
The Ruby Mills Limited

BOARD OF DIRECTORS :

MANHARLAL CHUNILAL SHAH	<i>Executive Chairman</i>
HIREN MANHARLAL SHAH	<i>Managing Director</i>
BHARAT MANHARLAL SHAH	<i>Jt. Managing Director</i>
VIRAJ MANHARLAL SHAH	<i>Executive Director</i>
Mrs. A. M. SHAH	<i>Director</i>
JIMMY D. MASANI	<i>Independent Director</i>
GIRISH C. SHAREDALAL	"
SHARDUL J. THACKER	"
DHARMASINH M. POPAT	"
DATTATREYA S. SOMAN	"
DILIP J. THAKKAR	"

COMPANY SECRETARY :

M. N. TRIVEDI

SOLICITORS :

N. C. DALAL & CO.
FEDERAL & RASHMIKANT

AUDITORS :

B. S. MEHTA & CO.
Chartered Accountants, Mumbai.

BANKERS :

STATE BANK OF INDIA	AXIS BANK
BANK OF INDIA	UCO BANK
BANK OF BARODA	UNITED BANK OF INDIA
	IDBI BANK

REGISTERED OFFICE :

RUBY HOUSE
J. K. Sawant Marg,
Dadar, Mumbai- 400 028.
E-mail: info@rubymills.com
www.rubymills.com

PLANT LOCATIONS :

*** Mumbai Plant :**

J. K. Sawant Marg
Dadar
Mumbai - 400 028.

*** Dhamni Complex :**

Village Dhamni
Taluka Khalapur
Dist. Raigad,

NOTICE

NOTICE is hereby given that the Ninety Second Annual General Meeting of the Shareholders of THE RUBY MILLS LIMITED will be held at the Registered office of the Company at Ruby House, J. K. Sawant Marg., Dadar (W), Mumbai - 400 028 on Thursday the 25th September, 2008 at 5.00 P.M. to transact the following business :-

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2008 together with the Directors' and Auditors' Reports thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. V. M. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. J. Thacker, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr.D.M. Popat, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors for the current year to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

7. Increase in borrowing limits

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 27th September, 2007 and pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 and pursuant to the provisions of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time, any sum or sums of money for the purpose of Company's business 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 and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the aggregate of the monies borrowed by the Board and outstanding at any time does not exceed Rs. 750 crores (Rupees Seven Hundred Fifty Crores only) or the aggregate of paid-up share capital of the Company and its free reserves whichever is higher".

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of provisions of 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and / or charging all the movable and immovable assets and properties of the Company wheresoever situate, both present and future and of every nature and kind whatsoever and / or creating a floating charge on all or any of the immovable assets / properties of the Company for the purpose of securing any loans, advances, credit facilities, debt instruments, etc., taken and / or issued by the Company from time to time".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby further authorized to take necessary action for giving effect to the above Resolution".

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 18th September, 2008 to 25th September, 2008 (Both days inclusive).
3. The Dividend recommended by the Board of Directors, if declared at the meeting, will be payable to those Shareholders whose names are registered in the Register of Members of the Company on 25th September, 2008. The dividend in

respect of Shares held in electronic form will be payable to the beneficial owners of the Shares as at the end of the business hours on 19th September, 2008, as per details furnished by the Depositories for this purpose.

4. Dividend if declared will be made payable at the Registered office of the Company on or after 5th October, 2008.
5. In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends for and upto the year ended 31.3.2000 to the General Revenue Account of the Central Government. The members concerned may, therefore submit their claims in the prescribed form to the Registrar of Companies, Maharashtra, 2nd Floor, Hakoba Mills Compound, Dattaram Lad Marg., Mumbai-400 033.

Pursuant to Section 205A of the Companies Act, 1956 dividend for the financial year ended 31.03.2001 and thereafter which remain unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Accordingly dividend remained unclaimed for the financial year ended 31.03.2001, shall be transferred to the above said fund. Shareholders who have not encashed the dividend warrant (s) so far for the financial year ended 31st March, 2001 or any subsequent Financial Years are requested to make their claim to the Share Department of the Company. It may be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.

6. **Members are requested to intimate to the Company or to its Registrar & Share Transfer Agents, changes, if any, in their registered addresses, at an early date and to quote folio numbers in all their correspondence.**
7. Documents as referred to in the resolutions will be open for inspection by the shareholders at the registered office of the Company between 10.00 a.m. to 12.00 noon on any working day (except) Saturday, Sundays and Holidays) up to and including the day of the Annual General Meeting.

Mumbai,
Dated : 31st July, 2008

By Order of the Board of Directors

Registered Office :
Ruby House
J. K. Sawant Marg.,
Dadar, Mumbai 400 028.

M. N. TRIVEDI
Company Secretary

EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 (the Act), sets out all material facts relating to the business mentioned at Item Nos. 7 & 8 of the accompanying Notice dated 31st July, 2008.

Item No. 7 and 8.

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 a general meeting, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, 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 Members, at the Annual General Meeting of the company held on 27th September, 2007 had accorded their consent to the Board of Directors borrowing upto Rs. 500 Crores (Rupees Five Hundred Crores). To meet the capital expenditure requirements and also for the development of property for Commercial purpose, it is necessary to enhance the present borrowing limit. The Members' approval is therefore being sought pursuant to Section 293(1)(d) of the Companies Act to increase the borrowing limit from Rs. 500 Crores to Rs. 750 Crores. Even with the proposed borrowing, the debt equity ratio will be within a reasonable limit.

Borrowings need to be secured by creation of charge / mortgage on the movable / immovable fixed assets of the Company in favour of the lending institution(s) in various forms.

This is an enabling resolution authorising the Board to ensure borrowing made from Banks and Financial Institutions. The Directors recommend the resolution at Item No. 8 of the accompanying Notice for approval by the Members. No Director of the Company is concerned or interested in the said resolution.

Mumbai,
Dated : 31st July, 2008

By Order of the Board of Directors

Registered Office :
Ruby House
J. K. Sawant Marg.,
Dadar, Mumbai 400 028.

M. N. TRIVEDI
Company Secretary

DIRECTORS' REPORT

To,
The Shareholders
THE RUBY MILLS LIMITED

Ladies and Gentlemen,

Your Directors have pleasure in submitting their 92nd Annual Report together with Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2008

	2007-2008	2006-2007
	Rupees	Rupees
Turnover	109,23,88,201	103,15,74,563
Profit before Depreciation and Taxation	22,29,67,995	24,39,05,341
Less : Depreciation	14,00,52,468	11,68,60,565
	8,29,15,527	12,70,44,776
Less : Provision for Taxation		
Current Tax	4,28,00,000	3,10,00,000
Deferred Tax	(1,08,31,965)	67,78,929
Fringe Benefits Tax	13,00,000	10,71,000
Wealth Tax	3,00,000	4,00,000
	3,35,68,044	3,92,49,929
Profit after tax	5,31,26,709	8,77,94,847
Less : Prior period (expenses) Income (Net)	(2,34,047)	5,20,564
Add : Profit as per last Balance Sheet	1,45,42,613	1,83,98,375
Amount Available for Appropriation	6,74,35,276	10,67,13,786
Less : Transfer to General Reserve	4,00,00,000	7,75,00,000
Proposed Dividend	1,25,40,000	1,25,40,000
Dividend Tax on Proposed Dividend	21,31,173	21,31,173
	5,46,71,173	9,21,71,173
Surplus carried to Balance Sheet	1,27,64,103	1,45,42,613

- The turnover of the Company during the year is Rs 109,23,88,201/-as against Rs.103,15,74,563 /- in the previous year. The operating profit before Depreciation and Taxation is Rs. 22,29,67,995/- as against Rs 24,39,05,341/- in the previous year. The net profit after depreciation, taxation is Rs.5,31,26,709/- as against Rs.8,77,94,847/- in the previous year.
- Your Directors are pleased to recommend the Dividend out of the available surplus, at the rate of 30% on Paid Up equity share capital of Rs.4,18,00,000/- i.e.@Rs.3/- per share on 41,80,000 equity Shares of Rs.10/- each aggregating to Rs. 1,25,40,000/- as against 30% i.e. Rs. 1,25,40,000/- in the previous year.
- The Textile Industry is facing high cost of Cotton, Polyester and Viscose. On one hand exports have become uncompetitive thereby leading to glut in the local market and on the other hand cheaper import of fabric has made intensive competition with the local manufacturers. Your Company has been able to create its own niche and brand identity within the trade circle partly enabling to overcome this situation.
- Your Company has undertaken the Development of a Building under the Information Technology Park on part of its land in Mumbai. Your Company has undertaken implementation of a Process House at a New location and the production is likely to commence by March, 2009.

6. As required under Section 209 (1) (d) of the Companies Act, 1956 the Company has maintained cost accounting records and under Section 233B, qualified Cost Auditor is appointed to conduct Cost Audit.
7. As required under Maharashtra Sales Tax Act Company has appointed a VAT Auditor to conduct the VAT Audit.
8. The Company's Building, Machineries, Stores and Stocks in trade etc. are fully covered against all insurance risks.
9. The Company is not accepting deposits from the public or shareholders.
10. Mr. V.M.Shah, Mr. S.J.Thacker and Mr. D.M.Popat directors of the Company retire by rotation and being eligible offer themselves for re-appointment.
11. Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Director's Report.
12. The Company has two segment of activities Textile & Real Estate. The statement of accounts prepared and submitted are therefore two Segments.
13. In view of the on going expansion and modernisation, the company is in the process of strengthening the scope of internal audit at Dadar and Dhamni Units.
14. Directors' Responsibility statement:
On the basis of compliance certificates received from the Executives of the Company and subject to disclosures in the Annual accounts, we state as under:-
 - i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
 - ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
 - iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - iv) that the Directors had prepared the annual accounts on a going concern basis.
15. Particulars regarding Employees as required by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 are set out in a separate statement in Annexure 'A' forming part of this report.
16. Particulars regarding conservation of Energy, Technology Absorption etc. as required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in a separate statement in Annexure 'B' forming part of this report.
17. You are requested to appoint Auditors of the company for the current year and fix their remuneration.
18. Your Directors thank the Company's clientele, vendors, investors and bankers for their continued support during the year. Your Directors place on record their appreciation of the excellent contribution made by employees at all levels, without whose contribution the company would not have recorded substantial growth in its revenue and profitability for the year under review.

For and on behalf of the Board

M. C. SHAH
Executive Chairman.

Mumbai

Dated : 31st July, 2008.

ANNEXURE 'A'

Particulars of the Employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of the Employees) Rules 1975 and forming part of the Directors Report for the year ended 31st March, 2008.

Sr.No.	Name	Designation & Nature of the Duties	Remuneration Rupees	Qualification	Age Years	Date of Employment	Experience Years	Last Employment held & Name of the Employer
(A) EMPLOYED THROUGHOUT THE FINANCIAL YEAR UNDER REVIEW AND WERE IN RECEIPT OF REMUNERATION AGGREGATING TO Rs.24,00,000/- P.A. AND MORE.								
1.	Shri M. C. Shah	Executive Chairman	98,16,762/-	Experience in Senior Management	74	1-04-70	55	None
2.	Shri H. M. Shah	Managing Director	69,98,377/-	Licenciate in Textile Mfg.	54	1-10-76	32	None
3.	Shri B. M. Shah	Jt. Mg. Director	69,98,377/-	B.Com	49	1-02-82	26	None
4.	Shri V.M. Shah	Executive Director	69,98,377/-	B.Com	47	1-04-84	24	None

Note: Remuneration as above includes, Salary, Company's Contribution to Provident Fund and Family Pension Fund, L.T.A., Reimbursement of Medical Expenses, Personal Accident Insurance, Gratuity etc.

ANNEXURE 'B'

ADDITIONAL INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008.

(A) CONSERVATION OF ENERGY

- (a) (1) Replacement of old 32 Sulzer Looms by 24 Air Jet Looms in running Shed thereby saving humidification and light energy saving of Sulzer Shed.
- (2) Introduction of Harmonic Filters in spinning and weaving department to save energy.
- (3) Replacement of conventional chokes by Electronic ones. This is ongoing process.
- (4) Nozzle charge on Air Jet Looms and software upgradation to improve power consumption.
- (5) Energy conservation by steam load monitoring.
- (6) Installed VFD in Boiler.
- (7) Discussion with various consultants for Energy Audit conservation to identify the suitable one.
- (8) Setting new process sequences whereby reduction in power and heat consumption achieved.

(b) ADDITIONAL INVESTMENT AND PROPOSALS

- (1) Setting up new process State-of-Art house at new location keeping energy consumption at minimum level thereby reducing the cost of processing. Civil work has started and machines are being ordered.
- (2) Putting new cards and Blow Room Machinery to enhance productivity and quality.
- (3) Initiative being taken to minimize cost of fuel, energy and water.
- (4) Impact of the measures taken (a) & (b) .
Energy conservation steps and new Energy efficient machinery have resulted in reduction of cost per unit.

(B) TECHNOLOGY ABSORPTION & INNOVATION :

- (a) ERP implementation started from 01.04.2008
- (b) New DK 740 Cards has given improved yarn for working in latest high speed looms.
- (c) New LK 54 Combers have given satisfactory results and further delivery of Combers will be taken in new year i.e. 2008-09.

BENEFITS OF R & D WORKS :

1. Continuous advantage have accrued out of use of AFIS and UT5 Evenness Tester. It is being used as day-to-day tool for monitoring of yarn quality and process parameters.
2. Slub Motion installation is being daily exploited for creation of fashion fabrics and development of quality.
3. Services acquired for foreign Consultant have given new direction to Dyeing department.
4. R & D helps mill to sharpen skill of Technical Research Staff leading to development of new fabrics and finishes and cost control in process.

FUTURE PLANS

1. Development of new yarns and fabrics.
2. Modification of present Blow Room with Tuft Feeder and Foreign Fibre Detection Units.
3. Replacement of old Cards by latest ones for producing better quality yarn.
4. Replacement of old Drawframes by latest D/40 models for continuous improvement in quality.
5. Development of property in Mumbai.

C. FOREIGN EXCHANGE SPENT AND EARNED:

	Current Year 2007-2008 Rupees	Previous Year 2006-2007 Rupees
a. Value of Direct Imports calculated on CIF Basis:		
i. Stores, Spare parts and Colour Chemicals	1,30,04,825	1,87,62,038
ii. Raw Materials	45,44,000	81,04,050
iii. Capital Goods	8,56,54,935	10,24,78,781
b. Earnings in Foreign Exchange on account of export of Goods: Direct Export on FOB Basis	75,68,194	70,22,194
c. Expenditure in Foreign Currency:		
Travelling	59,32,314	53,52,568
*Others	*1,36,10,754	*94,52,418
*Note: Others figure includes amount in bracket for Real Estate Segment	*(1,29,08,093)	*(90,92,575)

FORM 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT OF CONSERVATION OF ENERGY :

		Current Year 2007 - 2008	Previous Year 2006 - 2007
Power & Fuel Consumption			
1. Electricity :			
a. Purchased Unit		3,21,75,516	3,00,31,881
Total Amount (Rs.)		13,73,87,852	11,46,29,404
b. Own Generation :			
i. Through Diesel Generator Unit	Units	1,840	12,320
Units per 1 Ltr. of diesel oil	Unit	3.00	2.73
Cost / Unit	Rs.	12.30	13.80
ii. Through steam turbine/ Generator Unit		NIL	NIL
Units per 1 ltr. of fuel oil		NIL	NIL
Cost / Unit		NIL	NIL
2. Coal (Dhamni) :			
Quantity (Tonnes)		1844.065	1710.000
Total Cost (Rs.)		79,67,487	70,95,965
Cost / Unit		*	*
3. Furnace Oil :			
Quantity (K. Ltrs.)		2857.107	1839.707
Total Cost (Rs.)		7,26,35,778	3,59,84,241
4. Gas : Piped Natural Gas (Dadar)			
Quantity M3		1709.640	2850.40
Total Cost		2,01,95,123	2,82,72,744
Cost / Unit		*	*

* Cost per unit of production for Electricity and Steam is not comparable as we are a composite Textile Mill and have a regular change of product mix.

ANNEXURE-C
ANNEXURE TO DIRECTORS' REPORT

Corporate Governance Report

In compliance with the Clause 49 of the Listing Agreement with the Stock Exchanges for the Corporate Governance, the report is as under:-

I. Company's philosophy on Corporate Governance :

Our Company is committed to good Corporate Governance. The Company's Corporate Governance Policies aim to facilitate the creation of long term value for its shareholders and stakeholders. The Company further has implemented code of conduct for transparency and integrity at all levels so as to achieve best results.

II. Board of Directors :

a) Composition of Board of Directors :

For the financial year 2007-2008, the Board of Directors comprised of Executive Chairman, Managing Director, Jt. Managing Director, and an Executive Director alongwith Seven non-executive Directors.

Since the Chairman is an executive Chairman the requirement of half of the Board of Directors as independent directors is met with by the Company in view of Six independent Directors out of a total of eleven directors. The non-executive independent Directors are professionals and have experience in the field of finance, management and law, bringing a wide range of expertise and experience to the Board.

As required under the Listing Agreement, "Management Discussion and Analysis Report" forms part of this annual report is given by means of a separate annexure and is attached to the Directors Report.

b) Board Procedure.

The Board members are presented Agenda papers along with the notes for the meeting.

Information covering the matters listed as per Annexure 1 to Clause 49 is provided to the Board as a part of Agenda papers.

During the year 2007-08, the Board met five times on the following dates:-

21st April 2007, 30th July 2007, 27th September 2007, 30th October 2007, and 29th January 2008.

The members of the Board have been provided with the requisite information mentioned in the listing agreement well before the Board meetings and the same were dealt with appropriately.

All the directors who are on various committees are within the permissible limits of the listing agreement. The directors have intimated from time to time about their membership in the various committees in other companies.

The composition of Board of Directors, number of Board Meetings held and attended by the Directors, number of Chairmanship/membership in other Board Committees are given in following Table.

Name of Director	Status Executive/ Non-Executive	No. of Board Meetings Held	No. of Board Meetings attended	Attendance of last AGM	No. of Directorship in other Co.		No. of Chairmanship / Membership in other Board Committee	
					Public	Pvt.	Chairman	Member
Shri M. C. Shah	EC	5	5	Yes	-	1	-	-
Shri H. M. Shah	MD	5	4	Yes	-	2	-	-
Shri B. M. Shah	Jt. MD	5	5	Yes	-	2	-	-
Shri V. M Shah	ED	5	4	Yes	-	2	-	-
Smt. A. M Shah	NED	5	5	No	-	-	-	-
Shri J. D. Masani	NED	5	5	Yes	-	-	-	-
Shri G. C. Sharedalal	NED	5	4	No	3	4	3	-
Shri S. J. Thacker	NED	5	3	No	3	1	1	2
Shri D. M. Popat	NED	5	3	No	3	2	-	-
Shri D. S. Soman	NED	5	5	Yes	1	-	-	-
Shri D. J. Thakkar	NED	5	2	No	10	8	5	9

c) Details of remuneration, sitting fees, etc. paid to Directors are given in following Table

Name of Director	Status	Remuneration paid to Directors					
		Salary Rupees	Other Perquisite Rupees	Contribution to PF Rupees	Provision for Gratuity Rupees	Total Rupees	Sitting Fees Rupees
Shri M. C. Shah	EC	83,40,000	75,000	10,00,800	4,00,962	98,16,762	Nil
Shri H. M. Shah	MD	59,40,000	60,000	7,12,800	2,85,577	69,98,577	Nil
Shri B. M. Shah	Jt. MD	59,40,000	60,000	7,12,800	2,85,577	69,98,377	Nil
Shri V. M. Shah	ED	59,40,000	60,000	7,12,800	2,85,577	69,98,577	Nil
Smt. A. M. Shah	NON-IND	Nil	Nil	Nil	Nil	Nil	35,000
Shri J. D. Masani	IND	Nil	Nil	Nil	Nil	Nil	90,000
Shri G. C. Sharedalal	IND	Nil	Nil	Nil	Nil	Nil	35,000
Shri S. J. Thacker	IND	Nil	Nil	Nil	Nil	Nil	70,000
Shri D. M. Popat	IND	Nil	Nil	Nil	Nil	Nil	40,000
Shri D. S. Soman	IND	Nil	Nil	Nil	Nil	Nil	80,000
Shri D. J. Thakkar	IND	Nil	Nil	Nil	Nil	Nil	17,500

EC — Executive Chairman
ED — Executive Director
NON-IND — Director

MD — Managing Director
NED — Non-Executive Director

Jt. MD — Joint Managing Director
IND — Independent Director

Note :- No commission is paid to any of the Directors.

III Audit Committee

- The Audit Committee of the company met five times during the year. One meeting held before finalisation of annual accounts as per the dates mentioned below:-
21st April 2007, 30th July 2007, 27th September 2007, 29th October 2007, and 20th January 2008.
- The Audit Committee of the Board comprises of three non-executive, independent Directors . Audit committee met five times during the year and attendance of members of these meetings was as follows :-

Name of the Audit Committee Member	Status	No. of meetings held / attended
Shri D. S. Soman	Chairman & Independent Director	5/5
Shri S. J. Thacker	Independent Director	5/3
Shri J D. Masani	Independent Director	5/5

The Representative of Statutory Auditor, Internal Auditor, Jt. Managing Director and Financial Controller were also invited to attend the Audit Committee meetings. The Company Secretary is the secretary of the committee.

- The role and terms of reference of the Audit Committee covers the matters specified for Audit Committee under Clause 49 of Listing Agreement and section 292A of the Companies Act, 1956.

(iv) Remuneration Committee:

- The Remuneration Committee of the Board comprises of three independent, non-executive Directors viz: -
 - Shri J.D. Masani Chairman and Independent Director
 - Shri S.J. Thacker Independent Director
 - Shri D.M. Popat. Independent Director

During the financial year ended March, 2008 the Remuneration Committee had two meetings i.e.on 21.04.07 & 20.01.08. All the members attended the meeting. Presently, the Company does not have any Stock Option Scheme.

(V) Shareholders

a) Details of Directors seeking re-appointment at the ensuing Annual General Meeting scheduled to be held on 25th September, 2008 are given hereunder :

Name of Director	Shri V. M. Shah	Shri S. J. Thacker	Shri D. M. Popat
Date of appointment	28.11.1994	19.12.1984	27.03.2000
Expertise in Specific	Industrialist	Eminent Lawyer	He is a Senior Lawyer & Partner of Leading Advocate Solicitors & Notary firm M/s. Mulla & Mulla & Craige & Blunt & Caroe. (He represents clients in foreign courts).
Functional Areas	Business Experience	Directors of	Directors of:
List of their Directorships held	Directors of 1. M.C. Shah & Sons Inv. Co. P. Ltd. 2. Ruby Sales & Services P. Ltd.	1. R.P.G. Enterprises Ltd. 2. Fomento Resorts and hotels Ltd. 3. South East Asia Marine Engg. & Coast Ltd. 4. North Marine Managing(I) Pvt. Ltd.	1. Continental Air Services Pvt. Ltd. 2. Global Aviation Services Pvt. Ltd. 3. Hindoostan Spg. & Wvg. Mills Ltd. 4. Hindustan Construction Co. Ltd. 5. Peninsula Land Ltd. (Formerly Morarjee Realities Ltd.)

b) **Share Transfer and Shareholders / Investors Grievance Committee :**

Name of the Share Transfer and Shareholders/Investors Grievance Committee Member	Status
Shri Manharlal C. Shah Shri Hiren M. Shah Shri Bharat M. Shah Shri Viraj M. Shah	Executive Chairman Managing Director Jt. Manager Director Executive Director

VI. Compliance Certificate

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed herewith.

VII. General Body Meetings

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

AGM	Day	Date	Time	Venue
91st	Thursday	27/09/2007	5.00 p.m.	Ruby House, J. K. Sawant Marg, Dadar, Mumbai.
90th	Tuesday	19/09/2006	11.00 a.m.	----- Do -----
89th	Tuesday	27/09/2005	5.00 p.m.	----- Do -----

b. Whether special resolutions were put through postal ballot last year? No

c. Are special resolutions proposed to be put through postal ballot this year? No

VIII. Disclosures

Disclosure regarding materially significant related party transactions :

No transactions of material nature has been entered into by the Company with its promoters, Directors or the management or relatives, etc. that may have potential conflict with the interest of the Company.

