

23rd
Annual Report
2002-2003

CERTIFIED TO BE TRUE COPY
For GINI SILK MILLS LTD.

Vishwanath Nadak

Director



Gini Silk Mills Limited

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**TWENTYTHIRD ANNUAL
GENERAL MEETING**

On Saturday, the 13th day of September, 2003
at 4.30 p.m. at GREEN ROOM,
Garware Club House, Wankhede Stadium,
'D' Road, Churchgate,
Mumbai – 400 020.

As a measure of economy, copies of
the Annual Report will not be
distributed at the Annual General
Meeting. Share holders are
requested to kindly
bring their copies to
the meeting.

CORPORATE INFORMATION**Vishwanath Harialka***(Chairman)***Deepak Harialka***(Managing Director)***Ramprasad Poddar***(Director)***Rajendra Kumar Rajgarhia***(Director)***Dinesh Poddar***(Director)*

Chamber Bhavan (3rd Flr.)

232/34 Kalbadevi Road

Mumbai – 400 002

9, Rasik Niwas (2nd Flr.)

75 'F' Road, Marine Drive

Mumbai 400 020

E-15, MIDC, Tarapur, (Boisar)

Dist. Thane, Maharashtra

31 B, Govt. Industrial Estate

Phase II, Piparia, Silvassa (D & NH) 396230

M/s. Vatsaraj & Co.

Chartered Accountants

State Bank of India

Bank of Maharashtra

Bigshare Services Pvt. Ltd.

E/2 Ansa Industrial Estate

Sakivihar Road, Sakinaka

Andheri (E), Mumbai 400 072



NOTICE TO MEMBERS

Notice is hereby given to the Shareholders of **GINI SILK MILLS LIMITED** that **TWENTYTHIRD Annual General Meeting** of the Company will be held on Saturday, the **13th September, 2003 at 4.30 P.M. at Green Room, Garware Club House, Wankhede Stadium, 'D' Road, Churchgate, Mumbai – 400 020** to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance sheet as on 31st March, 2003 and Profit and Loss Account for the year ended on that date along with the Reports of the Directors' and Auditors' thereon.
2. To appoint a director in place of Shri. Ramprasad Poddar, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a director in place of Shri. Rajendra Kumar Rajgarhia, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special business :

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution

"RESOLVED THAT in partial modification of the resolution passed by the members of the company at the Annual General Meeting held on 21st November 2000 and pursuant to section 198, 268, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act including any statutory modification or reenactment, consent of the Company be and is hereby accorded to the revision in the amount of salary and allowance payable to Shri. Deepak Harlalka, Managing Director of the Company upto overall limit of Rs. 100,000/- (Rs. One Lakh Only) per month w.e.f. 1st April, 2003 for the remaining period of his tenure of his current term upto 30th June, 2005 subject however to the limits prescribed in the part II of Schedule XIII to the said Act, the other terms and conditions of remuneration remaining the same as approved at the

aforesaid General Meeting of the Company held on 21st November, 2000 and subject to the consequential variation or increase therein due to revision in the terms of his remuneration as foresaid."

"RESOLVED FURTHER THAT in the event of loss, absence or inadequacy of profits in any financial year of the Company, the remuneration payable to Shri. Deepak Harlalka shall be as specified."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds, matters, and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreements, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 [including any statutory modification(s) or reenactment thereof for the time being in force and as may be enacted hereinafter] and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent is hereby accorded to the Board to seek voluntary de-listing of the Company's Equity (Ordinary) Shares from The Stock Exchange, Ahmedabad at Ahmedabad".

