

## ANNEXURE VI

### MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

#### BUSINESS REVIEW

##### General Economy

The global economy recovered after a few years of slow growth. The advanced as well as emerging economies have started reflecting positive signs of turnaround. One of the worrying factors as is seen from RBI Report is that there is a potential trade wars amongst major economies like US, China, etc. like each one imposing high tariffs on imports from other countries and thus totally discarding the objective of elimination of trade barriers globally for which the World Trade Forum have been striving for decades. The crude oil prices have been rising and reflect high volatility.

As far as Indian economy is concerned, the revised GDP growth is marginally high at 6.6% which is much lower than the figure achieved at 7.1% in 2016-17. Apart from many factors and the various sectors like agriculture, industry and service sector reflected a see-saw movement in growth during 2017-18, the Goods and Services Tax (GST) implementation is having an adverse effect so far on the growth parameters even though it is presumed that it is only a transitional phase. There has been adverse effect on urban consumption through loss of output and employment in the labour intensive unorganized sectors.

The outlook for 2018-19 prima facie appears encouraging due to several factors. It is seen that there are now clearer signs of revival in investment activity as reflected in expansion in capital goods manufacturing and rising imports. Supplementing the same is global demand improving, which could result in boost to Country's exports.

The Union Budget of 2018-19, provides major thrust is on the development & upliftment of rural economy and agricultural sector by strengthening and improving the Infrastructure of the Country. These initiatives will help increase the creation of more employment and thereby providing impetus for growth for the entire economy of the Country.

As a result on an average the GDP growth is expected to touch 7% to 7.2% in 2018-19 from 6.6% in 2017-18.

##### Company Business

The company continues its focus on both job work and sale of textile products locally and thus catering to the needs of the customers. During the year under review the turnover from each of these main thrust areas have been more or less same with sale of textile products recording a turnover of Rs.42.58 crore as against Rs.38.16 crore in 2016-17. The job work recorded a turnover of Rs.44.50 crore as against Rs.45.71 crore in 2016-17. The total revenue from operations reflected a marginal increase to Rs.89.24 crore as against Rs.85.93 crore in the previous year.

Despite vagaries in the performance of textile units in Ahmedabad, the company's processing unit has been operating to its full capacity garnering repeat orders from many a invaluable customers.

The company continues to be a debt free entity since 2016-17.

##### Outlook, Opportunities and Threats

Textile plays a major role in the Indian Economy. It contributes about 14% to industrial production and 4% to GDP. The industry is one of the largest source of employment generation in the country and employees above 45 million people. The approximate size of India's textile market is around US\$ 150 billion, which is expected to touch US\$ 250 billion market by 2019, growing at a CAGR of 13.58% between 2009 to 2019.

The central government is planning to finalise and launch the new textile policy in the coming months. The policy aims to achieve US\$ 300 billion worth of textile exports by 2024-2025 and create an additional 35 million jobs.

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players into the Indian market.

##### Risks and Concerns

Your company has in place a comprehensive Risk Management Policy to assist and mitigate various applicable risks. The company by shifting its focus from exports to job work has virtually eliminated the payment risks as it was earlier predominantly exporting to African countries where availability of foreign exchange was always a perennial problem. The company by ensuring upgradation of machineries periodically, focusing on total quality and ensuring delivery to the customers are as per the promise has facilitated creating confidence of the customers for continuous repeat orders.

The Management Discussions and Analysis explaining the objectives of the company, the opportunities and threats, the outlook for the future, the risks and concerns have to be read with the meaning of relevant applicable laws and regulations. The actual physical performance may differ materially from those explained hereinabove.

##### Internal Control System

The company has an effective system of internal controls to ensure that all its assets are properly safeguarded and protected against loss from unauthorized use or disposal.

Further all the internal control system is practiced by the company to ensure that all transactions are authorized, recorded and reported correctly. The system is commensurate with the nature of business and the size of the operation. The company also has an internal audit system so as to ensure that systems are strengthened and improved on a continuous basis.

The Company has an Audit Committee of Directors which reviews the adequacy of internal controls.

##### Material Development in Human Resources

The company has a team of able and experienced professionals. The work culture and value system in the company is designed to provide each employee the adequate space, freedom and guidance to bring out their full potential and provide personal growth opportunities within the organization.