

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the 21st Annual Report on the affairs of your Company together with the Audited Statements of Account for the year ended 31st March, 2010.

FINANCIAL RESULT

	2009-2010 (Rs. In lacs)	2008-2009 (Rs. In lacs)
Sales & Export Revenue	41455.43	26652.69
Other Income	48.33	62.50
	41503.76	26715.19
PBIDT	1979.16	972.43
Interest	1113.42	798.04
Depreciation	656.37	635.71
PROFIT BEFORE TAXATION	209.37	(461.32)
Taxation	15.42	(-)285.05
PROFIT AFTER TAXATION	193.95	-176.27
Profit Brought Forward from Previous Year	62.55	238.82
PROFIT AVAILABLE FOR APPROPRIATIONS	256.50	62.55
APPROPRIATIONS		
Transfer to General Reserve	-	-
Proposed Dividend	-	-
Income Tax on Dividend	-	-
Balance carried to Balance Sheet	256.50	62.55
	256.50	62.55

DIVIDEND

Your Directors intend to plough back entire profit after tax for the year ended 31st March, 2010 for meeting working capital requirement and Capital expenditure on planned upgradation. As such, no dividend is recommended for the year ended 31st March, 2010.

REVIEW OF OPERATION

The Company's turnover has increased from Rs. 26652.69 lacs for the year ended 31st March, 2009 to Rs. 41455.43 lacs for the year under review thus recording an increase of 55.54%.

Profit after Tax for the Year under review is Rs.193.96 lacs as against loss of Rs.176.27 lacs in the previous year.

The adverse effect of the Global crisis which started in mid 2008 continued during the first half of the period under review. The Company utilised the situation to introspect and fine tune its operations and to utilise resources to improve its competitiveness.

Beginning from the 3rd quarter of the period under review, a revival in demand for textile products and the company's products, in particular, began to be seen and this trend has since continued.

The retailers in the west had reduced inventories to very low levels and hence, now started purchasing to meet their sales and also to rebuild inventory. Additionally, the strong growth in the Indian economy together with better percolation of benefits to the bottom of the pyramid also brought increased demand for textiles. Your company was well positioned to exploit these developments and could achieve the growth in turnover.

The developments on the cost front, however, were not favourable. India's cotton crop in 2009-10 was quite satisfactory and total size was similar to the previous season. Globally however, the cotton crop size reduced. As a result, there was strong demand for Indian cotton in international markets and a huge quantity of cotton was exported from India. Thus, despite a good crop, the prices of cotton in the domestic market moved up and are approx. 15-20% higher than the previous year.

Other input costs such as power, transportation etc., also went up due to increase in fuel prices and inflation thus taking costs up. Interest cost also increased as the RBI tightened monetary policy and the Government withdrew most of the stimulus measures.

FUTURE PROSPECT

Your Directors are happy to report that though, with a time lag, the process of passing on the costs in prices of finished goods could be done starting from February – March 2010.

During April 2010, the Government of India has temporarily stopped export of raw cotton and waste. This was subsequently permitted for registered contracts and an export duty imposed. New exports would be permitted after October 2010. These measures promise an effort to ensure better availability of cotton for domestic industry.

Simultaneously, the Government has implemented a process of registration to monitor the export of cotton yarn. Further, Duty Entitlement Pass Book (DEPB) and Drawback, meant to re-imburse the taxes/duties paid on inputs during the manufacture of cotton yarn have been withdrawn. This has reduced competitiveness of export of cotton yarn.

The cotton crop for season 2010-11 is expected to be big on account of increase in area under cotton and expectations of better weather, both in India and globally. The

Government of India is expected to declare a policy for export of raw cotton which will also ensure adequate availability for domestic industry.

Further, The Ministry of Textiles has sought additional allocation for Textile Upgradation Fund Scheme (TUFS), indicating its desire to promote further investment and capacity growth in the industry.

All these measures will definitely be positive for your Industry.

The continuing growth in our economy will ensure a healthy growth in consumption of textile products in the domestic market. Also, the growth in our cotton crop vis-à-vis other major competing countries will ensure good export demand for Indian textile industry. Thus, your Directors are hopeful of a bright future of the textile industry in India. The Company is working on plans to be a part of this bright future.

PUBLIC DEPOSIT

Your Company has not accepted any deposits during the year under review within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975.

DIRECTORS

Mr. D.P.Agarwal and Mr.K.L.Agarwal have resigned from the directorship of the Company with effect from 30-Sep-09 and 28-May-10 respectively. The Board places on record its appreciation for the contribution made by Mr. D.P.Agarwal and Mr.K.L.Agarwal during their tenure as Directors.

Mr. Sushil Patwari, Mr. Mahendra Patwari and Mr. K.C.Purohit retire by rotation at the ensuing Annual General Meeting and all of them being eligible, have offered themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

1. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures.
2. The Directors have selected such accounting policies and applied them consistently and made judgements 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, 31st March, 2010, and the profit for that period.
3. Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The Directors have prepared Annual Accounts on going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management discussion and analysis are covered in a separate report annexed hereto and marked as **Annexure “B”**.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is enclosed as part of this annual report and marked as **Annexure “C”**. Requisite Certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the report of Corporate Governance. Adequate steps to ensure compliance of all the mandatory provisions of ‘Corporate Governance’ as provided in the Listing Agreements of the Stock Exchanges with which the Company’s Shares are listed have been taken and your company has ensured its required compliance.

AUDITORS

M/s. Das & Prasad, Chartered Accountants, Kolkata, the Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment for which company has received a requisite certificate to Section 224(1B) of the Companies Act, 1956 from M/s. Das & Prasad, the retiring Auditors of your Company regarding their eligibility for re-appointment as Auditors, and we recommend their re-appointment.

AUDITORS’ REPORT

The observation made by the auditors in their Report together with Notes on Accounts are self explanatory and, therefore, do not call for any further explanation under Section 217 (3) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in **Annexure –“A”** to this report.

MODERNISATION AND RATIONALISATION PROGRAMME

Modernisation and rationalisation programme is a continuous process in your company. During the year under review, the storage capacity has been increased. New plant and machinery have been installed to improve efficiency and quality and increase production of value added products.

PARTICULARS OF EMPLOYEES

None of the employees are drawing remuneration exceeding Rs.2.00 Lacs per month or Rs.24.00 Lacs per year. Hence, details required to be furnished in accordance with Sub Section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable.

APPRECIATION

The Board of Directors place on record their sincere appreciation for the dedicated efforts, good understanding and support, and valuable contributions made by all our employees in achieving the excellent result for the year. They also wish to sincerely thank shareholders, customers and financial institutions including banks for their support and encouragement.

By order of the Board

Place: Kolkata
Date: 28th May, 2010

Sushil Patwari
Chairman