Maral Overseas Limited

Knitwear the world loves

Annual Report 2007-2008

PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

LNJ Bhilwara Group Companies

RSWM Limited
an LNJ Bhilwara Group Company

HEG

Maral

BHILWARA ENERGY

MPCL
MALANA POWER

adhpl
AD HYDRO POWER LIMITED

BSL LIMITED

BMD

Bhilwara Spinners Ltd.

Getting IT right for you
Bhilwara Infotech Limited

Bhilwara Scribe Pvt. Ltd.

Group Brands

MAYUR Suitings
Stars ki pasand

BSL SUITINGS

GEOFFREY HAMMONDS
SUPERFINE SUITINGS

La Italia TROUSERS

MELANTRA MELANGE YARN

BOARD OF DIRECTORS

L. N. Jhunjhunwala	*Chairman-Emeritus*
Ravi Jhunjhunwala	*Chairman*
Shekhar Agarwal	*Managing Director*
D. N. Davar	*Director*
Dr. Kamal Gupta	*Director*
P. S. Dasgupta	*Director*

KEY EXECUTIVES

- **Corporate Office & Noida Unit**

R. K. Khandelwal	*President*
P. S. Puri	*Chief Financial Officer*

- **Sarovar Unit**

Tarun Baldua	*President*

COMPANY SECRETARY

Vivek Chaudhary

AUDITORS

Doogar & Associates, New Delhi
Ashim & Associates, New Delhi

REGISTERED OFFICE

Maral Sarovar, V. & P.O. Khalbujurg,
Tehsil Kasrawad, Distt. Khargone - 451 660 (M.P.)

CORPORATE OFFICE

Bhilwara Towers, A-12, Sector-1,
Noida - 201 301 (U.P.)

WORKS :

- **Sarovar Unit**

  Maral Sarovar, V. & P.O. Khalbujurg,
  Tehsil Kasrawad, Distt. Khargone - 451 660 (M.P.)

- **Noida Unit**

  A-11, Hosiery Complex, Phase - II (Extension),
  Noida - 201 305 (U.P.)

BANKERS

Bank of Baroda
Canara Bank
Central Bank of India
Export-Import Bank of India
IndusInd Bank Limited
Industrial Development Bank of India Limited
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Indore
State Bank of Patiala
The Jammu & Kashmir Bank Limited
Axis Bank Limited
Yes Bank Limited

CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS

The global textile industry is undergoing growth, restructuring and relocation in the wake of dismantling of restrictions on the movement of textile products across the world.

The textile industry holds significant status in India. Textile industry provides one of the most fundamental necessities of the people. It is an independent industry, from the basic requirement of raw materials to the final products, with huge value-addition at every stage of processing. The growth of textile industry has become more volatile in the wake of growing production centres in Asia resulting in intensified competition among the producers in these countries. Relocation, Consolidation and Collaboration are expected to characterize the textile industry in next few years. The Indian textile industry is rapidly integrating with the global textile industry with alliances and acquisitions. In the emerging scenario, it is likely that eventually a few large textile conglomerates would emerge in the industry.

In view of global dynamics mentioned above, the competencies required in the textile industry are also changing rapidly with cost, services and innovation as the key drivers. Customers now aggressively seek alternatives, compare offers and hold out for the best option. The product portfolios are having a shorter product life cycle and ever growing levels of variety. The textile producers in order to sustain their existence will have to recognize these factors and build better competencies to face these global challenges.

Maral Overseas Limited (MOL) realizing these global challenges had undertaken a few initiative in last couple of years to bring about economies of scale by undertaking expansion of capacities in spinning division, cheaper cost of production by installation of 10 MW coal based thermal power plant, pursuing economic operations by consolidating operations of its Garment division at single location at Noida and by closing down uneconomic operations at Jammu. The Company is also looking at producing higher value added products as well as making its presence felt in new markets in order to achieve substantial growth in this business.

Opportunities and Threats

The fundamental growth drivers of the country's economy as well as Textile industry continue to remain strong despite the pressures of slowdown and inflationary conditions prevailing in the nation and also globally. The consumption of textile products is growing in response to growing per capita income, population and strong retail push. Textile industry in the country is continuously attracting investments from domestic and foreign investors. Capacity expansion has already taken place across industry coupled with enticement of interest by global investors in the form of private equity investment. This is likely to radically change the shape of industry in next few years.

MOL has also ramped up its capacities in the spinning division despite difficulties being faced by the Company in the past few years, to enable itself to seize the opportunities that may exist in the emerging scenario. MOL is also aiming at reducing the cost of production. With this view of rationalizing costs and achieving consistency in production, the Company also installed the coal based thermal power plant for generation of cheaper electricity to meet its captive power requirements. These initiatives taken by the Company in the last year are expected to result in significant improvements in the operations in coming years.

Besides above, the Company is focusing on the need for cost consciousness, consistent quality and reliable service to the customers to meet the challenges. The Company is in the process of increasing its presence in the value-chain through systematic innovations and higher levels of service based activities.

The threats to the segments in which the Company operates are severe competition among textile producers, pricing pressures, stricter environment laws and high volatility in Exchange rate.

Businesses

MOL is one of the leading manufacturer and exporter of cotton yarn, knitted fabric (both grey and processed) and knitted garments. The Company consolidated its position in cotton yarns during the year through a constant process of evaluation and subsequent upgradation and modernisation of integrated processes. During the year under review, the Company recorded a turnover of Rs.318.91 Crore as against Rs. 289.92 Crore in previous year.

The Company is focused on value-addition and cost control, in order to be competitive and survive in global markets. The Thermal Power Project, which was previously under implementation was commissioned during the year under review and is expected to generate electricity at cheaper rates.

During the year under review, the Company's exports (FOB value) were to the tune of Rs. 230.64 Crore and accounts for 72.32% of MOL's revenues. The yarn business accounts for 59.65% of its revenues while knitted fabric and textile made-ups business accounts for 12.10 % and 28.25 % respectively.

Maral was certified for ISO-9001:2000 by SGS for another three years i.e from 2006 to 2009. This vindicates the Company's commitment to quality, to meet the customers' expectations.

Yarn Business

The Company expects that demand for fabrics and yarn is likely to increase in the months to come, as exports of textiles and apparel from the country should rise. The Company offers to its customers the finest quality of yarn which commands a premium in the global market and an increased demand for Indian yarn and fabric in the months to come would benefit the Company.

The yarn dyeing facility of 1000 MT per annum installed last year has helped the Company to increase the production capacity.

Knitted Fabric Business

The performance of the Fabric Business was satisfactory during the year. This business contributed Rs. 48.36 crore towards the turnover of the Company,

Textile made-up Business/Garments

The unit of Company located at Noida is engaged in manufacturing and export of garments and textile made-ups. This unit manufactures global quality garments and textile made-ups. As a part of continuous restructuring and consolidation exercise, it was decided to shift the garment manufacturing activities from Sarovar Plant to Noida. With the consolidation of garment manufacturing activities at the Noida unit, the productivity of NOIDA unit is likely to increase, resulting in economies of scale.

Risk Management

Market Risk

The textile business, like other businesses, is susceptible to various risks. The primary risk factor is the raw material prices, which is the largest component of cost, as the commodity prices are cyclical in nature. As a result, they exert significant impact on profitability. The Company has significant exports. The recent volatility in foreign exchange markets has a bearing on the profitability and the cost of production. The rapid strengthening of the rupee against the dollar has adversely affected the profitability of the Company. We are taking all possible measures to mitigate the adverse impact of the movements in the foreign exchange markets. The rate of inflation in the country has gone up in the recent quarters. This has impacted cost of inputs used by the Company. The Company is also focusing on value added products to increase its margins. The Company is also exploring untapped destinations in order to increase its exports, and is moving beyond the traditional market of exports.

Currency Risk

MOL, due to its higher content of exports has large exposure in foreign currency. The prices of raw material are based on import parity and vary with any movement in the rupee. The level of the rupee/US dollar has shifted from Rs. 45 to 40 per dollar and the volatility of the exchange rate has increased. MOL due to its higher content of exports may get affected due to this upsurge in volatility.

MOL has in place a well documented and established foreign exchange risk policy which is reviewed by the Audit Committee on a regular basis in light of changing scenario of forex market and currency risks are hedged accordingly.

Internal Control Systems and their adequacy

The Company has a proper and adequate system of internal controls and policies in all its spheres of activities. The Internal controls are supplemented by regular Internal Audit of all the units of the Company which helps in improving efficiency. The Company's Internal Control Systems ensure effective monitoring of operations to make sure that there is maximum utilization of resources and that all assets are safeguarded and protected against loss from unauthorized use and dispositions and that all transactions are authorized, recorded and reported diligently. The Management of the Company review the reports of the Internal Auditors regularly, who then bring out the deviations to the notice of the Audit Committee and recommend suitable steps to implement their recommendations.

Human Resources

MOL continued building sustainable competitive advantage through its human resources and maximizing human resource potential to match the market environment. Your Company focuses on the training and development of its people through continuous internal and external, training and development programmes. Your Directors believe that performance management is the key word for the Company. The dedicated services rendered by the employees at all levels resulted in significant enhancement in quality and productivity. Proactive policies pursuit by MOL for industrial relations helped in evolving a peaceful and harmonious situation.

The total strength of MOL as at the end of financial year 2007-08 was 1561 employees.

Corporate Social Responsibility

Corporate Social Responsibility is crucial in today's business environment. MOL takes the concept of Corporate Social Responsibility very seriously. Maral has a long tradition of community service and a strong sense of Corporate Social Responsibility towards various stakeholders viz. **Employees**: providing a competitive and challenging work environment to the employees, having ethical recruitment, remuneration, promotion and other policies, ensuring a safe working environment for the employees, having fair policies for the solution of employee disputes; **Shareholders**: representing a fair picture of the company's financial position and profit/loss to the shareholders; **Government**: providing the necessary information to the government as and when required, payment of the due taxes and duties at the proper time, abiding by the laws and regulations of the area in which the Company operates, contributing to the economy through exports; **Customer**s: providing quality products to the customers at reasonable prices; **Investor**s: giving the investors a true and fair picture of the financial condition of the business ; **Suppliers**: making competitive payment to the suppliers for the products purchased from them and maintaining a good relationship with the suppliers; **Competitors:** indulging in ethical and healthy competition; **Society**: undertaking community development and area development programmes and creating job opportunities; **Environment**: ensuring the purchase of environment-friendly supplies, ensuring a pollution-free process of production, having an efficient system for the disposal of waste, making the product and the process of production as much environment-friendly as possible.

MOL has helped to build and efficiently run schools and in the area of healthcare, it regularly conducts health education programmes and health camps that educate people on various diseases and other health related issues.

Cautionary Statement

Certain statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Forward-looking statements are identified in this report by using words like 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on 'Risk Management'. The Company takes no responsibility for any consequence of decisions made based on such statements, and holds no obligation to update these in the future.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Nineteenth Annual Report of the Company and the audited financial statements for the year ended 31st March, 2008.

Financial Results

(Rs in crore)

	Current Year	Previous Year
Net Turnover	**318.91**	289.92
Profit from continuing operations	**(44.63)**	4.37
Less: Taxation	**0.49**	1.17
Profit/(Loss)from continuing operations after Tax	**(45.12)**	3.20
Profit/(Loss) from discontinuing operations (net of Tax)	**0.21**	(13.02)
Termination costs (net of Tax)	**–**	(14.69)
Profit / (Loss) after Tax	**(44.91)**	(24.51)
Add: Balance brought forward from previous year	**(39.54)**	(15.03)
Balance carried to Balance Sheet	**(84.45)**	(39.54)

Operations

During the period under review, operations of the Company continued to suffer adversely on account of multiple factors. The operations of the Garment Division at Sarovar unit were discontinued resulting into losses, coupled with the losses of the Jammu unit which was discontinued in the previous year. Further, the appreciation of the Rupee and higher prices of raw-material without corresponding increase in realizations affected the results of Company significantly. During the year, the expansion programme of the Company was fully completed and hence resulted in higher financial charges in the form of interest and capitalization in the form of depreciation which also impacted the results of the Company.

During the year, your Company has been able to achieve a production of 14818 MT (11748 MT) of cotton yarn, 930 MT (657 MT) of dyed yarn, 2452 MT (3041 MT) of grey knitted fabric, 2753 MT (2859 MT) of processed fabric and 53.51 lac (60.52 lac) pieces of textile made-ups.

Dividend

Your Directors are unable to recommend any Dividend on the Equity Shares in view of the financial position of the Company.

Industry Scenario

The Growth of textile industry in the country was hampered in the year under review due to several factors. Expansion of capacities have taken place mainly in Asia resulting in fierce competition among the textile producers in these countries coupled with appreciation of currencies putting pressures on margins. The industry also faced problems of increasing prices of various inputs and raw-materials without corresponding increase in the prices of finished product. Further, the slowdown in United States and other European Countries also impacted volumes.

Your Directors, realizing the situation, have undertaken various steps to consolidate the operations in order to achieve economies of scale, implement stricter quality control to retain competitiveness and explore new markets to broad-base customer profile.

Your Directors are optimistic that with a little improvement in the global economic environment, the Company would be able to report improved performance in the coming years.

Expansion cum Modernisation

Your Directors in the last Annual Report informed that the project of setting up an additional spinning facility of 20K spindles and the installation of 10 MW Coal Thermal Power Plant at Sarovar unit of the Company were at an advanced stage of implementation. Your Directors are pleased to state that the project of expansion of the Company's spinning capacity was commissioned during the year.

Your Directors are further pleased to state that the company has already commissioned a 10 MW thermal power project.

Your Directors believe that with these projects having been completed already, the quality and quantity of our products would increase significantly resulting in better realizations as well as additional contribution due to increased production.

Disposal of Fixed Assets of Jammu unit

During the year under review, your Directors made all efforts for disposing off the fixed assets including land & building of erstwhile Jammu unit. The Company disposed off part of its above fixed assets including land & building situated at Jammu. The amounts of consideration received from such sale have been included in the profit & loss account for the year.

Your Directors are in negotiations for the disposal of remaining fixed assets including remaining land & building at Jammu.

Shifting of Garment Manufacturing activities

During the year, your Directors as a part of continuous restructuring and consolidation exercise, decided to shift the Garment manufacturing activities from Sarovar unit to Noida unit. Your Directors felt that with the consolidation of Garment manufacturing activities at the Noida unit, the productivity of Noida unit will increase resulting in economies of scale.

Your Directors also believe that Noida unit being in the NCR region, would help in understanding the customers' needs and meeting their requirements for the products with respect to quality, inspection etc, which was not possible at the Sarovar unit because of its geographical location.

