



# **The Jamshri Ranjitsinghji Spg. & Wvg. Mills Company Ltd.**

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***99th Annual Report and Accounts 2006-2007***

## **BOARD OF DIRECTORS**

Shri Prem Ratan Damani  
***Chairman & Managing Director***

Shri Navratan Damani  
***Joint Managing Director***

Shri J. P. Singhal  
***Executive Director***

Shri E.A.K. Faizullabhoy  
Shri Kiranbhai J Shah  
Shri S.K. Somany

## **ADVISOR**

Shri S. F. Gandhi

## **GENERAL MANAGER**

Shri J.M. Adhia

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## **SOLICITORS**

M/s. Mulla & Mulla and Craigie Blunt and Caroe

## **AUDITORS**

M/s. K.S. Aiyar & Co.  
***Chartered Accountants***

## **BANKERS**

Bank of India

## **MILLS & REGISTERED OFFICE**

Fatehchand Damani Nagar,  
Station Road,  
Solapur – 413 001

## **LISTED AT**

The Stock Exchange – Mumbai.

**NOTICE**

**NOTICE** is hereby given that the Ninety Ninth Annual General Meeting of the Shareholders of **THE JAMSHRI RANJITSINGHJI SPG. & WVG. MILLS CO. LTD.**, will be held at the Company's Registered office at Fatehchand Damani Nagar, Station Road, Solapur – 413 001, on Thursday, the 27<sup>th</sup> September, 2007 at 12.30 P.M.(S.T.) to transact the following business;

- 1) To receive and adopt the Directors' Report and Audited Balance Sheet as at 31<sup>st</sup> March, 2007.
- 2) To Appoint a Director in place of Shri Kiranbhai J Shah, who retires by rotation but, being eligible, offers himself for reappointment.
- 3) To appoint Auditors and to fix their remuneration.

Place : Mumbai

By Order of the Board of Directors

Date : 30<sup>th</sup> July, 2007

P.R DAMANI  
CHAIRMAN

**NOTES:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- (b) The Register of Members and Shares Transfer Books in respect of Equity Shares of the Company will remain closed from 21<sup>st</sup> August, 2007 to 27<sup>th</sup> August, 2007 (both days inclusive).
- (c) Shareholders are requested to intimate immediately any change in their registered address.
- (d) Shareholders seeking any information with regard to Accounts are requested to write to the Company early so as to enable the management to keep the information ready.
- (e) **BRIEF RESUME OF THE DIRECTORS SEEKING APPOINTMENT OR RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT.**

**ITEM 2****Shri Kiranbhai J Shah**

- |                    |   |                       |
|--------------------|---|-----------------------|
| i) Name            | : | Shri Kiranbhai J Shah |
| ii) Age            | : | 70 Years              |
| iii) Qualification | : | Graduate              |
| iv) Experience     | : | Trade & Business      |

Shri Kiranbhai J Shah is a reputed share broker with a wide experience of more than 43 years in the trade and business. He is a member of the Audit Committee and Chairman of the Shareholders / Investors Grievances Committee Constituted by the Board of Directors of the Company. The Board considers that the Company would benefit from his experience and knowledge and recommends his re-appointment as Director on the Board of Company under item No.2 of the Agenda of accompanying Notice of 99<sup>th</sup> Annual General Meeting of the Members of the Company.

## NINETY NINTH REPORT OF THE DIRECTORS

We present our Annual Report of the Company with the audited statement of accounts for the year ended 31<sup>st</sup> March, 2007.