By Order of the Board

Regd. Office:
Chamber Bhavan, 3rd Floor
232/34 Kalbadevi Road
Mumbai – 400 002

Vishwanath Harlalka
Chairman

Place : Mumbai
Date : 11th August, 2003

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share transfer Books will remain closed from Monday, the 8th September, 2003 to Saturday, the 13th September, 2003 (both days inclusive).
3. Shareholders seeking any information with regard to the Statements of Accounts are requested to write to the Company at any early date so as to enable the management to keep the information ready at the meeting.
4. Members are requested to communicate immediately change in their address, if any.
5. The Company has entered into agreement with both the depositories viz. National Securities Depository Ltd. (NSDL) and Central depository Services (India) Ltd. (CDSL) for custody and dematerialisation of securities. Members having Physical holdings can avail the depository facilities by approaching any of the depository participants of NSDL or CDSL. For further information, the shareholders may contact directly to the Company's Registrars and Share Transfer Agents, M/s. BIGSHARE SERVICES PRIVATE LIMITED, Mumbai. (Tele. Nos. 28523474, 28560652 & 28560653).
6. The Company shares are listed at Mumbai and Ahmedabad Stock Exchanges.
7. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
8. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business to be transacted at the meeting is annexed to this notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM 5 :**

Shri. Deepak Harlalka was reappointed as Managing Director of the Company w.e.f. 1st July, 2000 for the period of five years. Board of Directors at their meeting held on 30th April, 2003 decided to increase the remuneration of Shri Deepak Harlalka for the remaining tenure of his appointment as Managing Director of the Company.

The draft Agreement between the Company and Shri Deepak Harlalka for increase in remuneration contains, inter alias; the following principal terms and conditions:

1. Remuneration :

- a. Salary of Rs.100,000/- (Rs. One Lacs Only) Per month w.e.f. 1st April, 2003 upto end of tenure as Managing Director of the Company.
- b. Perquisites and Allowances:
 - i. In addition to the salary, the Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing and repairs; medical reimbursement, club fees and leave

travel concession for himself and his family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Managing Director; such perquisites and allowances will be subject to the ceilings as specified in Part II of Schedule XIII.

- ii. For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- iii. Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not



taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(c) **Minimum Remuneration :**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.

(d) **The terms and conditions of the said reappointment and/or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Managing Director in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard.**

(e) **The Agreement may be terminated by either party giving the other party six months' notice or either party paying six months' remuneration in lieu thereof.**

(f) **If at any time the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall also cease to be the Managing Director of the Company.**

(g) **If at any time the Managing Director ceases to be the Managing Director of the Company for any cause whatsoever, he may at his option continue to be a Director of the Company.**

(h) **The Managing Director shall not have, inter alia, the following powers:**

(i) the power to make calls on Members in respect of monies unpaid on shares of the Company;

(ii) the power to issue debentures; and the power to invest the funds of the Company in shares, stocks and securities.

In accordance with the provisions of Section 309 of the Act, the terms of remuneration specified above are now being placed before the Members in General Meeting for their approval.

The draft Agreement between the Company and Shri Deepak Harlalka is available for

inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

Shri Vishwanath Harlalka and Shri Deepak Harlalka are concerned or interested in the passing of this resolution. No other directors are concern or interested in the passing of this resolution.

ITEM NO. 6

Presently the Company's equity shares are listed at The Stock Exchange, Mumbai and The Stock Exchange, Ahmedabad. After completion of offer for buy- back of shares by the promoters, the public shareholding has reduced to less than 10% of the total subscribed and paid up share capital of the Company. The trading volumes at Ahmedabad Stock Exchange has been negligible and does not justify continuation of listing. The technological advances have made concept of listing at multiple stock exchanges redundant.

SEBI has come out with guidelines known as Securities and Exchange Board of India (De-listing of Securities) Guidelines- 2003 permitting Companies to voluntarily delist its securities from a Stock Exchange where the shares are listed for a period of more than 3 years without providing exit option to the shareholders, if securities continue to be listed at Stock Exchange, Mumbai or National Stock Exchange provided further, inter-alia, the Company is authorized by the Shareholders by passing special resolution. As Company's shares will continue to be listed at Mumbai Stock Exchange having nation wide terminals, delisting from Ahmedabad Stock Exchange will not affect the trading of the shares by investors located in any part of the Country.

The Board of Directors of your Company recommend passing of the special resolution set out under Item No. 6. Directors of the Company may be considered interested or concerned in the passing of special resolution to the extent of their respective shareholdings in the Company.