Disclosure of non-compliance by the Company :

No penalties have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

IX. Means of Communication

- i) The Company publishes generally quarterly financial results in The Financial Express (English) and Janmabhumi (Gujarati). The Results are also posted on EDIFAR.
- ii) Results are also posted on the Company's official website www.rubymills.com
- iii) There is no official news release displayed on the website.
- iv) The company has not made any presentation to institutional investors or equity analysts.
- v) Whether M.D. & A is a part of Annual Report : Yes.

X. General Shareholder Information

(a) Annual General Meeting to be held :

Day, date, time and venue :

Day : Thursday

Date : 25th September, 2008

Time : 5.00 p.m.

Venue : Ruby House, J. K. Sawant Marg, Dadar, Mumbai 400 028.

(b) Financial Calendar 2008-2009 :

First Quarterly Unaudited Results : Before the end of July 2008

Second Quarterly Unaudited Results : Before the end of October 2008

Third Quarterly Unaudited Results : Before the end of January 2009

Fourth Quarterly Unaudited Results : Before the end of April 2009

OR

Audited Yearly Results for the Year

Ended 31st March, 2009 : Before 30th June, 2009

(c) Dates of Book Closure : 18th September to 25th September, 2008 (Both days inclusive)

(d) Dividend payment date : 5th October, 2008 and thereafter

Dividend on Equity Shares when sanctioned will be made payable on or after 5th October, 2008 to those Shareholders whose names stand on the Company's Register of Members on 25th September, 2008 and to whom dividend warrants will be posted. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for the purpose.

e) Listing on Stock Exchanges at :

The Equity Shares of the Company are listed at

The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal street Mumbai – 400 001.

National stock Exchange, Exchange Plaza, Bandra –Kurla Complex, Bandra (E), Mumbai-400 051.

Note : Listing fees have been paid to the above Stock Exchanges for the year 2008-2009.

(f) Stock / Company / Security / Common Code : Equity Shares

The Stock Exchange, Mumbai : 503169

(g) Market price Data :

The monthly high and low quotations and volume of shares traded at the Stock Exchange, Mumbai during the Financial year, 2007-08 are given below :

Stock Prices
Scrip Code : 503169 Company Name : THE RUBY MILLS LTD.
For the Period : April, 2007 to March, 2008

Month	High Rs.	Low Rs.	Volume Traded (No. of Shares)
April, 2007	567.50	370.50	613
May, 2007	613.60	471.10	619
June, 2007	1009.45	607.00	3417
July, 2007	1144.00	885.00	4621
Aug, 2007	1053.90	872.00	996
Sept, 2007	1705.00	882.00	4761
Oct, 2007	1725.00	910.00	3653
Nov, 2007	1694.00	1150.00	1593
Dec, 2007	1700.60	1361.00	1150
Jan, 2008	2149.00	1251.00	891
Feb, 2008	1465.00	990.00	237
Mar, 2008	1124.50	570.00	584

(h) Registrar and Transfer Agents :

The Company has engaged the services of Bigshare Services Pvt. Ltd., a SEBI registered Registrar as its Share Transfer Agents for processing the transfers, sub-Division, consolidation, Splitting of Securities, etc. The request for transfers, sub-Division, consolidation, Splitting of Securities, demat and remat should be sent directly to Bigshare Services Pvt. Ltd., Shareholders have the option to open their accounts with either NSDL or CDSL as the Company has entered into Agreements with both these Depositories.

i) Share Transfer System :

Share transfers are registered and share certificates are despatched within a period of 30 days from the date of receipt, if the documents are clear in all respects.

j) Distribution of Share holding

The shareholding distribution of equity shares as of 31st March, 2008 is given below :-

Sr. No.	No. of Equity Shares held	No. of Folios	No. of Shares	Percentage of Shareholding
1	Upto – 5000	4804	248878	5.95
2	5001 – 10000	138	99922	2.39
3	10001 – 20000	50	70797	1.69
4	20001 – 30000	11	26169	0.63
5	30001 – 40000	10	35483	0.85
6	40001 – 50000	6	26305	0.63
7	50001 – 100000	21	148675	3.56
8	100000 and above	34	3523771	84.30
TOTAL		5074	4180000	100.00

(k) Shareholding pattern as on 31st March 2008.

Sr. No.	Category	No. of Shares held	% of Share holding
1	Promoters	3131380	74.91
2	Resident Individuals	697350	16.68
3	Private Corporate Bodies	303699	7.27
4	Financial Institutions & Banks	15	—
5	NRIs	47556	1.14
TOTAL		4180000	100.00

(l) Dematerialisation of equity Shares

As on 31st March, 2008, 97.45% of the Company's total equity shares representing 40,73,440 shares are held in dematerialised form and the balance 2.55% representing 106560 shares are in physical form.

(m) Plant (Manufacturing Units) :

Correspondence and Dadar Unit Address :

Ruby House,
J.K. Sawant Marg,
Dadar, Mumbai - 400 028.
Tel.: 022-24387800 E-mail: info@rubymills.com

Dhamni Complex :

Village Dhamni
Off. Savroli Kharpada Road,
Taluka Khalapur, Dist. Raigad, Pin : 410 202.

(n) Share Transfer Agents

Bigshare Services Pvt. Ltd.

E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E), Mumbai - 400 072.
Telephone : 022-2847 3474 / 2847 0652 / 53
Fax : 022-2847 5207
E-mail : bigshare@bom7.vsnl.net.in

(o) For Any queries on Annual Report or Investors grievance redressal, kindly send details on following E-Mail ID - "info@rubymills.com"
K.A. : The Company Secretary

DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Clause 49 sub-clause I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2008.

For **The Ruby Mills Ltd.**

Mumbai
Dated : 31st July, 2008

H. M. Shah
Managing Director

ANNEXURE “D”

MANAGEMENT’S DISCUSSION AND ANALYSIS

1. **Overall Review:**

During the year the Turnover of the Company has increased however, the operating profit was reduced on account of increased interest cost, power, fuel, raw material, wages and additional borrowings.

However, on account of better operational control and the management’s good acumen, reduction in profit was well managed. The present liquidity crunch faced by Banks and continuous rise in interest shall affect our future cost of borrowings. On the manufacturing front we are continuing our thrust on cost controls and improved realizations.

2. **Business Segment - Cotton, Synthetics Yarn and Fabrics.**

a) Industry Structure and Development:

During the year, the Textile Industry passed through the competitive phase on account of high cost of Raw Materials, Power and also keen competition from neighboring countries. especially China in domestic as well as export markets. The recent Union Budget contains various proposals for the growth and development of the textile industry. Considering the need for the modernisation and upgradation of the textile sector, the allocation of funds under the Technology Upgradation Fund Scheme (TUFS) has been enhanced and import duty on textile machinery has been reduced. In view of these welcome measures, the industry outside the metro cities is making significant efforts to upgrade technology, undertake expansion and improve competitiveness in order to face the new challenges. Textile companies are now aiming to create large capacities across the value chain. The aggressive capacity expansion plans of the industry demonstrate its commitment to take advantage of the emerging global growth opportunities.

b) Opportunities and threats:

Due to availability of indigenous raw material like cotton, man made fibers, trained labour and conducive climate for investments into textile would help the Indian manufacturers to withstand competition in the developed world. However, the threat of cheaper imports continues due to appreciation of Rupee. This would definitely bring pressure on margins of textile mills. In addition to the above, any reduction in interest Subsidy under the TUF scheme on new Loan sanctioned after March, 2007 will add to the burden.

c) Review and Analysis:

The cost of inputs increased substantially during the year due to all time high prices of petrochemicals goods and Fuel Oil prices. The Cotton prices are also high compared to the previous year. The export market was difficult to attack due to cost competitiveness continuing our consistent approach, we have fully shifted our Spinning and Weaving production to Dhamni. The Spinning and Weaving production at Dhamni are established and we are able to control the operating cost and are further trying to improve the same.

The Company is in the process of setting up a modern processing plant with State-of the Art equipment to reduce operating costs, control rejects and improve quality and delivery time to our customers.

In order to increase our share in the domestic market and to provide newer varieties of fabric to meet the consumer demand, our Research and Development Department continues to remain actively engaged in development of new shades, finishes and varieties in an economical and environmentally sustainable manner. Efforts are continuously being made for value addition to enable the customer to have accessibility to a wide range for exclusive varieties. Additionally, several fabric blends are being developed with unique finishing processes and chemicals to cater to the ever changing consumer demand.

d) Outlook:

Although the outlook for the textile industry is coupled with uncertainty, we are hopeful that with our thrust on improving domestic market and change in production pattern, it is a challenge facing the industry falling under high cost of Raw Materials and Petrochemical Products.

The Company has shifted its Spinning and Weaving Plant to Dhamni (near Khopoli) which shall enable cost saving and will result in saving from high Mumbai City cost. Shifting of process house from Mumbai to Kharsundi (near our existing Plant at Dhamni) has been planned and same shall be implemented during the year 2008-09. The Real Estate segment shall also see a growth.

e) Risks and Concerns:

Availability of quality cotton throughout the year at reasonable prices has always been a cause of concern due to crop uncertainty but we can overcome the same by procuring maximum amount of cotton during 3 months of peak season blocking huge capital. All man made and synthetic fibre prices have started going up due to increase in Petrochemical prices and other cost. Due to appreciation of Rupee, Industry is also facing the risk of import of cheaper textiles into the country. The power situation in the State of Maharashtra is a cause of concern as power supply is short

due to supply demand mismatch, prices are higher, and the quality of power is poor. We have to also address the issue of high labour cost and non-availability of skilled and unskilled labour in the area of operation. We have to make investments in equipment with high automation requiring less labour force.

f) Internal control systems and their adequacy :

The Company has proper and adequate systems of internal controls in order to ensure that all assets are safeguarded against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly. Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and that adequate systems are in place. The Management continuously reviews the internal control systems and procedures to ensure orderly and efficient conduct of business. The emphasis of internal control will be further strengthened across functions and processes, covering the entire gamut of activities including manufacturing, finance, supply chain sales & distribution, marketing etc. The Company has adopted a Foreign Exchange Risk management policy and also appointed an expert consultant to enable an effective Treasury management of its Foreign Exchange exposure. The implementation of the ERP system shall ensure internal controls in finance, supply chain, sales distribution and marketing.

g) Company's financial performance and analysis:

The turnover of the Company during the year is Rs.109.24 Crs as against Rs.103.15 Crs- during the previous year. The profit before depreciation and tax is Rs.22.29 Crs as against Rs.24.39 Crs in the previous year. The net profit after providing depreciation and taxation is Rs. 5.33 Crs as against Rs.8.83 Crs in the previous year.

During the year loss of hedging through derivative incurred was Rs.207 Lacs and provision for the derivative loss was made on mark to market basis for unwind contract Rs.289 lacs.

h) Human Resource Development / Industrial Relations:

With effective industrial relations and proper communication channels with the workers peace, harmony and discipline is maintained within the organization and has created a productive work environment. The focus is now on continued improved and disciplined work culture. The exercise of the ISO Certification and its continuing audit has brought about awareness amongst the employees and the management.

Industrial relations have continued to be harmonious at both units throughout the year. Measures for safety of employees, training, welfare and development continued to receive top priorities. The Company has 809 number of employees as on 31.03.2008.

i) Cautionary Statement:

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws or regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could however differ materially from those expressed or implied important factors that could make a

difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials cost & availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations.

The company assumes no responsibility in respect of the forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

AUDITORS' CERTIFICATE

To
The Board of Directors
The Ruby Mills Limited

We have examined the compliance of conditions of corporate governance by The Ruby Mills Limited for the year ended March 31, 2008 as updated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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.

In our opinion and to the best of our information and according to the explanation given to us:-

- i). We certify that company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
- ii). We state that no investor grievance is pending for a period exceeding one year against the company as per the records maintained by the company and noted by the Board of Directors/ Share Transfer Committee and Shareholders/Investors Grievance Committee.
- iii). 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.

For B.S. Mehta & Co.
Chartered Accountants.