1. FINANCIAL RESULTS	THIS YEAR	PREVIOUS YEAR
Gross Profit/(Loss)	(5,48,830)	4,98,65,082
ADDITIONS/DEDUCTIONS		
Depreciation	1,22,43,564	1,40,74,201
Profit/(Loss) before taxation	( 1,27,92,394)	3,57,90,881
Add: Waiver received on account of One Time Settlement with Bank	0	7,13,57,037
Income Tax of earlier years	0	4,568
Transfer from General Reserve	0	8,85,61,191
Less: Fringe Benefit Tax	( 3,00,081)	(2,12,313)
: Provision for Bad & Doubtful Debts	( 54,75,957)	(21,37,758)
: Balance brought forward	(26,32,74,486)	(45,87,75,850)
Profit/(Loss) dealt with as under	(28,18,42,918)	(26,32,74,486)
Surplus/(Deficit) carried to Balance Sheet	(28,18,42,918)	(26,32,74,486)

### 2. DIVIDEND

In view of negative networth of the Company it is not possible for the Directors to recommend any dividend.

### 3. RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of Companies Act, 1956 your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgements 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 and of the profit or loss of the Company for the period;
- iii) that the directors have taken proper and sufficient care of 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;
- iv) that the directors have prepared the annual accounts on a going concern basis.

### 4. WORKING

The working during the year came under pressure due to steep increase in power cost. The Management is trying to control the costs.

The Company was declared sick by Board for Industrial and Financial Reconstruction (BIFR) U/S.3(1) (o) of the Act and Bank of India was appointed Operating Agency. The Draft Rehabilitation package is submitted to BIFR for consideration by the Operating Agency in June 2006 and regular follow up is in progress.

The Company made One Time Settlement (OTS) with Bank of India on 18/10/2005. The Company has paid Rs.1050 Lakhs as per terms and conditions of the OTS and balance outstanding of Rs.800 Lakhs is payable in quarterly installments of Rs.100 Lakhs. The Simple interest @ BPLR will be paid after the payment of outstanding principle of Rs.800 Lakhs as per terms of OTS.

The Sales of yarn manufactured during the year has increased by 7%.

### 5. CORPORATE GOVERNANCE

A separate report on Corporate Governance is enclosed as a part of this Annual Report of the Company. A certificate from Auditors of the Company regarding compliance of Corporate Governance as stipulated under clause 49 of the Listing Agreement is annexed to the report on Corporate Governance.

### 6. CURRENT OUTLOOK

The current outlook of the Company appears positive. OTS with Bank of India and its payment in a phased manner will bring down the financial cost. The Company has increased the Spindelage from 25200 to 29040 during the year, impact of this further addition will accrue in current year.

### 7. DIRECTORS

Under Articles 146 of the Articles of Association of the Company, Shri Kiranbhai J Shah retires by rotation and is eligible for reappointment.

### 8. INSURANCE

Your Company's Buildings, Plant and Machinery, Tool, Electrical Installations, Stock in Process, Finished Goods and Raw Materials have been adequately insured.

**9. PUBLIC DEPOSITS**

The Company has not taken any Fixed Deposit from the Public.

**10. AUDITORS' REPORT**

Auditors' Report para VI & VII are self explanatory and do not call for any specific response u/s. 217(3) of the Companies Act, 1956.

**11. AUDITORS**

You are requested to appoint the Auditors to hold office from conclusion of the meeting till the conclusion of the next Annual General Meeting and fix their remuneration. The retiring Auditors, M/s. K.S. Aiyar & Co., Chartered Accountants being eligible offer themselves for reappointment.

**12. COST AUDITORS**

The Company has appointed Shri S.V. Vhatte, Cost Accountant for conducting the Cost Audit of the Textiles for the financial year ended March, 2007. The Central Government's approval is awaited.

**13. PARTICULARS OF EMPLOYEES**

There is no Employee in receipt of remuneration exceeding Rs.2,00,000/- p.m. or part thereof or Rs.24,00,000/- p.a. Accordingly no particulars are furnished u/s. 217(2A) of the Companies Act.

**14. ACKNOWLEDGEMENTS**

Your Directors place on record the timely assistance and cooperation given to the Company by Bank of India. Your Directors also place on record their appreciation of contribution made by the employees at all levels to the operations of the Company during the year under review.

**15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EARNING AND OUTGO**

Information pursuant to Section 217(i)(e) of the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 is given in the annexure.