By Order of the Board

Regd. Office:
Chamber Bhavan, 3rd Floor
232/34 Kalbadevi Road
Mumbai - 400 002

Vishwanath Harlalka
Chairman

Place : Mumbai
Date : 11th August, 2003



ANNUAL REPORT 2002-2003

To

The Members,

Your Directors have pleasure in presenting the **TWENTYTHIRD** Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

	(Rs.in Lacs)	
	2002 - 2003	2001-2002
	(Rs.)	(Rs.)
Net Sales/ Income from operations	3807.11	2701.56
Other Income	29.04	156.80
	3836.15	2858.36
Net Profit (before interest, depreciation and taxation)	354.75	321.75
Interest	31.14	24.06
Depreciation	126.50	65.36
Provision for Current Taxation	73.00	58.35
Deferred Tax	(9.70)	19.89
Net Profit after Tax	133.81	154.08
Add : Balance brought forward From Previous year	346.41	286.26
Less: Tax on Dividends	0	0
Prior Period Adjustment	0	(0.08)
Income Tax paid for earlier year	1.28	0
Profit Available for appropriation	481.50	346.41

APPROPRIATIONS

Differed Tax for earlier year	0	93.85
Balance carried to Balance Sheet	481.50	346.41
TOTAL	481.50	440.26

DIVIDEND

Your Directors regret for not having recommended any dividend for the year under report as the management has utilised the fund for expansion of its Polyester yarn Processing Unit at Silvassa in the Union Territory of Dadra & Nagar Haveli.

DIRECTORS

Shri. Ramprasad Poddar and Shri. Rajendra Kumar Rajgarhia, Directors of the Company are liable to retire by rotation and being eligible, offers themselves for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

The Directors state that-

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year covered under this Report and of the profit of the Company for the year;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Your company and its Board of Directors has complied with Corporate Governance to the extent set out in the enclosed report pursuant to Clause 49 of the Listing Agreement. Management Discussion and Analysis forms part of this report. Auditors Certificate for compliance of the conditions of Corporate Governance is also attached to the report.

AUDITORS

M/s. Vatsaraj & CO., Chartered Accountants hold their office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The members are requested to re-appoint them as Auditors of the Company till the conclusion of the next Annual General Meeting.

FIXED DEPOSITS

The Company has not accepted or renewed any deposits from the public during the year under review within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

PARTICULARS OF EMPLOYEES:

There are no employee drawing remuneration exceeding the limits prescribed under Section 217(2A) of the



Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 (as amended) and required to be annexed to this report.

ENVIRONMENT AND SAFETY MEASURES

i) EFFLUENT CONTROL

Effluent at Process House unit at Tarapur is carefully monitored and treated conforming to the requirements of the State Pollution Control Board and at Silvassa the unit is of non-polluting in nature.

ii) SAFETY

The Process equipments have built-in safety system and all the employees are well trained for safe working of plant operations. Adequate fire protection system is installed for the safety of men, material and machinery at all the units of the Company.

iii) INDUSTRIAL RELATIONS

The industrial relations at both the plants of the Company during the year under review continued to be cordial through out the year.

INSURANCE

Your Company continued to cover all assets at Tarapur and Silvassa Unit mainly; plant & machinery, building, materials, stocks, furniture & fixtures and possible risks like fire, flood, terrorism and earthquake.

PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.

Information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956 read with Companies

(Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy technology absorption and foreign exchange earnings and outgo is given in the statement annexed hereto forming part of the Report.

LISTING OF SHARES & SECURITIES

The Company's Shares are being listed on the following Stock Exchanges:

1. THE STOCK EXCHANGE, MUMBAI (REGIONAL)
P J Towers, Dalal Street, Fort, Mumbai – 400 001
2. THE STOCK EXCHANGE, AHMEDABAD
Kamdheni Complex, Panjarapole
Ahmedabad – 380 015

ACKNOWLEDGEMENT:

Your Directors would like to place on record their appreciation for the co-operation and assistance received from the financial institutions and banks, for the utmost confidence reposed in the management by the shareholders and customers during the year under review. Your Directors wish to thank for the services of the executive, staff and workers of the Company at all levels for their dedication, devotion, determination and discipline.

