

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1 INDUSTRY STRUCTURE AND DEVELOPMENTS

There has been a steady increase in the Denim capacity in India since the year 2000. The domestic demand for Denim is about 650 million meters per annum and the total capacity of the Denim industry is about 850 million meters and it is growing at about 13% per annum. During the last few years several new players have entered the market in anticipation of growing demand. Out of the total production, about 40% is exported and the balance is consumed within the country.

2 OPPORTUNITIES, THREATS AND OUTLOOK

Though there are good prospects for growth in the Denim Industry, the high cost of key raw material and other inputs is affecting the performance of the sector. This has affected the Company's ability to maintain its competitiveness and margins in the face of stiff competition from competitors. The Company continues to lay emphasis on technology innovation and value addition to improve its performance in the coming years.

3 SEGMENTWISE PERFORMANCE

The Company has only single activity of manufacturing Denim fabric and hence no segment wise information is given.

4 RISKS AND CONCERNS

The risks and concerns for the company continue to be high cost of major input viz. cotton and intense competition in domestic and export markets due to large scale over capacity.

5 INTERNAL CONTROL SYSTEMS

The Company has an adequate system of Internal Controls that ensures that all assets are protected against loss from unauthorized use or disposition and all transactions are recorded and reported in conformity with generally accepted accounting principles.

6 FINANCIAL PERFORMANCE

During the year ended March 31, 2012, the Company has achieved production of 14.29 million meters of Denim fabric. The sales Turnover is Rs 18092.73 lacs.

7 HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Human Resources and Industrial relations remained cordial during the year under review.

8. CAUTIONARY STATEMENT

Statements in this Report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. The Company assumes no responsibility to amend, modify or revise any of the statements on the basis of subsequent developments, information or events.

For and on behalf of the Board

Place : Mumbai
Dated : August 10, 2012

H. D. RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR