

CHAIRMANS SPEECH

Dear Shareholders,

Good afternoon. On behalf of the Board of Directors, I extend my warm welcome to all of you to this 18th Annual General Meeting of your Company. I thank you for having spared your valuable time and made it convenient to attend the meeting.

The Annual Report containing the Directors' Report and the Audited Accounts for the year ended March 31, 2012 has been with you for sometime and with your permission, I consider them as read.

Before I dwell upon the performance of the company, it is pertinent to present the environment in which your company operated during the last fiscal.

INDIAN TEXTILE INDUSTRY:

The report of the Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17), envisages India's exports of Textiles and Clothing at USD 32.35 billion by the end of XIth Five Year plan, as against of USD 55 billion envisaged in the Report of Working Group on Textiles for the XIth Plan and based on historic growth rate of 10% (CAGR), a business as usual approach, will result in exports of USD 52 billion by the end of XI Plan. An export target of USD 65 billion and creation of 25 million additional jobs has been proposed with a CAGR of 15% during the XII Plan. At current prices the Indian textiles industry is pegged at US\$ 55 billion, 64% of which services domestic demand. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 35 million people and accounts for nearly 12% share of the country's total exports basket.

EXPORT

The total textile exports during April'11 to Dec'11 (P) were valued at Rs 111934.22 crore as against Rs 87585.03 crore during the corresponding period of financial year 2010-11, registering an increase of 27.80 percent in rupee terms. In US dollar terms, the same was valued at US\$23785.24.97 million as against US\$ 19201.36 million during the corresponding period of previous financial year registering an increase of 23.87 percent in US\$ terms. However, the share of textile export as against India's total export of all commodities has declined to 10.82 percent from 11.23 per cent during April-December, 2011 as against April-December, 2010.

DENIM INDUSTRY IN INDIA

India's denim industry gains as China's cuts production. The Indian denim industry is on a high thanks to China. With China and the US significantly cutting their denim capacity over last year, Indian denim makers' business has seen a surge lately. While the domestic market has been growing by 10 per cent, the foreign order books have risen between 10 per cent and 15 per cent as per experts. Meanwhile India has added about 100 million metres of capacity over a year. This has led to India being able to absorb the increased orders from within and outside the country. Competing neighbor, China has cut down production owing to rising labour and energy costs.

On opportunity from the space vacated by China that exports \$70 billion of apparel annually even if a small percentage of this opens up, it would be opportunity to Indian denim players.. India's present denim capacity is around 800 million metres, with an annual production of 650 million metres. As China which produces close to 2.5 to 3 billion metres of denim annually slows production. Indeed, While Pakistan, Bangladesh and Indonesia would try to cash in on China's loss, however experts say if cotton prices remain realistic and the local business environment conducive, India will get some of this business. The denim market in India expects to grow by 15 - 20 percent growth in current financial year too.

Meanwhile demand in the domestic market has been growing. In fact, with good growth prospects manufacturers are passing on the increased input costs to consumers and expecting more than 10 per cent year-on-year growth this fiscal. The cotton prices along with energy and labour costs remain realistic in India too so that they can get good exports business. Export demand for Indian players largely remains US-driven as Europe is reeling under the debt and slowdown crisis.

The Indian market is currently fragmented, consolidation is not the answer to its growth. This is because in the more developed markets such as Europe and USA, consolidation happens in case of market stagnation or negative growth. In contrast, the Indian market is seeing a robust growth of 15 to 20 percent in recent years, and there is ample space for all players to grow.

FINANCIAL PERFORMANCE

During the year under review, the turnover achieved was Rs.573.84crores as compared to previous years turnover of Rs. 507.40crores registering a growth of 13.09 % over the previous year. The profit before depreciation and taxes stood at Rs. 55.29crores for the year 2011-12 as compared to Rs. 51.30 crores during the year 2010-11 showing 7.78 % over the previous year. The net profit for the year 2011-12 rose to Rs. 18.79crores as compared to profit of Rs.17.35crores over the previous year. The cash profit during the year under review was achieved at Rs. 52.05crores

DIVIDEND

I would like to state that in view of excellent results during the year under review 2011-12, the Board has recommended a final dividend of 10% on equity shares subject to approval by shareholders, banks, institutions, etc.

FUTURE PLANS

The Indian denim industry has witnessed a y-o-y growth of about 15-20% .The Gujarat textile industry, a major contributor to the growth of the economy has positioned itself as a self reliant industry, from the production of raw materials to fabric and garment and on the export front, the Government of India has already earmarked Ahmedabad (also known once as Manchester of India) as Town of Export Excellence in Textiles. Looking at the market dynamics and to promote and strengthen the textile sector in Gujarat the Government of Gujarat has come up with the new Gujarat Textile Policy 2012, which lays emphasis on the integrated approach to strengthen the value chain and urges to be leader in manufacturing of yarn, fabric and garment with a policy to work on five F's- Farm, Fibre, Fabric, Fashion (Garment) & Foreign (Export).

The company has consistently modernized by implementing the expansion project for the increase in production capacity by installation of additional denim lines. The company has reached to 70 million meters p.a. production capacity and looking at the future demand-supply mismatch & to tap the hidden opportunities arising from that, the company is planning to increase the capacity upto 100 million meters p.a. Considering the bright prospects in the denim industry, qualitative products manufactured by the company, effective marketing network and efficient management, your company expects to achieve higher growth in terms of turnover and the profit.

ACKNOWLEDGEMENT

I feel privileged to thank every stakeholder of the Company - investors, customers, financial institutions, banks, suppliers, the government and our employees who play a vital role in our success. Without their support and tireless efforts we could not be where we are today. We are grateful to each one of them for being with us and sharing in the making of the Company's future. I also thank my colleagues on the Board for their wise counsel and guidance. And, of course, I remain grateful to you, our faithful shareholders, for your continuing confidence in our Company.

Thank You.

Vedprakash D. Chiripal
Chairman

Note: This does not purport to be part of proceedings of the meeting.