

104th Annual Report 2011-12



**The Jamshri Ranjitsinghji Spg. & Wvg.
Mills Co. Ltd.**

NOTICE

NOTICE is hereby given that the Hundred and Fourth 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 26th day of July, 2012 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 31st March, 2012.
- 2) To Appoint a Director in place of Shri E.A. K. Faizullahboy who retires by rotation but, being eligible, offers himself for reappointment.
- 3) To appoint Auditors and to fix their remuneration.

Place : Mumbai
Date : 21st May, 2012

By Order of the Board of Directors

P.R DAMANI
CHAIRMAN

NOTES:

- (a) The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 , in respect of Item No. 2 set out in the Notice is annexed hereto
- (b) 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 OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE , MUST BE DELIVERED AT THE REGISTERED/CORPORATE OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (c) Members are requested to note that the Company's equity shares are under compulsory demat trading for all investors, subject to the provisions of SEBI Circular No. 21/99 dated July 8, 1999. Members are, therefore, requested to dematerialize their shareholding to avoid inconvenience.
- (d) The Register of Members and Shares Transfer Books in respect of Equity Shares of the Company will remain closed from 17/07/2012 to 24/07/2012 (both days inclusive).
- (e) Members holding shares in physical form are requested to immediately notify change in their address, to the Registrar and Transfer Agent of the Company , viz. Computech Sharecap Ltd. 147, Mahatma Gandhi Road, 3rd Floor, Opp. Jehangir Art Gallery , Fort, Mumbai – 400023. quoting their Folio Numbers.
- (f) 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.
- (g) The Company has implemented the "Green Initiative" as per Circular Nos. 17/2011 dated April 21,2011 and 18/2011 dated April 29 ,2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and annual reports to shareholders. Henceforth , the email addresses indicated in your respective Depository participant (DP) accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be your registered email address for serving notices/documents including those covered under Section 219 of the Companies Act,1956. The other requirements of the aforesaid MCA circular will be duly complied with. Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company at the address mentioned in(e) above quoting their folio number(s).

ANNEXURE TO NOTICE – EXPLANATORY STATEMENT.

In conformity with the provisions of the Section 173 of the Companies Act, 1956, the following explanatory statement sets out all the material facts relating to Item No.2. mentioned in the accompanying Notice dated 21st May,2012

BRIEF RESUME OF THE DIRECTORS SEEKING APPOINTMENT OR RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENTS.

ITEM 2

Shri E.A. K. Faizullahboy

Shri E.A.K.Faizullahboy is an Eminent Solicitor and Partner of M/s Mulla & Mulla & Cragie Blunt& Caroe . He is on Board of Company since last 28 years and has given valuable legal advice whenever required.. He is member of the Remuneration Committee Constituted by the Board of Directors of the Company The Board considers that the Company would be benefited 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 104th Annual General Meeting of the Members of the Company.

THE JAMSHRI RANJITSINGHJI SPG. & WVG. MILLS CO. LTD.

ONE HUNDRED & FOURTH REPORT OF THE DIRECTORS

We present our Annual Report of the Company with the audited statement of accounts for the year ended 31st March, 2012.

1. FINANCIAL RESULTS

	THIS YEAR	PREVIOUS YEAR
Gross Profit/(Loss)	43,73,416	8,72,04,578
ADDITIONS/DEDUCTIONS		
Depreciation	45,83,026	29,15,672
Profit/(Loss) after taxation	(2,09,610)	8,42,88,906
: Balance brought forward	(1,25,46,940)	(9,68,35,846)
Profit/(Loss) dealt with as under	(1,27,56,550)	(1,25,46,940)
Surplus/(Deficit) carried to Balance Sheet	(1,27,56,550)	(1,25,46,940)

2. DIVIDEND

In view of accumulated loss the Directors are unable 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 :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have 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 and of the profit or loss of the Company for the period;
- 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;
- that the Directors have prepared the annual accounts on a going concern basis.

4. WORKING

The working during the year was adversely effected due to steep rise in the prices of Raw Material and shortage of Labour for working the plant to full capacity.

The recession in textile Industry continued during the year effecting the sales realization of finished product.

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.

Government's emphasis to increase power generation will enable your company to receive uninterrupted power supply without fluctuation in voltage. This will be helpful in increasing the production and reducing the cost. Realisation of yarn is expected to increase with revival of weaving sector.