Mrs. K.R.Gandhi
Partner.
Membership No.49392.

Place: Mumbai,
Date: 31st July, 2008.

AUDITORS' REPORT

For the Financial Year Ended on March, 31, 2008

**The Members,
THE RUBY MILLS LIMITED**

We have audited the attached Balance Sheet of **The Ruby Mills Limited** as at March 31, 2008 and the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. 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 amount and disclosures in the 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' (Auditor's Report) Order, 2003 as amended, 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 basis of such checks as we considered appropriate and the information and explanations given to us, on the matters specified in paragraph 4 of the said Order.
3. Further to our comments in Annexure referred to in paragraph 2 above, we report that:
 - i) 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.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of the written representation received from the Directors of the Company and taken on record by the Board of Directors, we report that none of the directors disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub section(1) of section 274 of the Companies Act, 1956 and
 - vi). In our opinion, and to the best of our knowledge and according to the explanations given to us, the said accounts read with notes thereon, give the information 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.
 - a) In the case of the Balance Sheet of the state of affairs of the Company as at March, 31, 2008.
 - b) In the case of the Profit & Loss Account of the profit for the year ended on that date, and
 - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For B.S. MEHTA & Co.
CHARTERED ACCOUNTANTS.

KRUPA R. GANDHI (Ms.)
Partner.
Membership No. 49392.

PLACE: MUMBAI.

DATED: July 31, 2008.

Annexure 'A' to Auditors' Report

[Referred to in Paragraph (2) of our report of even date]

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- i
 - a. The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
 - b. As explained to us, the fixed assets have been physically, verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed off any substantial part of the fixed assets during the year.

- ii. a. As explained to us, inventories have been physically verified by the management at regular intervals, except for inventories lying with third parties at the year end for which confirmations have been obtained in most of the cases. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- iii. a. As the Company has not granted loans to any parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year, Clause 4 (iii) (b) of the Order relating to rate of interest and other terms and conditions, whether prima facie prejudicial to the interest of the Company, Clause 4 (iii) © of the Order relating to regularity of receipt of the principal amount and interest and Clause 4 (iii) (c) of the Order relating to overdue amount of more than Rupees One Lakh, are not applicable.
- b. The Company has taken unsecured loans from 8 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and year end balance of such loans aggregate to Rs.13,59,00,000/- and Rs. 8,32,45,000/- respectively.
- c. In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- d. In respect of loans taken by the Company, the interest payments are regular and the principal amount is repayable on demand.
- iv. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
- v. a. According to the information and explanations given to us and the records of the Company examined by us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered into the Register required to be maintained under that section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of Contracts or arrangements entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time, wherever applicable.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year and hence, the question of complying with the provisions of Section 58 A and 58AA or any other relevant provisions of the Act and the rules framed thereunder, does not arise.
- vii. On the basis of Internal audit reports broadly reviewed by us, we are of the opinion that, the coverage of internal audit functions carried out by firms of Chartered Accountants appointed by the management, is commensurate with the size of the Company and the nature of its business, except for the internal audit of the Company's manufacturing unit at Dhamni which needs to be widened in view of growing operations.
- viii. The Central Government has prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection 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.
- ix. a. According to the information and explanations given to us and the records examined by us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, employees' State Insurance, Income Tax, Sales Tax, Wealth-Tax, Service Tax, Customs 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 the aforesaid dues were outstanding as at March 31, 2008 for a period of more than six months from the date of becoming payable.

- b. According to the records of the Company, the particulars of dues of Sales–Tax, Income Tax, Wealth – Tax and excise duty, wherever applicable, as at March 31, 2008 which have not been deposited on account of a dispute, are referred to in Annexure “A”.
- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses in the current financial year and in the immediately preceding financial year. Accordingly, Clause 4 (x) of the order is not applicable.
- xi. According to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of dues to any financial institutions, banks or debenture holders.
- xii. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments, Clause 4(xiv) of the Order relating to the maintenance of the proper records of the transactions and contracts and making of timely entries therein are not applicable. All the investments are held by the Company in its own name.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, Clause 4(xv) of the Order to comment on whether the terms and conditions, whereof are prejudicial to the interest of the Company, is not applicable.
- xvi. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us, on an overall examination of the financial statements of the Company, we are of the opinion that, prima facie, as at the close of the year, short term funds amounting to Rs.10,30,00,000/- stand utilised for long term purposes.
- xviii. According to the information and explanations given to us, as the Company has not made any preferential allotment of shares during the year., Clause 4 (xviii) of the Order relating to allotment of shares to parties covered under Section 301 of the companies Act,1956 are not applicable.
- xix. According to the information & explanations given to us, as the Company has not issued any debentures, the question of creating security or charges in respect thereof does not arise.
- xx. The Company has not raised any money by public issue during the year.
- xxi. Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud, on or by the Company, has been noticed or reported during the course of our audit.

For B.S. MEHTA & Co.
CHARTERED ACCOUNTANTS.

KRUPA R. GANDHI (Ms.)
Partner.
Membership No. 49392.

PLACE: MUMBAI.
DATED: July 31, 2008.

ANNEXURE 'B' TO AUDITORS' REPORT
Referred to in Paragraph IX.b. of Annexure 'A' to the Auditors' Report

Sr. No.	Nature of the Dues	Forum where dispute is pending	Amount (Rs. in Lacs)
1.	Adverse test results	Assistant Commissioner of Central Excise	0.23
2.	Sourced parachutes cloth classification	Assitant Commissioner of Central Excise	7.24
3.	Doubling of Yarn	Commissioner of Central Excise	3.38
4.	Valuation of fabrics selling distribution profit and administration and interest	Assistant Commissioner of Central Excise	8.06
5.	Clearance on double yarn or folded yarn	Assistant Commissioner of Central Excise	4.74
6.	MODVAT Credit on empty drums	Assistant Commissioner of Central Excise	0.96
7.	MODVAT Credit wrongly availed	Assistant Commissioner of Central Excise	2.08
8.	MODVAT Credit on inputs received from Dhamni Unit	Commissioner of Central Excise, Mumbai IV	326.74
9.	Service tax	CESTAT	0.76
10.	Differential value from Depot Sale	CESTAT	4.34
11.	Service Tax on GTO	Pending with Asst. Commissioner	3.32
12.	Interest and Penalty availed on Cenvat Credit on Capital Goods	CESTAT	15.75
		Total (A)	377.60
13.	Interest Capitalisation for Assessment Year 1995-96	High Court	0.45
14.	ICD Interest notionally taxed for the Assessment Year 1998-99	High Court	46.50
15.	ICD Interest notionally taxed for the Assessment Year 2000-01	High Court	47.28
16.	ICD Interest Notionally taxed and Bad debts written off for the Assessment Year 2001-02	High Court	113.84
17.	Bad debts written off disallowed, capitalisation of Interest for the Assessment Year 2003-2004	Income Tax, Appellate Tribunal	73.59
18.	Capitalisation of Interest for the Assessment Year 2004-2005	Income Tax, Appellate Tribunal	62.58
		Total (B)	344.24
19.	Treatment of Khandala Holiday Home as a non business asset and valuation of other immovable assets for the Assessment Year 1998-99 and 1999-2000	Income Tax Appellate Tribunal	0.47
		Total (C)	0.47
		Total (A+B+C)	722.31

BALANCE SHEET AS AT 31ST MARCH, 2008

	SCHEDULE	31ST MARCH	
		2008 Rupees	2007 Rupees
I. SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	1	4,18,00,000	4,18,00,000
Reserves and Surplus	2	59,66,06,070	55,83,84,580
		63,84,06,070	60,01,84,580
Loan Funds :			
Secured Loans	3	169,22,98,565	91,37,09,363
Unsecured Loans	4	19,38,45,000	4,41,00,000
		188,61,43,565	95,78,09,363
Deffered Tax Liability (Net)		7,46,48,170	8,54,80,126
	TOTAL	259,91,97,805	164,34,74,069
II. APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	5	171,80,72,255	158,58,53,166
Less : Accumulated Depreciation		67,39,74,825	58,27,93,246
Net Block		104,40,97,430	100,30,59,920
Capital Work-in-Progress [Includes Capital Advances Rs. 12,50,00,000/- (Previous year Rs. 40,62,90,182/-)]		156,33,54,620	41,11,96,098
		260,74,52,050	141,42,56,018
Investments	6	48,962	80,927
Current Assets, Loans and Advances :			
Inventories	7	20,82,66,305	17,26,41,098
Sundry Debtors	8	10,65,99,966	12,40,48,947
Cash and Bank Balances	9	1,87,30,720	57,98,870
Other Current assets	10	4,05,63,355	2,58,66,807
Loans and Advances	11	10,13,52,807	12,19,52,140
		47,55,13,153	45,03,07,862
Less : Current Liabilities & Provisions :			
Current Liabilities	12	46,80,32,811	21,19,99,875
Provisions	13	1,57,83,549	1,56,10,910
		48,38,16,360	22,76,10,785
Net Current Assets		(83,03,207)	22,26,97,077
Miscellaneous Expenditure	14		64,40,047
(to the extent not written off or adjusted)		NIL	
	TOTAL	259,91,97,805	164,34,74,069
Significant Accounting Policies	22		
Notes to Accounts	23		

As per our Report of even date attached

For **B.S.Mehta & Co.**
Chartered Accountants

Krupa R. Gandhi (Ms.)
Partner
Membership No. 49392

Mumbai,
Date : 31st July, 2008

For and on behalf of the Board of Directors

M. C. SHAH Executive Chairman
H. M. SHAH Managing Director
B. M. SHAH Jt. Managing Director
D. S. SOMAN Director

20 **M. N. TRIVEDI** Company Secretary &
Financial Controller
Mumbai,
Date : 31st July, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	SCHEDULE	31ST MARCH	
		2008 Rupees	2007 Rupees
INCOME			
Sales	15	109,23,88,201	103,15,74,563
License Fees (Tax deducted at source 1,91,04,257/-, previous year Rs. 1,83,22,106/-)		6,88,14,106	5,52,26,514
Other Income	16	85,17,030	1,13,90,251
		116,97,19,337	109,81,91,328
EXPENDITURE			
(Increase) / Decrease in Inventories	17	(1,93,61,120)	(77,56,072)
Cost of Raw Materials consumed	18	27,60,61,741	26,17,32,589
Purchase for Resale		59,50,685	1,58,41,398
Manufacturing, Administration & Other Expenses	19	50,09,31,222	44,20,45,841
Employee Cost	20	12,79,84,134	12,11,07,880
Finance Cost	21	5,51,84,680	2,13,14,350
Depreciation	5	14,00,52,468	11,68,60,565
		108,68,03,810	97,11,46,551
Profit / (Loss) Before Taxation and Prior Period Items		8,29,15,527	12,70,44,776
Less : Provision for taxation			
Current tax		4,28,00,000	3,10,00,000
Deferred tax (Net) (Refer Note No. 12 Schedule '23')		(1,08,31,956)	67,78,929
Fringe Benefit Tax		13,00,000	10,71,000
Wealth tax		3,00,000	4,00,000
Earlier Year's Income Tax		(37,79,226)	NIL
Profit / (Loss) After Taxation		5,31,26,709	8,77,94,847
Add/(Less) : Prior Period Income/(Expenses) (Net) (Refer Note No. 6 to Schedule "23")		(2,34,047)	5,20,564
Profit / (Loss) After Taxation and Prior Period Items		5,28,92,663	8,83,15,411
Add : Balance brought forward from the previous year		1,45,42,613	1,83,98,375
Profit available for Appropriations		6,74,35,276	10,67,13,785
Less : Appropriations :			
Transferred to General reserve		4,00,00,000	7,75,00,000
Proposed Equity Dividend		1,25,40,000	1,25,40,000
Tax on Proposed Equity Dividend		21,31,173	21,31,173
		5,46,71,173	9,21,71,173
Balance carried to Balance Sheet		1,27,64,103	1,45,42,612
Weighted average number of equity shares outstanding during the year		41,80,000	41,80,000
Basic and diluted earning per share		12.65	21.13
Significate Accounting Policies	22		
Notes to Accounts	23		