Voluntary Delisting of Equity Shares from Calcutta Stock Exchange

The Company's application for voluntary delisting of its equity shares under SEBI (Delisting of Securities) Guidelines 2003 from the Calcutta Stock Exchange has now been approved and accordingly, equity shares were delisted and would henceforth be traded under the "Permitted Category" on that Exchange.

The above voluntarily delisting will not affect the interests of the investors as the Company's shares continue to be listed on the Exchanges having nationwide terminals namely Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Directors

Mr. L.N. Jhunjhunwala and Mr. Ravi Jhunjhunwala, Directors, retire by rotation and being eligible, offer themselves for reappointment.

Corporate Governance

Report on Corporate Governance along with the Certificate of Auditors, M/s. Doogar & Associates and M/s. Ashim & Associates, Chartered Accountants, confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, forms part of the Annual Report.

Auditors

M/s. Doogar & Associates and M/s. Ashim & Associates, Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company, and are eligible for re-appointment.

The observations of the Auditors are explained wherever necessary, in the appropriate notes to the accounts.

Internal Control Systems

The Company has in place adequate systems of internal control and documented procedures covering all financial and operating functions. The internal control systems consist of comprehensive internal and statutory audits. The Operational Management and Audit Committee review and ensure that the Internal Control System effectively operates in the organization. All organizational activities are subject to internal controls. Internal Auditors independently evaluate adequacy of internal controls and concurrently audit the majority of transactions in value terms. In order to provide reasonable assurance of the Internal Control System, the Audit Committee recommends to the Board any changes in the system of Internal Controls, procedures and practices which the Audit Committee determines to be appropriate. Details on the composition and functions of the Audit Committee can be found in the chapter on Corporate Governance of the Annual Report.

Particulars of Employees

Particulars of Employees as required to be furnished pursuant to Section 217(2A) of Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are attached hereto and form part of the Report as **Annexure - I**.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors state that:

– in the preparation of the annual accounts, the applicable accounting standards have been followed;

– appropriate accounting policies have been selected and applied consistently and they have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company on 31st March, 2008, and of the profit or loss of the Company for the year ended on that date;

– proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

– the Annual Accounts have been prepared on a going concern basis.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo 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 given as per **Annexure-II** to the Directors' Report.

Acknowledgements

Your Directors take this opportunity to express their appreciation for the assistance and continued support of the Customers, Suppliers, Bankers, Financial Institutions, Central and State Governments and Shareholders. Your Directors also acknowledge the dedicated service rendered by the Employees of the Company at all levels.

for and on behalf of the Board

Noida (U.P.) **Ravi Jhunjhunwala**
27th June, 2008 Chairman

ANNEXURE - I TO DIRECTORS' REPORT

Statement of particulars of Employees pursuant to the provisions of section 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975.

Sl. No.	Name	Age (Years)	Designation/Date of commencement of Employment	Remuneration (Rs)	Qualification	Experience (Years)	Last Employment Held: Organisation	Position Held	Duration (Years)
A.	**PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR**								
1.	Mr Shekhar Agarwal	55	Managing Director 01.01.1991	3,048,000	B. Tech.(ME), M.Sc.(Chicago)	26	Shashi Commercial Ltd.,	Chief Executive	2.5
2.	Mr R. K. Khandelwal	52	President 07.08.2003	3,420,006	B. Com., LLB FCA	28	RSWM Ltd.	President	4
3.	Mr R. K. Bhatnagar	58	President 01.11.2006	2,553,000	B. Tech	36	Ginni international Ltd	CEO	5
4.	Mr H. S. Jha	48	Vice President-HRM 05.02.2007	2,475,169	M. Phil., MBA	23	Bajaj Hindusthan Ltd.,	Group GM	1
B.	**PERSONS EMPLOYED FOR PART OF THE FINANCIAL YEAR**								
5.	Mr Rajeev Vashisth	44	Vice President Marketing (Export Garm.) 30.06.2007	1,824,082	B. Tech (Textiles Hons.)	23	GTN Textiles	President	2

Note: Mr Shekhar Agarwal, Managing Director is a relative of Mr. L. N. Jhunjhunwala, Chairman Emeritus and Mr. Ravi Jhunjhunwala, Chairman.

ANNEXURE - II TO DIRECTORS' REPORT

Statement of particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

I. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

1. Reduction in steam cost by installing the Coal fired Boiler in place of Oil fired Boiler
2. Installation of energy-efficient Air Compressor.
3. Conversion of Electric heating system to Steam heating in Wartsila and Yarn.
4. Utilisation of waste heat of compressor and machine cooling water for hot water generation.
5. Replacement of H-Plant pumps with energy efficient pumps.
6. Energy efficient hydro-pnumatic pressure boosting system for constant water supply pressure and less power consumption for process house.
7. Use of submerdible pump in place of monoblock pump at Narmda water supply station for improving energy efficiency.
8. Replacement of rewound motors with energy efficient motors.
9. 10 MW Coal based Thermal Power Plant.

(b) Additional Investment & proposals, if any, being implemented for reduction of consumption of energy :

1. Replacement of old motor with energy-efficient motors.
2. Installing of Solenoid valve assembly with common manifold for Ring frame machine
3. Replacement of Centrifuge by Filter Press at ETP
4. Replacement of Monoblock pump with submercible pump (7.5 KW) at Open well and STP
5. Replacement of Monoblock pump with submercible pump (15 KW) for OverHead Tank pumping
6. Replacement of centri fugal pumps with submersible pump for treated effluent handling to horticulture.
7. Installation of VFD for humidification plant pumps
8. On line energy and production monitoring of all R/F machines.

(c) Impact of measures at (a) & (b) for reduction of energy consumption and consequent impact on the cost of production of goods.

The Company will improve energy efficiency at plant thereby reduction of Carbon emmissions.The Company will also undertake CDM initiative. The estimated saving on account of the above measures are expected to be about 1 lac units per month.

INFORMATION AS PRESCRIBED IN FORM A

(A) POWER AND FUEL CONSUMPTION

1. Electricity	**Current Year**	Previous Year
a. Purchased		
Units	**25164488**	18807275
Total amount (Rs)	**117892072**	79631226
Rate / Unit (Rs)	**4.68**	4.23
b Own Generation		
i) Through Diesel Generator		
Units	**10339672**	29064247
Units/Litre of HSD/FO	**4.34**	4.08
Cost/Unit	**4.28**	3.57

		Current Year	Previous Year
ii)	Through Steam Turbine / Generator		
	Units	–	–
	Units/Litre of fuel oil	–	–
	Gas	–	–
	Cost/Unit	–	–
iii)	Through Thermal Power Plant		
	Units	**28099796**	–
	Units/Kg. of Coal	**0.82**	–
	Gas	–	–
	Cost/Unit	**3.24**	–
2.	**Coal**		
	Quantity MT	**39119.67**	3334
	Total Cost	**107869387**	10468095
	Average Rate/KG	**2.76**	3.14
3.	**Furnace Oil/HSD**		
	Quantity KL	**2579.333**	7645
	Total Cost	**47859018**	115579869
	Average Rate/Litre	**18.55**	15.12
4.	**Other/Internal Generation**	**N.A.**	N. A.
(B)	**CONSUMPTION PER UNIT OF PRODUCTION**		
i)	Electricity		
	Cotton Yarn (Kg.)	**3.34**	3.29
	Knitted Fabric (Kg.)	**0.27**	0.25
	Processed Fabric (Kg.)	**1.48**	1.34
	Garment (Pc.)	**0.36**	0.39
	Yarn Dyeing (Kg.)	**1.56**	1.56

II. TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT

The Company has a Central Development Department, which undertakes product development activities for new products. During the period under review, the Company focused on production of more value-added Yarn and Fabric. Besides this the Company has a Quality Assurance Department equipped with well experienced /quality personnel and latest sophisiticated machines, to monitor and ensure consistency in quality and adherence to quality standards norms.

B. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

The Company has continued renovation and upgration of its Spinning Mill. It has also continued Yarn & Fabric develomnent by adding latest technologies,equipment and machines. The Company has taken the expansion plan to increase capacity in spinning by adding 20832 spindles with state of art tecnnology of auto doffing and link coner and a new Thermal captive Power Plant of 10MW is commissioned.

The Company is also undertaking CDM initiative by adopting green and energy efficient technologies.

2. Benefits derived as a result of the above efforts

The Company will produces export quality value added yarn from the expanded capacity in spinning and on commissioning of Thermal Power Plant will get cheap power ,which will improving productivity and bottom line of the company.

3. In case of recently imported technology, the requisite information in brief

The Company has not recently imported any technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

The company is exporting Yarn, Fabric and Garments. The Company is working to improve upon the export product mix by increasing value added items on perpetual basis. During the year Company has earned foreign exchange of Rs.23064.62 lac at FOB price against an outgo of Rs.3561.10 lac compared to the previous period 's foreign earning of Rs.20576.48 lac and outgo of Rs.4715.37 lac.

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

Corporate Governance is a reflection of Company's culture, policies, relationship with stakeholders, commitment to value & ethical business conduct. Needless to say, timely & accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an imported part of Corporate Governance. Your Company has consistently been following high level of Corporate Governance. Your Company believes in promoting corporate fairness, transparency and accountability. It fundamentally believes that good Corporate Governance should be an internally driven need and is not to be looked upon as an issue of compliance dictated by statutory/ regulatory requirements. The Company's guiding principles are focused on attaining the highest standards of Corporate Governance and the business operations of the Company are conducted in such a manner so as not to benefit any particular interest group, but for the benefit of all the stakeholders.

2. Board of Directors

The present strength of the Board is Six Directors, comprising of the Chairman Emeritus, Chairman, Managing Director and three Independent Directors. The Chairman Emeritus, Chairman and the Managing Director are Promoter Directors. The Managing Director is Executive and all the other Directors are Non-Executive. All the three Independent Directors are professionals and have expertise in their respective functional areas.

The Composition of the Board, their attendance at the Board Meetings held during the year alongwith the number of Directorships, Memberships held in various Committees in other Companies as on March 31, 2008, are given below:

Sl. No.	Name	Title	Category	No. of Meetings		No. of other Directorships and Committee Membership/Chairmanship#		
				Held	Attended	Directorships*	Committee Memberships	Committee Chairmanships
1.	Mr. L. N. Jhunjhunwala	(Chairman Emeritus)	Promoter - Non-Executive	4	4	7	2	1
2.	Mr. Ravi Jhunjhunwala	(Chairman)	Promoter - Non-Executive	4	4	10	4	2
3.	Mr. Shekhar Agarwal	(Managing Director)	Promoter - Executive	4	4	8	3	1
4.	Dr. Kamal Gupta	(Director)	Independent - Non-Executive	4	4	5	7	3
5.	Mr. P.S. Dasgupta	(Director)	Independent - Non-Executive	4	2	5	5	–
6.	Mr. D. N. Davar	(Director)	Independent - Non-Executive	4	3	12	7	5

*Notes : * Excludes Directorships held in private limited companies, Foreign Companies, Membership of Management Committee of various chambers/bodies/section 25 Companies*

 # Includes Audit and Shareholders/Investors Grievance Committees only

The Board of Directors meets regularly throughout the year. The meetings of the Board of Directors during the financial year 2007-2008 were held on the 05th May, 2007, the 30th July, 2007, the 30th October, 2007 and the 29th January, 2008.

The previous Annual General Meeting of the Company was held on the 29th September, 2007 and was attended by Dr. Kamal Gupta, Director, who is also Chairman of the Audit Committee of the Company.

3. Audit Committee

The Audit Committee of members of the Board comprises of following Four Directors as on the 31st March, 2008:

1) Mr. L. N. Jhunjhunwala
2) Dr. Kamal Gupta
3) Mr. P. S. Dasgupta
4) Mr. D. N. Davar

All the members of the Audit Committee are Non-Executive Directors. Mr. L. N. Jhunjhunwala, Chairman Emeritus is a Promoter Director. The other Directors are Independent Directors with Dr. Kamal Gupta being the Chairman of the Audit Committee.

Dr. Kamal Gupta, Chairman of the Audit Committee, possesses high degree of accounting and financial management expertise and all members of the Committee have sound accounting and financial knowledge.

The Company Secretary of the Company is the Secretary to the Committee. Invitees to the Audit Committee include the Chief Financial Officer, Chief Coordinator- Internal Audit and the representative of the Statutory Auditors, Internal Auditors and Cost Auditors.

The functions of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.

  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

MOL has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results.
- If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice.

With regard to information on related part transactions, whenever applicable, the Audit Committee is presented with the following information:

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties which are not in the normal course of business.
- Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

Pursuant to its terms of reference, the Audit Committee is empowered to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The Audit Committee of the Company met four times during the financial year 2007-2008. The meetings were held on the 5th May , 2007, the 30th July, 2007, the 30th October, 2007 and the 29th January, 2008. The attendance of the Committee members at these meetings was as follows:

Name of the Member	No. of Meetings Attended
Mr. L. N. Jhunjhunwala	4
Dr. Kamal Gupta	4
Mr. P.S. Dasgupta	2
Mr. D. N. Davar	3

4. Remuneration Committee

The Remuneration Committee comprised of following Three Non-Executive Independent Directors as on the 31st March, 2008:

1) Dr. Kamal Gupta
2) Mr. D.N. Davar
3) Mr. P.S. Dasgupta

Dr. Kamal Gupta is the Chairman of this Committee. The composition of the Remuneration Committee remained unchanged during the year.

The Remuneration Committee considers, approves and recommends to the Board the remuneration payable to Managerial personnel coming within the purview of applicable provisions of the Companies Act, 1956.

Table 1 gives details of the remuneration paid to Directors during the year 2007-08.

1. Remuneration paid or payable To Directors for 2007-2008 **(in Rs)**

Name of the Director	Category	Sitting Fee	Salaries, Allowances and Perquisites#	Commission	Total
Mr. L. N. Jhunjhunwala	Promoter - Non-Executive	1,60,000	–	–	1,60,000
Mr. Ravi Jhunjhunwala	Promoter - Non-Executive	80,000	–	–	80,000
Mr. Shekhar Agarwal	Promoter - Executive	–	30,48,000	–	30,48,000
Dr. Kamal Gupta	Independent - Non-Executive	3,40,000	–	–	3,40,000
Mr. D. N. Davar	Independent - Non-Executive	1,80,000	–	–	1,80,000
Mr. P.S Dasgupta	Independent - Non-Executive	80,000	–	–	80,000

 # Includes retirement benefits

During 2007-08, the Company did not advance any loans to any of its Directors. The Company does not have any Stock Option Scheme.