Place : MUMBAI

Date : 28<sup>th</sup> June, 2007

For and on behalf of the Board

**P.R. DAMANI**

CHAIRMAN

**ANNEXURE "A" TO DIRECTORS REPORT**

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

**A. CONSERVATION OF ENERGY****a. ENERGY CONSERVATION MEASURES TAKEN.**

- i) Inter connection is done of pnumafil motor with main motor of Ring Frames
- ii) The Photo cell stop motion is removed from speed frame, suction unit.
- iii) Change of Drive on Carding machine.

**b. ADDITIONAL INVESTMENT AND PROPOSAL IF ANY BEING IMPLEMENTED FOR REDUCTION IN CONSUMPTION OF ENERGY.**

- i) Replacement of Old Spindles by energy saving Spindles on Ring Frame
- ii) Purchase of energy efficient transformer with OLTC & AVR

**c. IMPACT OF MEASURES AT (a) AND (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND ON THE COST OF PRODUCTION OF GOODS.**

- i) Inter Connection of pnumafil motor would save the energy by stopping the same when machine is not working during doffing time & other stoppages.
- ii) Saving of energy by reducing the connected load on the Speed Frame.
- iii) Changed Drive requires less energy.
- iv) Replacement of energy efficient spindles would save considerable energy.
- v) Replacement of Transformer with AVR & OLTC would save energy by working of machines at appropriate voltage.

**B. TECHNOLOGY ABSORPTION.**

Efforts made in Technology Absorption : FORM - "B" ENCLOSED.

**C. FOREIGN EXCHANGE EARNING AND OUTGO. (RS. IN LACS)**

- i) Foreign Currency Earned NIL
- ii) Foreign Currency Used NIL

**FORM " A "**

A. POWER AND FUEL CONSUMPTION		CURRENT YEAR 1.4.2006 - 31.03.2007	PREVIOUS YEAR 1.4.2005 - 31-03.2006
1.	Electricity		
a)	Purchased		
	Unit (KWH) in lakhs	138.65	132.69
	Total Amount (Rs. in lakhs)	598.31	440.76
	Rate/Unit (Rs.)	4.32	3.32
b)	Own generation through Diesel Generator		
	Units (KWH) in lakhs	0.00	0.00
	Total Cost (Rs. in lakhs)	0.00	0.00
	Cost/Unit (Rs.)	0.00	0.00
2.	Coal		
	Quantity in M.Tons	0.00	0.00
	Total Cost (Rs.in lakhs)	0.00	0.00
	Average Rate (Rs./M.Tons)	0.00	0.00
3.	Other Fuels		
	Quantity in M. Tons	0.00	0.00
	Total Cost (Rs. in lakhs)	0.00	0.00
	Average Rs. (Rs./M.Tons)	0.00	0.00
B. CONSUMPTION PER UNIT OF PRODUCTION			
1.	Electricity (Units)		
	per Kg of yarn	2.80	2.94
	per linear metre of fabric	0.00	0.00
2.	Fuel (Rs.)		
	per kg of yarn	0.00	0.00
	per linear metre of fabric	0.00	0.00

**FORM-B**

**DISCLOSURE OF PARTICULARS WITH RESPECT OF TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT (R & D)**

- 1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY.**
    - i) To control CV% on Chute Feed Carding Machines.
    - ii) Invertor drive system on Carding Machines.
  - 2. BENEFIT DERIVED AS A RESULT OF THE ABOVE R & D.**

PRODUCT DEVELOPMENT/IMPROVEMENT

    - i) To assess the uniformity of material & accordingly take corrective actions.
    - ii) Breakdown in Gearing System is high which is reduced by changing to Invertor System.
  - 3. IMPORT SUBSTITUTION**

NIL
  - 4. FURTHER PLAN OF ACTION.**

We shall improve quality of yarn by identifying and attending process parameters..
  - 5. EXPENDITURE ON R & D. (RS. IN LACS)**

a) Capital	NIL
b) Recurring	2.85
c) Total	2.85
d) Total R & D expenditure as a percentage of total turnover.	0.06
- TECHNOLOGY ABSORPTION ADOPTION AND INNOVATION.**  
**EFFORTS IN BRIEF MADE TOWARDS TECHNOLOGY ABSORPTION ADOPTION AND INNOVATION AND BENEFITS AS A RESULT THEREOF**
- i) Machines modified to meet market demand for other counts of yarn.
  - ii) New Technique for work practice is adopted.
  - iii) Minor innovations are regularly carried out to counter problems envisaged day to day.