As per our Report of even date attached

For **B.S.Mehta & Co.**
Chartered Accountants

Krupa R. Gandhi (Ms.)
Partner
Membership No. 49392

Mumbai,
Date : 31st July, 2008

For and on behalf of the Board of Directors

M. C. SHAH Executive Chairman

H. M. SHAH Managing Director

B. M. SHAH Jt. Managing Director

D. S. SOMAN Director

21 **M. N. TRIVEDI** Company Secretary &
Financial Controller

Mumbai,
Date : 31st July, 2008

SCHEDULES TO BALANCE SHEET

	Rupees	31ST MARCH	
		2008 Rupees	2007 Rupees
SCHEDULE 1 : SHARE CAPITAL			
Authorised :			
50,00,000 Equity Shares of Rs. 10/- each		5,00,00,000	5,00,00,000
Issued, Subscribed and Paid-up :			
41,80,000 Equity Shares of Rs. 10/- each fully paid-up		4,18,00,000	4,18,00,000
Of the above shares :			
a) 1,925 shares were allotted as fully paid-up pursuant to a contract without payment being received in cash			
b) 33,30,000 shares were allotted as fully paid-up by way of bonus shares by capitalisation of General Reserve			
	TOTAL	4,18,00,000	4,18,00,000
SCHEDULE 2 : RESERVES AND SURPLUS			
Securities Premium			
Balance as per last Balance Sheet		20,83,38,100	20,83,38,100
Capital Reserve			
Balance as per last Balance Sheet		11,90,863	11,90,863
Central / State Capital Subsidy (Refer Note 1 below)			
Balance as per last Balance Sheet		17,90,429	17,90,429
General Reserve			
Balance as per last Balance Sheet	33,25,22,575		33,25,22,576
Add: Transferred from the Profit and Loss Account	4,00,00,000	37,25,22,575	33,25,22,576
Balance as per annexed Profit & Loss Account		1,27,64,103	1,45,42,612
	TOTAL	59,66,06,070	55,83,84,580

Note : (1) Received on investment in Plant and Machinery.

SCHEDULES TO BALANCE SHEET

	31ST MARCH	
	2008 Rupees	2007 Rupees
SCHEDULE 3 : SECURED LOANS		
TERM LOANS :		
<p>From Banks and Financial Institution : (Repayable within one year Rs. 9,47,00,000/- [P.Y. Rs. 9,63,28,000/-])</p> <ul style="list-style-type: none"> • (Secured by first pari passu charge created by joint mortgage by deposit of title deeds of immovable properties situated at Dhamni and Plant & Machinery at Dadar and Dhamni. • Further secured by second pari passu charge created by joint hypothecation of all tangible movable assets, both present and future (save and except book debts) of the Company) • Real Estate Term Loan of Rs. 75,50,00,000/- included in "Secured Loans" is secured by pari passu charge created by joint mortgage by depositing Title Deeds of Dadar Land. 	149,47,11,066	82,25,00,364
CASH CREDIT /WORKING CAPITAL DEMAND LOAN		
<p>From Banks : (Including interest accrued and due Rs. NIL (P.Y. Rs. 72/-)</p> <ul style="list-style-type: none"> • [Secured by first pari passu charge created by joint hypothecation of stocks, book debts and other tangible movable assets of the Company • Further secured by second pari passu charge created by joint mortgage by deposit of title deeds of Dhamni Land and all Plant and Machinery of the Company.] 	19,75,87,499	9,12,08,999
TOTAL	169,22,98,565	91,37,09,363
SCHEDULE 4 : UNSECURED LOANS		
Borrowings from:		
– Directors	9,08,45,000	1,76,50,000
– Companies	10,30,00,000	2,64,50,000
TOTAL	19,38,45,000	4,41,00,000

SCHEDULE " 5 " FIXED ASSETS

DESCRIPTION	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As at 1st April, 2007	Additions for the year	Deductions Adjustments	As at 31st March, 2008	As at 1st April, 2007	Additions for the year	Deductions Adjustments	As at 31st March, 2008	As at 31st March, 2007
Land - Freehold	35,78,122	5,36,68,000	—	5,72,46,122	—	—	—	5,72,46,122	35,78,122
Land - Leasehold	6,96,419	—	—	6,96,419	—	—	—	6,96,419	6,96,419
Buildings									
On Freehold Land	26,23,48,576	14,57,412	—	26,38,05,988	6,64,71,275	1,55,74,317	—	18,17,60,396	19,58,77,301
On Leasehold Land	1,35,08,387	—	—	1,35,08,387	68,89,063	2,82,279	—	63,37,045	66,19,324
Given On Lease	4,00,96,860	—	—	4,00,96,860	26,32,837	20,04,843	—	3,54,59,180	3,74,64,023
Plant & Machinery	112,73,26,353	14,78,46,088	7,13,02,672	120,38,69,769	46,14,21,759	10,56,08,080	4,85,50,629	68,53,90,559	66,59,04,594
Given On Lease	33,90,790	—	—	33,90,790	5,35,037	3,50,608	—	25,05,145	28,55,753
Computers	1,57,56,063	9,56,792	—	1,67,12,855	1,13,17,292	20,33,464	—	33,62,099	44,38,771
Furniture & Office Equipment	7,97,33,485	1,08,731	—	7,98,42,216	1,68,62,087	84,29,890	—	5,45,50,239	6,28,71,398
Given On Lease	9,72,314	—	—	9,72,314	53,713	1,35,249	—	7,83,352	9,18,601
Vehicles	3,51,34,595	—	5,15,261	3,46,19,334	1,32,98,981	56,33,738	3,20,259	1,60,06,874	2,18,35,614
Technical Knowhow Fees	33,11,201	—	—	33,11,201	33,11,201	—	—	—	—
TOTAL RUPEES	158,58,53,166	20,40,37,023	7,18,17,933	171,80,72,255	58,27,93,246	14,00,52,468	4,88,70,889	104,40,97,430	100,30,59,920
Capital Work-in-Progress (including advances)								156,33,54,620	41,11,96,098
PREVIOUS YEAR	131,52,62,946	28,94,12,518	1,88,22,298	15,8,58,53,166	48,29,90,170	11,68,19,136	1,70,160,060	100,30,59,920	83,22,72,776

NOTE:

1. Includes borrowing cost capitalised of Rs. 8312 (Previous Year Rs. Nil) - Building.
2. Includes borrowing cost capitalised of Rs. 6,44,284 (Previous Year Rs. 15,95,365) - Plant & Machinery.
3. Capital Work-in-progress includes cost of Real Estate Work-in progress aggregating to Rs. 154,92,45,712 (Previous Year Rs. 37,63,91,442)

SCHEDULES TO BALANCE SHEET

SCHEDULE 6 : INVESTMENTS	31ST MARCH	
	2008 Rupees	2007 Rupees
Non-trade :		
Own Investments		
Long Term		
Quoted		
Equity Shares		
- 40 shares of Baroda Rayon Corporations Ltd. of Rs. 10/- each	Nil	1,965
Sub Total (A)	Nil	1,965
Unquoted		
Equity Shares of Rs. 100/- each ÷		
50 Shares of The New Piece Goods Bazar Co. Ltd.	12,750	12,750
150 Shares of Art Silk Co-op. Ltd.	15,000	15,000
3% Govt. of India conversion Loan 1986 [Deposited with Central Excise Authorities Rs. 6,000/- (P.Y. Rs. 6,000/-) - Matured]	19,212	19,212
7 Years National Savings Certificate (Deposited with government authorities)	2,000	32,000
Sub Total (B)	48,962	78,962
Total (A + B)	48,962	80,927

INVESTMENTS	As at 31st March, 2008		As at 31st March, 2007	
	Book Value Rupees	Market Value Rupees	Book Value Rupees	Market Value Rupees
AGGREGATE VALUE OF				
Quoted Investments				
Own	NIL	NIL	1,965	NIL
Unquoted Investments				
Own	48,962	NIL	78,962	NIL

SCHEDULES TO BALANCE SHEET

	31ST MARCH	
	2008	2007
	Rupees	Rupees
SCHEDULE 7 : INVENTORIES		
(As per Inventories taken, valued and certified by the Management)		
Raw materials	5,35,09,757	3,63,45,582
Finished goods	2,57,17,678	2,09,91,625
Work-in-progress	11,53,81,233	10,07,56,515
Waste	2,76,232	2,65,881
Stores and spare	1,12,08,870	1,29,18,046
Liquid fuel	21,72,535	13,63,449
TOTAL	20,82,66,305	17,26,41,098
SCHEDULE 8 : SUNDRY DEBTORS		
Unsecured, Considered good		
For a period exceeding six months	84,97,049	87,88,867
Others	9,81,02,917	11,52,60,080
TOTAL	10,65,99,966	12,40,48,947
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash in hand	3,74,570	2,62,642
Cheques on hand	33,60,192	42,23,178
Balances with Scheduled Banks :		
On Current accounts	50,43,085	6,04,612
On Margin accounts	89,52,873	7,08,438
On Fixed deposit account	10,00,000	NIL
TOTAL	1,87,30,720	57,98,870
SCHEDULE 10 : OTHER CURRENT ASSETS		
Interest Receivable (TUF loan subsidy Rs. 3,31,60,618/-)	3,52,34,409	2,05,84,006
Sales Tax Set off Receivable	50,18,063	50,18,063
Export Incentives Receivable	3,10,883	1,62,788
Insurance Claim Receivable	NIL	1,01,950
TOTAL	4,05,63,355	2,58,66,807
SCHEDULE 11 : LOANS AND ADVANCES :		
Unsecured and considered good		
Advances recoverable in cash or in kind or for value to be received	3,71,97,182	6,32,69,377
Taxes Paid in Advance (including Fringe Benefit Tax)	14,58,43,901	12,35,10,671
Less : Provision for Income Tax	10,90,88,017	10,54,76,802
	3,67,55,884	1,80,33,869
Balance with Central Excise Authorities	1,06,41,044	1,06,41,044
Deposits	1,67,58,697	3,00,07,850
TOTAL	10,13,52,807	12,19,52,140

SCHEDULES TO BALANCE SHEET

	Rupees	31ST MARCH	
		2008 Rupees	2007 Rupees
SCHEDULE 12 : CURRENT LIABILITIES			
Sundry Creditors (Refer Note 15 to Schedule 23)			
Dues of Micro Enterprises and Small Enterprises	12,15,832		
Dues of Others	34,32,67,969		
		34,44,83,801	13,38,13,605
Security Deposits Received*		7,40,69,151	7,33,09,342
Unclaimed Dividend		6,18,080	5,62,049
Other Liabilities		1,99,61,779	43,14,878
Provision for mark to market losses on Derivative Contracts (Refer Note 14 to Schedule 23)		2,89,00,000	NIL
TOTAL		46,80,32,811	21,19,99,875
SCHEDULE 13 : PROVISIONS			
Provision for Wealth Tax		23,34,133	21,61,494
Less : Advance Payment of Wealth Tax		12,21,757	12,21,757
		11,12,376	9,39,737
Proposed Equity Dividend		1,25,40,000	1,25,40,000
Tax on Proposed Equity Dividend		21,31,173	21,31,173
TOTAL		1,57,83,549	1,56,10,910
SCHEDULE 14 : MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
Compensation under Voluntary Retirement Scheme Balance as per last Balance Sheet		64,40,047	1,28,80,094
Less : Written Off		64,40,047	64,40,047
TOTAL		NIL	64,40,047

* Taken against long lease exceeding 12 months period and not repayable during the tenure of lease of 33 months.