Table 2 gives details of the shares held by the Non-Executive Directors as on 31st March, 2008.

2. Equity Shares Held By Non-Executive Directors as on 31st March, 2008

Name of the Director	Category	Number of Shares held
Mr. L. N. Jhunjhunwala	Promoter - Non-Executive	Nil
Mr. Ravi Jhunjhunwala	Promoter - Non-Executive	10
Dr. Kamal Gupta	Independent - Non-Executive	1000
Mr. D. N. Davar	Independent - Non-Executive	1000
Mr. P.S. Dasgupta	Independent - Non-Executive	Nil

The Company has not issued convertible instruments to any of its Directors.

The Non-Executive Directors are paid sitting fees for attending the Board meetings as well as Committee meetings. The remuneration of the Managing Director is subject to approval of the Board and shareholders at the Annual General Meeting, and is within the ceilings laid down under the Companies Act, 1956. In 2007-08, no meeting of Remuneration Committee was required to be held.

5. Code Of Conduct

MOL's Board has laid down a code of conduct for all Board members and designated senior management of the Company. All Board members and designated senior management personnel have affirmed compliance with this Code of Conduct. The Code of Conduct is displayed on the website of the Company www.maraloverseas.com. A declaration signed by Mr. Shekhar Agarwal, Managing Director and Mr. P.S. Puri, Chief Financial Officer, to this effect is enclosed at the end of this report.

6. Management

The Management Discussion and Analysis Report forms part of the Annual Report.

During the financial year 2007-2008, there were no material financial or commercial transactions by the Company with its Promoters, Directors, Management or relatives, etc. that may have potential conflict with the interests of the Company at large.

As required by Accounting Standards-AS-18, the details of related party transactions are given in Schedule 16 to the Annual Accounts.

The Company has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

7. Shareholders/Investors Grievance Committee

The Company's Shareholders/Investors Grievance Committee comprised of following Directors as on the 31st March, 2008:

1) Dr. Kamal Gupta - Independent Non-Executive
2) Mr. D. N. Davar - Independent Non-Executive
3) Mr. Shekhar Agarwal - Promoter-Executive

Dr. Kamal Gupta is the Chairman of this Committee and the Company Secretary of the Company is the Compliance Officer. The terms of reference of the Committee include redressal of Shareholders and Investors complaints relating to transfer and transmission of shares, non-receipt of Annual Reports, Dividend Warrants and to ensure expeditious share transfer process. The Committee also reviews the status of Investors' grievances and redressal mechanism.

The Committee met four times during the year 2007-2008 on the 5th May, 2007, the 30th July, 2007 , the 30th October,2007 and the 29th January, 2008.

12 Complaints were received during the financial year 2007-2008 all of which were redressed/answered to the satisfaction of the shareholders. No Investor Grievance remained unattended/pending for more than 30 days. There were no complaints pending disposal as on the 31st March, 2008. No request for dematerialisation of Equity Shares of the Company was pending for approval as at the 31st March, 2008.

The Company has constituted a Share Transfer Committee to look after requests for transfer/ transmission of equity shares, issue of duplicate share certificates, consolidation/split/ replacement of share certificates and for re-materlisation of shares. The Share Transfer Committee presently comprises of:

1) Mr. Shekhar Agarwal
2) Dr. Kamal Gupta

The Share Transfer Committee of the Company meets as often as required under the chairmanship of Mr. Shekhar Agarwal, Managing Director. All valid requests for share transfer received during the year have been acted upon by the Company within the stipulated time limit.

The Board of Directors has also delegated the authority to approve the share transfers to Mr. Shekhar Agarwal, Managing Director and Mr. P.S. Puri, Chief Financial Officer who attend and approve the share transfer requests on a fortnightly basis.

8. General Body Meetings

The details of the location and time of the last three Annual General Meetings (AGMs) of the Company are as follows:

Date of AGM	Relevant Financial Year	Venue/Location where held	Time of Meeting
17th August, 2005	2004-2005	Maral Sarovar, V& P.O. Khalbujurg, Tehsil Kasrawad, Distt. Khargone Madhya Pradesh - 451 660	2.30 P.M.
28th September, 2006	2005-2006	Maral Sarovar, V& P.O. Khalbujurg, Tehsil Kasrawad, Distt. Khargone Madhya Pradesh - 451 660	12.30 P.M.
29th September, 2007	2006-2007	Maral Sarovar, V& P.O. Khalbujurg, Tehsil Kasrawad, Distt. Khargone Madhya Pradesh - 451 660	2.00 P.M.

No Special Resolutions were passed at the Annual General Meetings of the Company held on the17th August, 2005 and the 28th September, 2006 respectively. However, on 29th September, 2007 (Date of AGM), the following Special Resolutions were taken in the AGM and passed with requisite majority.

- Amendment in Articles of Association regarding the restructuring of the Authorized Capital of the Company.
- Approval for issue of Equity Shares under Section 81(1) of the Companies Act,1956.

Postal Ballot

During the Year under review, the Company also passed an ordinary resolution through postal ballot, in which the shareholders provided their consent to the Board of Directors to relocate/ sell or dispose off the whole or any part of assets of the Company's unit at Jammu. The result of postal ballot was declared on 22.06.2007. Details of the voting pattern are as follows:

Particulars	No. of Postal Ballot Forms	No. of shares	% of Total Valid Votes received
Total Postal Ballot forms received (A)	338		
Less: Invalid Postal Ballot forms (B)	47		
Net valid Postal Ballot forms (A-B)	291		
Postal Ballot forms with assent for the resolution	286	1,16,17,279	99.99%
Postal Ballot froms with dissent for the resolution	5	850	0.01%
Total Valid Postal Ballot forms received	291	1,16,18,129	100.00%

Person who conducted the Postal Ballot exercise:

Mr. V.P. Kapoor, B.A, LLB, FCS, AICWA, Practising Company Secretary scrutinized the Postal Ballot exercise.

Procedure for postal ballot:

The Company followed a transparent Postal Ballot process, in which all Members/Beneficiaries on the books as on 11th May 2007 were sent a Postal Ballot form along with postage pre-paid business reply envelope. All business reply envelopes received up to close of working hours on 18th June 2007 were considered. All these Postal Ballot forms were kept under the scrutiny of the scrutinizer, Mr. V. P. Kapoor.

9. Compliances

The Company has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

The Company is compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreements. The Company has also complied to an extent with the non-mandatory requirements of Clause 49 of the Listing Agreements such as constitution of a Remuneration Committee and that the Company's financial statements are free from any qualifications by the Auditors.

10. Means of Communication

The quarterly, half yearly and annual audited results are sent immediately to the Stock Exchanges after they are approved by the Board of Directors and are also uploaded on website http://sebiedifar.nic.in. The Company publishes its results in at least one prominent national and regional newspaper. The same are also displayed on Company's website at www.maraloverseas.com.

The Annual Reports of the Company are also displayed on website http://sebiedifar.nic.in. This website is also accessible through a hyperlink 'EDIFAR' from SEBI's official website, http://www.sebi.gov.in.

SHAREHOLDERS' INFORMATION

1. Annual General Meeting

Day, Date and Time	:	Monday, 29th September 2008 at 2.30 PM
Venue	:	Maral Sarovar, V. & P. O. Khalbujurg, Tehsil Kasrawad Distt. Khargone - 451 660, Madhya Pradesh

2. Financial Calendar

Financial year	:	April - March (12 Months)
Quarterly Financial reporting	:	Within one month from the end of each quarter except fourth quarter when annual results are published within three months

3. Dates of Book Closure : 22nd September 2008 (Monday) to 29th September 2008 (Monday) (Both days inclusive)

4. Dividend Payment Date : N/A

5. Listing of Shares on Stock Exchange

1) Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
2) National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

The Equity Shares of the Company were delisted from the Calcutta Stock Exchange and will now be traded under "Permitted Category" of Calcutta Stock Exchange.

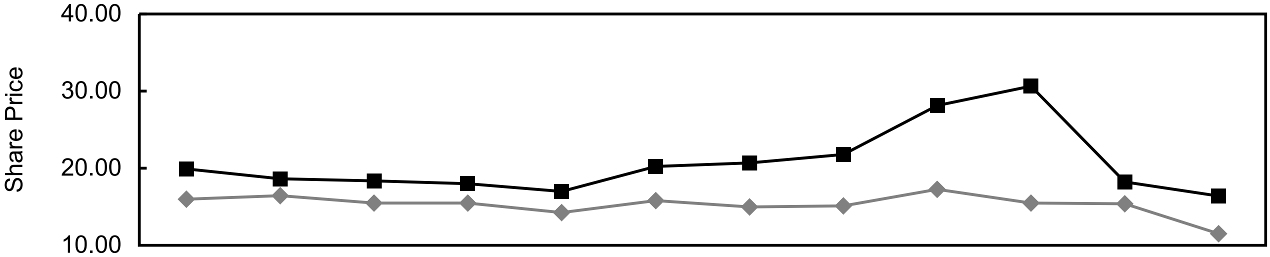
Listing fee as prescribed has been paid to the National Stock Exchange of India Limited and Bombay Stock Exchange Ltd. upto 31st March, 2009.

6. Stock Code

Bombay Stock Exchange Ltd. : 521018

National Stock Exchange : MARALOVER

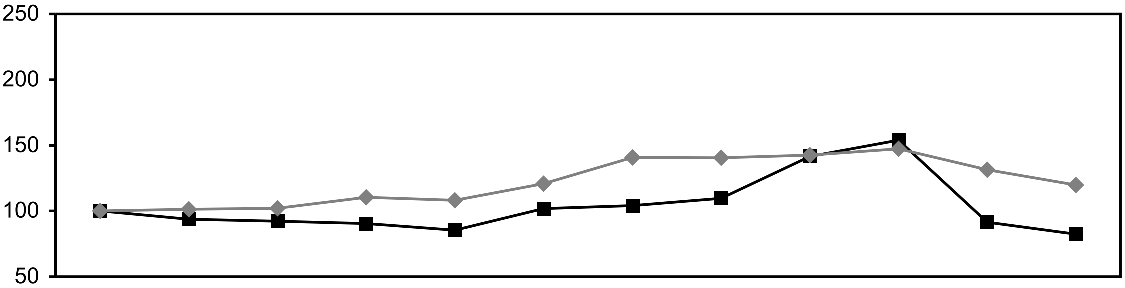
7. Stock Market Data: Monthly High Low (in Rs.) at BSE:



	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
High	19.90	18.65	18.35	18.00	17.00	20.25	20.70	21.80	28.15	30.65	18.20	16.40
Low	16.00	16.45	15.50	15.50	14.25	15.80	15.00	15.10	17.25	15.50	15.40	11.50

Source : Bombay Stock Exchange Ltd.

8. Performance in comparison with BSE Sensex (Both series indexed to 100 as on April, 2007)



	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
MOL (High)	100.00	93.72	92.21	90.45	85.43	101.76	104.02	109.55	141.46	154.02	91.46	82.41
Sensex (High)	100.00	101.34	102.08	110.33	108.06	120.70	140.70	140.47	142.51	147.44	131.37	119.77

Source : Bombay Stock Exchange Ltd.

9. Registrar and Transfer Agent

M/s MCS Limited is the Registrar & Transfer Agent of the Company. The Shareholders may contact M/s MCS Ltd. for matters related to Share Transfers etc. at the following address:

MCS Limited, Sri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase II, New Delhi - 110 020
Phone No (s) : 011-41406149, Fax No : 011-41709881, E- Mail : mcsdel@vsnl.com, mcscomplaintsdel@mcsdel.com

10. Share Transfer System

The matters related to Share Transfer and transmission etc. are attended by the delegated authorities on fortnightly basis. Share transfers are registered and returned within 30 days from the date of receipt, if the documents are in order in all respects. The total number of shares transferred during the year 2007-08 were 32200 shares.

11. Distribution of Shareholding as on 31st March, 2008.

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares	% of Share holding
1-500	17999	87.78	2775678	12.76
501-1000	1267	6.18	1087491	5.00
1001-10000	1056	5.15	2980559	13.70
10001 and above	121	0.59	14591730	67.06
Shares in Transit	61	0.30	322542	1.48
Total	**20504**	**100.00**	**21758000**	**100.00**

12. Dematerialisation of Shares and liquidity:

187,42,080 shares were dematerialised till 31-03-2008, which is 86.14 % of the total paid up Equity Share Capital of the Company. Trading in Shares of the Company is permitted in dematerialised form only.

The ISIN number for Equity Shares of the Company in NSDL and CDSL is **INE882A01013**

13. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

14. Plant Locations:

1) Maral Sarovar, V. & P. O. Khalbujurg, Tehsil Kasrawad, Distt. Khargone - 451660, Madhya Pradesh.

2) A-11, Hosiery Complex, Phase-II (Extension), Noida - 201 305 (U.P.)

15. Address for Correspondence

Investor correspondence should be addressed to:

1. **Registrar & Transfer Agent :**
   MCS Limited, Sri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase II, New Delhi - 110 020
   Phone No (s) : 011-41406149, Fax No : 011-41709881, E -Mail : mcsdel@vsnl.com, mcscomplaintsdel@mcsdel.com

2. **Company Secretary,**
   Maral Overseas Limited, Bhilwara Towers, A-12, Sector 1, Noida- 201301 (U.P.)
   Phone No: 0120 -2541810, Fax No. : 0120-2531648, E-mail : maral.investor@lnjb.com

AUDITORS' REPORT

To the Members of
Maral Overseas Limited

We have audited the attached Balance Sheet of Maral Overseas Limited as at 31st March, 2008 and also the Profit and Loss Account and the 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.

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

As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 'A' a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

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

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

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

d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

e) On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

f) The Company, as technically advised, had hitherto been considering certain plant & machinery as continuous process and charging depreciation accordingly. This being a technical matter, we cannot form an independent opinion on such classification of assets and are therefore unable to comment thereon. From the financial year 2000-2001, the Company has revised, downwards, the estimated useful life of said plant & machinery and has accordingly charged higher depreciation (Refer Note no.4 to Schedule 16-Notes on Accounts).

Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the accounting policies and 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:

i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;

ii) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and

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

For Doogar & Associates	For Ashim & Associates
Chartered Accountants	Chartered Accountants
Mukesh Goyal	**Ashim Agarwal**
Partner	Partner
Membership No. 81810	Membership No.84968

Noida (U.P.)
27th June, 2008

ANNEXURE 'A' TO AUDITORS' REPORT

(Referred to in the Auditors' Report of even date to the members of Maral Overseas Ltd for the year ended 31st March, 2008)

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However certain records are under reconciliation.