7. B.I.F.R

B.I.F.R has taken out the Company from the purview of SICA as the net worth of the Company became positive

8. DIRECTORS

Under Articles 146 of the Articles of Association of the Company, Shri E.A.K.Faizullahoy retires by rotation and is eligible for reappointment.

9. INSURANCE

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

10. PUBLIC DEPOSITS

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

11. AUDITORS' REPORT

Auditors' Report do not call for any specific response u/s. 217(3) of the Companies Act, 1956.

12. 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. Mittal & Associates, Chartered Accountants being eligible offer themselves for reappointment.

13. COST AUDITORS

The Company has appointed Shri S.V. Vhatte and Associates, Cost Accountant for conducting the Cost Audit of the Textiles for the financial year ended March, 2013.

14. 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.

15. ACKNOWLEDGEMENTS

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

16. 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.

For and on behalf of the Board

Place : MUMBAI
Date : 21st May, 2012

CHAIRMAN

THE JAMSHRI RANJITSINGHJI SPG. & WVG. MILLS CO. LTD.

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) SECOND COMPRESSOR ELEMENT IS CHANGED TO GIVE 205 CFM AIR INSTEAD OF 165 CFM ON SAME POWER CONSUMPTION.
 - ii) COOLING WATER OF COMPRESSOR IS REUSED FOR GARDENING.
 - iii) POWER FACTOR IS MAINTAINED TO UNITY LEVEL.
 - iv) MODIFICATION IN HUMIDITY PLANT WORKING BY ADJUSTING IMPELLERS.
 - v) ELECTRONIC CHALKS ARE FITTED.
- b. ADDITIONAL INVESTMENT AND PROPOSAL IF ANY BEING IMPLEMENTED FOR REDUCTION IN CONSUMPTION OF ENERGY.
 - i) TO CHANGE ELEMENT ON ONE COMPRESSOR.
 - ii) TO STOP ONE OF THE TRANSFORMER BY READJUSTING THE LOAD.
 - iii) TO INSTALL ELECTRONICS CHALKS ON BALANCE TUBE LIGHTS.
- c. IMPACT OF MEASURES AT (a) AND (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND ON THE COST OF PRODUCTION OF GOODS.
 - i) THE CHANGE OF ELEMENTS ON COMPRESSOR HAS SAVED CONSIDERABLE ENERGY.
 - ii) RE USING OF WASTE WATER HAS NOT ONLY SAVED THE WATER BUT ENERGY FOR PUMPING THE SAME.
 - iii) THE POWER FACTOR IMPROVEMENT HAS RESULTED IN LOWER POWER COST.
 - iv) HUMIDIFICATION PLANT WORKING READJUSTMENT HAS SAVED CONSIDERABLE ENERGY.
 - v) ELECTRONIC CHALKS HAVE SAVED ENERGY.
 - vi) STOPPING OF TRANSFORMER WILL SAVE CONSIDERABLE EDDY CURRENT LOSS & THERE BY ENERGY SAVING.
- d. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF THE PRODUCTION : FORM – “A” ENCLOSED.

B. TECHNOLOGY ABSORPTION.

- e. 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 |

NOTES : FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012**FORM "A"****A. POWER AND FUEL CONSUMPTION**

	CURRENT YEAR 01.04.2011-31.03.2012	PREVIOUS YEAR 01.04.2010-31.03.2011
1 Electricity		
a) Purchased		
Unit (Kwh) in Lakhs	99.59	121.16
Total Amount (Rs. In Lakhs)	583.10	566.44
Rate/Unit (Rs.)	5.86	4.68
b) Own generation through Diesel Generator		
Unit (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 Rate (Rs./ M.tons)	0.00	0.00

B. CONSUMPTION PER UNIT OF PRODUCTION

1) Electricity (Units)		
Per Kg Of Yarn.		0.00
Per Linear Metre Of Fabric	0.00	0.00
2) Fuels (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) INVERTER DRIVE IS FITTED ON BLOW ROOM NOS. 2 & 3.
- ii) MECHANICAL DRIVE IS MODIFIED ON C 1/3 CARD NOS. 6 TO 10 & INVERTERS ARE FITTED.
- iii) AIR IS INDUCED IN PNUMEFIL SUCTION TO AVOID SUCTION DUCT CHOKE UP ON RING FRAME.

