

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION:

The objective of this discussion is to share the Management's view on the various developments in the business environment, challenges and opportunities, as well as to provide an analysis of the Company's performance. This discussion also summarizes the Company's internal control measures and significant development in Human Resources. This discussion should be read in conjunction with the Letter to Shareholders, Director's Report, Financial Statements and Notes to Financial Statements included in this Annual Report.

i) INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Industry structure has remained the same in the domestic market. In some new products for Tube & Pipe Manufacturing Company, High Speed Circular Sawing Machines, ITL has captured a reasonable market size. More and more technological advancement and updation of latest technology creates an opportunity to penetrate into new products line & global market in near future

ii) OPPORTUNITIES AND THREATS:

There is significant change in the outlook compared to last year. The Company continues to enhance opportunities for growth by focusing on introduction of new products and putting high emphasis on after sales & services of the products along with up gradation of technology.

The Company faces the normal threats, risks and concerns which are associated with competition from local and overseas manufacturers.

iii) SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

a) MANUFACTURING DIVISION:-

Manufacturing Division has achieved Sales / Income of Rs.2823.72 lacs in the year 2008-09 as against Rs. 3337.72 lacs in the year 2007-08, this is due to overall recession in the market. But, the Company has booked bulk order's of Pipes and Tubes manufacturing machines and sales of the same will reflect in the current financial year.

b) TRADING DIVISION:-

Trading Division of Hydraulics has achieved Sales / Income of Rs. 638.12 lacs in the year 2008-09 as against Rs. 425.07 lacs in the year 2007-08 During the current financial year the above division is also receiving good orders from the customers.

iv) OUTLOOK:

In current year the Company is confident of growing much faster in comparison to economy & capital goods industry looking to the present level of Orders and Enquires for Manufacturing Division i.e. Bandsaw and Tube & Pipe Manufacturing equipment are showing good sing for recovery, and total sales and present order's in hand of the Company surpass the sales turnover of the previous year.

v) RISKS AND CONCERNS:

The Company is falling under the capital goods industry, the growth of the which is determined by overall growth of the Industry.

An overall concern is pertaining to the pressure on the profitability. However, ITL has taken all measures to reduce the Direct and Indirect cost. During the current year, the Tube and Pipe Manufacturing Division is showing excellent growth in orders and inquiry due the overall growth of Industry. The

advancement of technology and strategic positioning of products is expected to give better results.

vi) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has well established internal control systems and to further strengthen the systems, it has appointed an external firm of Chartered Accountants to carry out Internal Audit and to review the internal control measures.

vii) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

During the year under review the Company has achieved Turnover of Rs. 3393.71 lacs as against the previous year of Rs. 3696.12 lacs, which is slightly lower due to recession in the overall market, and the net profit after tax is also decreased from Rs. 167.52 lacs to Rs. 118.44 lacs is the year under review.

viii) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT:

ITL Industries continues to consolidate the belief that employees are our key resource. We continue to maintain a relatively young age factor amongst our employees and we are happy to report that they have taken full advantage of the opportunities that have been created for them. It continues to encourage innovative thinking as well as invest in internal training programs and initiatives for employees. We are proud to say that we are well on our way to establishing a work culture and environment in which every employee feels stimulated and motivated to contribute and perform.

We are proud to report that we have that we continue to maintain cordial Industrial Relations, and our employees actively participate in any initiative aimed at improving productivity, co-operation and understanding. This is indeed a proud achievement and we intend to continue to maintain this enviable track record.

ix) DISCLAIMER STATEMENT:

Report on Management Discussion and Analysis deals with the Company's objectives, estimates, expectations and forecasting which may be forward looking within the meaning of applicable Security Laws and/or Regulations.

The aforesaid statements are based on certain premises and expectations of future events as such the actual results may however defer materially from those expressed or implied. The Government Regulation, Tax structure, demand-supply conditions, cost of raw material & their availability, finished goods prices and economic development within India and the countries with which the Company has business relationship will have an important bearing on the statements in the above Report.

he foregoing discussions and analysis only set out the management perception of the Company's environments, in the coming months, which, by their very nature are uncertain and may undergo substantial changes in view of the events taking place later. Thus, the Company should and need not be held responsible, if, which is not unlikely, the future turns to be something quite different even materially Subject to this management disclaimer, this discussion and analysis should be perused.

For BOARD OF DIRECTORS

PLACE: INDORE
DATED: 25.08.2009

(RAJENDRA SINGH JAIN)
MANAGING DIRECTOR