   (b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has physically verified certain fixed assets during the year. As informed to us, no material discrepancies were noticed on such verification.

   (c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.

2. (a) The inventory, except material lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.

   (b) The procedures for physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.

   (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts.

3. (a) The Company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly clauses 4 (iii) (b) to (d) of the Companies (Auditor's Report) Order, 2003 are not applicable

   (b) The Company has taken unsecured loan from one body corporate covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year in this respect was Rs. 2525 lac and the year end balance of loan taken from such party was Rs. 1975 lac.

   (c) In our opinion, the rate of interest and other terms and conditions on which such loans have been taken are not prima facie prejudicial to the interests of the Company.

   (d) The Company is regular in the payment of interest and principle amount, wherever demanded during the year.

4. In our opinion, and according to the information and explanations given to us during the course of the audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods & services. We did not observe any major weaknesses in internal control during the course of our audit.

5. (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in 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 such contracts or arrangements and aggregating during the year to Rupees five lakhs or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, where such market prices are available.

6. The Company has not accepted any deposits from the public.

7. In our opinion, the Company has an internal audit system commensurate with the size & nature of its business.

8. We have broadly reviewed the records, including the books of account maintained by the company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of company's products and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

9. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and other statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us and as per the books and records examined by us, there are no arrears of undisputed statutory dues outstanding as on the date of balance sheet for a period exceeding six months from the date they became payable.

   (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues of the specified status as at the end of the year, which have not been deposited on account of a dispute are referred to in Annexure 'B'.

10. The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss in the current financial year and in the immediately preceding financial year.

11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank.

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

13. Provisions of the order applicable to chit funds, nidhi, mutual benefit fund / societies are not applicable to the Company.

14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

15. According to the information and explanations given to us and as per the books and records examined by us, the company has not given any guarantee for loans taken by others from bank or financial institutions.

16. In our opinion, and according to the information and explanations given to us, the term loans raised during the year by the company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lender.

17. According to the information and explanations given to us and as per the books and records examined by us, as on the date of balance sheet, the Company has used short term funds to the extent of Rs.45 crores for meeting losses.

18. The Company has not raised any fresh share capital during the year.

19. The company has not issued any debentures.

20. The company has not raised any money by way of public issue, during the year.

21. Based on our examination of the books and records of the company and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Doogar & Associates
Chartered Accountants
Mukesh Goyal

Partner
Membership No.81810

For Ashim & Associates
Chartered Accountants
Ashim Agarwal

Partner
Membership No.84968

Noida (U.P.)
27th June, 2008

ANNEXURE 'B' TO AUDITORS' REPORT

Referred to in Paragraph 9 (b) of Annexure 'A' a statement on the matters specified in the Companies (Auditors' Report) Order, 2003 of Maral Overseas Limited for the year ended 31st March, 2008

Name of the Statute	Nature of Dues	Amount Rs in lac	Forum where the dispute is pending
Income Tax Act	Disputed regular income tax demands	9.64	Income Tax Tribunal
Income Tax Act	Disputed regular income tax demands	28.29	CIT (Appeals)
Central Sales Tax Act	Non submission of relevant statutory forms	0.64	Assistant Commissioner of Sales Tax
	Non submission of relevant statutory forms	7.93	Deputy Commissioner of Sales Tax (Appeals)
Central Excise Act	Duty on scrap sale	144.00	CESTAT
	Duty rate on debonded goods	88.69	CESTAT

BALANCE SHEET AS AT 31ST MARCH, 2008

	SCHEDULE		As at 31.03.2008 Rs / lac		As at 31.03.2007 Rs / lac
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1	**2,175.80**		2,175.80	
Reserves & Surplus	2a	**4,713.54**		4,713.54	
			6,889.34		6,889.34
Loan Funds					
Secured	3	**28,443.11**		27,830.55	
Unsecured	4	**1,975.00**		1,975.00	
			30,418.11		29,805.55
Deferred Tax Liability			**–**		–
TOTAL			**37,307.45**		36,694.89
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		**46,208.15**		34,341.55	
Less : Depreciation & Impairment		**19,552.50**		17,349.35	
Net Block		**26,655.65**		16,992.20	
Capital Work in Progress		**7.14**		8,414.76	
			26,662.79		25,406.96
Investments	6		**14.13**		13.79
Deferred Tax Assets			**–**		154.27
Current Assets, Loans & Advances	7				
Inventories		**4,450.73**		7,808.32	
Sundry Debtors		**2,595.78**		2,267.88	
Cash & Bank Balances		**182.72**		941.82	
Loans & Advances		**3,661.55**		3,157.46	
		10,890.78		14,175.51	
Less : Current Liabilities & Provisions	8				
Liabilities		**5,264.30**		3,582.26	
Provisions		**172.58**		170.09	
		5,436.88		3,752.35	
Net Current Assets			**5,453.90**		10,423.16
Miscellaneous Expenditure (to the extent not written off or adjusted)	9		**17.99**		29.68
Profit & Loss Account	2b		**5,158.64**		667.03
TOTAL			**37,307.45**		36,694.89
NOTES ON ACCOUNTS	16				

As per our report of even date
For Doogar & Associates
Chartered Accountants

Mukesh Goyal
Partner
Membership No.81810

For Ashim & Associates
Chartered Accountants

Ashim Agarwal
Partner
Membership No. 84968

Ravi Jhunjhunwala
Chairman

Shekhar Agarwal
Managing Director

P.S. Puri
Chief Financial Officer

Vivek Chaudhary
Company Secretary

Noida (U.P.)
27th June, 2008

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

	SCHEDULE		**Year Ended 31.03.2008 Rs / lac**		Year Ended 31.03.2007 Rs / lac
Income					
Gross Turnover	10	**32,107.61**		29,170.70	
Less : Excise Duty		**216.79**		178.82	
Net Turnover			**31,890.82**		28,991.88
Other Income	11		**471.39**		586.61
Increase / (Decrease) in Stocks	12		**(1,701.01)**		(637.56)
Net Profit on sale of fixed assets (Discontinuing operation)			**866.46**		0.50
			31,527.66		28,941.43
Expenditure					
Materials	13		**17,478.95**		15,634.69
Operating & Other Expenses	14		**13,479.45**		11,368.20
Financial Expenses	15		**2,208.37**		1,698.03
			33,166.77		28,700.92
Profit/(Loss) Before Depreciation, Amortisation & Impairment			**(1,639.11)**		240.51
Depreciation, Amortisation & Impairment			**2,648.93**		1,701.71
(Loss) before Tax & Exceptional Items			**(4,288.04)**		(1,461.20)
Profit/(Loss) from continuing operations before tax (see note 9 of Schedule 16)		**(4,463.87)**		436.61	
Taxation – Adjustment for earlier years		**(11.20)**		–	
– Deferred		**–**		(74.50)	
– Fringe Benefits Tax		**(34.58)**		(34.39)	
– Fringe Benefits Tax for earlier years		**(2.91)**		(8.09)	
Profit/(Loss) from continuing operations after tax - (a)			**(4,512.56)**		319.63
Profit/(Loss) from discontinuing operations before Tax & Exceptional Item (see note 9 of Schedule 16)		**175.83**		(1,897.81)	
Taxation – Deferred		**(154.27)**		599.85	
– Fringe Benefits Tax		**(0.61)**		(3.85)	
Profit/(Loss) from discontinuing operations before Exceptional Items		**20.95**		(1,301.81)	
Employee Termination Costs		**–**		2,224.53	
Less: Deferred Tax thereon		**–**		(756.12)	
Profit/ (Loss) from discontinuing activities after Exceptional Items - (b)			**20.95**		(2,770.22)
Loss After Taxation (a + b)			**(4,491.61)**		(2,450.59)
Balance brought forward from previous year			**(3,953.19)**		(1,502.60)
Balance Carried to Balance Sheet			**(8,444.80)**		(3,953.19)
Earnings Per Share (Equity Shares, par value Rs 10/- each)					
Basic			**(20.64)**		(11.26)
Diluted			**(20.64)**		(11.26)
NOTES ON ACCOUNTS	16				

As per our report of even date
For Doogar & Associates
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Managing Director

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Chief Financial Officer

Vivek Chaudhary
Company Secretary

Noida (U.P.)
27th June, 2008

1. Share Capital	As at 31.03.2008 Rs / lac	As at 31.03.2007 Rs / lac
Authorised		
4,00,00,000 (Previous year 3,00,00,000) Equity Shares of Rs 10/- each	**4,000.00**	3,000.00
15,00,000 (Previous year 25,00,000) Cumulative Redeemable Preference Shares of Rs 100/- each	**1,500.00**	2,500.00
	5,500.00	5,500.00
Issued, Subscribed & Paid-up		
2,17,58,000 Equity Shares of Rs 10/- each fully paid up	**2,175.80**	2,175.80
	2,175.80	2,175.80

2a. Reserves and Surplus	As at 31.3.2007 Rs / lac	Additions Rs / lac	Deductions Rs / lac	As at 31.3.2008 Rs / lac
Capital Reserve	123.47	–	–	**123.47**
Capital Redemption Reserve Account	2,000.00	–	–	**2,000.00**
Share Premium Account	2,590.07	–	–	**2,590.07**
	4,713.54	–	–	**4,713.54**
2b. Profit & Loss Account (Debit Balance)				
As per profit & loss account	3,953.19	4,491.61	–	**8,444.80**
Less: Balance in General Reserve	(3,286.16)	–	–	**(3,286.16)**
	667.03	4,491.61	–	**5,158.64**

3. Secured Loans		As at 31.3.2008 Rs / lac		As at 31.3.2007 Rs / lac
From Financial Institutions & Banks				
Rupee Term Loans	**21,347.83**		19,287.09	
Foreign Currency Term Loans	**–**	**21,347.83**	677.90	19,964.99
From Banks				
For Working Capital		**7,095.28**		7,865.56
		28,443.11		27,830.55

Notes

1. Rupee term loans are secured by a first charge on all the present and future immovable properties (except those situated in the State of Jammu & Kashmir) of the Company and hypothecation of movable assets (except book debts) ranking pari-passu, subject to prior charges in favour of the Company's bankers on stocks of raw material, semi-finished and finished goods, consumable stocks and book debts for availing working capital facilities.
2. Term Loans repayable in next 12 months Rs. 2,909.42 lac (Previous Year-Rs. 2,750.95 lac).
3. Working capital facilities from banks are secured by way of hypothecation of stock in trade, stores (excluding machinery spares) and book debts and second pari-passu charge on all the immovable properties of the Company (other than the properties in respect of the Company's Jammu unit).

4. Unsecured Loans	As at 31.3.2008 Rs / lac	As at 31.3.2007 Rs / lac
From Corporate	**1,975.00**	1,975.00
	1,975.00	1,975.00

5. Fixed Assets

(Rs / lac)

Particulars	Gross Block				Depreciation, Impairment & Amortisation					Net Block	
	As at 1.4.2007	Additions during the year	Sale/ Adj.	**As at 31.3.2008**	As at 1.4.2007	For the year	Sale/ Adj.	**Impairment**	**As at 31.3.2008**	**As at 31.3.2008**	As at 31.3.2007
A Fixed Assets											
Land – Lease Hold	36.60			**36.60**	3.72	0.37			**4.09**	**32.51**	32.88
– Free Hold	42.85			**42.85**						**42.85**	42.85
Building	4,785.83	1,753.98		**6,539.81**	1,229.11	158.41			**1,387.52**	**5,152.29**	3,556.72
Plant & Machinery	26,358.15	10,797.29	241.48	**36,913.96**	14,142.73	2,039.62	174.74		**16,007.61**	**20,906.35**	12,215.42
Furniture & Office Equip.	450.26	73.32	0.78	**522.80**	276.94	35.47	0.03		**312.38**	**210.42**	173.32
Vehicles	291.87	8.21	29.93	**270.15**	153.45	35.61	21.84		**167.22**	**102.93**	138.42
Livestock	2.10		0.20	**1.90**						**1.90**	2.10
B Intangibles											
Software	550.52			**550.52**	456.22	66.69			**522.91**	**27.61**	94.30
Total (A + B)	32,518.18	12,632.80	272.39	**44,878.59**	16,262.17	2,336.17	196.61		**18,401.73**	**26,476.86**	16,256.01
C Capital Work in Progress											
Building											700.77
Plant & Machinery										**5.75**	4,547.97
Capital Advances (Unsecured, Considered good)										**1.39**	2,477.93
Pre-operative Expenses pending allocation										**–**	688.09
Total (C)										**7.14**	8,414.76
D Held for Disposal											
Land – Lease Hold	35.76		18.05	**17.71**	1.63	0.44	1.37		**0.70**	**17.01**	34.13
Building	385.55		271.82	**113.73**	104.57	10.64	104.85		**10.36**	**103.37**	280.98
Plant & Machinery	1,255.57		190.16	**1,065.41**	850.90	40.18	133.48	249.89	**1,007.49**	**57.92**	404.67
Furniture & Office Equip.	36.81		2.73	**34.08**	23.78	0.93	0.87	10.24	**34.08**		13.03
Vehicles	20.37		11.05	**9.32**	16.99	0.40	8.60	0.04	**8.83**	**0.49**	3.38
Software	89.31			**89.31**	89.31				**89.31**		
Total (D)	1,823.37		493.81	**1,329.56**	1,087.18	52.59	249.17	260.17	**1,150.77**	**178.79**	736.19
Grand Total	34,341.55	12,632.80	766.20	**46,208.15**	17,349.35	2,388.76	445.78	260.17	**19,552.50**	**26,662.79**	25,406.96
Previous Year	33,739.10	1,185.30	582.85	34,341.55	16,145.19	1,701.71	497.55		17,349.35	25,406.96	

Note: i. Buildings include Rs. 0.02 lac paid for acquiring shares in housing society.

ii. Fixed assets held for disposal belong to the discontinued operation (Refer Note No.9 of Schedule 16 - Notes on Accounts)

iii. Additions include Rs.27.10 lac being reversal of State Capital Subsidy determined as refundable in respect of specific assets of the discontinued operations. Depreciation charge for the year includes corresponding depreciation for prior years of Rs.4.03 lacs

iv. Sale / Adjustments include Rs.50.26 lac being receipt of Capital Subsidy in respect of specific assets of the continuing operations

6. Investments		As at 31.3.2008 Rs / lac	As at 31.3.2007 Rs / lac
Quoted			
A. Long Term			
75,000	Equity Shares of Rs 10/- each fully paid of Bhilwara Spinners Limited	**15.00**	15.00
B. Current			
7,700	Equity Shares of Rs 10/- each fully paid of BPL Engineering Limited	**5.78**	5.78
560	Equity Shares of Rs 100/- each fully paid of State Bank of Bikaner & Jaipur	**3.02**	3.02
		23.80	23.80
Less: Provision for diminution in value of Investments		**9.67**	10.01
		14.13	13.79