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended	
	31.03.2008 Rupees	31.03.2007 Rupees
SCHEDULE 15 : SALES		
Sales	109,11,74,984	102,77,43,053
Processing Charges	12,13,217	38,31,510
	109,23,88,201	103,15,74,563
SCHEDULE 16 : OTHER INCOME		
Dividend received	2,000	2,500
Profit on Sale of Fixed Assets (net)	NIL	33,06,541
Accounts Written Back	44,73,632	NIL
Export Incentives	7,63,397	7,62,514
Bad Debts Recovery	1,50,000	5,00,000
Miscellaneous Income	31,28,001	68,18,696
	85,17,030	1,13,90,251
SCHEDULE 17 : (INCREASE) / DECREASE IN INVENTORIES		
Closing Stock		
Finished Goods	2,57,17,678	2,09,91,625
Work in Progress	11,53,81,233	10,07,56,515
Waste	2,76,230	2,65,881
	14,13,75,141	12,20,14,021
Less : Opening Stock		
Finished Goods	2,09,91,625	1,92,71,047
Work In Progress	10,07,56,515	9,47,28,002
Waste	2,65,881	2,58,900
	12,20,14,021	11,42,57,949
	1,93,61,120	77,56,072

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended	
	31.03.2008 Rupees	31.03.2007 Rupees
SCHEDULE 18 : COST OF RAW MATERIAL CONSUMED		
Opening stock	3,63,45,582	4,24,96,041
Add : Purchases	29,32,25,916	25,55,82,130
	32,95,71,498	29,80,78,171
Less : Closing stock	5,35,09,757	3,63,45,582
	27,60,61,741	26,17,32,589
SCHEDULE 19 : MANUFACTURING, ADMINISTRATION & OTHER EXPENSES		
Stores, Spares, Dyes & Chemicals consumed	15,36,76,109	15,20,58,346
Weaving and Processing charges	95,41,762	77,24,394
Power, Fuel and Water charges	22,81,94,937	18,75,69,134
Rent	32,63,430	16,78,944
Rates and Taxes	58,50,477	60,50,503
Repair and Maintenance :		
Buildings	14,17,566	20,49,037
Plant and Machinery	44,46,373	35,69,235
Others	75,26,846	83,34,902
	1,33,90,785	1,39,53,173
Insurance	24,30,686	24,05,175
Brokerage and Commission	3,68,08,427	3,50,49,267
Discount on Sales	67,88,937	65,35,742
Freight and Forwarding	15,37,900	13,18,737
Travelling, Conveyance and Vehicle expenses	1,07,98,875	1,08,37,728
Legal and Professional fees	36,31,457	40,16,072
Sales tax	NIL	1,03,811
Loss on Sale of Fixed Assets (net)	80,79,268	NIL
Provision for dimunition in value of Investment	1,965	NIL
Donations	30,65,053	25,14,500
Directors' Sitting fees	3,67,500	1,90,000
Auditors' Remuneration :		
Audit Fees	3,93,590	3,08,990
Tax Audit Fees	1,12,360	84,270
Certification	NIL	8,418
Taxation Matters	33,708	39,284
Other Services	1,34,832	1,27,432
	6,74,490	5,68,394
Cost Auditors' Fees	32,000	28,000
Miscellaneous Expenses	1,27,97,167	94,43,920
	50,09,31,222	44,20,45,841

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended	
	31.03.2008 Rupees	31.03.2007 Rupees
SCHEDULE 20 : EMPLOYEE COST		
Salaries, Wages & Bonus	8,83,65,301	8,07,02,495
Contribution to Provident Fund and Other Funds	79,05,990	85,52,259
Staff Welfare Expenses	9,00,950	10,41,233
Managerial Remuneration	3,08,11,893	3,08,11,893
	<u>12,79,84,134</u>	<u>12,11,07,880</u>
SCHEDULE 21 : FINANCE COST		
Interest		
On Term Loans	2,71,49,207	1,34,86,194
Others	54,74,639	92,90,490
[Includes Interest on loans from directors Rs. NIL (Previous Year Rs. 20,24,445/-)]		
Bank Charges	34,78,388	27,33,164
Premium on Derivative Options	38,72,100	NIL
(Gain) / Loss (Net) On Derivative Contracts / Swap Arrangements (Refer Note 14 to Schedule 23)		
On settled contracts	2,07,25,967	
On mark to market losses on outstanding contracts	2,89,00,000	
	<u>4,96,25,967</u>	NIL
	<u>8,96,00,301</u>	<u>2,55,09,848</u>
Less : Interest Income :		
From Merchants	19,00,479	16,77,513
Others		
On Fixed Deposit with Banks	18,343	1,91,737
On Margin Account with Banks	4,19,191	1,63,377
On Others	67,06,955	2,38,868
(Tax deducted at source Rs. 2,74,445/- Previous year Rs. 2,33,964/-)	<u>71,44,489</u>	5,93,982
Foreign Exchange Gain (Net)	2,53,70,653	19,24,003
	<u>3,44,15,621</u>	41,95,484
TOTAL	<u>5,51,84,680</u>	<u>2,13,14,350</u>

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2008 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE 22 : SIGNIFICANT ACCOUNTING POLICIES

1. Overall Valuation Policy :

The Accounts have been prepared on a going concern basis under historical cost convention.

2. Basis of Accounting :

The accounts have been prepared on accrual basis, in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard or a more appropriate presentation of the financial statements requires a change in the accounting policy hitherto in use.

The preparation of the financial statements in conformity with the generally accepted accounting principles requires Management to make estimates and assumptions to be made that affect the reported amounts of revenues and expenses during the reporting period, the reported amounts of assets and liabilities and the disclosures relating to the contingent liabilities on the date of the financial statements. Examples of such estimates include useful lives of Fixed Assets, provision for doubtful debts/advances, deferred tax etc. Actual results could differ from those estimates.

3. Revenue Recognition :

- a. Domestic Sales is recognised on transfer of significant risks and rewards of ownership which is on the despatch of goods. Export Sales are accounted for on the basis of the dates of 'On Board Bill of Lading'.
- b. License fees are recognised over the period of Leave & License Agreements.
- c. Income from processing charges is accounted on the despatch of processed goods to customers.
- d. Export Benefits are accounted in the year of export.
- e. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- f. Dividend income is recognised when the right to receive dividend is established.

4. Fixed Assets :

- a. Fixed Assets are valued at cost less depreciation.
- b. The Cost of Fixed Asset comprises its purchase price, including non-refundable taxes, duties and directly attributable cost of bringing the asset to its working condition for its intended use.
- c. Borrowing costs, for the assets that necessarily take a substantial period of time to get ready for its intended use are capitalised to the cost of assets.
- d. Expenditure and outlays of money on incompleting Fixed Assets are shown as capital work-in-progress until such time the same are completed. Capital work-in-progress is stated at cost.

5. Depreciation :

- a. Depreciation is calculated at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 as under :-
 - i. Plant and Machinery capitalised on or after April 1, 1988 on Straight Line basis.
 - ii. All other assets, on Written Down Value basis.
- b. Depreciation, in respect of each item of depreciable asset so provided is equal to or not less than the depreciation which is required to be provided at the rates specified in Schedule XIV of the Companies Act, 1956.
- c. In respect of Fixed Assets whose actual cost does not exceed Rs.5,000/-, depreciation is provided at 100% in the year of addition.

6. Investments :

Investments, which are long term, are stated at cost. A provision for diminution, if any, is made to recognise a decline, other than temporary, in the value of investments.

7. Inventory Valuation :

- a. Raw Materials, Materials in Process, Finished Goods, Goods for Trade, Stores, Spares and Liquid Fuel are valued at the lower of Cost and Net Realisable Value.
- b. Cost comprises all cost of purchases, cost of conversion and cost incurred in bringing the inventory to their present location and condition.
- c. Due allowances are made for obsolete inventory based on technical estimates made by the Company.
- d. Waste is valued at the net realisable value.

8. Transactions in Foreign Currency :

- a. Transactions in Foreign Currencies are recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- b. Monetary items which are denominated in foreign currency are translated at the exchange rates prevailing at the Balance Sheet date and profit/loss on translation thereon is credited / charged to the Profit and Loss account.
- c. Pursuant to the adoption of Companies (Accounting Standard) Rules, 2006 with effect from April 1, 2007, exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognised in the Profit and Loss account.

9. Employee Benefits :

a. Defined Contribution Plan

Contribution as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 towards Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

b. Defined Benefit Plan

Gratuity- In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("Gratuity Plan") covering all employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Balance Sheet date, carried out by an independent actuary. Actuarial gain or loss is recognised immediately in the statement of the profit and loss as income or expense. The Company makes contributions to The Ruby Mills Ltd. Staff & Gratuity Trust and The Ruby Mills Workmen's Gratuity Trust.

Compensated Absences - The Company provides for the encashment of absence or absence with pay based on policy of the Company in this regard. The employees are entitled to accumulate such absence subject to certain limits, for the future encashment or absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the Balance Sheet date on the basis of an independent actuarial valuation.

10. Borrowing Costs :

- a. Borrowing costs, less any income on the temporary investment out of those borrowings, that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset.
- b. Other borrowing costs are recognised as expense in the period in which they are incurred.

11. Leases :

Assets taken on lease, under which all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating lease. Operating lease payments are recognised as expense in the Profit and Loss Account on a straight-line basis over the lease term.

12. Taxation :

- a. **Current Tax :** Provision for current tax is made on the estimated taxable income at the rate applicable to the relevant assessment year.
- b. **Deferred Tax :** In accordance with the Accounting Standard 22 - "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India, the deferred tax for the timing differences is measured using the tax rates and tax laws that have been enacted or substantially enacted at the Balance Sheet date.

Deferred tax assets arising from the timing differences are recognised only on the consideration of prudence.
- c. **Fringe Benefit Tax :** Provision for Fringe Benefit Tax is made in accordance with the provisions of the Income-tax Act, 1961.

13. Miscellaneous Expenditure :

The Company treats payments made under its "Voluntary Retirement Scheme" (VRS) as Deferred Revenue Expenditure and charges them to the Profit & Loss Account over a period of five years, commencing from the year of effective acceptance of the application under VRS.

14. Impairment of Assets :

If internal / external indications suggest that an asset of the company may be impaired, the recoverable amount of asset / cash generating unit is determined on the Balance Sheet date and if it is less than its carrying amount, the carrying amount of the asset / cash generating unit is reduced to the said recoverable amount. Subsequently, if there is a change in the indication, since the last impairment was recognised, so that recoverable amount of an asset exceeds its carrying amount, an impairment recognised for an asset in prior accounting period is reversed. The recoverable amount is measured as the higher of the net selling price and value in use of such assets / cash generating unit, which is determined by the present value of the estimated future cash flows.

15. Provisions, Contingent Liabilities and Contingent Assets :

- a. The Company recognizes as Provisions, the liabilities being present obligations arising from past events, the settlement of which is expected to result in an outflow of resources and which can be measured only by using a substantial degree of estimation.
- b. Contingent Liability is disclosed by way of a note to the financial statements after careful evaluation by the management of the facts and legal aspects of the matters involved.
- c. Contingent Assets are neither recognized nor disclosed.

16. Financial Derivatives Hedging Transactions :

The use of Financial Derivatives Hedging Contracts is governed by the Company's policies approved by the Board of Directors which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Financial Derivatives Hedging Contracts are accounted on the date of their settlement / termination and realised gain / loss in respect of the settled / terminated contracts are recognized in the Profit and Loss Account, alongwith the underlying transactions.

As required by the recent announcement of the Institute of Chartered Accountants of India on positions of derivatives, keeping in view the principle of prudence as per Accounting Standard 1 on "Disclosure of Accounting Policies", outstanding derivative contracts at the Balance Sheet date are now reflected by marking them to market and accordingly, the resulting mark to market losses are provided in the Profit and Loss Account. (Refer Note 15 of Schedule 23).

17. Segment Accounting :

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting :

- a. Segment revenue includes sales/lease rent and other income directly identifiable with / allocable to the segment.
- b. Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under "Unallocable Corporate Expenditure".
- c. Income which relates to the Company as a whole and not allocable to segments is included in "Unallocable Corporate Income."
- d. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities are those that relate to the Company as a whole and not allocable to any segment.

