



# **THE DHAR TEXTILE MILLS LTD.**

## **21st Annual Report 2004 - 2005**

**BOARD OF DIRECTORS** : Shri Pankaj Jajoo Managing Director  
: Shri Manish Jajoo Director  
: Shri Bhikabhai Patel Director  
: Shri Ulhas B. Narkar Director (Nominee of IDBI)

**BANKERS** : State Bank of India  
: State Bank of Indore  
: Canara Bank  
: State Bank of Saurashtra

**AUDITORS** : B.Bansal & Co.  
Chartered Accountants,

**REGISTERED OFFICE** : C-1/A Low Land Area, Pologround,  
Industrial Estate, INDORE (M.P.)  
Ph. : +91 (731) 2423456  
Fax : +91(731) 2421940  
e-mail : share\_dept@dhartextile.com  
Gram : IMPELLERS

**BRANCHES** : Bangalore  
Calcutta  
Chennai  
Delhi  
Mumbai

**WORKS** : **YARN DIVISION :**  
188, Sector I, Pithampur  
Dist. Dhar (M.P.)  
Ph. : +91(7292) 253093  
**FABRIC DIVISION :**  
C-1/A, Low Land Area,  
Pologround, Industrial Estate,  
INDORE  
Ph. : +91 (731) 2423456  
Fax : +91 (731) 2421940



## NOTICE

**NOTICE** is hereby given that the Twenty first Annual General Meeting of the members of the Company will be held on Friday the 30th day of September, 2005, at 10 a.m. at the Registered Office of the Company at C-1/A, Low Land Area, Pologround Industrial Estate, Indore (Madhya Pradesh), to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2005, and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Pankaj Jajoo, who retires by rotation and being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS**

#### **3. APPOINTMENT OF STATUTORY AUDITORS**

To consider and if thought fit, to pass with or without modifications the following resolution as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of section 224A and other applicable provisions of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded for the re-appointment of M/s. B.Bansal & Co. Chartered Accountants, Indore as Statutory Auditors of the Company to hold office from the conclusion of this meeting up to the conclusion of the next annual general meeting of the Company for the financial year 2005-2006;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to determine the remuneration of the Auditors in consultation with them."

### **BY ORDER OF THE BOARD**

**INDORE**  
30th July, 2005

**PANKAJ JAJOO**  
**MANAGING DIRECTOR**

### **NOTES**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR THE MEETING.**

2. The explanatory statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No.3 of the Notice set out above are annexed herewith.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday the 28th day of September 2005 to Friday, the 30th day of September 2005 (both days inclusive).
4. Members desirous of obtaining any information/details with regard to accounts and operations of the Company are requested to write to the Company at least 7 days before the meeting to enable the Company to keep the required information ready at the time of meeting.
5. The Shareholders who are holding their shares in physical mode are requested to get their shares dematerialized and for the purpose are requested to approach their respective Depository Participants for de-materialisation of their shares.
6. In terms of the directions issued by the Securities And Exchange Board of India the share transfer activities relating to the Company have been transferred to M/s. Intime Spectrum Registry Limited during the year and they are the authorised Share Transfer Agents of the Company. The shareholders may address all future correspondence to them at their address mentioned on the backside of the front page.
7. The shareholders are requested to notify change in their address to the Company or its Share Transfer Agent immediately.

### **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956:**

#### **Item No. 3:**

The holding of public financial institutions in the Company is in excess of 25% of the subscribed capital of the Company and in such a situation provisions of section 224A of the Companies Act, 1956 require approval of the members of the Company by way of a special resolution for the appointment of Statutory Auditors at the annual general meeting. Hence the re-appointment of M/s. B.Bansal & Co., Chartered Accountants, Indore as Statutory Auditors of the Company is required to be made by passing a special resolution as proposed in the notice.

The directors recommend passing of the Special resolution. None of the directors of the Company is interested in the resolution.

### **BY ORDER OF THE BOARD**

**INDORE**  
30th July, 2005

**PANKAJ JAJOO**  
**MANAGING DIRECTOR**



## DIRECTORS' REPORT

Your Directors have pleasure in presenting their 21st Annual Report on the Financial Performance of the Company for the year ended the 31st March 2005.