Notes:

1. Market value Rs 39.09 lac (Previous Year - Rs 29.51 lac).
2. None of the Investments are trade investments.

7. Current Assets, Loans & Advances		As at 31.3.2008 Rs / lac		As at 31.3.2007 Rs / lac
INVENTORIES (At lower of cost or net realisable value)				
Raw Materials	**1,280.82**		3,903.75	
Packing Materials	**12.39**		5.37	
Stores and Spares	**193.26**		254.69	
Dyes & Chemicals	**79.03**		96.35	
Embellishments	**113.12**		203.16	
Finished goods	**1,707.28**		2,439.53	
Stock in process	**1,017.10**		894.00	
Waste	**47.73**		11.50	
		4,450.73		7,808.35
SUNDRY DEBTORS (Unsecured, Considered good)				
Due over six months	**117.92**			189.77
Others	**2,477.86**			2,078.11
	2,595.78			2,267.88

		As at 31.3.2008 Rs / lac		As at 31.3.2007 Rs / lac
Considered doubtful				
Due over six months	**160.34**			49.30
	2,756.12			2,317.18
Less : Provision for doubtful debts	**160.34**			49.30
		2,595.78		2,267.88
CASH & BANK BALANCES				
Cash,Cheques & Stamps in hand	**34.95**		50.64	
Balances with Scheduled Banks in :				
Current Account	**109.39**		814.99	
Deposit Account #	**22.95**		55.36	
Margin Money Account #	**5.79**		5.43	
Dividend Account	**8.79**		14.58	
Savings Bank Account (Employees' Security Deposit)	**0.84**		0.81	
Post Office Saving Account	**0.01**		0.01	
		182.72		941.82
# Includes pledged with : Government Departments Rs 11.61 lac (Previous Year Rs 3.76 lac) Bank as Margin Rs 5.79 lac (Previous Year Rs 8.23 lac)				
LOANS AND ADVANCES (Unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received	**3,218.66**		2,803.60	
Excise and other deposits	**442.89**		353.86	
		3,661.55		3,157.46
		10,890.78		14,175.51
8. Current Liabilities & Provisions				
CURRENT LIABILITIES				
Trade Creditors	**3,015.85**		2,198.11	
Advance from customers	**233.60**		146.29	
Other Liabilities	**1,988.59**		1,148.42	
Unclaimed Dividend *	**8.79**		14.58	
Interest accrued but not due	**17.47**		74.86	
		5,264.30		3,582.26

* There are no outstanding amounts which are due for deposit but not deposited in Investor Education & Protection Fund.

		As at 31.3.2008 Rs / lac		As at 31.3.2007 Rs / lac
PROVISIONS				
For Gratuity	**52.42**		53.68	
For Leave Encashment	**90.43**		71.43	
For Medical Leave	**6.30**		–	
For Supperannuation	**20.71**		43.46	
For Fringe Benefit Tax	**1.23**		–	
For Wealth Tax	**1.49**		1.52	
		172.58		170.09
		5,436.88		3,752.35

	As at 31.3.2008 Rs / lac	As at 31.3.2007 Rs / lac
9. Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Deferred Revenue Expenses (Premium paid on resetting of interest rate on term loans)	**13.38**	29.68
Share Issue Expenses	**4.61**	–
	17.99	29.68

	Year Ended 31.3.2008 Rs / lac	Year Ended 31.3.2007 Rs / lac
10. Turnover		
Export Sales	**23,682.22**	22,271.26
Deemed Export Sales	**526.29**	879.87
Domestic Sales	**4,918.09**	4,114.99
Domestic Waste Sales	**2,039.02**	1,375.06
Job Charges	**7.12**	9.20
Export Incentives	**934.87**	520.32
	32,107.61	29,170.70
11. Other Income		
Insurance and Other Claims	**23.59**	17.79
Exchange Gain, Net	**72.29**	146.27
Miscellaneous Income	**344.13**	284.85
Dividend on Non Trade Investment	**0.56**	0.36
Profit on sale of fixed assets	**30.82**	137.34
	471.39	586.61

			Year Ended 31.3.2008 Rs / lac		Year Ended 31.3.2007 Rs / lac
12. Increase / (Decrease) in Stocks					
Stock in Trade (At close)					
Finished Goods	**1,707.28**			2,439.53	
Stock in Process	**1,017.10**			894.00	
Waste	**47.73**			11.50	
			2,772.11		3,345.03
Trial Run Stock					
Finished Goods	**1,052.22**			–	
Stock in Process	**75.87**			–	
Waste	**–**			–	
			1,128.09		–
Stock in Trade (At opening)					
Finished Goods	**2,439.53**			3,145.29	
Stock in Process	**894.00**			825.60	
Waste	**11.50**			11.70	
			3,345.03		3,982.59
			(1,701.01)		(637.56)

13. Purchases & Materials Consumed					
Purchases			**2,250.87**		3,430.43
Raw Material Consumed					
Stock at opening	**3,903.75**			4,615.92	
Purchases	**10,546.40**			8,403.61	
Less: Cotton Sold	**11.88**			–	
Less: Consumed during trial run	**827.12**			–	
Less: Stock at close	**1,280.82**			3,903.75	
			12,330.33		9,115.78
Packing Materials			**502.25**		525.21
Dyes & Chemicals			**1,010.30**		1,089.79
Embellishments			**1,120.59**		1,258.75
Stores			**264.61**		214.73
			17,478.95		15,634.69

		Year Ended 31.3.2008 Rs / lac		Year Ended 31.3.2007 Rs / lac
14. Operating & Other Expenses				
Salaries, Wages & Benefits				
Salaries, Wages, Bonus & Gratuity etc.	**3,340.86**		2,882.82	
Contribution to Provident Fund, ESI etc	**232.10**		281.32	
Employee Welfare & Other Expenses	**113.53**		83.73	
		3,686.49		3,247.87
Job Charges		**2,277.47**		2,370.17
Power & Fuel		**2,618.24**		2,145.65
Repairs & Maintenance				
Machinery (including spares)	**471.44**		241.49	
Building	**7.06**		17.36	
Others	**107.38**		78.38	
		585.88		337.23
Insurance Charges		**129.87**		151.65
Rent		**169.55**		124.62
Rates & Taxes		**48.16**		110.49
Travelling & Conveyance		**227.59**		178.26
Managerial Remuneration (including sitting fee)		**38.88**		41.88
Miscellaneous Expenses		**794.03**		705.83
Freight & Forwarding		**1,094.94**		1,149.03
Commission/Claims		**514.68**		509.62
Other Selling Expenses		**202.33**		154.99
Provision for doubtful debts		**111.30**		46.55
Loss on sale of fixed assets		**0.18**		–
Loss on Derivatives		**966.35**		–
Excise Duty (Inc adjustment on stocks)		**(4.28)**		69.58
Wealth Tax		**1.49**		1.71
Amortisation of Deferred Revenue Expenses		**16.30**		23.07
		13,479.45		11,368.20
15. Financial Expenses				
Interest				
On Term Loans	**1,186.18**		728.55	
On Working Capital	**691.76**		662.96	
Others	**153.57**		110.92	
	2,031.51		1,502.43	
Less : Interest Income (T.D.S. Rs 1.38 lacs Previous Year Rs 2.43 lac)	**9.19**		12.16	
		2,022.32		1,490.27
Bank charges & other financial expenses		**186.05**		207.76
		2,208.37		1,698.03

16. Accounting Policies & Notes on Accounts

A. Accounting Policies

1) General

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accruals basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 & the provisions of the Companies Act, 1956.

2) Revenue Recognition

i) Income is accounted for on accrual basis in accordance with Accounting Standard (AS) 9 - "Revenue Recognition".

ii) Sale is recognised on dispatch to customer.

iii) Insurance and other claims are recognised in accounts on lodgment to the extent these are measurable with reasonable certainty of acceptance. Excess/shortfall is adjusted in the year of receipt.

3) Inventories

Inventories are valued at lower of cost, computed on a weighted average basis, and estimated net realisable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Finished goods and work-in-progress include costs of conversion and other costs in bringing the inventories to their present location and condition.

4) Investments

Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management. The current investments are stated at lower of cost or quoted / fair value computed category wise.

5) Fixed & Intangible Assets

i) Fixed assets are stated at historical cost less provision for impairment losses, if any, depreciation and amortization.

ii) Borrowing costs eligible for capitalisation incurred, in respect of acquisition / construction of a qualifying asset, till the asset is substantially ready for use, are capitalised as part of the cost of that asset.

iii) Pre-operative, trial run and incidental expenses relating to the projects are carried forward to be capitalised and apportioned to various assets on commissioning of the project.

iv) Intangible assets are recognised on the basis of recognition criteria as set out in Accounting Standard (AS) 26 - "Intangible Assets".

6) Depreciation & amortisation

Depreciation & Amortisation for the year has been accounted on the following basis:

i) Plant & machinery, building, furniture & office equipment, on straight line method at the rates specified in Schedule XIV to The Companies Act, 1956 (Also refer note no. 4 of this Schedule-Notes on Accounts)

ii) Vehicles, on written down value method at the rates specified in Schedule XIV to The Companies Act, 1956

iii) Leasehold land is amortised over the period of lease.

iv) Free hold land and live stock are not depreciated.

v) Assets costing upto Rs.5,000 are fully depreciated in the year of purchase.

vi) Software costs are amortised at the rate applicable for computers specified in Schedule XIV to The Companies Act, 1956, which is a fair representation of the period of time over which the asset is expected to be used.

vii) In the case of assets where an impairment loss is recognized, the revised carrying amount is depreciated over the remaining estimated useful life.

7) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount being the higher of the asset's net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units).

Previously recognised impairment losses are reversed where the recoverable amount increases because of a favourable change in the estimates used to determine the recoverable amount since the last impairment was recognised. A reversal of an asset's impairment loss is limited to its carrying amount that would have been determined (net of depreciation or amortization), had no impairment loss been recognised in prior years.

8) Foreign Currency Transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account.

Monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end are translated at exchange rates prevailing on the last working day of the accounting year. The resultant exchange differences are recognized in the profit & loss account.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date as well as future transactions in respect of which either firm commitments have been made or which are highly probable forecast transactions. The premium or discount on all such contracts arising at the inception of each contract is amortised as expense or income over the life of the contract. The exchange differences on such forward contracts are accounted for in the profit and loss account, being the difference between (i) the foreign currency amount of the contract translated at the exchange rate on the reporting date, or the settlement date where the transaction is settled during the reporting period, and (ii) the same foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Any profit or loss arising on cancellation or renewal a forward exchange contract is recognized as income or expense for the period.

In respect of derivative contracts, provision for losses on restatement and gains/losses on settlement are accounted for in the profit and loss account.

9) Government Grants

Government grants, where reasonable certainty exists that the ultimate collection will be made, are recognized as follows:

i) Grants of the nature of promoter's contribution are credited to Capital Reserve.

ii) Grants related to specific depreciable fixed assets are deducted from gross values of the related fixed assets in arriving at their book value.

iii) Grants related to revenue are recognised on a systematic basis in the Profit and Loss Account, either as income or deducted from related expenses, over the periods necessary to match them with their related costs.

10) Miscellaneous Expenditure

i) Premium paid on resetting of interest rate on term loans is amortised over balance period of the respective loans.

ii) Share issue expenses are amortised over a period of five years or earlier on annual appraisal.

11) Employee Benefits

The Company's employee benefits primarily cover provident fund, superannuation, gratuity and compensated absences.

Provident fund and Superannuation fund are defined contribution schemes and the Company has no further obligation beyond the contributions made to the fund. Contributions are charged to profit and loss account in the year in which they accrue.

Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation made at the end of the year. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains and losses are immediately recorded to the profit and loss account and are not deferred.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. Accumulating compensated absences are provided for based on actuarial valuation.

12) Tax On Income

i) Current corporate tax is provided on the results for the year after considering applicable tax rates and laws.

ii) Deferred tax is provided on timing differences between tax and accounting treatments that originate in one period and are expected to be reversed or settled in subsequent periods. Deferred tax assets and liabilities are measured using the enacted / substantively enacted tax rates and laws for continuing operations.

Deferred tax assets in the event of unabsorbed depreciation and carry forward losses under tax laws, that exceed the deferred tax liability, are recognized only where there is virtual certainty of realization.

Deferred tax assets on other accounts are recognized only to the extent there is reasonable certainty of realization.

The carrying amount of deferred tax assets is reviewed at each balance sheet date to reassess realization.

13) Provisions and Contingent Liabilities

Provisions are recognized for present obligations, of uncertain timing or amount, arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the possibility of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, are also disclosed as contingent liabilities unless the possibility of outflow of resources embodying economic benefits is remote.

B. Notes on Accounts	As at 31.3.2008 Rs / Lac	As at 31.3.2007 Rs / Lac
1) Contingent Liabilities not provided for in respect of :		
i) Counter guarantees given in respect of Guarantees given by the Company's bankers	**2.45**	170.99
ii) Duties & tax liabilities disputed by the Company	**441.22**	376.22
iii) Claims not acknowledged by the Company	**34.95**	–
2) Obligations and commitments outstanding		
i) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	**10.52**	2,226.21
ii) Bills discounted with banks	**3,588.51**	2,742.59

3) The Government of Madhya Pradesh had imposed electricity cess on captive generation of electricity vide the Madhya Pradesh Upkaar (Dwitiya Sanshodhan) Adhiniyam, 2005. The imposition of cess was challenged by the Company along with other industrial units before the Hon'ble High Court of Madhya Pradesh. In the meanwhile the State Government passed legislation revoking imposition of the cess effective 17.8.2007. The Hon'ble High Court has recently dismissed the petition and issue is now pending before the Supreme Court for final decision. Pending disposal of the case, Company feels that no provision is considered necessary in respect of above matter. Amount involved is Rs. 5.71 lac for the year (Previous year Rs.29.17 lac) ; up to date Rs.284 lac (Previous year Rs.278 lac), not included under note no. B (1) (ii) of this Schedule.

4) Based on technical opinion, the company was treating plant & machinery of spinning unit as continuous process plant and accordingly charging depreciation upto financial year 1999-2000. To keep pace with changes in technology, company has since revised estimated useful life of the said plant & machinery to 13 years.

Had the depreciation been provided at rates applicable for triple shift operations, the depreciation charge for the year would have been higher by Rs 31.05 lac (Previous Year - lower by Rs. 85.86 lac).