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2008 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE 23 : NOTES TO ACCOUNTS

- | | 31st March, 2008 | 31st March, 2007 |
|--|------------------------------------|------------------------------------|
| | Rupees | Rupees |
| 1. | | |
| a) | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 1,48,77,15,539 | 10,07,66,000 |
| Less : Advances | 12,50,00,000 | 3,07,54,000 |
| Net Estimated amount | 1,36,27,15,539 | 7,00,12,000 |
| b) | | |
| Continent Liabilities not provided for : | | |
| i) Bank Guarantees | 36,70,575 | — |
| ii) Claims against the Company not acknowledged as debts | 21,78,847 | 21,78,847 |
| iii) Disputed liability in respect of Income Tax demand (including interest) matter under appeal (Amount deposited Rs. 136.17 lacs) | 3,44,71,000 | 4,36,07,063 |
| iv) Disputed liability in respect of Excise matters under appeal (Amount deposited Rs. Nil) | 3,77,60,403 | 3,74,23,871 |
| v) Claims by Ex-employees pending in labour court | Amount unascertainable | Amount unascertainable |
| 2. | | |
| The Company has requested for the balance confirmation form Sundry Debtors as on March 31, 2008. In the absence of confirmation, their balances have been taken as per the records of the Company. The Company has received balance confirmations from certain sundry creditors, which are being reconciled with the records of the Company. | | |
| 3. | | |
| Amount written off to the Profit and Loss Account for the year on account of Compensation under Voluntary Retirement Scheme is Rs. 64,40,047/- (P.Y. Rs.64,40,047/-). | | |
| 4. | | |
| Balance with the Central Excise Authorities for Dadar and Dhamni Units are as certified by the Management. | | |
| 5. | | |
| The Company is developing its real estate property on part of its Dadar land for which permission has been received from the Government of Maharashtra for construction of Information Technology (IT) Park. The cost of such Real Estate work-in-progress as on March 31, 2008 was Rs.1,54,92,45,712/- (Previous Year Rs.37,63,91,442/-). | | |
| 6. Prior Period Items : | | |
| Nature of Prior Period Items shown in the Profit and Loss Account : | | |

Particulars	For the Year ended on March 31, 2008	For the Year ended on March 31, 2007
Income		
Lease Rent	—	5,18,600
Property Tax recovered	—	4,68,434
Accounts written back	8,36,490	—
Total	8,36,490	9,87,034
Expenses		
Manufacturing and Other Expenses	10,70,537	86,119
Cost of Raw Materials consumed	—	16,664
Interest on secured loans	—	3,63,687
Total	10,70,537	4,66,470
Prior Period Income / (Expenses) (Net)	(2,34,047)	5,20,564

7. Employee Benefits :

Consequent to adoption of Accounting Standard 15 (Revised 2005) on "Employee Benefits" issued by the Institute of Chartered Accountants of India, as required by the Standard, the following disclosures are made :

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	Gratuity (Funded) Rupees	Compensated Absence(Unfunded) Rupees
Obligation at period beginning (April 1, 2007)	2,55,42,020	36,69,815
Current Service cost	20,29,422	29,54,160
Interest cost	21,36,299	2,64,831
Actuarial (gain) / loss	(30,65,876)	(28,18,593)
Benefits paid	(17,35,416)	(7,18,867)
Obligations at the year end (March 31, 2008)	2,49,06,449	33,51,346
Change in plan assets		
Plan assets at period beginning, at fair value	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	14,00,012	NIL
Contributions	74,01,000	7,18,867
Benefits paid	(17,35,416)	(7,18,867)
Plan assets at the year end, at fair value	70,65,596	NIL
Reconciliations of present value for the obligation and the fair value of plan assets		
Fair value of plan assets at the end of the year	70,65,596	NIL
Present value of the defined benefit obligations at the end of the year	2,49,06,449	33,51,346
Liability/(Asset) recognized in the Balance Sheet	(1,78,40,853)	33,51,346
Cost for the year		
Current service cost	20,29,422	29,54,160
Interest cost	21,36,299	2,64,831
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	(44,65,888)	(28,18,593)
Net Cost recognized in the Profit and Loss Account	(3,00,167)	4,00,398
Assumptions used to determine the benefit obligations :		
Interest rate	8.00%	8.00%
Estimated rate of return on plan assets	8.00%	NIL
Expected rate of increase in salary	7.50%	NIL
Actual return on plan assets	14,00,012	NIL

8. Segment Information

Information in respect of Primary Segment

	Year Ended 31st March, 2008 (Rupees)	Year Ended 31st March, 2007 (Rupees)
(i) Segment Revenue (Sales / Services to External customers)		
Textile	1,12,62,73,884	104,66,88,332
Real Estate	6,88,14,106	5,54,41,059
	1,19,50,87,990	110,21,29,391
(ii) Segment Results		
Textile	10,09,14,092	9,55,56,595
Real Estate	6,30,06,004	5,29,93,902
	16,39,20,096	14,85,50,497
Add / (Less) : Unallocated Corporate Income (net of Unallocated Corporate Expense)	(5,69,78,420)	17,32,632
Operating Profit	10,69,41,676	15,02,83,129
Less: Interest Expenses (Net of Interest / Dividend Income)	2,40,26,149	2,32,38,353
Profit before Taxation and Prior Period Items	8,29,15,527	12,70,44,776
Less : Provision for Taxation	2,97,88,818	3,92,49,929
Profit after Taxation but before Prior Period Items	5,31,26,709	8,77,94,847
Add / (Less) : Prior Period Income / (Expenses) (Net)	(2,34,047)	5,20,564
Profit after Taxation and Prior Period Items	5,28,92,662	8,83,15,411
(iii) Other Information		
(a) Segment Assets		
Textiles	1,37,49,77,625	138,03,11,281
Real Estate	1,63,03,17,671	44,50,29,470
	3,00,52,95,296	182,53,40,751
Unallocated Corporate Assets	18,50,28,642	15,24,42,662
	3,19,03,23,938	197,77,83,413
(b) Segment Liabilities		
Textile	42,96,41,469	18,28,92,917
Real Estate	6,85,49,862	31,45,91,862
	49,81,91,331	49,74,84,779
Unallocated Corporate Liabilities	2,03,90,55,365	88,01,14,054
	2,53,72,46,696	137,75,98,832
(c) Capital Expenditure during the year		
Textiles	15,50,60,738	28,94,12,518
Real Estate	4,89,76,285	NIL
	20,40,37,023	8,94,12,518
Unallocated Corporate Capital Expenditure	Nil	NIL
	20,40,37,023	28,94,12,518

9. Related Party Disclosures :

a. Following transactions were carried out in the ordinary course of business with the parties referred to in (b) below :

Particulars	Key Managerial Personnel [with b (I) below]		Relatives of Key Managerial Personnel [with b (II) below]		Enterprise on which Key Managerial Personnel has Control [with b (III) below]	
	For the Year ended March 31, 2008 (Rupees)	For the Year ended March 31, 2007 (Rupees)	For the Year ended March 31, 2008 (Rupees)	For the Year ended March 31, 2007 (Rupees)	For the Year ended March 31, 2008 (Rupees)	For the Year ended March 31, 2007 (Rupees)
Rent and other services	5,94,000	1,44,000	NIL	1,44,000	NIL	NIL
Interest on unsecured loans	37,08,058	5,44,000	4,34,000	14,80,000	75,65,532	NIL
Director's Fees	NIL	NIL	35,000	25,000	NIL	NIL
Remuneration paid/provided	3,08,11,893	3,08,11,893	NIL	NIL	NIL	NIL

b. Relationships :

- I. Key Managerial Personnel :
 - i. Shri Manharlal C. Shah (Executive Chairman)
 - ii. Shri Hiren M. Shah (Managing Director)
 - iii. Shri Bharat M. Shah (Jt. Managing Director)
 - iv. Shri Viraj M. Shah (Executive Director)
 - v. Shri Purav H. Shah (President)
- II. Relatives of Key Managerial Personnel :
 - i. Smt. Aruna M. Shah
- III. Enterprise on which Key Managerial Personnel has control :
 - i. Manubhai & Sons Investment Co. Pvt. Ltd.
 - ii. Hiren Bros. Investment Co. Pvt. Ltd.
 - iii. M.C.Shah & Sons Investment Co. Pvt. Ltd.

10. Disclosure on Leases as per Accounting Standard 19 on "Accounting for Leases" :

a. Where the Company is a Lessee :

- i. The Company has taken residential, office and godown premises under lease and licence agreements. These are generally not non-cancellable and are for 11 to 18 months and are renewable by mutual consent on mutually agreeable terms.
- ii. Lease/Rent payments are recognised in the Profit and Loss Account under 'Rent Account' in Schedule 19.
- iii. Minimum lease rental payable is as under :

Particulars	As at March 31, 2008 (Rupees)	As at March, 31, 2007 (Rupees)
Within 1 year	37,44,000	26,34,996
After 1 year but before 5 years	1,49,76,000	40,95,000
After 5 years	NIL	NIL

- iv. Under all the agreements, refundable interest free deposit has been given.
- v. Such agreement provide for increase in rent.
- vi. All the agreements provide for early termination by either party with a notice period which varies from one month to six months.

b. Where the Company is a Lessor :

- i. The Company has given premises under leave and licence agreements. These are generally not non-cancellable and are for 11 to 33 months and are renewable by consent on mutually agreeable terms.
- ii. Minimum lease rental receivable is as under :

Particulars	As at March 31, 2008 (Rupees)	As at March, 31, 2007 (Rupees)
Within 1 year	7,80,80,000	6,73,22,364
After 1 year but before 5 years	31,96,33,000	10,23,00,180
After 5 years	NIL	NIL

- iii. Under all the agreements, refundable interest free deposit has been taken.
- iv. Such agreements provide for increase in rent.
- v. All the agreements provide for early termination by either party with a notice period which varies from 1 month to 6 months.

11. Earnings Per Share :

Particulars	For the Year ended on March 31, 2008 Rupees	For the Year ended on March 31, 2007 Rupees
Numerator for basic and diluted earnings per share		
Net Profit/ (Loss) after tax for the year (a)	5,28,92,663	8,83,15,411
Denominator for basic and diluted earnings per share		
Weighted average number of shares (b)	41,80,000	41,80,000
Basic and diluted earnings per share [(a) / (b)]	12.65	21.13
Face value per share	Rs. 10/-	Rs. 10/-

12. Taxation :

Deferred Tax :

As required by Accounting Standard 22 on "Accounting for Taxes on Income", Deferred Taxes have been recognised in respect of the following items :

Items of Timing Difference	Accumulated Deferred Tax Assets / (Liabilities) As at April 1, 2007 (Rupees)	(Charge) / Credit during the Year ended on March 31, 2008 (Rupees)	Accumulated Deferred Tax Assets / (Liability) As at March 31, 2008 (Rupees)
Depreciation	(8,79,98,258)	89,88,380	(7,90,09,878)
Expenses allowable for Tax purpose when paid	25,10,901	18,42,908	43,53,810
Others	7,231	668	7,899
Net Deferred Tax Assets / (Liabilities)	(8,54,80,126)	1,08,31,956	(7,46,48,170)
Previous Year	(7,87,01,197)	(67,78,929)	(8,54,80,126)

13. Disclosure in accordance with Accounting Standard (AS 29) Provisions , Contingent Liabilities and Contingent Assets :

Particulars	As at April 1, 2007 (Rupees)	Additions during the year (Rupees)	Amount paid/ reversed during the year (Rupees)	As at March 31, 2008 (Rupees)
Leave Encashment	36,69,815	3,26,771	7,18,867	32,77,719
Gratuity	2,53,23,930	NIL	4,17,481	2,49,06,449

14. Financial and Other Derivative Instruments :

- a. Derivative contracts entered into by the Company and have remained outstanding :
- For Hedging Currency and Interest rate related risks :

Particulars	Balance as at March 31, 2008 (Rupees)	Balance as at March 31, 2007 (Rupees)
Nominal amount of Derivative Contract	15,00,00,000	44,63,29,999

The Company has raised foreign currency borrowing by way of rent discounting for its Real Estate project.

The Company has used currency and interest rate swaps as a part of its overall strategy to manage the level of exposure to the currency and interest rate fluctuations of its foreign currency borrowing.

The Company assesses, both at the inception of the hedge and on an on going basis, whether the derivatives that are used in hedging transactions are effective in risk mitigation. The company does not hold derivatives for trading/ speculative purposes.

During the year, the Company has incurred (net) Rs.2,07,25,967/- loss arising out of hedging / derivative instruments.

In accordance with the recent announcement issued by the Institute of Chartered Accountants of India, all outstanding derivatives are marked to market on balance sheet date. Accordingly, mark to market loss of Rs.2,89,00,000/- has been provided for.

15. Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 :

Sr. No.	Particulars	As At March 31, 2008 (Rupees)
a.	Principal amount remaining unpaid and interest due thereon	12,15,832
b.	Interest paid in term of Section 16	NIL
c.	Interest due and payable for the period of delay in payment	NIL
d.	Interest accrued and remaining unpaid	NIL
e.	Interest due and payable even in succeeding years	NIL

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

- 16.** The previous years' figures, wherever necessary, have been regrouped, reclassified and recast to conform to the current years' classification.

17. ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF THE PARAGRAPHS 3, 4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956 (AS CERTIFIED BY MANAGEMENT) :

		For the year ended on 31st March, 2008		For the year ended on 31st March, 2007		
		Quantity	Value Rupees	Quantity	Value Rupees	
a. Sales						
i.	Fabric	Mtrs.	2,00,20,315	1,05,83,73,000	1,93,15,540	99,99,79,758
ii.	Yarn	Kgs.	1,84,082	2,57,06,000	1,67,906	2,20,57,411
iii.	Waste	Kgs.	3,83,408	69,02,000	4,09,852	56,31,745
iv.	Others		-	12,13,000		38,31,510
			<u>1,09,21,93,000</u>		<u>1,03,15,00,424</u>	
b. Finished Stocks						
i. Opening Stock						
	Fabric (Packed)	Mtrs	5,90,389	1,83,95,000	5,46,235	1,80,09,221
	Yarn (Packed)	Kgs.	24,298	25,97,000	10,203	12,61,826
	Waste	Kgs.	14,930	2,66,000	13,260	2,58,900
			<u>2,12,58,000</u>		<u>1,95,29,947</u>	
ii. Closing Stock						
	Fabric (Packed)	Mtrs.	7,95,302	2,48,91,000	5,90,389	1,83,94,829
	Yarn (Packed)	Kgs.	7,640	8,26,000	24,298	25,96,796
	Waste	Kgs.	14,884	2,76,000	14,930	2,65,881
			<u>2,59,93,00</u>		<u>2,12,57,506</u>	
c. Capacities & Production						
i. Licensed & Registered Capacity						
	Spindles	Nos.		57,010		57,010
	Looms	Nos.		613		613
ii. Installed Capacity						
	(As certified by Technical Expert)					
	Spindles	Nos.		26,992		26,992
	Looms	Nos.		136		136
	Autocoro	Nos.		360		360
iii. Actual Production						
	Fabric (Packed)	Mtrs.		2,01,38,487		1,90,87,488
	Yarn (Packed)	Kgs.		1,67,424		1,82,001
	Waste	Kgs.		3,83,362		4,11,522
iv. Purchase for Resale - Cloth						
	Fabric (Packed)	Mtrs.		86,741		2,72,206
	Hosiery Fabric(Packed)Kgs.			—		—
	Interlining	Mtrs.		—		—
	Processed Cloth	Mtrs.		59,50,685		1,58,41,398
	Others			—		—
			<u>59,50,685</u>		<u>1,58,41,398</u>	
d. Cost of Materials						
i. Raw Material consumed						
	Cotton	Kgs.	16,50,823	9,22,60,000	17,26,590	8,84,37,193
	Man-made Fibres	Kgs.	16,39,143	11,47,40,000	12,94,573	10,02,98,621
	Yarn**	Kgs.	1,21,619	2,15,32,000	47,598	51,28,667
	Grey Cloth	Mtrs.	11,14,174	5,34,80,000	8,88,837	4,08,86,523
			<u>28,20,12,000</u>		<u>26,17,32,589</u>	
	** Excludes yarn captively consumed.					
ii. Consumption of Raw Materials						
	Imported		0.75%	21,18,000	2.27%	59,38,848
	Indigenous		99.25%	27,98,94,000	97.73%	25,58,03,751
			<u>28,20,12,000</u>		<u>26,17,32,589</u>	
e. Stores & Spares Consumed						
	Imported		14.92%	2,29,21,000	16.42%	2,49,63,529
	Indigenous		85.08%	13,07,55,000	83.58%	12,70,94,817
			<u>100.00%</u>	<u>15,36,76,000</u>	<u>100.00%</u>	<u>15,20,58,346</u>

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f. Value of Imports calculated on C.I.F. basis

	For the year ended on 31st March, 2008		For the year ended on 31st March, 2007	
	Quantity Rupees	Value	Quantity Rupees	Value
Raw Materials	49,437	45,44,000	79,226	81,04,050
Stores, Spares & Colour Chemicals		1,30,04,825		1,87,62,038
Capital Goods - Textile		5,39,75,000		10,24,78,781
Real Estate		3,16,79,935		NIL
Total		<u>10,32,03,760</u>		<u>12,93,44,869</u>
g. Expenditure in Foreign Currency				
Travel and Conveyance Expenses		59,32,314		54,40,972
Others		1,36,10,754		NIL
Total		<u>1,95,43,068</u>		<u>54,40,972</u>
h. Earnings in Foreign Currency				
Export of Goods at F.O.B. value		75,68,888		70,22,194
Total		<u>75,68,888</u>		<u>70,22,194</u>
i. Managerial Remuneration				
Salaries		2,61,60,000		2,61,60,000
Contribution to Provident Fund		31,39,200		31,39,200
Provision for Gratuity		9,32,162		12,57,693
Other Perquisites		5,80,531		2,55,000
Total		<u>3,08,11,893</u>		<u>3,08,11,893</u>

As per our Report of even date attached

For **B.S.Mehta & Co.**
Chartered Accountants

Krupa R. Gandhi (Ms.)
Partner
Membership No. 49392

Mumbai,
Date : 31st July, 2008

For and on behalf of the Board of Directors

M. C. SHAH	Executive Chairman
H. M. SHAH	Managing Director
B. M. SHAH	Jt. Managing Director
D. S. SOMAN	Director
M. N. TRIVEDI	Company Secretary & Financial Controller

Mumbai,
Date : 31st July, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	2007-2008 Rupees in Lacs	2006-2007 Rupees in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items, but After Prior Period Expenses	875.63	1,275.66
Adjustments For :		
Depreciation	1,389.50	1,168.61
Interest Paid	568.28	255.10
(Profit) / Loss on sale of Assets	78.29	(33.67)
Interest & Dividend Income	(77.81)	(22.75)
Miscellaneous Expenditure Amortised	64.40	64.40
Operating Profit Before Working Capital Changes	A <u>2,898.29</u>	<u>2,707.35</u>
Adjustments For :		
Trade and other receivables	(194.48)	(492.48)
Inventories (Increase)	(356.25)	(61.14)
Trade Payables & Other Liabilities	2,415.34	169.87
	B <u>1,864.61</u>	<u>(383.75)</u>
Cash generated from Operations	A + B <u>4,762.90</u>	<u>2,323.59</u>
Interest paid	(568.28)	(255.10)
Direct Taxes paid	(296.00)	(277.04)
NET CASH FROM OPERATING ACTIVITIES	<u>3,898.62</u>	<u>1,841.45</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(2,040.37)	(2,894.12)
Sale of Fixed Assets	182.28	18.06
(Increase) / Decrease in work-in-progress (Net)	(11,521.59)	(3,732.65)
Interest & Dividend Income	77.81	22.75
NET CASH USED IN INVESTING ACTIVITIES :	<u>(13,301.87)</u>	<u>(6,585.96)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Long Term & Short Term Borrowings	9,283.35	4,800.50
Dividends Paid	125.40	(104.55)
Net Cash From Financing Activities	<u>9,157.95</u>	<u>4,695.95</u>
Net decrease In Cash & Cash Equivalents		
Cash & Cash Equivalents as on 1st April, 2007	(245.30)	48.56
Cash & Cash Equivalents at beginning of the year	57.99	106.55
Cash & Cash Equivalent at end of the year as on 31.03.2008	<u>187.31</u>	<u>57.99</u>

For and on behalf of the Board

M. C. SHAH	Executive Chairman
H. M. SHAH	Managing Director
B. M. SHAH	Jt. Managing Director
D. S. SOMAN	Director
M. N. TRIVEDI	Company Secretary & Financial Controller

Place : Mumbai

Date : 31st July, 2008

AUDITORS' CERTIFICATE

To
The Board of Directors
The Ruby Mills Limited
Mumbai.

We have verified the above Cash Flow Statement of The Ruby Mills Limited for the year ended March 31, 2008. The statement has been prepared by the Company in accordance with requirements of listing agreement clause 32 of Stock Exchange and is based on and in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report of 31st July, 2008 to the Members of the Company.

Balance Sheet Abstract & Company's General Business Profile

I. Registration Details

Registration No.

State Code

Balance Sheet Date

Date Month Year

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

Public Issue

Rights Issue

Bonus Issue

Private Placement (Preference Shares)

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

Total Assets

Source of Funds

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Miscellaneous Expenditure

Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover & Other Income

Total Expenditure

+/-

Profit / Loss Before Tax

+/-

Profit / Loss After Tax

(Please tick (3) appropriate box + for profit, — for loss)

Earning per Share in Rs.

Dividend rate %

(Annualised)

V. Generic names of Three Principal Products / Services of the Company (as per monetary terms)

	Item Code No. (ITC Code)	Product Description
1.	<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="8"><input type="text" value="0"/><input type="text" value="0"/></input>	<input type="text" value="C"/> <input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="T"/> <input type="text" value="O"/> <input type="text" value="N"/> <input type="text" value="W"/> <input type="text" value="O"/> <input type="text" value="V"/> <input type="text" value="E"/> <input type="text" value="N"/> <input type="text" value="F"/> <input type="text" value="A"/> <input type="text" value="B"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="S"/>
2.	<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value="B"/> <input type="text" value="L"/> <input type="text" value="E"/> <input type="text" value="N"/> <input type="text" value="D"/> <input type="text" value="E"/> <input type="text" value="D"/> <input type="text" value="F"/> <input type="text" value="A"/> <input type="text" value="B"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="S"/>
3.	<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value="C"/> <input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="T"/> <input type="text" value="O"/> <input type="text" value="N"/> <input type="text" value="Y"/> <input type="text" value="A"/> <input type="text" value="R"/> <input type="text" value="N"/>
4.	<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value="B"/> <input type="text" value="L"/> <input type="text" value="E"/> <input type="text" value="N"/> <input type="text" value="D"/> <input type="text" value="E"/> <input type="text" value="D"/> <input type="text" value="Y"/> <input type="text" value="A"/> <input type="text" value="R"/> <input type="text" value="N"/>

Book Post

If not delivered, please return to :

The Ruby Mills Limited

Ruby House, J. K. Sawant Marg,
Dadar, MUMBAI - 400 028.

ATTENDANCE SLIP

The Ruby Mills Ltd.

Regd. Office : Ruby House, J.K. Sawant Marg, Dadar (W), Mumbai - 400 028.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP. Id*	
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Folio No.	
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Client Id*	
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NAME AND ADDRESS OF THE SHAREHOLDER _____

No. of Shares held : _____

I hereby record my presence at the 92nd ANNUAL GENERAL MEETING of the Company held on Thursday, the 25th September, 2008 at 5.00 p.m. at Ruby House, J. K. Sawant Marg, Dadar (W), Mumbai-400 028.

* Applicable for investors holding shares in electronic form.

** Strike out whichever is not applicable.

SIGNATURE OF THE SHAREHOLDER OR PROXY **

PROXY FORM

The Ruby Mills Ltd.

Regd. Office : Ruby House, J.K. Sawant Marg, Dadar (W), Mumbai - 400 028.

DP. Id*	
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Folio No.	
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Client Id*	
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I/We _____ being a Member/Members

of THE RUBY MILLS LIMITED hereby appoint Mr./Mrs. _____

_____ of _____

(or failing him) _____ of _____

(or failing him) _____ of _____

as my / our Proxy to attend and vote for me/us and on my/our behalf at the 92nd Annual General Meeting of the Company to be held on Thursday, the 25th September, 2008 at 5.00 p.m. and at any adjournment thereof.

AS WITNESS my hand / our hands this _____ day of _____ 2008

Signature _____

Affix Revenue Stamp of 15 Paise
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• Applicable for investors holding share in electronic form.

Note : The Proxy form must be deposited at the Registered Office of the Company at Ruby House, J.K. Sawant Marg, Dadar (W), Mumbai-400 028 not less than 48 hours before the time for holding the meeting. The Proxy need not be a member of the Company.

**92nd ANNUAL REPORT
2007-2008**