

**ANNEXURE – 6 - TO THE DIRECTOR'S REPORT****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE AND DEVELOPMENTS:**

Incorporated in 2008, 'Titaanium Ten Enterprise Limited' ('the Company') is engaged in Trading of yarn, grey cloth and knitted fabrics as well as manufacturing of knitted fabrics. We also undertake job work of yarn and fabrics in our own capacity or on outsource basis. The Registered Office of our Company is situated at Shop No. 901/914, Rajhans Complex, 9<sup>th</sup> Floor, Ring Road, Surat- 395002, Gujarat and the manufacturing plant is situated at Plot No. 660/A, 660/B and 660/C, Village Palsana, District Surat, Gujarat.

The Company is promoted by Mr. Rohitkumar Kapadia and Mrs. Ilaben Kapadia. Being engaged in the textile industry since last four decades, our Promoter Mr. Rohitkumar Kapadia has been the pioneer of the Company's business ideology and growth strategies. The Company's operations are backed by the inventive initiatives and textile knowledge of Mr. Tejuskumar Kapadia, the CEO of our Company. Within a short span of time, our Company has created a steady position for itself in the Surat textile market and has been able to generate turnover of around Rs. 100 Crores during the past few years of operations.

The Company's sales model is divided into 2 parts i.e. i) trading of yarn and grey cloth and ii) supply of knitted fabrics. Our trading operations cater to customers from both domestic and international markets. Our traded materials are mostly used in the process of weaving and knitting of fabrics which are then used for apparels such as sarees, shirting's, suiting's, and upholstery such as curtains amongst others. For our manufacturing operations, we have a plant set up at Surat which is considered as "The Textile Hub of The Nation". Spread over 2,853.12 square meters, our manufacturing facility is well equipped with requisite plant and machinery such as Warping and Knitting machines. Our manufacturing process mainly consists of blending and knitting of yarn into beams of cloth which is then converted to fabric. We use different qualities of yarn as raw material of which Bi-Shrinkage Yarn (BSY) and Cationic Yarn are imported and others such as Filament Yarn, Bright Yarn, Nylon Mono Yarn, etc are procured locally. We also undertake job work activities to customize the products to suit the clients' requirements. The Company is into the planning stage to indulge & expand its operations into Furnishing and Home Decor Products, Handling Local Dispatches and to start the Logistics Business. Proper Execution is yet to be carried out. The Company is also planning to Import the Yarn from South Korea.

Customer satisfaction has been one of the key strengths of our Company. Our management and team has enables us to maintain continuing customer relations, ensuring repeat order flows. Similarly, we have developed strong bonds with our suppliers. We are the sole authorized representative for sales of yarns in Surat. of PT. Asia Pacific Fibers Tbk., a well-known Indonesian yarn manufacturing Company.

We aim to satisfy the needs of customers and give them value for their money by ensuring quality and a wide variety of products accompanied by technology development, involvement of our management team and dedication of our employees. We also desire to expand our business operations on PAN India basis. Our Company is currently an Export House and holds a valid certificate for the same from the Director General of Foreign Trade which facilities ease in export transactions.

**OPPORTUNITIES AND STRENGTH:**

1. In depth knowledge of Yarn.
2. Technological Advantage
3. Quality and innovation
4. Sole Representative for a well-known Indonesian Supplier
5. Customer centric Business Model
6. Diversified Product Range
7. Locational advantage.

**THREATS AND RISK:**

1. Risk of duplication of our products
2. Brand image
3. Supply and availability of raw material
4. Competition and price cutting from existing and new entrants
5. Development of textile sector
6. Credit availability

7. Technological changes
8. Rate of interest policies
9. Economic and Demographic conditions

The Company's business operations remained shut from end of March, 2020 due to lockdown announced nationwide and as per Government's decisions/directions, the Company has commenced its business operations from June, 2020. We are mainly in importing yarn and our 50 containers lying on the port which we are unable to release due to liquidity issues and still we need to pay detention and ground rent for the containers lying on port which is affecting profitability of the company. As all our weaver's office and factory is closed due to COVID-19 pandemic and we are not receiving any payment from them. The revenues and profitability of the Company are likely to be adversely impacted due to almost Nil Business during the month of April, May and June.

Subsequent to the relaxations in lockdown, the Company resumed operations by focusing on the safety and well-being of all stakeholders. The Company has resumed the operations, adhering to safety norms prescribed by government. It will take time for the business to reach the pre-lock down level. The Company is taking utmost care of its staff and smooth functioning of work force like sanitization, social distancing, operations mandatory mask wearing, maintaining proper hygiene. The staff at the office are instructed and trained accordingly. We have taken decision to control the capital expenditure to some extent wherever necessary to maintain the funds.

The revenues and profitability of the Company are likely to be impacted due to almost Nil Business Operations during the month of April, May and June. The second quarter likely to be better than first quarter as the normalcy will return in the market and business confidence will improve. The Company's resources in the form of capital and Banking facilities remained resources intact. There are less liquidity concerns as the company has cash credit limits.

In view of lock down for the First Quarter during Financial Year 2020-21, the Profitability during first Half year (April to September) is likely to be impacted, as the business situation is very capricious. The cost of raw material has been already reduced by 10 to 12 % during this lockdown period which is adversely affecting the profitability of the business. Though we do hope the business situation should normalize during the other Half Year.

The Company has taken Cash flow control and overhead control measures to manage the operations, fortnightly review mechanism adopted to review the account receivables and measures taken to control the capital expenditure.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

There is an adequate internal control procedure commensurate with the size of the company and nature of the business for the purchase of inventory, fixed assets and for the sale of goods or services.

Company has constituted audit committee to overlook internal control system and their adequacy.

Audit committee regularly review and give it recommendation on proper internal control system.

#### **HUMAN RESOURCES:**

We believe that our employees are key contributors to our business success. We focus on attracting and retaining the best possible talent. Our Company looks for specific skill-sets, interests and background that would be an asset for our business.

Our manufacturing facilities have 30 employees who looks after our business operations and factory management. Apart from these employees, we also employ casual labour or temporary labour on need basis. Further at our registered office, we have 18 employees in addition to our management. These employees look after administrative, secretarial, legal, marketing and accounting functions. Our manpower is a prudent mix of the experienced and youth which gives us the dual advantage of stability and growth. Our work processes and skilled / semi-skilled / unskilled resources together with our strong management team have enabled us to successfully implement our growth plans.

By order of the Board of Directors  
**TITAANIUM TEN ENTERPRISE LIMITED**

Place: Surat  
Date: 28/08/2020

**ILABEN KAPADIA**  
Chairperson & Director  
DIN: 03507916