For and on behalf of the board

Place : Mumbai
Date : 11th August, 2003

Vishwanath Harlalka
Chairman



FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY :

PART 'A'

POWER & FUEL CONSUMPTION

	2002 - 2003	2001 - 2002
(1) ELECTRICITY		
A Purchased		
Unit (KWH)	4161093	1760155
Total Amount (Rs. Lacs)	129.46	65.27
Rate per unit (Rs.)	*3.11	*3.21
B OWN GENERATION		
Through Diesel Generator :		
Units (KWH)	123913	38005
Units Per Ltr. of Diesel oil	**121.70	3.35
Cost per unit (Rs.)	5.17	6.84
(2) COAL		
Quantity (Kgs.)	5166575	4702260
Total Cost (Rs. In lacs)	**121.70	**108.84
Average rate per Kg. (Rs.)	2.36	2.31
(3) GAS		
Quantity (Kgs.)	8517	2142
Total Cost (Rs. In lacs)	2.37	0.49
Average rate per Kg. (Rs.)	27.85	22.78
(4) DIESEL OIL		
Quantity (K. Ltrs)	37.28	13.50
Total cost (Rs. Lacs)	6.40	2.60
Average Rate Per Ltr. (Rs.)	17.17	19.24
(5) FURNACE OIL		
Quantity (K. Ltrs)	20.00	26.75
Total cost (Rs. Lacs)	2.36	2.24
Average Rate Per Ltr. (Rs.)	11.79	8.36

NOTE : * in cluding demand charges ** including Transport charges

PART B

CONSUMPTION PER UNIT OF PRODUCTION ENERGY

	FABRICS PROCESSING (PER METER)	
	Current Year	Previous Year
Electricity (Kwh.)	0.12	0.14
Coal (Kgs.)	0.34	0.36
	TEXTURISING YARN (PER KGS)	
	Current Year	Previous Year
Electricity (Kwh.)	1.74	0.00

A. CONSERVATION OF ENERGY

The Company's operation involves low energy Consumption Nevertheless energy Conservation measures have already been taken wherever possible. Efforts to conserve and optimise the use of energy through improved operational methods and other means will continue.

B. TECHNOLOGY AND TECHNICAL ABSORPTION AND ADOPTION

1. TECHNOLOGY ABSORPTION

The Company's present manufacturing activities are such that the same do not require any specialised Technology, since in India, technical know-how for Textile Industries has been standardised and is being used in the Industry. Besides, the Promoters of the Company are engaged in Textile business since last 3 decades and the business is inherited. In view of the above, the question of technical absorption and adaptation does not arise.

2. RESEARCH & DEVELOPMENT

At present the company does not have separate division for carrying out Research and Development work. No expenditure has therefore been earmarked for this activity.

For and on behalf of the Board

Place : Mumbai
Dated : 11th August, 2003

VISHWANATH HARLALKA
CHAIRMAN



1. Industry Structure and Development:

The year 2002 – 2003 was not a kind one for the whole world or for India. Once again it was the challenging year, with the continuing slowdown in the global economy impacting many Industries. The world economy remained unstable and uncertain. Oil & Petroleum product prices soared to record levels due to crisis in Iraq and the ensuing divided world opinion.

The Indian economic survey for the year 2002 – 2003 projected a GDP growth of only 3.7% this year as against 5.6% in 2001 – 2002. The failure of the monsoon adversely effected agricultural growth, which is the main source of Income in India. This is the main reason for slowdown of textile trade at domestic level.

India's position in global textile business is logging noticeably. It's share in world textile trade is just about 3%. Global slowdown has adversely affected the Indian economy as a whole. The export growth has been reduced to almost zero.

At this juncture, to achieve global competitiveness, and to cater the domestic requirements, the Company has taken proactive measures to make product globally competitive, with best quality at minimum price. Our emphases are high productivity, quality consciousness, skillness of the work force, research and development facility.

In order to remain competitive in the textile trade, we are committed to improve the ability to deliver the quality products in time and increase productively at minimum cost.

2. Opportunities and Threats:

The textile industry's contribution for economic growth is enormous indeed. It produces 20% of Industrial out put, and contributes 9% excise collection, though its share in GDP is just 4.5% only. The second largest employer, next to Railways, the industry accounts for over 30% of the country's total exports. However the profitability of this sector is much lower comparing to the other competing nations because of the loop-sided government policies that favours un organised segment, which are low on technology, poor quality and dampening market sentiment, with levy exemption and concessions.