5) Miscellaneous income includes provision for diminution in value of investments written back during the year of Rs. 0.35 lac (Previous Year - Rs. 1.87 lac).

6) a) Trade creditors include outstanding dues of small scale industrial undertakings Rs.Nil (Previous Year - Rs. 8.33 lac). The above information regarding small scale industrial undertakings has been determined to the extent such parties have been identified by the company, on the basis of information available with them. This has been relied upon by the auditors.

b) Based on the information available with the Company, no supplier / service provider has informed / confirmed of having filed any memorandum with the notified authority under The Micro, Small, and Medium Enterprise Development Act, 2006 ("the Act"), claiming their status as a Micro or Small Enterprise. This information has been relied upon by the auditors. Consequently, as of now, it is neither possible for the Company to ascertain whether payment to such enterprises has been made within 45 days from date of acceptance of supply of goods or services rendered by a supplier nor to give the relevant disclosures as required under the Act.

7) During the year the Company closed its garment division at the Sarovar unit due to the division's operations continuing to remain economically unviable. Major part of the machinery has been relocated to another manufacturing facility.

Company had closed the garment division as per provisions of the Industrial Disputes Act, 1947 after ensuring due compliance with all stipulated regulatory provisions. The Company's action for closure was challenged by the District Labour Officer before the Local Civil Court. Company in the meanwhile has obtained stay from the Hon'ble High Court of Madhya Pradesh precluding the local authorities from initiating any action for recovery of wages after the date of closure. The Hon'ble High Court has now referred the matter to the Industrial Tribunal. The Company has filed a writ petition before the Hon'ble High Court challenging the terms of reference to the Industrial Tribunal. Company does not foresee any further liability on this account.

8) During the year, the company has capitalised borrowing costs of Rs. 290.10 lac (Previous Year - Rs.203.32 lac), incurred on acquisition of fixed assets. The allocation of interest on borrowings, for the purpose of capitalisation, in respect of funds borrowed and used for the purpose of obtaining a qualifying asset has been done on the basis of use of funds as per the best possible estimates.

9) In July, 2006, the Board of Directors had resolved substantive downsizing of the Company's manufacturing facility at Jammu in the State of Jammu & Kashmir, due to the unit's operations continuing to remain economically unviable. Subsequently in October, 2006, the Board of Directors approved the voluntary retirement scheme for employees at Jammu unit. After obtaining necessary approval for closure from the state regulatory authorities in March, 2007, the Board of Directors formally approved closure of the unit and relocation/ disposal of its assets in May, 2007.

Being an integrated manufacturing facility, Jammu unit's operations were included in the business segments of 'Fabric' & 'Textile Made-ups'. Disposal of approximately half the industrial land & building has been almost completed and 90% of the sale proceeds realized. Since permission from the State regulatory authorities to relocate / dispose off the machineries is still awaited, Company expects to complete the process of disposing the division's balance assets within 2008-09. Pursuant to the Company's decision to relocate part of Jammu's manufacturing capacity, the management has concluded that there would be no impairment loss in respect of such machinery. In respect of the other machineries & assets (not earmarked for relocation), the management has recognized an impairment loss of Rs.260.17 lac based on the estimated net selling price realizable for such assets.

As at the end of current year, the carrying amount of assets (including assets to be relocated) & liabilities of the discontinued operation were as follows:

Rs / lac

	As at 31.3.2008	As at 31.3.2007
Fixed assets (Net Block)	**1,228.90**	1,853.71
Current assets, loans & advances	**244.52**	533.23
Total Assets	**1,473.42**	2,386.94
Secured loans	**735.36**	1094.12
Current liabilities	**52.31**	380.06
Total Liabilities	**787.67**	1,474.18

The following statement shows the revenue and expenses of continuing and discontinuing operation: Rs /lac

	Continuing Operations		**Discontinuing Operations**		**Total**	
	2007-08	2006-07	**2007-08**	2006-07	**2007-08**	2006-07
Net sales from operations	**31801.28**	27649.39	**89.54**	1342.49	**31890.82**	28991.89
Interunit transactions	**–**	(134.95)	**–**	134.95	**–**	–
Other income	**412.85**	477.67	**58.55**	48.93	**471.40**	586.61
Total income	**32214.13**	27992.11	**148.09**	1526.38	**32362.22**	29578.49
Operating expenses	**34546.57**	26158.62	**761.77**	3123.55	**35308.35**	29342.17
Pre-tax profit / (loss) from operations	**(2332.45)**	1833.50	**(613.68)**	(1597.18)	**(2946.13)**	236.33
Net Profit on sale of fixed assets of discontinuing operation	**–**	–	**866.46**	0.50	**866.46**	0.50
Financial expenses	**2131.42**	1460.74	**76.95**	237.29	**2208.37**	1698.03
Interunit financial transactions	**–**	(63.85)		63.85	**–**	–
Profit / (loss) before tax & exceptional item	**(4463.87)**	436.61	**175.83**	(1897.81)	**(4288.04)**	(1461.20)
Taxation	**(48.69)**	(116.98)	**(154.88)**	596.00	**(203.57)**	479.02
Profit / (loss) before exceptional item	**(4512.56)**	319.63	**20.95**	(1301.81)	**(4491.61)**	(982.18)
Employee termination costs	**–**	–	**–**	2224.53	**–**	2224.53
Less: Deferred tax thereon	**–**	–	**–**	(756.12)	**–**	(756.12)
Profit / (loss) after exceptional item	**(4512.56)**	319.63	**20.95**	(2770.22)	**(4491.61)**	(2450.59)

10) Pursuant to the announcement on "Accounting for Derivatives" issued by the Institute of Chartered Accountants of India, the Company has accounted for losses aggregating Rs.966.35 lac during the current year, computed on mark to market basis, on the Foreign Exchange Option Contracts outstanding as on 31st March, 2008.

11) **Deferred taxes**

Deferred taxes arise because of difference in treatment between financial accounting and tax accounting, known as "Timing differences". The tax effect of these timing differences is recorded as "deferred tax assets" (generally items that can be used as a tax deduction or credit in future periods) and "deferred tax liabilities" (generally items for which the Company has received a tax deduction , but have not yet been recorded in the statement of income).

The principal components of the net deferred tax balance are as follows :

Rs / lac

	As at 31.3.2008	As at 31.3.2007
Deferred tax liabilities		
Depreciation	**2,377.89**	2,312.70
Intangibles	**6.11**	10.08
Deferred tax assets		
Employee benefits	**57.73**	55.87
Voluntary Retirement Scheme	**376.83**	502.44
Unabsorbed Depreciation	**1,891.65**	1,834.61
Others	**57.79**	84.13
Net deferred tax liability / (assets)	**–**	(154.27)

Recognition of deferred tax assets has been restricted to the extent of deferred tax liabilities available. Based on schedule of reversal of timing differences giving rise to deferred tax liabilities, the management believes there is requisite degree of virtual certainty that the deferred tax assets, to the extent recognized, would be realised.

Rs / lac

	2007-2008	2006-2007
12) **Auditors' Remuneration**		
Audit Fee	**8.00**	8.00
Tax Audit	**1.00**	1.00
Certification	**2.30**	1.70
Reimbursement of Expenses	**0.91**	0.86
13) (a) **Managerial Remuneration**		
Salary	**24.00**	24.00
Provident Fund Contribution	**2.88**	2.88
Contribution to Superannuation	**3.60**	3.60
	30.48	30.48

The above excludes provisions for leave encashment and gratuity which are determined based on an actuarial valuation done on an overall basis for the Company. As no commission is due to the Managing Director, the computation of net profits in accordance with Section 309 (5) read with Section 349 of the Companies Act, 1956, has not been given.

Rs / lac

	2007-2008	2006-2007
(b) **Payments to Directors**		
Sitting fee	**8.40**	11.40
	8.40	11.40

14) Lease Commitments

a) The company leases space for office and other facilities under various operating leases for periods ranging between three to five years along with options that permit renewals for additional periods.

Future minimum commitments in respect of the operating leases that have remaining non-cancelable terms are set out below.

Rs / lac

	As at 31.3.2008	As at 31.3.2007
Within one year	**47.49**	43.74
One year to five years	**144.81**	192.30

b) The Company has taken motor cars on operating lease, which are non-cancelable for tenure of four years. The total amount recognised in the profit & loss account on account of rental expense for these operating leases, for the year, is Rs. 0.97 lac (Previous year - Rs. Nil).

Future minimum commitments payable under these operating leases are as under:

Rs / lac

	As at 31.3.2008	As at 31.3.2007
Within one year	**2.90**	–
One year to five years	**7.74**	–

15) Employee benefit obligations

Effective 1 April 2007, the Company adopted the revised accounting standard on employee benefits.

Defined contribution plans

The Company makes contributions towards provident fund and superannuation fund, to defined contribution retirement benefit plans for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the superannuation fund is administered by the Trustees of the 'Maral Overseas Limited Senior Executive Superannuation Fund'. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The amounts recognized as expense for defined contribution plans are as follows:

Rs/Lac

	Year ended 31.03.2008
Provident fund	**180.65**
Superannuation fund	**34.61**

Defined benefit plan

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Insurance Scheme of ICICI Prudential Life Insurance Company Limited, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary (last drawn salary) payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

The amounts recognized in the balance sheet are as follows:

Rs/Lac

	As At 31.03.2008
Present value of obligation	**258.56**
Fair value of plan assets	**206.14**
Net liability	**52.42**
Amounts in balance sheet	
Liability	**52.42**
Asset	**–**
Net liability	**52.42**

The amounts recognized in the profit and loss account are as follows: Rs/Lac

	Year ended 31.03.2008
Current service cost	**32.00**
Interest cost	**15.00**
Expected return on plan assets	**(17.41)**
Recognized net actuarial (gain) / loss	**209.94**
Total included in 'salaries, wages & benefits'	**239.53**
Actual return on plan assets	**16.20**

Reconciliation of benefit obligations & plan assets for the period

Changes in present value of defined benefit obligation Rs/Lac

	Year ended 31.03.2008
Obligations at period beginning	**187.46**
Current service cost	**32.00**
Interest cost	**15.00**
Benefits paid	**(19.05)**
Benefits paid directly	**(24.21)**
Curtailments paid directly	**(141.37)**
Actuarial (gain) / loss	**208.73**
Obligations at period end	**258.56**

Changes in the fair value of plan assets Rs/Lac

	Year ended 31.03.2008
Plan assets at period beginning, at fair value	**134.43**
Expected return on plan assets	**17.41**
Actuarial (gain) / loss	**(1.21)**
Contributions by employer	**74.56**
Benefits paid	**(19.05)**
Plan assets at period end, at fair value	**206.14**

The major categories of plan assets as a percentage of total plan assets are as follows: Rs/Lac

	As At 31.03.2008
Insurer managed funds	**96%**
Others	**4%**

The assumptions used in accounting for the gratuity plan are set out as below: Rs/Lac

	Year ended 31.03.2008
Discount rate	**8.00%**
Expected rate of return on plan assets	**10.00%**
Future salary increase rate	**5.50%**
	Rs/Lac
Expected contribution to the fund over next one year	**52.42**

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards.

The discount rate is based on prevailing market yields of Indian government bonds, as at the balance sheet date, consistent with the currency and estimated term of the post employment benefit obligations.

The expected rate of return on plan assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The Company has adopted AS 15 (Revised) from April 1, 2007 and this being the first year of adoption of AS 15 (Revised) the Company has not given disclosure for the following for previous four annual financial years:

i. The present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan; and

ii. The experience adjustments arising on plan liabilities and plan assets.

16) Earnings Per Share

Basic earning per share is computed by dividing the net profit or loss for the year available to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares in issue, adjusted for the effect of all dilutive potential equity shares that were outstanding during the year. Dilutive potential equity shares are weighted for the period they were outstanding and are deemed converted as of beginning of the year, unless they have been issued at a later date.

The following table sets forth the computation for basic and diluted earnings per share:

Rs /lac

		2007-2008		2006-2007	
		Basic	**Diluted**	Basic	Diluted
Numerator					
Net income / (loss) for the year		**(4491.61)**	**(4491.61)**	(2450.59)	(2450.59)
Add: Interest (net of tax)		–	–	–	–
Net earnings / (loss) for per share calculation		**(4491.61)**	**(4491.61)**	(2450.59)	(2450.59)
Denominator					
Weighted average number of equity shares		**2,17,58,000**	**2,17,58,000**	2,17,58,000	2,17,58,000
Dilutive potential equity shares		–	–	–	–
Total average equivalent shares		**2,17,58,000**	**2,17,58,000**	2,17,58,000	2,17,58,000
Net earnings / (loss) per share	Rupees	**(20.64)**	**(20.64)**	(11.26)	(11.26)
Nominal value per share	Rupees	**10.00**	**10.00**	10.00	10.00

Potential equity options may arise only in the event of default in payment due on certain loan funds. For the current year, diluted earnings per share is the same as the basic calculation, as the inclusion of any equity options would be anti dilutive, but these options could be dilutive in future.

17) **Related Party Transactions**

Following information regarding related parties has been determined on the basis of criteria specified in AS-18 "Related Party Disclosures".

a) Related parties with whom transactions have taken place.

i) Group A comprises of enterprise having key management in common with the Company.
- RSWM Ltd.

ii) Group B comprises of enterprises over which the key management personnel of the company are able to exercise significant influence
- Mayur Knits (P) Ltd.

iii) Group C comprises of key management personnel and their relatives
- Mr. Shekhar Agarwal
- Mrs. Shashi Agarwal
- Mr. Shantanu Agarwal
- Shekhar Agarwal (HUF)

	2007-2008	2006-2007
b) Sales to related parties (as a proportion to total turnover)		
Group A	**0.08%**	0.46%
c) Purchase of materials from related parties (as a proportion to materials consumed)		
Group A	**4.30%**	3.75%
d) Outstanding 'Due to' (as a proportion of trade creditors)		
Group A	**8.50%**	6.10%
Group B	**0.20%**	0.28%

e) The company paid Rs. 55.46 lac (Previous year - Rs. 47.61 lac) as rent for space occupied by them in the corporate head quarters owned by RSWM.

f) In view of common occupation of the corporate head quarters by the company alongwith RSWM and others, certain expenses consisting primarily of proportionate common expenses of Rs.83.21 lac (Previous year - Rs. 56.03 lac) were allocated by RSWM towards company's share. Likewise, expenses of Rs.7.89 lac (Previous year - Rs. 3.27 lac) were allocated by the company to RSWM.

g) Company has paid to RSWM, job charges of Rs. 80.74 lac (Previous year - Rs. 20.44 lac) and interest on delayed payments of Rs. 0.19 lac (Previous year Rs 0.18 lac).

h) Company has paid rent for lease of office premises to group 'C' parties of Rs.6.00 lac (Previous year - Rs. 6.00 lac).

i) Payment of remuneration to directors is as per note no.13 of this schedule.

