.33	0.19
12. Earning per share is calculated by dividing the net profit for the respective year attributable to the equity shareholders by the weighted average number of equity shares during that year. The figures used in calculating basic and diluted earnings per equity share are as stated below :		2009-10	2008-09
		(Rs. in Lacs)	
Profit attributable to equity shareholders	(A)	1455.20	658.57
Weighted Avg. number of equity shares	(Nos.) (B)	86,40,000	86,40,000
Potential dilutive equity shares	(Nos.) (C)	Nil	Nil
Basic Earning per share	(Rs.) (A/B)	16.84	7.62
Diluted Earning per share	(Rs.) (A/B+C)	16.84	7.62

13. Related party Disclosures:

A. Names of related parties and description of relationship :

S. No.	Key Management Personnel (KMP)	Relatives of Key Management Personnel (KMP)	Significant Influence
i.	Mr. LN Bangur CMD	Mr. Yogesh Bangur President (CA&S)	The Andhra Pradesh Paper Mills Ltd.
ii.	Mr. Govind Sharda ED		The Peria Karamalai Tea & Produce Co. Ltd.
iii.			Digvijay Investments Ltd.
iv.			Swadeshi Commercial Co. Ltd.
v.			Shree Rama Vaikunth Temple

B. Related Party Transactions Details : (Rs. in Lacs)

S. No.	Nature of Transaction/ Relationship	Key Management Personnel	Relatives of Key Management Personnel	Significant Influence
i.	Remuneration	78.95 (65.59)	4.21 (2.39)*	
ii.	Subscription to Equity shares in Right Issue			1212.54 (-)
iii.	Donation			(17.00) (-)
iv.	Balance receivable/(payable) as at 31st March 2010	Nil (Nil)	Nil (Nil)	Nil (Nil)

*part of the year

Note : Previous years figures are shown in brackets.

14. The Company's business activity (i.e. Textiles) falls within a single primary business segment; and as such the disclosure requirements of the Accounting Standard (AS-17) on Segment Reporting, issued by the Institute of Chartered Accountants of India, in this regard is getting met.

15. Previous year figures have been regrouped and rearranged wherever necessary to conform to current year's grouping.

Signature to schedule '1' to '15'

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner
M. No. 72326
Kolkata
May 22, 2010
Firm Regn. No. : 001072C

Sanjay Kumar Periwal
Company Secretary

LN Bangur
Govind Sharda
SS Kothari
C V Desai
Amitav Kothari
Amit Mehta
GR Agarwal
Chairman &
Managing Director
Executive Director
Directors

DIRECTORS' REPORT

Dear Members,

The Directors present their report together with the audited financial statements for the year ended on 31st March, 2010.

BUSINESS

The Company is a wholly owned subsidiary of Maharaja Shree Umaid Mills Limited. The Company expects to commence its business from the next year.

DIRECTORS

The Directors of the Company in office at the date of this report are :

Mr. LN Bangur
Mr. Govind Sharda
Mr. Amit Mehta

PARTICULARS OF EMPLOYEES

There are no employees covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EARNING/OUTGO

The information required under the provision of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules 1988 are not applicable, as the Company had no Plant & Machinery during the year. During the year under review, the foreign exchange earnings of the Company was NIL (Previous year –NIL) and foreign outgo of the Company was NIL (Previous year –NIL).

AUDITORS

M/s BD Gargieya & Co., Chartered Accountants (Regn. No.: 001072C) have expressed their willingness to accept re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based upon the representations received from the Operating Management, confirm that:

- i. in the preparation of the Annual Accounts for the year ending on 31st March, 2010, the applicable accounting standards have been followed and there has been no material departure;
- ii. appropriate accounting policies have been selected by them and applied the same 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 31st March, 2010 and of its profits for the year ending on that date;
- iii. proper and sufficient care has been taken by them 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. the annual accounts for the period ended on 31st March, 2010 have been prepared by them on a going concern basis.