The unorganised sector in the textile industry should

act as ancillary to the organised sectors. The Anti-dumping mechanism should be strengthened to stop dumping from neighbouring countries. The Labour laws may be suitably amended to enable the industry to function continuously, without favouring any one sector leading to healthy industrial relations. Scientific training at various levels should be improved to minimize the defects and second quality products.

The success of the industry in the coming years depends on how quick the industry attains the perfection in the area of technology upgradation, quality enhancement and cost reduction, maintaining the customer satisfaction, brand building, reputation etc.

Indian Textile Industry is at the crossroads due to globalisations under the WTO arrangements and elimination of quota and quantitative restrictions. The whole industry is awaiting the dawn of 2005 with a mixed feeling. If we look at the textile trade in India, you will find that the growth rate is not comparable to that of China, Bangladesh and other Asian countries. Even, countries like Thailand and Indonesia have achieved remarkable progress in recent years in textile manufacturing and exports.

3. Segmentwise Performance:

Presently, company is dealing in three-segment activity namely; Yarn processing, Fabric processing and Fabric sales.

During the year 2002 – 2003 your company has achieved increase in production in its entire products and achieved better efficiencies but due to recession and slowdown of economy and poor realization, the result of the efforts are not reflected in the Annual Report.

PROCESSING OF FABRIC:

The production in the Company's Process House at Tarapur (Maharashtra) i.e. Dyeing & printing of textile fabrics was 1,50,41,298.50 Mtrs. as against 1,30,36,683.60 Mtrs. in previous year. The Company has installed all type of value added processing machines to cater all type of market needs.

YARN PROCESSING:

The commercial production has commenced in full swing during the year in the new unit of Polyester Texturising Yarn at Silvassa (D &NH). Total Production



during the year was 14,44,364.370 Kgs. against last year production of 5649.360 Kgs.

FABRIC SALES:

During the year due to recession in the market the fabric sale has slow down to 37,53,552 Mtrs. as against last year 43,17,647 Mtrs.

4. Outlook:

Company's overall operating earnings presently depend largely on profitability of its yarn processing (Texturising) and Fabric Processing business. The outlook for margins and profitability depends upon overall global economic outlook, good monsoon and political stability.

The Indian textile scenario is changing for the better. There is little room for complacency or over optimism. The current favourable trend cannot be taken for granted, nor is there any guarantee that it will persist. The current budget package is encouraging for the organised textile sector. Completion of CENVAT chain and scrapping of deemed CENVAT would help prevent evasion of duty by the unorganised sector. Lowering of duty on PFY and Imported Textile Machinery and components and introduction of TECHNOLOGY UPGRADEMENT FUND scheme for term loan at lower rate of interest is expected to give a big boost to the textile industry.

During the year, the company has adopted quality improvement programme to ensure satisfactory or expected performance of textile articles used by the consumer. The Company is also planning to produce value added textile products to derive the good premium in the domestic as well as in international market.

5. Internal Control Systems and their Adequacy:

There is well established procedure for Internal Controls for operations of the Company. That is geared towards achieving efficiency in operations, optimum utilisation of resources, effective monitoring and compliances with all applicable laws and regulations.

The finance and Internal Audit functions are well equipped with experienced and qualified personnel and

play important role in implementing the statutory and Internal Control environment.

The Company has proper and adequate systems of internal controls to ensure that all assets are guarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

The Top management and the Audit Committee of the Board of Directors review the findings and recommendation of the Internal Audit Panel.

6. The Financial and Operational Performance:

The financial statement are in confirmation with the provisions of the Companies Act, 1956 and applicable accounting standard recommended by the Institute of Chartered Accountants of India. The financial statement reflects the genuine desire for the transparency and best judgment for the estimates made on prudent and reasonable basis to correctly reflect the true and fair affairs of the company.

7. Human Resource Development:

The company believes that the main strength of its organisation is its people. It is the people who build the system and create a climate to suit the growth and excellence in the Company. The industrial relations, during the year were cordial.

8. Cautionary statement:

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.