18) **Segment Information**

The Company is currently organized into three business operating segments: Yarn, Fabric and Textile Made-ups. The Company's business segments offer different products and require different technology and marketing strategies.

Yarn, covers bought out yarn as well as production of cotton yarn over a wide range of counts, which besides being primarily exported, is also used for further value addition in fabric and garments. Fabric includes both bought out fabric as well as the value added activities relating to knitting, dyeing and processing. Textile Made-ups, comprise of made-ups made for renowned international brands.

The accounting principles used in preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in the note on significant accounting policies.

Transfer prices for inter segment revenues are generally set on an arm's length basis and are eliminated in consolidation.

Revenue and direct expenses in relation to segments are categorized based on items that are individually identifiable or allocable on a reasonable basis to that segment. Certain corporate level revenue and expenses, besides financial costs and taxes are not allocated to operating segments and are included in "reconciliation".

Assets and liabilities represent assets (both tangible and intangible) employed in operations and liabilities owed to third parties that are individually identifiable or allocable on a reasonable basis to that segment. Assets and liabilities excluded from allocation to operating segments such as investments, corporate debt and taxes etc. are included in "reconciliation".

Segment assets employed in the company's various business segments are all located in India. Capital expenditure includes expenditure incurred during the period on acquisition of segment fixed assets.

Geographical revenues are segregated based on location of the customer who is invoiced. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and west), Ireland and the United Kingdom; Africa includes Mauritius; Asian continent has been segregated into the Middle East & Gulf countries while the rest of Asia, other than India has been covered under Far East & South East Asia; Rest of the World comprises all other places except those mentioned above and India.

a) Segment data Rs / lac

	Yarn	Fabric	Textile Made-ups	Reconciliation	Consolidated Total
Sales					
External	19,023 (13,459)	3,860 (4,231)	9,008 (11,302)	– (–)	31,891 (28,992)
Inter segment	638 (1,325)	976 (5,122)	– (–)	(-)1,614 (-6,447)	– (–)
Total revenue	**19,661** **(14,784)**	**4,836** **(9,353)**	**9,008** **(11,302)**	**(-)1,614** **(-6,447)**	**31,891** **(28,992)**
Segment result (Continuing)	**1,229** **(1,162)**	**(-)272** **(425)**	**(-)2,449** **(185)**	**–** **(–)**	**(-)1,492** **(1,772)**
Segment result (Discontinuing)	**1** **–**	**(-)219** **(-471)**	**(-)395** **(-1,134)**	**–** **(–)**	**(-)613** **(-1,605)**
Other income				867 (0)	867 (0)
Unallocated expense				(-)61 (-69)	(-)61 (-69)
Employee termination costs				– (-2,225)	– (-2,225)
Financial costs				(-)2,022 (-1,559)	(-)2,022 (-1,559)
Loss on derivatives				(-)966 (–)	(-)966 (–)
Taxes				(-)204 (1,235)	(-)204 (1,235)
Net profit	**1,230** **(1,162)**	**(-)491** **(-46)**	**(-)2,844** **(-949)**	**(-)2,386** **(-2618)**	**(-)4491** **(-2451)**
Assets	26,108 (25,141)	4,884 (6,172)	5,718 (6,850)	857 (1,473)	37,567 (39,636)

Rs / lac

	Yarn	Fabric	Textile Made-ups	Reconciliation	Consolidated Total
Liabilities	2,684	592	1,173	987	5,436
	(1,899)	(589)	(1,091)	(181)	(3,760)
Capital employed	**23,424**	**4,292**	**4,545**	**(-)130**	**32,131**
	(23,242)	**(5,583)**	**(5,759)**	**(1,292)**	**(35,876)**
Capital expenditure	12,313	208	112	–	12,633
	(419)	(379)	(387)	(–)	(1,185)
Non cash expense					
Depreciation & Amortisation	1,429	711	249	–	2,389
	(1,006)	(426)	(270)	(–)	(1,702)
Impairment	–	98	162	–	260
	(–)	(–)	(–)	(–)	(–)
Other non cash expense	14	–	2	–	16
	(19)	(–)	(4)	(–)	(23)

b) Revenues from customers by geographic region

Rs / lacs

Geographic Segments	Yarn	Fabric	Textile Made-ups	Total
North America	109	–	2,694	2,803
	(–)	(–)	(5,552)	(5,552)
Europe	1,260	39	4,385	5,684
	(741)	(84)	(3,764)	(4,588)
Gulf & Middle East	260	–	409	668
	(740)	–	(1,144)	(1,884)
Far East & South East Asia	7,012	2,819	635	10,466
	(3,616)	(3,037)	(26)	(6,680)
Africa	3,542	–	1	3,543
	(3,458)	(20)	–	(3,478)
Rest of the World	515	4	–	519
	(89)	–	–	(89)
India	6,331	1,069	808	8,208
	(4,814)	(1,090)	(816)	(6,721)
Total	**19,028**	**3,932**	**8,931**	**31,891**
	(13,459)	**(4,231)**	**(11,302)**	**(28,992)**

19) **Additional information pursuant to Schedule VI to the Companies Act, 1956:**

a) Installed Capacities

	Unit	Current Year*	Previous Year*
Spindles	Nos.	75600	54528
Knitted Fabric	MT/Annum	5555	5915
Processed Fabric	MT/Annum	5357	5357
Dyed Yarn	MT/Annum	1000	1000
Readymade Garments	Lac Pcs. /Annum	87	87

* As certified by the Management. Since the Company's installations can technically be considered as multi-purpose plants, their capacity is variable in line with process improvements and the product mix adopted from time to time. The figures given in relation to installed capacities, are therefore, approximate and refer to an assumed product mix.

* Includes capacities of 'Knitted Fabric 1707 MT (Previous year 2067 MT)', 'Processed Fabric 1357 MT', 'Readymade Garments 21 lac pieces', relating to Jammu unit, a discontinuing operation.

b) Production, Turnover & Stocks

Rs / lac

		Opening Stock		Production % / Purchases		Captive Consumption	Turnover		Closing Stock	
	Unit	Qty.	Value	Qty.	Value	Qty.	Qty.	Value	Qty.	Value
Yarn	MT	226.072	337.38	15,478.637 *	–	3,423.235	12,030.618	15,541.82	250.856	294.75
		(686.775)	(742.69)	(13,310.469) *	(–)	(4,082.400)	(9,688.772)	(11,658.76)	(226.072)	(337.38)
Dyed Yarn	MT	35.586	50.95	1,182.205 $	–	543.854	632.473	1,265.45	41.464	63.26
		(31.564)	(46.56)	(656.562)	(–)	(305.944)	(346.596)	(605.18)	(35.586)	(50.95)
Knitted Fabric	MT	167.860	246.10	3,192.940 #	-	3,116.248	161.036	122.30	83.516	105.18
		(264.571)	(385.86)	(3,699.377) #	(-)	(3,648.500)	(147.588)	(144.44)	(167.860)	(246.10)
Processed Fabric	MT	263.908	626.24	2,972.662 ^	-	1,615.950	1,450.718	3,747.84	169.902	362.23
		(302.981)	(726.38)	(3,835.326) ^	(-)	(2,212.025)	(1,662.374)	(3,932.85)	(263.908)	(626.24)
Woven Fabric	Mtrs in Lacs	–	–	–	–	–	–	–	–	–
		–	–	(–)	(–)	(–)	–	–	–	(–)
Garments / Made-ups	Lac Pcs	9.526	1,178.86	53.513 @	–	–	57.022	8,399.99	6.017	881.85
		(9.392)	(1,243.81)	(60.652) @	(–)	–	(60.518)	(10,859.20)	(9.526)	(1,178.86)
Cotton/Other Waste	MT	53.459	11.50	6,314.233	–	–	6,241.854	2,088.22	125.838	47.73
		(43.358)	(11.70)	(5,257.561)	(–)	–	(5,247.460)	(1,440.75)	(53.459)	(11.50)

Notes:

		Unit	2007-2008	2006-2007
*	Includes outside production/purchases	MT	**661.035**	1,562.663
$	Includes outside production/purchases	MT	**251.882**	–
#	Includes outside production/purchases	MT	**741.250**	658.224
^	Includes outside processing/purchases	MT	**219.188**	976.378
@	Includes purchases	lac Pcs	**–**	0.133

% Production excludes quantities produced for third parties under contract with the Company

	Unit	2007-2008 Qty.	2007-2008 Value Rs / lac	2006-2007 Qty.	2006-2007 Value Rs / lac
c) Raw Material Consumed					
Cotton	MT	**21,499.675**	**13,157.45**	17,480.139	9,115.78
Yarn purchased	MT	**912.809**	**1,683.12**	1,562.663	2,246.28
Fabrics purchased	MT	**290.305**	**564.27**	475.641	1,184.13
			15,404.84		12,546.19
Less: Cotton consumed during trial run	MT	**1,338.164**	**827.12**	–	–
			14,577.72		12,546.19

		2007-2008 Value Rs / lac	2006-2007 Value Rs / lac
d)	**Value of Imports calculated on CIF basis in respect of :**		
	Raw Materials	**1,839.02**	1,785.39
	Stores & Spares (including Dyes,Chemicals & Embellishments)	**773.50**	722.65
	Capital Goods	**392.68**	1,630.34
e)	**Expenditure in Foreign Currency**		
	Travelling	**55.54**	47.19
	Commission and others	**482.74**	415.09
	Interest	**17.62**	114.71
f)	**Earnings in Foreign Currency**		
	FOB value of Exports	**23,064.62**	20,576.48
	Others (Freight, Insurance, Claims etc.)	**623.75**	616.16

		2007-2008		2006-2007	
		Value Rs / lac	**%**	Value Rs / lac	%
g)	**Details of imported and indigenous Raw Material & Stores consumed**				
	Raw Material				
	– Imported	**2,741.16**	**18.80**	733.60	5.85
	– Indigenous	**11,836.56**	**81.20**	11,812.59	94.15
	Stores & Spares (including Dyes, Chemicals & Embellishments)				
	– Imported	**416.85**	**15.26**	514.54	19.21
	– Indigenous	**2,315.01**	**84.74**	2,163.29	80.79

20) a) Figures in brackets, wherever given, are in respect of previous year.

b) Previous year's figures have been regrouped and recast wherever considered necessary.

The Schedules referred to in Balance Sheet and Profit & Loss Account form an integral part of the accounts.

Signed for identification Schedule 1 to 16

For Doogar & Associates
Chartered Accountants

Mukesh Goyal
Partner
Membership No.81810

For Ashim & Associates
Chartered Accountants

Ashim Agarwal
Partner
Membership No. 84968

Ravi Jhunjhunwala
Chairman

Shekhar Agarwal
Managing Director

P.S. Puri
Chief Financial Officer

Vivek Chaudhary
Company Secretary

Noida (U.P.)
27th June, 2008

SCHEDULE - VI
PART - IV
BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	00008255	State Code	10
Balance Sheet Date	31 03 2008		

II. Capital Raised during the year (Amount in Rupees Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	3730745	Total Assets	3730745
Sources of Funds		**Application of Funds**	
Paid-up Capital	217580	Net Fixed Assets	2666278
Reserves & Surplus	471354	Investments	1413
Secured Loans	2844311	Net Curret Assets	545391
Unsecured Loans	197500	Miscellaneous Expenditure	1799
Deferred Tax Liability	NIL	Accumulated Losses	515864
		Deferred Tax Assets	NIL

IV. Performance of Company (Amount in Rupees Thousands)

Turnover	3189082	Total Expenditure	3617886
+/- Profit/Loss before tax	-428804	+/- Profit/Loss after tax	-449161
Earning per share (in Rs)	(-) 20.64	Dividend Rate (%)	NIL

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

Item Code No. (ITC Code)	Product Description
52.00	COTTON COMBED HOSIERY YARN
60.00	COTTON KNITTED FABRIC
61.00	COTTON KNITTED GARMENT

Ravi Jhunjhunwala
Chairman

Shekhar Agarwal
Managing Director

P.S. Puri
Chief Financial Officer

Noida (U.P.)
27th June, 2008

Vivek Chaudhary
Company Secretary

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

Rs / lac

		Year Ended 31.3.2008		Year Ended 31.3.2007
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) before Tax & Exceptional Item		**(4,288.04)**		(1,461.20)
Employee Termination costs		**–**		(2,224.53)
Net Profit / (Loss) before tax		**(4,288.04)**		(3,685.73)
Adjustments for:				
Depreciation & Amortisation		**2,648.93**		1,701.71
Dividend received		**(0.56)**		(0.36)
Interest Cost		**2,022.32**		1,490.27
Unrealised Exchange Difference		**–**		(29.99)
Diminution in value of investments		**(0.35)**		(1.87)
(Profit)/Loss on sale of Fixed Assets (Net)		**(897.11)**		(137.84)
Provision for doubtful debts		**111.30**		46.55
Miscellaneous Expenditure written off		**16.30**		23.06
Operating profit before working capital changes		**(387.21)**		(594.20)
Adjustments for:				
Trade Receivables		**(439.20)**		(576.64)
Inventories				
Raw Material & Packing Material	**2,615.91**		711.43	
Stock in process	**(123.10)**		(68.40)	
Finished Goods & Waste	**696.03**		705.96	
Stores, Spares & Others	**168.77**	**3,357.61**	45.54	1,394.53
Loans & Advances		**(509.17)**		(412.85)
Trade Payables	**1,745.23**		1,849.94	
Provisions	**1.25**	**1,746.48**	(15.42)	1,834.52
Deferred Revenue Expenditure		**(4.61)**		–
Cash from operating activities		**3,763.90**		1,645.36
Taxes Paid		**(48.07)**		(60.80)
Net cash from operating activities		**3,715.83**		1,584.56
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of fixed assets		**(3,935.07)**		(8,479.28)
Sale/Adjustment of fixed assets		**1,217.53**		223.15
Interest received		**8.83**		15.05
Dividend received		**0.56**		0.36
Net Cash used in investing activities		**(2,708.15)**		(8,240.72)

				Rs / lac
		Year Ended 31.3.2008		Year Ended 31.3.2007
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Receipts from Term & Other Borrowings	**4,201.06**		12,718.60	
Increase/ (Decrease) in Short Term Bank Borrowings	**(770.28)**	**3,430.78**	338.35	13,056.95
Repayment of Term & Other Borrowings	**(2,915.95)**		(4,061.05)	
Interest Cost	**(2,281.27)**	**(5,197.22)**	(1,672.36)	(5,733.41)
Net Cash from financing activities		**(1,766.44)**		7,323.54
Net increase in Cash and Cash equivalents		**(758.76)**		667.38
Opening Cash and Cash equivalents		**904.45**		237.07
Closing Cash and Cash equivalents		**145.69**		904.45
Notes: 1. Cash and cash equivalents consist of cash on hand and demand deposits with bank.				
2. Cash and cash equivalents included in the cash flow statement comprise of the following amounts:				
Cash, Cheques & Stamps in hand		**34.95**		50.64
Balances with Bank		**147.76**		891.17
Post Office Saving Account		**0.01**		0.01
As per the Balance Sheet		**182.72**		941.82
Less: Deposits under lien	**11.61**		6.55	
Margin Money Account	**5.79**		5.43	
Unpaid Dividend Account	**8.79**		14.58	
Employees Security – Savings Account	**0.84**		0.81	
– Deposit Account	**10.00**	**37.03**	10.00	37.37
Closing cash & cash equivalents as restated		**145.69**		904.45

3. Cash flows of continuing operations and discontinuing operation are:

	Continuing Operations		Discontinuing Operations		Total	
	2007-08	2006-07	**2007-08**	2006-07	**2007-08**	2006-07
Net cash from / (used in) operating activities	**3,995.20**	3,439.47	**(279.38)**	(1,854.91)	**3,715.83**	1,584.56
Net cash from / (used in) investing activities	**(3,792.86)**	(8,289.64)	**1,084.71**	48.92	**(2,708.15)**	(8,240.72)
Net cash from / (used in) financing activities	**(1,330.16)**	9,216.39	**(436.27)**	(1,892.84)	**(1,766.44)**	7,323.55

4. Previous year's figures have been rearranged wherever necessary

As per our report of even date

For Doogar & Associates
Chartered Accountants

Mukesh Goyal
Partner
Membership No.81810

For Ashim & Associates
Chartered Accountants

Ashim Agarwal
Partner
Membership No. 84968

Ravi Jhunjhunwala
Chairman

Shekhar Agarwal
Managing Director

P.S. Puri
Chief Financial Officer

Vivek Chaudhary
Company Secretary

Noida (U.P.)
27th June, 2008

FINANCIAL INDICATORS

(Rs / lacs)

S.NO.	DESCRIPTION	2003-2004	2004-2005	2005-2006	2006-2007	**2007-2008**
1.	Net Turnover	23,824.32	24,864.12	24,522.87	28,991.88	31,890.82
2.	PBIDT	(259.03)	2,853.07	2,630.52	(286.00)	(297.20)
3.	Interest					
	– Long Term	681.85	592.43	626.91	728.55	1,186.18
	– Short Term	523.81	429.18	582.11	969.48	1022.19
	– Total	1,205.66	1,021.61	1,209.02	1,698.03	2,208.37
4.	Depreciation	2,142.86	1,825.44	1,646.24	1,701.70	2,648.93
5.	PBT	(3,607.55)	6.02	(224.74)	(3,685.73)	(4,288.08)
6.	Provision for Income Tax	(1,288.27)	(102.94)	(274.18)	(1,235.14)	(203.57)
7.	PAT	(2,319.28)	108.96	49.44	(2,450.59)	(4,491.61)
8.	EPS(Weighted Avg.)	(11.30)	0.53	0.23	(11.26)	(20.64)
9.	Equity Capital	2,053.28	2,053.28	2,175.80	2,175.80	2,175.80
10.	Preference Capital	–	–	–	–	–
11.	Return on Net Worth (%) # (PAT/Net Worth)	(28.73)	1.37	0.57	(39.57)	(262.21)
12.	Interest Cover # (PBIDT-Tax)/Interest	0.83	3.25	2.63	0.56	0.17
13.	Debt - Equity #	1.00	1.28	1.54	3.54	13.62
14.	Return on Sales	(9.73)	0.44	0.20	(8.54)	(6.57)
1.	Total Capital Employed	23,888.26	24,560.94	30,586.99	35,998.19	32,261.40
2.	Net Worth	8,072.98	7,938.13	8,620.16	6,192.64	1,712.71
3.	Total Debt	14,034.12	15,171.52	20,839.63	29,805.54	30,418.00
4.	Term Debt	8,045.61	10,189.65	13,312.42	21,939.98	23,323.00
5.	Gross Fixed Assets	28,291.30	29,516.97	34,656.57	42,756.34	46,215.00

QUANTITATIVE DATA

YEAR	YARN MT	FABRIC MT	PROCESSED FABRIC MT	GARMENT LAC PCS
PRODUCTION				
2003-2004	9952.95	1920.62	1678.65	42.10
2004-2005	11846.61	2224.72	2087.67	46.21
2005-2006	11786.83	2849.39	2951.37	67.62
2006-2007	11747.81	3041.15	2858.95	60.52
2007-2008	**14817.60**	**2451.69**	**2753.47**	**53.51**
SALES				
2003-2004	9738.05	622.96	818.84	45.42
2004-2005	10199.69	483.26	709.21	45.79
2005-2006	9263.75	82.76	961.81	64.25
2006-2007	9688.77	147.59	1662.37	60.52
2007-2008	**12030.62**	**161.04**	**1450.72**	**57.02**

FINANCIAL STATISTICS

CAPITAL ACCOUNT

(Rs / lacs)

YEAR	CAPITAL	RESERVES	NETWORTH
2003-2004	2053.28	6254.29	8072.98
2004-2005	2053.28	5957.59	7938.13
2005-2006	2175.80	6497.10	8620.16
2006-2007	2175.80	4046.51	6192.64
2007-2008	**2175.80**	**(445.09)**	**1712.71**

REVENUE ACCOUNT

(Rs / lacs)

YEAR	NET SALES	OPERATING COST			PBIDT	INTEREST	DEPRECIATION	PBT	TAX	PAT
		RAW MATERIAL	PACKING COST	VALUE ADDED						
2003-2004	23,824.32	12,853.02	421.43	10,549.87	(259.03)	1,205.66	2,142.86	(3,607.55)	(1,288.27)	(2,319.28)
2004-2005	24,864.12	13,419.19	350.96	11,093.96	2,853.07	1,021.61	1,825.44	6.02	(102.94)	108.96
2005-2006	24,522.88	12,452.24	451.59	11,619.05	2,630.52	1,209.02	1,646.24	(224.74)	(274.18)	49.44
2006-2007	28,991.88	15,109.49	525.21	13,357.00	(286.00)	1,698.03	1,701.70	(3,685.73)	(1,235.14)	(2,450.59)
2007-2008	**31,890.82**	**16,976.71**	**502.25**	**14,411.00**	**(297.20)**	**2,208.37**	**2,648.93**	**(4,288.04)**	**(203.57)**	**(4,491.61)**

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of
Maral Overseas Limited

We have examined the compliance of conditions of Corporate Governance by Maral Overseas Limited, for the year ended on 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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 Doogar & Associates
Chartered Accountants

Mukesh Goyal
Partner

For Ashim & Associates
Chartered Accountants

Ashim Agarwal
Partner

Noida (U.P.)
27th June, 2008

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Shekhar Agarwal, Managing Director and P.S. Puri, Chief Financial Officer, of Maral Overseas Limited, hereby certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by Maral Overseas Limited during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We are responsible for establishing and maintaining internal controls for financial reporting in Maral Overseas Limited and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee

   (i) Significant changes in internal control over financial reporting during the year;

   (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

   (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

(e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).

(f) We further declare that all Board members and designated senior management have affirmed compliance with the Code of Conduct for the current year.

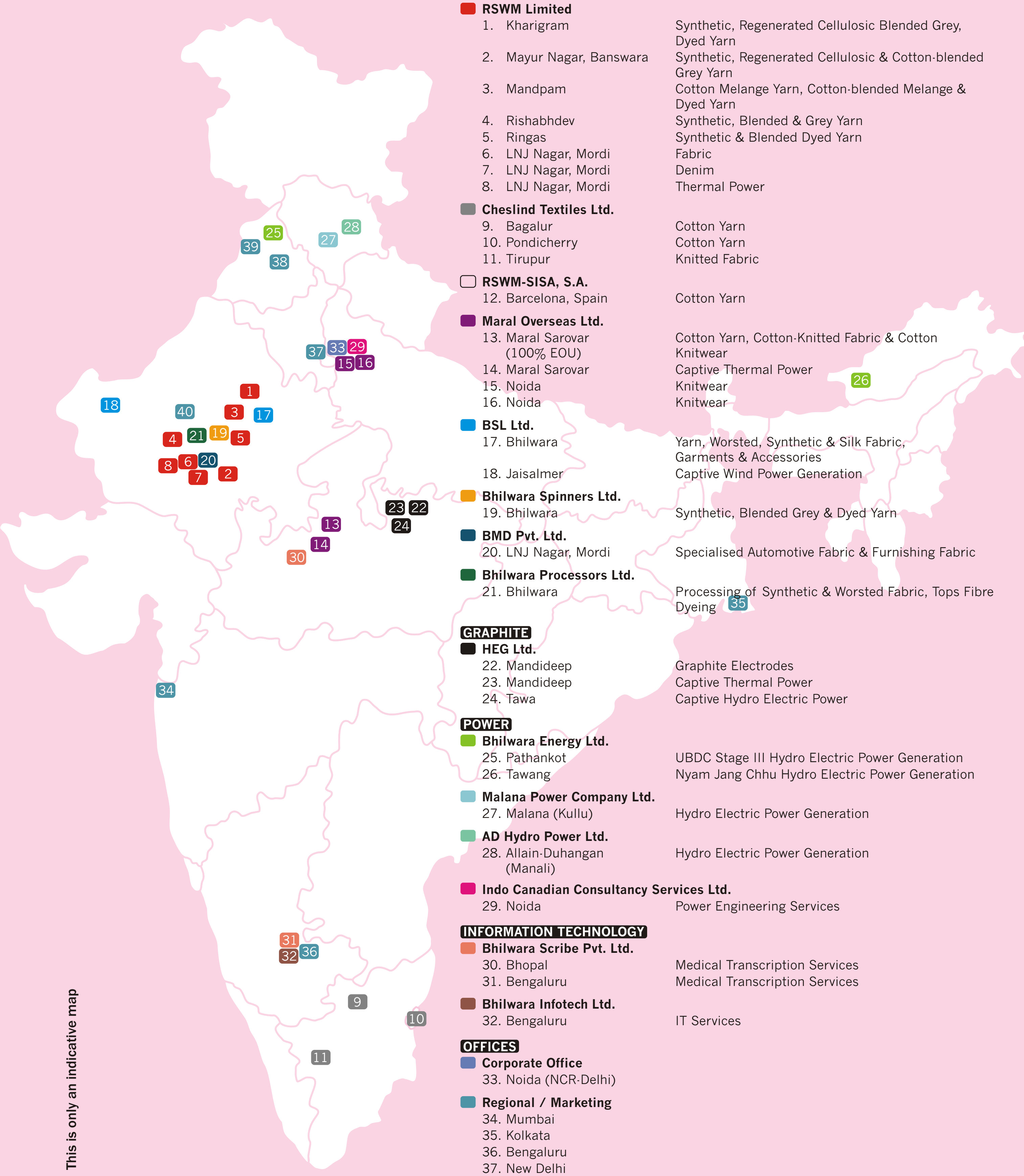
Noida (U.P.)
27th June, 2008

Shekhar Agarwal
Managing Director

P. S. Puri
Chief Financial Officer

NOTES

LNJ Bhilwara Group



TEXTILES

RSWM Limited

1. Kharigram	Synthetic, Regenerated Cellulosic Blended Grey, Dyed Yarn
2. Mayur Nagar, Banswara	Synthetic, Regenerated Cellulosic & Cotton-blended Grey Yarn
3. Mandpam	Cotton Melange Yarn, Cotton-blended Melange & Dyed Yarn
4. Rishabhdev	Synthetic, Blended & Grey Yarn
5. Ringas	Synthetic & Blended Dyed Yarn
6. LNJ Nagar, Mordi	Fabric
7. LNJ Nagar, Mordi	Denim
8. LNJ Nagar, Mordi	Thermal Power

Cheslind Textiles Ltd.

9. Bagalur	Cotton Yarn
10. Pondicherry	Cotton Yarn
11. Tirupur	Knitted Fabric

RSWM-SISA, S.A.

12. Barcelona, Spain	Cotton Yarn

Maral Overseas Ltd.

13. Maral Sarovar (100% EOU)	Cotton Yarn, Cotton-Knitted Fabric & Cotton Knitwear
14. Maral Sarovar	Captive Thermal Power
15. Noida	Knitwear
16. Noida	Knitwear

BSL Ltd.

17. Bhilwara	Yarn, Worsted, Synthetic & Silk Fabric, Garments & Accessories
18. Jaisalmer	Captive Wind Power Generation

Bhilwara Spinners Ltd.

19. Bhilwara	Synthetic, Blended Grey & Dyed Yarn

BMD Pvt. Ltd.

20. LNJ Nagar, Mordi	Specialised Automotive Fabric & Furnishing Fabric

Bhilwara Processors Ltd.

21. Bhilwara	Processing of Synthetic & Worsted Fabric, Tops Fibre Dyeing

GRAPHITE

HEG Ltd.

22. Mandideep	Graphite Electrodes
23. Mandideep	Captive Thermal Power
24. Tawa	Captive Hydro Electric Power

POWER

Bhilwara Energy Ltd.

25. Pathankot	UBDC Stage III Hydro Electric Power Generation
26. Tawang	Nyam Jang Chhu Hydro Electric Power Generation

Malana Power Company Ltd.

27. Malana (Kullu)	Hydro Electric Power Generation

AD Hydro Power Ltd.

28. Allain-Duhangan (Manali)	Hydro Electric Power Generation

Indo Canadian Consultancy Services Ltd.

29. Noida	Power Engineering Services

INFORMATION TECHNOLOGY

Bhilwara Scribe Pvt. Ltd.

30. Bhopal	Medical Transcription Services
31. Bengaluru	Medical Transcription Services

Bhilwara Infotech Ltd.

32. Bengaluru	IT Services

OFFICES

Corporate Office

33. Noida (NCR-Delhi)

Regional / Marketing

34. Mumbai
35. Kolkata
36. Bengaluru
37. New Delhi
38. Ludhiana
39. Amritsar
40. Bhilwara

PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

Maral Overseas Limited

Maral Overseas Limited
Bhilwara Towers, A-12, Sector I, Noida - 201301 (NCR - Delhi), India
www.maraloverseas.com