Kolkata
May 22, 2010

For and on behalf of the Board
LN Bangur
Director

AUDITORS' REPORT

To the Members of
Allied Dealcomm Limited

We have audited the attached Balance Sheet of ALLIED DEALCOMM LIMITED, KOLKATA as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
3. Further to our comments in the annexure referred to in para 2 above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts, as required by Law, have been kept by the Company, so far as it appears from our examination of those books;

- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956;
- e) In our opinion and based on information and explanations given to us, none of the Directors of the Company are prima-facie, as at 31st March, 2010, disqualified from being appointed as Directors of the Company in terms of Section 274(1)(g) of the Companies Act, 1956 ;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon and schedule 7, give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and
 - ii) in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Kolkata
May 22, 2010

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner
M. No. 72326
Firm Regn. No. : 001072C

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ALLIED DEALCOMM LTD. ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2010

1. a) The Company has not taken or granted, during the year any loan, secured or unsecured, to or from Companies, Firms, or other parties concerned in the register maintained under section 301 of the Companies Act, 1956.
b) In view of (a) above, comments on para (b) to (g) of clause (iii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.
2. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and Companies (Acceptance of Deposits) Rules, 1975.
3. The Central Government has not prescribed for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
4. i) According to the records of company, the undisputed statutory dues pertaining to Income Tax have been generally regularly deposited with the appropriate authorities. The law relating to Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, , Sales Tax, Wealth Tax, Custom Duty, Excise Duty and Cess are not applicable to the Company.
ii. There are no undisputed amounts in respect of Income Tax, which have not been deposited with the appropriate authorities.
5. The Company has been registered for a period of less than five years. Accordingly, the provisions of clause 4(x) of the Companies (Auditor's Report) Order 2003 are not applicable.
6. On the basis of an overall examination of the balance sheet and cash flows of the company and the information and explanations given to us, we report that the company has not utilized the funds raised on short-term basis for long term investment.
7. The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
8. On the basis of our examination and according to the information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the year.
9. In our opinion and according to the information and explanation given to us, and taking into consideration the nature of the Company's business/activities during the year, clauses (i), (ii), (iv), (v), (vii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xix), (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company for the year under audit.

Kolkata
May 22, 2010

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner
M. No. 72326
Firm Regn. No. : 001072C

BALANCE SHEET AS AT MARCH 31, 2010

(Rs. in Lacs)

	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	5.00	1.00
Reserves & Surplus	2	(0.46)	(0.15)
		<u>4.54</u>	<u>0.85</u>
APPLICATION OF FUNDS			
Current Assets, Loans & Advances :			
Cash & Bank Balances	3	4.52	0.74
Less : Current Liabilities & Provisions	4	0.06	0.01
Net Current Assets		<u>4.46</u>	<u>0.73</u>
Miscellaneous Expenses (to the extent not written off or adjusted)			
Preliminary Expenses		0.08	0.12
		<u>4.54</u>	<u>0.85</u>
Significant Accounting Policies and Notes on Accounts	7		

The Schedules referred to above form part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

(Rs. in Lacs)

	Schedule	Year ended on March 31, 2010	Year ended on March 31, 2009
INCOME			
Other Income	5	-	0.01
		<u>-</u>	<u>0.01</u>
EXPENDITURE			
Professional Fees		0.05	0.05
Audit Fees		0.05	0.01
Filing Fees		0.15	-
Preliminary Expenses		0.04	0.04
Other Expenses	6	0.02	0.01
		<u>0.31</u>	<u>0.11</u>
PROFIT/(LOSS) BEFORE TAX			
		<u>(0.31)</u>	<u>(0.10)</u>
Provision for Tax		-	-
NET PROFIT/LOSS			
		<u>(0.31)</u>	<u>(0.10)</u>
Add : Balance brought from last year		(0.15)	(0.05)
Balance carried over to Balance Sheet		<u>(0.46)</u>	<u>(0.15)</u>
Basic and Diluted Earnings per Share of Rs. 10 each (In Rs.)		<u>(0.62)</u>	<u>(1.00)</u>
Significant Accounting Policies and Notes on Accounts	7		

The Schedules referred to above form part of the Profit & Loss Account.
This is the Profit & Loss Account referred to in our report of even date.

Kolkata
May 22, 2010

For BD Gargjeya & Co.
Chartered Accountants
NK Gupta, Partner
M. No. 72326
Firm Regn. No. : 001072C

LN Bangur
Govind Sharda
Amit Mehta } Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2010

(Rs. in Lacs)

	For the year ended March 31, 2010	For the year ended March 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and extraordinary items	(0.31)	(0.10)
Adjustments for :		
Miscellaneous Expenditure Amortised	0.04	0.04
Operating Profit before Working Capital Changes	(0.27)	(0.06)
Adjustments for :		
Trade payables	0.05	-
Net Cash flow from (used in) Operating Activities	(0.22)	(0.06)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Net cash flow from (used in) Investing Activities	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	4.00	-
Net cash flow from (used in) Financing Activities	4.00	-
Net increase in Cash and Cash Equivalents	3.78	(0.06)
Cash and Cash Equivalents (Opening Balance)	0.74	0.80
Cash and Cash Equivalents (Closing Balance)	4.52	0.74