**AUDITORS' REPORT**

To the Members of

**The Jamshri Ranjitsinghji Spinning & Weaving Mills Company Limited**

We have audited the attached Balance Sheet of **The Jamshri Ranjitsinghji Spinning & Weaving Mills Company Limited** as at 31<sup>st</sup> March, 2007 and the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended by companies (Auditor's Report) (Amendment) Order, 2004 (the Order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. Related party transactions referred to in note no. 10 are as disclosed by the Company, we are unable to confirm that the list is an exhaustive compilation of all the related parties as defined in Accounting Standard 18. For disclosures as per Accounting Standard 17 refer note no 7 of Notes to Account.
- (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) Without qualifying our opinion, we draw attention to Note No. 12(d) & 12(e). The amount of Rs. 713.57 lacs credited in the profit & loss account for the year ended March 31, 2006 under the head 'Extra-ordinary Items' and the interest for the period 2003-04 onwards at original applicable rate, on bank demand loan, term loans and other credit facilities given by a bank which has not been provided, is based on a compromise settlement. Since the bank has retained the right to revert back to the original dues under the original terms and conditions, in the event of any default or non-compliance of the terms & conditions of the settlement, the ultimate outcome of the matter hinges on strict compliance of the compromise settlement.
- (vii) Further, without qualifying our opinion, we draw attention to Note No 9 in respect of unutilized Cenvat credit amounting to Rs. 48.50 lacs appearing in the books; we are informed that the management is actively considering available alternatives for utilizing this balance.
- (viii) As detailed in note no. 6(a) & 6(b) of the notes to accounts, the Company has been incurring continuing losses, resulting in the erosion of its Net-worth. Despite this aspect the accounts of the Company have been prepared on a Going Concern basis.
- (ix) Subject to para (viii) above, we report that in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2007;
  - (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date and ;
  - (c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **K. S. Aiyar & Co.**  
Chartered Accountants

**P R Sethuraman**  
Partner  
Membership No. 7768

Place: Mumbai  
Dated : 28<sup>th</sup> June, 2007



ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE,

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A substantial portion of the Fixed Assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. To the best of our knowledge, no material discrepancies were noticed on such verification.
- (c) In our opinion, no substantial part of the fixed assets has been disposed off during the year.
- (ii) (a) As explained to us, physical verification has been conducted by the management at reasonable intervals in respect of finished goods.
- (b) The procedure of physical verification by the management, in our opinion is reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of the stocks as compared to book records.
- (iii) (a) As informed, The company has not taken any loans, secured, and unsecured loan from companies, firms or other parties listed in the register maintained under section 301 except for a temporary unsecured loan from Damani Textile Company, amounting to Rs.80 lacs.
- (b) The rates of interest and the terms and conditions are prima facie not prejudicial to the interest of the company.
- (c) There are no terms for repayment of loan or interest.
- (d) Accordingly, Sub clause (d) is not applicable.
- (e) As informed, the company has not granted any loans, secured, or unsecured to companies, firms and other party listed in the register maintained under section 301 of the Companies Act, 1956 during the year. Accordingly, sub-clause (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public within the meaning of Sections 58A, 58AA of the Act and the rules framed there under.
- (vii) No internal audit was carried out during the year.
- (viii) The Central Government under Section 209(1)(d) of the Companies Act, 1956, has prescribed the maintenance of cost records. On a prima facie examination, such records are duly maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other material statutory dues applicable to it have been generally regularly deposited during the year with the appropriate authorities.
- (b) According to the information and explanations given to us, undisputed dues in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth-tax, Service tax, Sales-tax, Customs duty, Excise duty, Cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:



