

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion & Analysis Report pursuant to Clause 49 of Listing Agreement.

### **Industry Structure and Development:**

The Company's products can be classified under the Textile Products. The Company is taking all necessary steps to maximize the profitability of the Company. As for the previous year, Company has entered in bullion segment, but could do only a little during the year. Looking to the huge scope available in bullion section both domestically and in International Market, Company is planning to enter into trading activities in bullion market, looking that there is a huge scope available for the same as per the current market conditions.

### **Opportunities and Threats:**

Our product is intermediary product for user industries and the development will be based on dependant other industries.

The Company is making continuous efforts to produce different grades of products to meet the requirement of its customers.

The Company is making efforts for exploring other avenues to increase its sales of different varieties of Garments.

Any changes in international price of its products and fluctuations in foreign exchange will have effect on the profitability of the Company.

### **Segment or Product wise performance:**

The Company operates in single business segment i.e. Textile comprising cotton, yarn, fabrics etc.

### **Outlook:**

The outlook for the Company appears bright on a long term basis. The Company is hopeful that its performance in the years to come would be encouraging, as the Company is planning to start the trading in bullion in national as well as international market.

### **Risk Management:**

The Company is exposed to a number of risks. Some key risks have been mentioned below:

1. The Raw material prices are market driven being an agricultural product and any natural calamity such as drought/ flood will affect the profitability of the Company.
2. Any change in the fashion will also have bearing on the profitability of the Company.

### **Internal Control Systems and their adequacy:**

The company has adequate systems of internal control covering all financial and operational activities. The internal control are designed to provide reasonable assurance with regard to maintaining proper accounting controls, protecting assets from unauthorized losses and ensuring reliability of financial and operational information and proper compliance with regulations. In the opinion of the Board, an internal control system adequate to the size of the Company is in place.

### **Financial Performance:**

For the year 2008-09 Net Profit (Loss) after tax is Rs. (63.93) Lacs against Loss of Rs. (320.76) Lacs during the previous year.

### **Human Resource / Industrial Relations:**

The Company is regularly conducting seminars and workshops to improve the safety and maintenance of the factory. The Company is deputing employees for attending seminars, for updating their skills and knowledge.