Note : Figures in bracket represent cash outflows

Kolkata
May 22, 2010

For BD Gargieya & Co.
Chartered Accountants
NK Gupta, Partner
M. No. 72326
Firm Regn. No. : 001072C

LN Bangur
Govind Sharda
Amit Mehta } Directors

SCHEDULES TO ACCOUNTS

PARTICULARS	As at March 31, 2010	As at March 31, 2009
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
50,000 (PY: 20,000) Equity Shares of Rs.10/- each	5.00	2.00
	5.00	2.00
Issued and Subscribed		
50,000 (PY : 10,000) Equity Shares of Rs.10/- each fully paid-up in cash	5.00	1.00
	5.00	1.00
SCHEDULE 2 : RESERVES & SURPLUS		
Profit & Loss A/c	(0.46)	(0.15)
	(0.46)	(0.15)
SCHEDULE 3 : CASH & BANK BALANCE		
Cash in hand	0.47	0.74
Balance with Scheduled banks		
Current Accounts	4.05	-
	4.52	0.74
SCHEDULE 4 : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors for expenses	0.06	0.01
	0.06	0.01
SCHEDULE 5 : OTHER INCOME		
Miscellaneous Income	-	0.01
	-	0.01
SCHEDULE 6 : OTHER EXPENSES		
General Expenses	0.01	0.01
Printing & Stationery	0.01	-
	0.02	0.01

SCHEDULE 7

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Significant Accounting Policies:

A. Accounting Conventions

The financial statements are prepared under the historical cost convention and in accordance with the generally accepted accounting principals in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

B. Recognition of Income & Expenditure

Revenues/Incomes and Costs/Expenditures are generally accounted for on accrual basis, as these are earned or incurred.

C. Amortisation of Expenses

Preliminary expenses are amortised over a period of five years.

D. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, in respect of deferred tax assets/liabilities of timing difference, being the difference between taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods.

2. No provision for deferred tax on losses for the year has been made, as the amount involved is not substantial.
3. The Company has become a wholly owned subsidiary of Maharaja Shree Umaid Mills Limited w.e.f. 05.08.2009.
4. The Company changed its name by deleting the word private upon obtaining fresh certificate of incorporation from Registrar of Companies, West Bengal on 07.09.2009.
5. Related Party Disclosures

As required under Accounting Standard 18 "Related Party Disclosure" (AS-18), following are details of related parties for the year ended 31st March, 2010 :

- a) Key Management Personnel
Mr. LN Bangur, Director
Mr. Govind Sharda, Director
Mr. Amit Mehta, Director
- b) Holding Company
Maharaja Shree Umaid Mills Ltd.

There are no transaction entered into by the Company during the year with related parties as mentioned in (a) and (b) above except issue of 40,000 equity shares @ Rs. 10/- per share to holding company.

6. There are no dues to the Micro and Small Enterprises suppliers defined under "The Micro, Small and Medium Enterprises Development Act, 2006.
7. Additional information pursuant to the provisions of the paragraph 1 & 2 of the Part II of the Schedule VI of the Companies Act, 1956 are either Nil or Not Applicable for the year under audit.
8. Previous year figures have been regrouped and rearranged wherever found necessary.

**9. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956.
Balance Sheet Abstract and Company's General Business Profile**

I) Registration details :

Registration No. State Code
 Balance Sheet
 Date Date Month Year

II) Capital raised during the year: (Amount in Rs. Thousands) :

Public Issue Right Issue
 Bonus Issue Private Placement

III) Position of mobilization and deployment of funds as on 31.03.2010 (Amount in Rs. Thousands) :

Total Liabilities Total Assets

Sources of Funds

Paid up capital Reserves and Surplus
 Secured Loans Unsecured Loans
 Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Misc. Expenditure

IV) Performance of Company for the year 2009-10 (Amount in Rs. Thousands) :

Turnover (Net) Total Expenditure
 (Incl. other Income)

(After Adjustment of Stock)

Profit before Tax Profit after Tax
 Earning per Share (Rs.) Dividend Rate (%)

V) Generic Names of Principal Products/Services of Company (as per monetary terms) :

Item Code No (ITC Code)
 Product Description

Signatures to Schedules '1' to '7'

For BD Gargieya & Co.
Chartered Accountants
NK Gupta
Partner
M. No. 72326
Firm Regn. No. : 001072C

Kolkata
May 22, 2010

LN Bangur
Govind Sharda
Amit Mehta } Directors