

## **INDUSTRIAL RELATIONS**

Industrial Relations in all units and branches of the Company remained generally cordial and peaceful throughout the year, except Units under suspension of work, etc. as mentioned in Management Discussion & Analysis Report annexed herewith.

## **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to place on record their appreciation of the continuous support, encouragement and co-operation received from the Company's bankers, the Government of West Bengal, customers, employees, shareholders and other business associates.

Place: Kolkata  
Dated: 12 June 2018

On Behalf of the Board  
B. Wadhwa  
N. Pujara  
Directors

---

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **A. Industry Structure and Development:**

During the year operating cycle for the Jute Industry was favourable because of adequate availability of raw jute at reasonable prices coupled with Govt demand for 'B' Twill bags which continued to be strong. In fact at times the Industry could not satisfy such demand in time because of excessive orders and shortage of skilled work force leading to under utilisation of capacity base. Sincere efforts are in process to augment the productivity of workers by giving them suitable training and to increase productive & qualitative edifice of the Industry for the purpose of retaining its stock among Key market players. Besides modernization of the mills by installing labour saving machineries, are among needs of hour to provide better quality seeds to farmers to improve the quality and yield of Raw Jute so that Jute products remain competitive in terms of price & quality in long term perspective.

### **B. Opportunities/Threats, Risks & Concerns:**

#### **❖ Opportunities**

With rising food grain production and procurement by Government agencies, demand for 'B' Twill bags from the sources of Government procurement agencies continues to be good. Hence, Jute Industry needs to avail this opportunity by way of gearing up production of 'B' Twill Bags.

Of late there is a growing concern in the Country as well as abroad to reduce use of plastic materials reportedly is causing serious environmental damage. Some State Governments have banned use of plastic bags on alleged ground of choking drainage system in addition to causing environmental hazards. Jute being bio-degradable and environment friendly fibre is well positioned to experience new demand resulting from reduction in plastic uses. Hence there are enormous opportunities for developing alternate products made out of jute or blended with other natural fibers to address this new demand. Industry needs to take immediate measures in this direction which apart from providing better margin would also create long term sustainable market for the Jute Industry.

#### **❖ Threats / Risks and Concerns**

At present the main concern for the Industry is shortage of skilled man power resulting in lower production. Therefore Industry body with the support from State / Central Govt should devise a suitable scheme so that new workers are given proper training to conform to productive exigency on sustainable basis. It is ironical to note that on the one hand there is high rate of unemployment in the country whereas on the other hand Jute Industry is suffering from shortage of skilled workers. Besides the Industry is heavily dependent on Govt orders. New usage of jute should therefore be explored for development.

### **B. Outlook:**

With prediction of another normal monsoon and record Rabi crop materialising outlook for the Industry seem favourably disposed for higher output B twill bags barring unforeseen situation. Ensuing Jute Crop is reported to be lower than previous year because farmers have earmarked lesser acreage for Jute Crop this year due to low price fetched against Jute Crops in previous season. This may add to cost of Raw Jute. However, it is too early to give any firm indication as new crop normally arrives in the market by around August. Since demand for 'B' Twill Bags are expected to be good rise in cost of production, if any, may be possible to be passed on to the Govt buyers though such scope is limited with reference to private customer.

High interest cost has been as area of concern for quite some time & with the support of Corporate Guarantees of promoter group entities, the Company has replaced in this month itself a portion of high cost loans with lower cost term loan which would save Interest cost significantly.

Efforts are also continuing to monetize some of the prime non-core assets which the company has created over a period of more than 3 decades. Value of these assets have appreciated considerably and with real estate activities now looking up after several years of down turn, it is expected that some positive development may happen in this direction which will not only result in saving of interest cost for the Company but with the surplus fund available it will be possible to explore other growth / investment opportunities for better return on equity.

**D. Internal Control System & Adequacy:**

The Company has a proper internal control system in place across all its operations. Internal audit work has been assigned to a professional firm of Chartered Accountants who have expressed satisfaction about the adequacy of internal control systems and procedures followed by the Company. The Audit Committee reviews the observations of the internal auditors and implementation aspects on a regular basis.

**E. Financial & Operating Performance:**

Sales / Income from operation was Rs.129.61 Crores compared to Rs.106.08 Crores in the previous year. Export sales was higher at Rs.37.86 Crore compared to Rs.32.32 Crore in the previous year. Both production and sales would have been even higher but due to shortage of skilled manpower, the company had to curtail its production.

**F. Material Development in Human Resources/Industrial Relations Front:**

The Company continues to rationalize its workforce and put emphasis on providing quality training under the Company's programme.

Yarn Unit and Libra Carpet Unit located at Choudwar, District Cuttack, Odisha, Weaving Unit at Rishra, Yarn and Weaving Unit at Konnagar continued to be under suspension of work.

**G. Cautionary Statements:**

Certain statements in this report may be construed as forward looking statements which have been made as required by laws and regulations, as applicable. There are several factors, which would be beyond the control of management and as such, may affect the actual results, which could be different from that envisaged.