FINANCIAL RESULTS	(Rs. in lacs)	
	2004-2005	2003-2004
Sales and other Income	5782.78	6924.19
Loss(-) before Interest, Depreciation and Taxes	-2851.71	70.95
Less: Interest	1256.36	1136.13
Loss (-) before Depreciation & Tax	-4108.07	- 1065.18
Less: Depreciation & Amortisation	377.13	379.32
Loss (-) before Tax	-4485.20	- 1444.50
Less: Provision for Tax	-	-
Loss after Tax	-4485.20	- 1444.50
Add: Balance brought forward	- 5336.31	- 3810.62
Less: Prior Period Items	84.22	81.19
Balance retained in Profit & Loss A/c	-9905.73	- 5336.31

### Performance

The Total Income of the Company during the year was Rs. 5782.78 lacs compared with 6924.19 for the previous year. The Net loss for the period year was Rs. 4485.20 lacs (Previous year loss Rs. 1444.50 lacs). The Detailed comments on performance are contained in the report on Management Discussion & Analysis.

### Exports

The company continues its status of recognised Export House granted by the Government of India. The company achieved export turnover of Rs. 43.28 lacs during the year as compared to Rs.495.99 lacs in the previous year.

### Dividend

The Board of Directors regret their inability to recommend any dividend for the year, due to absence of profit during the year.

### Sick Industrial Company

The Company is a sick company within the meaning of Sick Industrial Companies(Special Provision)Act,1985.Reference file under section 15((1) of Sick Industrial Companies(Special Provision)Act,1985 was registered as case no. 353/2004 vide letter No.3(T-22)/BC/2004 dt. 30/11/2004 issued by Registrar, Board of Industrial and Financial Reconstruction, New Delhi.

### Directors

Shri Pankaj Jajoo is retiring by rotation at the forthcoming Annual General Meeting and is eligible for re appointment. The Board recommends his reappointment.

### Auditors

M/s. B. Bansal & Co., Chartered Accountants, Indore, the

Statutory Auditors of the company are retiring at the forthcoming Annual General Meeting and they are eligible for re-appointment. The Board recommends their re-appointment.

### Auditors' Report

The Audit Report is self- explanatory and do not require further explanation from the board.

### Public Deposits

The company has not accepted deposits from the public in terms of Companies (Acceptance of Deposit) Rules 1985 and there are no unpaid or unclaimed deposits with the company.

### Management Discussion & Analysis

A detailed report on Management Discussion & Analysis is Annexed and forming part of this report.

### Report on Corporate Governance

A detailed report on Corporate Governance as required under Clause 49 of the listing Agreement is Annexed and forming part of this report.

### Directors' Responsibility Statement

In compliance with the provisions of Section 217(2AA) of the Companies Act, 1956, your directors hereby confirm that -

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any.
- The directors have selected such accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at the end of the financial year ended 31st March 2005 and of the profit of the company for that year.
- The directors have taken proper and sufficient care 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 directors have prepared the annual accounts for the year ended 31st March 2005 on a going concern basis.

### Conservation Of Energy, Technology Absorption, Adaptation & Innovation and Foreign Exchange Earnings and Outgo

A statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is enclosed and forming part of this report.

### Particulars of Employees

The provisions of sub-section 2(A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended to-date are not attracted in case of any employee of the Company.

**THE DHAR TEXTILE MILLS LIMITED****Industrial Relations**

The relations with the employees and the workers continued to be cordial during the year. The Directors wish to place on record their sincere appreciation for the excellent team spirit with which the employees have worked.

**Acknowledgement**

Your directors are pleased to place on record their sincere appreciation for the valuable assistance and co-operation received from the Banks, Institutions, Government Departments, Customers and Suppliers throughout the year. The Board also acknowledges the contributions made by the officers and staff of the company at all levels for their diligent, devotion and whole-hearted efforts throughout the year for the progress of the company.

**BY ORDER OF THE BOARD****INDORE****30th July, 2005****PANKAJ JAJOO****MANAGING DIRECTOR****ANNEXURE TO THE DIRECTORS' REPORT****Conservation Of Energy, Technology Absorption, Adaptation & Innovation and Foreign Exchange Earnings and Outgo****Conservation of Energy**

The company has been continuously making efforts, through its dedicated team, to achieve high productivity and on-stream efficiency. This has enabled the company to not only reduce energy consumption, but also to increase production.

The details of energy conservation in Form A as required under Section 217(1)(e) are given below:-

**FORM 'A'**

The information regarding consumption of energy is as under :

	2004-05	2003-04
<b>(A) Power &amp; Fuel Consumption</b>		
<b>Electricity:</b>		
<b>a. Purchased</b>		
Units	101229230	9972890
Amount (Rs.)	44439095	46603117
Average Rate/Unit (Rs.)	4.39	4.67
<b>b. Own Generation (D.G.Sets)</b>		
Units	1380091	1787302
Units Per Liter of Diesel	3.11	3.48
Cost (Rs.)/Unit	6.77	4.89
<b>Diesel / LDO / SKO</b>		
Quantity (Kilo Liters)	443.28	514.18
Amount (Rs.)	9343129	8742649
Average Rate/Liter (Rs.)	21.08	17.00

**Furnace Oil**

Quantity (Kilo Liters)	0.00	7.14
Amount (Rs.)	0.00	97119
Average Rate/Liter (Rs.)	0.00	13.62

**Coal**

Quantity (MT)	10507.77	9991.91
Amount (Rs.)	29959931	23573432
Average Rate/MT (Rs.)	2851.22	2359.25

**(B) Consumption per unit of Production**

	<b>Yarn</b>		<b>Processed Fabric</b>	
	2004-05	2003-04	2004-05	2003-05
Electricity (Units)	1.79	1.86	0.65	0.60
Furnace Oil(Ltrs)	-	-	0.00	0.00
Coal (MTs)	-	-	1.09	0.91

**Technology Absorption, Adaptation and Innovation**

The Company has so far not imported any technology. The company manufactures standard products, for which technology is established, and therefore, no further research is being carried out. However, constant product development is being done to out pace the competition and conform to the changing quality requirements of customers.

**Foreign Exchange Earnings And Outgo**

Details of Inflow/Outgo on account of the above are as follows :

(Rs. in lacs)

	2004-2005	2003-2004
<b>Inflow</b>		
Earnings FOB on Exports	43.28	495.99
<b>Outgo</b>		
a) CIF value of imports	10.72	7.81
<b>b) Expenditure in foreign currency</b>		
i) Travelling expenses	0.00	0.00
ii) Commission	1.08	7.20
iii) Interest on foreign currency Loan	0.68	22.94

**BY ORDER OF THE BOARD****INDORE****30th July, 2005****PANKAJ JAJOO**  
**MANAGING DIRECTOR**

**THE DHAR TEXTILE MILLS LIMITED****REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy on Code of Corporate Governance**

The fundamental objective of the Company behind Corporate Governance is 'enhancement of long term shareholder's value while at the same time protecting the interest of the shareholders and adopting a methodology which enhances effectiveness, better utilization of resources, transparent and harmonious between various interest groups.'

**2. Board of Directors**

The Board of Directors of the company consists of majority of non-executive & equal number of /independent directors, who are acknowledged as leading professionals in their respective fields. The Board Comprises of one (1) executive director and three (3) non-executive directors out of which two directors are independent.

The constitution of Board is as under:

Director \$	Executive/Non-Ext./Independent*	Number of other Directorships#	Membership of other Board/Committees
Shri Pankaj Jajoo Chairman Cum Managing Director	Executive	None	None
Shri Manish Jajoo Director	Non-Executive	None	I
Shri Ullhas Narkar Nominee Director of IDBI	Non-Executive Independent	None	I
Shri Bhikabhai Patel	Non-Executive Independent	None	I

\* An Independent Director is a director who apart from receiving director's remuneration does not have any material pecuniary relationship or transactions with the Company, its promoters or its management or its subsidiaries, which in the judgment of the Board may affect their independence of judgment.

# This includes directorships held in Private Limited Companies and Overseas Companies.

\$ None of the Directors of the Company is member of any Committee of any other Company.

The Board of the Company met five times during the last financial year, on the following dates:

- (1) 30th April, 2004 (2) 31st July 2004 (3) 28th August 2004  
(4) 30th October, 2004 (5) 31st January, 2005

The attendance at the Board Meetings and previous Annual General Meeting were as under:

Name of Director	Attendance	
	Board Meeting	Annual General Meeting
Shri Pankaj Jajoo	5	1
Shri Manish Jajoo	5	1
Shri Ullhas Narkar	4	-
Shri Bhikabhai Patel	1	-

**3. Audit Committee**

During the financial year 2004-2005, five committee meetings were held. The dates on which the said meetings were held are as follows:

- (1) 30th April, 2004 (2) 31st July 2004 (3) 28th August 2004  
(4) 30th Oct 2004 (5) 31st Jan 2005

The constitution of the Committee and the attendance of each member of the Committee is given below:

Name	Designation	Non-executive/Independent	Profession	Committee Meetings Attended
Shri Ullhas Narkar	Chairman	Non executive & Independent	Service	4
Shri Bhikabhai Patel	Member	Non-executive Independent	Business	1
Shri Manish Jajoo	Member	Non-executive	Business	5

The terms of reference of the Audit Committee, in brief, inter-alia include the following:

- To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors;
- To review compliance with internal control systems;
- To review quarterly, half yearly and annual financial results of the Company before submission to the Board;
- To investigate into any matter in relation to items specified in Section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice if necessary;
- To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report.