2. BENEFIT DERIVED AS A RESULT OF THE ABOVE R & D.**PRODUCT DEVELOPMENT / IMPROVEMENT.**

- i) MACHINE BREAKDOWN IS REDUCED CONSIDERABLY ALSO MARGINAL ENERGY IS SAVED.
- ii) MAJOR MECHANICAL DRIVE GEARS ARE REDUCED, HENCE WEAR & TEAR OF THIS PARTS AVOIDED. THE BREAKDOWN OF MACHINE REDUCED CONSIDERABLY.
- iii) YARN BREAKAGES ON RING FRAMES ARE CONSIDERABLY REDUCED.

3. IMPORT SUBSTITUTION

NIL

4. FURTHER PLAN OF ACTION.

- i) TO STUDY THE CAUSE OF END BREAKAGES AT BOTTOM POSITION ON RING FRAMES AND FIND OUT SOLUTION TO CONTROL THE SAME.

5. EXPENDITURE ON R & D.**(RS. IN LACS)**

A) CAPITAL	NIL
B) RECURRING	2.68
C) TOTAL	2.68
D) TOTAL R & D EXPENDITURE AS A PERCENTAGE OF TOTAL TURNOVER	0.06

TECHNOLOGY ABSORPTION, ADOPTION AND INOVATION

EFFORTS IN BRIEF MADE TOWARDS TECHNOLOGY ABSORPTION, ADOPTION, INOVATION AND BENEFITS AS RESULT THEREOF

- i) EFFORTS FOR ESTABLISHING PRODUCTIVITY OF POLYESTER YARN IN PROGRESS.

THE JAMSHRI RANJITSINGHJI SPG. & WVG. MILLS CO. LTD.

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 31st March, 2012 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. 2.6 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
- (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 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) We draw attention in respect of unutilized Cenvat credit amounting to Rs. 100.60 lacs appearing in the books; we are informed that the management is actively considering available alternatives for utilizing this balance.
- (vii) We draw attention in respect of deposit and maintain separate account for the gratuity which is required by AS-15 i.e. Employee Benefits. The company has done actuarial valuation and made provision for the same but has not maintain the Separate Account for gratuity which is required by AS-15
- (viii) Subject to Para (vii) 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 31st March, 2012;
 - (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 and on behalf of
MITTAL & ASSOCIATES
Chartered Accountants
F.R.NO.: 106456W

M. MEHTA
Partner
M.No: 42990

Place: Mumbai
Date: 21/05/2012

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, physically verification has been conducted by the management at reasonable intervals in respect of inventory.
- (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
- (b) 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) According to the information and explanations given to us, 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) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (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.

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	0.19	2006-2007	Various dates	Not yet paid

THE JAMSHRI RANJITSINGHJI SPG. & WVG. MILLS CO. LTD.

- (b) According to the information and explanations given to us, there are no Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and cess which have not been deposited on account of any dispute.
- (x) The accumulated losses at the end of financial year do not exceed the net worth of the company. The company has earned cash profit during the year and in the immediately preceding year
- (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.
- (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. Hence clause 4(xiv) is not applicable to company.
- (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 that working capital loan limit is enhanced to Rs. 160 lacs, which are secured by hypothecation of stocks of Raw materials & Finished goods.
- (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 funds have not 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 and on behalf of
MITTAL & ASSOCIATES
Chartered Accountants
F.R.NO.: 106456W

M. MEHTA
Partner
M.No: 42990

Place: Mumbai
Date: 21/05/2012

MANAGEMENT DISCUSSION AND ANALYSIS

A) INDUSTRY STRUCTURE AND DEVELOPMENT :

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. It provides direct employment to over 35 million people, which includes a substantial number of SC/ST and women.

In the domestic market, the unorganized sector continues to play a competitive role due to significant cost advantages. However innovation, technology and good management capabilities will play a key role in success of industry players.

B) OPPORTUNITIES AND THREATS

India's performance and growth in the textile sector is aided by several key advantages that the country enjoys, in terms of availability of adequate raw material, large market demand, presence of supporting industries and supporting policy initiatives from the government.

C) RISKS AND CONCERNS

The Textiles sector is largely fragmented. It is also hampered by a shortage of trained and specialized human capital, weak labour laws, frail logistics and supply chain system. Besides that, the volatility in the raw material prices, higher interest cost, high labour cost, increase in energy cost are some of the major challenges the textile industry is facing.

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.

D) 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.

E) FINANCIAL AND OPERATIONAL PERFORMANCE

Please refer Director's Report.

F) 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.

G) CAUTIONARY STATEMENT

Certain statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors' envisage in terms of future performance and outlook.

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.