
MANAGEMENT DISCUSSION AND ANALYSIS REPORT**INDUSTRY STRUCTURE & DEVELOPMENT**

Over the last few decades, the disease burden has risen sharply worldwide particularly in developing and under-developed economies. Increase in the rate of sexually transmitted diseases especially HIV/AIDS has become a menace in the Third world countries. Awakening of the common masses through social awareness programmes to provide proper and adequate information on family planning has become a necessity. In this respect your Company strives to maintain an optimistic and growth-oriented outlook to ensure optimal profits in the domestic as well as global markets.

Receipt of orders of the value of Rs.1927 lakhs from the Ministry of Health & Family Welfare (MHFW), Government of India in September, 2010 has resulted in resumption of factory operations from November 1, 2010.

OPPORTUNITIES & THREATS

Awareness programmes regarding family planning and mitigation of HIV/AIDS and other sexually transmitted diseases has increased the demand for condoms in both local and international markets. Increased demand for contraceptives has consequently made the field of contraceptives industry a highly competitive one. In this scenario, your Company is confident to face stiff competition although working capital requirements is posing a major constraint in the way of growth of the Company.

Escalating costs of indigenous inputs in global markets combined with non-receipt of orders on a continual basis in the domestic market has become a matter of great concern for your Company.

Your company's adherence to overall growth and development strategy has helped it to seize the upcoming opportunities. Replacement of conventional materials and upgradation of new applications will make the products of the Company much more acceptable in the domestic market.

SEGMENT-WISE/ PRODUCT- WISE PERFORMANCE

Since there is no exclusive business segment as the Company is only dealing in latex prophylactics.

FUTURE OUTLOOK

During the fiscal under review, your Company has been able to procure orders of the value of Rs.1927 lakhs from the Government of India. Your Company is poised for a healthy growth in the ensuing years keeping in view its performance in the current year. The Company is making an attempt to participate in global tenders which has been lately difficult owing to increased costs of production and working capital constraints.

RISKS & CONCERNS

The analysis presented in the Industry Scenario and Opportunities and Threats section of this Report throws light on the unavoidable risks and concerns faced by your Company. Mitigation of such risks are recognized and subjected to periodic review by the Board. Safety is the core concern for your Company and is an important part of any business decision.

In compliance with the revised Clause 49 of the Listing Agreement, steps are being taken to improve the existing Risk Management System.

INTERNAL CONTROL SYSTEM & ADEQUACY

The Company boasts of a defined and organized structure of internal control system in order to ensure proper utilization of resources and at the same time providing all reasonable assurance of reporting and recording the transactions of all its operations and of extending protection against misappropriation of

your company's assets. Your Company in relation to internal controls intends to offer reasonable promise regarding the success of the following objectives:

1. Effectiveness & Efficiency of operations;
2. Adequacy in safeguard of assets &
3. Reliability of financial controls.

The Audit Committee has been vested with wide powers to review any transaction and has been empowered with the term of reference as mandated by amended Clause 49 of the Listing Agreement.

TECHNOLOGY

Cost reduction without compromising with the quality of products remains one of your Company's prime objectives. Technological advancement is the need of the hour in the fiercely competitive and dynamic contraceptive industry. Skilled employees as well as proper planning have enabled your company to attain an edge over its competitors. Your Company thrives to ensure continual development in quality and range of its products.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, the Company has posted a turnover of Rs 1094.76 lakhs owing to receipt of orders from Ministry of Health & Family Welfare (MHFW), Government of India as against Rs.2.73 lakhs in the previous fiscal. Based on the said order, the Company has recorded an operating profit of Rs.202.71 lakhs as against 196.89 lakhs in the previous financial year

HUMAN RESOURCES/ INDUSTRIAL RELATIONS

Your Company emphasizes on maintenance of harmonious industrial relations at its manufacturing unit at Balasore and healthy and cordial employee relations in all its offices.

As part of the overall HR Strategy, training programmes were undertaken for enhancement of employee skills and talents at all levels through both internal and external faculties during the year under review, putting forth health and safety of all its employees as its priority.

CAUTIONARY STATEMENT

Statement in the "Management's Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predications may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied in this report. Important factors that would make a difference to the Company's operations include global and Indian demand/supply conditions, raw materials prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations/policies, tax regimes, economic developments within the country and other factors such as litigation and labour negotiations. The Company assumes no responsibility to modify or revise any forward-looking statements on the basis of any future events or new information. Actual results may differ from those mentioned in the report.

For and on behalf of the Board of Directors

Kolkata, 11th August, 2011

ANIL AGARWAL
Chairman & Managing Director