**4. Remuneration Committee**

The Remuneration Committee will review and make recommendations on annual salaries, performance commission, perquisites and other employment conditions of the Executive Directors. The remuneration committee consists of the following Directors:

Name	Designation	Executive/Non-Executive/Independent
Shri Bhikabhai Patel	Chairman	Independent and Non-executive
Shri Manish Jajoo	Member	Non-executive

No meeting of the Remuneration Committee was held during the year for want of requirement to review remuneration of any Executive Director.

Details of remuneration paid/payable to the directors for the year ended March 31, 2005 are as follows:

Director	Relationship with other directors	Business relationship with DTM	Loans and advances from DTM	Sitting Fees* Rs.	Salary and Perquisites Rs.	Commission Rs.	Total Rs.
Shri Pankaj Jajoo	Related to Shri Manish Jajoo	Promoter	Nil	Nil	786420	Nil	786420
Shri Manish Jajoo	Related to Shri Pankaj Jajoo	Promoter	Nil	Nil	Nil	Nil	Nil
Shri Ullhas Narkar	None	None	Nil	4000	Nil	Nil	4000
Shri Bhikabhai Patel	None	None	Nil	0	Nil	Nil	0





## THE DHAR TEXTILE MILLS LIMITED

### 5. Investors Grievance Committee

The Board has constituted an 'Investors Grievance Committee' which looks into shareholders and investors grievances. The following are the members of the Committee:

Name	Designation	Executive/Non-executive/Independent
Shri Ullas Narkar	Member	Independent and Non-executive
Shri Bhikabhai Patel	Member	Independent and Non-executive
Shri Manish Jajoo	Chairman	Non-executive

### Share Transfers

- All shares have been transferred and returned within three weeks from the date of receipt, so long as the documents have been clear in all respects.
- As on 30th July 2005 there are nil Equity Shares pending for transfer.
- As on 30th July 2005 there are nil pending complaints.

### 6. Annual General Meetings

The location and time of the Annual General Meetings held during the last 3 years are as follows:

Annual General Meeting	Date	Time	Venue	No. of Special Resolutions passed
Eighteenth	30 <sup>th</sup> September, 2002	16 hours	Registered office	1
Nineteenth	30 <sup>th</sup> September, 2003	11 a.m.	Registered office	1
Twentieth	30 <sup>th</sup> September, 2004	11 a.m.	Registered office	1

No resolution is passed through postal ballot till date. Presently, the Company does not have any transaction/proposal for postal ballot.

### 7. Disclosures

- Related Party Transactions are disclosed in the notes to accounts in the Annual Report.
- There has been no instance of non-compliance by the Company on any matter related to capital markets and there are no instances of penalties or strictures imposed by SEBI or the Stock Exchanges.
- There are no accounting treatment difference from prescribed in Accounting Standard.
- No employee of the Company was denied access to the Audit Committee.

### 8. Means of Communication

- Full annual report is sent to each shareholder every year at his registered address regularly.
- DTM has been regularly sending quarterly/half-yearly/annual financial results to the stock exchanges. These results are also sent to those shareholders who request for the same.
- The quarterly results are published regularly in one Hindi and one English Newspaper having circulation in the region where the Registered Office of the Company is situated.
- The data is available on the BSE site also.
- The Quarterly financial results and Annual Reports are also sent to financial Institutions/analysts/institutional investors on demand.

- A report on Management Discussion and Analysis forming part of the Directors Report is annexed thereto.

### 9. General Shareholder Information

#### a) Annual General Meeting

Date and Time 30th September, 2005  
at 10.00 a.m.

Venue C-1/A, Low Land Area,  
Pologround Industrial Estate,  
Indore-452 015

#### b) Financial Calendar

Financial Reporting Period	Date of Board Meeting On or before
Quarter ending June, 2005	30th July, 2005
Half year ending September, 2005	31st October, 2005
Quarter ending December, 2005	31st January, 2006
Year ending March, 2006	30th April, 2006

Date of Annual General Meeting  
On or before

Year ending March, 2006 30th September, 2006  
c) Date of book closure 28th Sept, 2005  
to 30th Sept, 2005

d) Dividend Payment Date None

e) Registered Office C-1/A, Low Land Area,  
Pologround Industrial  
Estate, Indore-452 015

#### f) Listing of Equity Shares on Stock Exchanges

- Mumbai Stock Exchange
- Ahmedabad Stock Exchange
- Madhya Pradesh Stock Exchange
- Madras Stock Exchange
- Delhi Stock Exchange
- Jaipur Stock Exchange
- Calcutta Stock Exchange

g) Stock Code 530949

#### h) Stock Market Data on B.S.E.

Month	High (Rs.)	Low (Rs.)	Volume	Trade
April 04	11.54	11.25	320	3
May 04	0.00	0.00	0	0
June 04	10.36	10.36	100	1
July 04	10.90	8.73	301	6
Aug 04	12.50	7.00	4974	32
Sep. 04	13.90	7.41	13455	114
Oct. 04	10.64	7.10	6625	40
Nov. 04	15.50	7.40	31245	218
Dec. 04	14.20	8.52	16911	165
Jan. 05	13.37	8.70	14506	97
Feb. 05	13.60	7.65	13092	107
Mar 05	10.55	7.25	11483	82

**THE DHAR TEXTILE MILLS LIMITED**

## i) Registrar and Transfer Agent

M/s. Intime Spectrum Registry Limited  
307, Citi Centre, 570, M.G.Road, Indore.

The Share transfer and de-materialisation related activities are being handled by the Share Transfer Agent.

## j) Distribution of shareholding as on 30th June, 2005

Slab of Shareholding	Shareholders	%	Amount in Rs.	%
1-500	1335	87.6560	2605220	4.1300
501-1000	98	6.4350	764640	1.2120
1001-2000	40	2.6260	610010	0.9670
2001-3000	8	0.5250	214070	0.3390
3001-4000	10	0.6570	369490	0.5860
4001-5000	6	0.3940	278750	0.4420
5001-10000	4	0.2630	260440	0.4290
10001-999999999	22	1.4450	57974010	91.8960
Total	1523	100.0000	63087530	100.0000

According to categories of shareholdings as on 30th June, 2005

SR.NO.	CATEGORY	NO OF SHARES	% OF HOLDING
A	PRIMOTER'S HOLDING	3119821	49.44
1.	Promoters*		
	Indian Promoters	3119321	49.44
	Foreign Promoters		
2.	Persons acting in concert		
	Sub-Total	3119321	49.44
B	Non Promoters Holding		
1.	Institutional Investors		
a.	Mutual funds and IIT	1478163	23.43
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions / Non-government Institutions)	628560	9.96
c.	FI		
	Sub-Total	2106729	33.39
4.	Others		
a.	Private Corporate Bodies	355012	5.63
b.	Indian Public	543691	8.62
c.	NRIs/OCs	184000	2.92
d.	Any Other (Please Specify)		
	Sub-Total	1082703	17.16
	GRAND TOTAL	6308753	100.00

## k) Dematerialisation of shares

As on 30th July, 2005, 73.49 % Shares are in dematerialised form.

## l) Outstanding GDRs/ ADRs/ Warrants or any convertible instruments

There are no outstanding convertible warrants/ instruments.  
The Company has not issued any ADRS or GDRS.

## m) Project Location

Yarn Division - 188, Sector I, Pithampur Dist Dhar, M.P.

Fabric Division - C-1/A, Low Land Area, Pologround Industrial Estate, Indore, M.P.

## n) Investor Correspondence Address

The Dhar Textile Mills Limited

C-1/A, Low Land Area,  
Pologround Industrial Estate,  
Indore -452015

or

Intime Spectrum Registry Limited  
307, Citi Centre, III Floor  
570, M.G.Road,  
Indore-452 001

**BY ORDER OF THE BOARD**

**INDORE**  
**30th July, 2005**

**PANKAJ JAJOO**  
**MANAGING DIRECTOR**

**AUDITORS' CERTIFICATE**

To

**The Members of  
The Dhar Textile Mills Limited**

We have examined the compliance of the conditions of Corporate Governance by The Dhar Textile Mills Limited for the year ended March, 31, 2005 as stipulated in clause 49 of the listing agreements of the said company with stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the company has complied in all material respects with the conditions of corporate governance as stipulated in the abovementioned listing agreements.

We state that in respect of investor grievances received during the year ended March, 31, 2005 no investor grievances are pending against the company as on date as per the records maintained by the company and presented to the investors/shareholders 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 B.Bansal & Co.**  
**Chartered Accountants**

**INDORE**  
**30th July, 2005**

**(B.L.Bansal)**  
**Partner**

**MANAGEMENT DISCUSSION & ANALYSIS**

**(Annexure to the Directors' Report)**

**Industry Structure and Developments**

The company is a major producer of textiles in the composite mill sector of the country, catering to the requirements of cotton yarn for different applications; and fabric for home textiles and readymade garments industry. The removal of bilateral quotas negotiated under the Multi Fiber Agreement (MFA) from 2005 is likely to have a major impact on the future of the textile industry.