Name of the Statute	Nature of Dues	Amount (Rs. Lacs)	Period to which amount relates	Due date	Date of Payment
Maharashtra Value Added Tax Act	Value Added Tax	10.16	2005-06	Various dates	Not yet paid
Maharashtra Value Added Tax Act	Value Added Tax	28.54	April 06 to Sept 06	Various dates	Not yet paid
Central Sales Tax Act	Central Sales Tax	1.22	April 06 to Sept 06	Various dates	Not yet paid
Municipal Tax	Talathi Tax	2.86	Not determined		Not yet paid

(b) According to the records of the Company, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and cess which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Period	Forum where dispute is pending	Amount (Rs. Lacs)
Central Excise Act	Interest	Not known	Appellate Tribunal	2.58

- (x) The accumulated losses at the end of financial year exceeding 50% of the net worth of the company. The company has incurred cash loss during current year, though in the immediately preceding year it has not incurred cash loss.
- (xi) In our opinion and according to the information and explanations given to us, the company has no dues to financial institution or debenture holders. With respect to dues to a bank reference is invited to Note No 12.
- (xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other similar securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) In our opinion, and according to the information and explanation given to us, the company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion and as per the information and explanation given to us no fresh term loan has been obtained during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that funds raised on short-term basis amounting to Rs. 10,81.54 lacs have been used for long-term application.
- (xviii) The company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act. Accordingly, the question of reporting on whether the price at which such shares have been issued is prejudicial to the interest of the company does not arise.
- (xix) According to the information and explanations given to us, the company has not issued debentures during the year.
- (xx) According to the information and explanations given to us, no public issues have been made during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For K. S. Aiyar & Co.  
Chartered Accountants  
P. R. Sethuraman  
Partner  
Membership No. 7768

Place: Mumbai  
Dated: 28th June, 2007

**MANAGEMENT DISCUSSION AND ANALYSIS****A) INDUSTRY STRUCTURE AND DEVELOPMENT**

Textile Industry continues to play dominant role in the Indian economy and has shown significant growth in the recent past. Being a priority sector, the Government has extended Technological Up-gradation Fund Scheme for a further period of one year for providing necessary impetus to achieve quantum growth in the short term. Home Textile Industry, however, is passing through a phase of over-capacity which is becoming highly competitive. It is likely to take quite some time before this demand-supply mismatch gets corrected. Domestic market, however, continues to grow. Strengthening of Indian Rupees v/s US Dollar has significantly effected the exports of Textiles.

**B) OPPORTUNITIES AND THREATS**

Excess capacity build-up in the Asian region has posed serious threat in terms of cut throat price competition with China being major player. Installation of new technology machine for manufacture of fabric under TU FT Scheme will enhance the demand of yarn.

**C) OUTLOOK**

Domestic business is poised for quantum growth fuelled by changing life styles. Though coarser varieties of cotton have been costlier this year, prices of finer cotton are expected to remain subdued owing to the demand-supply mismatch. With the improving yield of Cotton/Acre the availability of Cotton is expected to be at competitive price as well the improvement in quality of Cotton will help in overall production. The manufacturers of other raw materials namely Polyester Staple Fibre and Viscose Staple Fibre have undertaken major expansion programmes. This will also ease out the availability of same.

**D) RISKS AND CONCERNS**

Increasing energy costs and intense competition are some of the immediate risks and concerns to be addressed by more effective Power management and increasing production of high value products.

**E) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded, protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

**F) FINANCIAL AND OPERATIONAL PERFORMANCE**

Please refer Director's Report.

**G) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT.**

The Company has always recognized the manpower as its asset and that the people had been the driving force for the growth and expansion of the Company. Industrial relations during the year were cordial and peaceful.

The Company has taken a number of new initiatives, to improve efficiencies and reduce costs.

**H) CAUTIONARY STATEMENT**

Statement in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials cost & availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations.