

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Part of Board/Annual Report)**

As per SEBI disclosure regulation 34(3) and schedule V (clause-B)

(For the Financial Year ended 31st March, 2020)

### **a) Industry structure & Developments Steel**

The Company manufacturing Plant is located at Muzaffarpur. Mild steel Ingots are basic raw material for manufacture of various types of re-rolled products, e.g rounds, flats, channels equal and unequal angles etc. The Main Object of the Company is to set up steel furnace, casting re-rolling mill, steel plant and foundry for manufacturing and to carry on the business of its products of all kinds and sizes including ingot, billet, rod, pipe, tubes scraps and to carry on the business of all metals & metal compounds whether ferrous or non-ferrous, iron & Steel converters & manufacturing all alloy of iron & steel products by any process e.g. casting forging.

### **b) Opportunity & Threats**

The consumption of iron is mainly linked with the consumption of TMT Bars used in house building and infrastructure sectors. The house building/real estate sector is undergoing slow down for the last several years and still struggling due to lower demand/sales and excess supply. The infrastructure and road building sector has seen some revival in the past few years on account of government spending and focus on these sectors. The demand for TMT bars keep fluctuating and are not stable and accordingly the selling prices also change quite abnormally and suddenly.

The availability of iron ore and coal inadequate quantity and at affordable prices are the major threats to the Iron Industry. The government needs to put in to place a suitable mechanism to ensure availability of iron ore and coal to the iron industry in adequate quantity and at affordable rates by stopping/restricting the high profit taking attitude and mentality of the iron ore mine owners and of coal India limited. The government also needs to facilitate opening of new iron ore and commercial coal mines to create healthy competition among them so that their selling prices remain reasonable and affordable to the iron/steel industry and the steel production in the country could increase meaningfully/speedily.

Your Company is poised to seize the opportunities in the Iron & Steel Industry through its strengths of location and logistical advantages, raw material linkages, technology edge and management expertise. These opportunities will be linked directly to the growing demand for TMT Steels.

### **c) Segment-wise or product wise performance –**

Your company mainly operates under the iron and steel segment (manufacture of bars of non-alloy steel) and hence segment-wise result has not been given.

### **d) Outlook**

In view of what has been stated in foregoing paragraphs; your Management perceives that the outlook of the iron Industry in the current financial year 2020-2021 is not very encouraging unless the input cost becomes reasonable and the new Central Government starts investing heavily in-house building and infrastructures so as to boost the demand for TMT bars which in turn can boost the Iron selling prices to reasonable and remunerative levels.

India has immense potential for creating new steel capacity. Indian per capita steel consumption is presently very low compared to world average which further re-confirms the opportunities for steel demand to continue accelerating in the times ahead. Your Company with a well diversified product portfolio is well poised to take advantage of the growth in the demand.

### **e) Risk & Concerns**

Risk is inherent in every business activity and Iron & Steel Industry is no exception. Your Company has identified major focus areas for risk management to ensure organizational objectives are achieved and has a well defined structure and proactive approach to assess, monitor and mitigate risks associated with these areas, briefly enumerated below:

- i) Operations – Timely and cost-effective raw material supply is critical to growth. Fluctuations in the price and availability of key raw materials and commercial changes such as domestic duties / taxes on raw materials have an impact on the operations. Moreover, the stocks are also subject to the other foreseeable risks. Necessary coverage has been taken in the form of a comprehensive Industrial All Risk (IAR) policy which covers plant, machinery, buildings (with contents), tools and equipment and stocks (raw materials, stores and spares and finished goods) against fire, allied perils and all other foreseeable risks. The policy also covers loss of profit to the business arising from any accidental event. The Company also has coverage in form of a Sales Turnover policy which provides all-risk transit insurance cover to the finished goods produced and sold by the Company and also covers transit of all the incoming raw materials.
- ii) Statutory Compliances – Procedure is in place for monthly reporting of compliance of statutory obligations and is reported to the Board of Directors at its meetings.

### **f) Internal control and Systems and their Adequacy**

The internal control systems in your Company commensurate with the size and nature of its operations and periodic audits are conducted in various disciplines to ensure adherence to the same. During the year 2019-20, Internal Auditors of your Company had independently evaluated the adequacy and efficacy of the audit controls. The direct reporting of the Internal Auditors to the Audit Committee of the Board ensures independence of the audit and compliance functions. The Internal Auditors regularly report to the Audit Committee on their observations on the Company's processes, systems and procedures ascertained during the course of their audit. The Company has also appointed Cost Auditors for the cost audit of its manufactured products and the Cost Auditors also report to the Audit Committee on their observations. Compliance issues are given utmost importance and reported regularly to the Board.

### **g) Developments in human resources & Industrial relationship**

Your Company recognizes the fact that manpower is one of the vital constituents of a successful organization. The growth of your Company and execution of new projects places emphasis on the recruitment process and your Company has been successful in attracting professional talent.

## **h) Material Developments in HRD and industrial Relations Front**

Your Directors recognize the value of employees as valuable assets. Developing, motivating, rewarding and retaining talented employees at all levels is a priority and a key responsibility and policy of your Company's management.

## **i) Cautionary Statements:**

Statements in this management discussion and analysis report describing the Company's objectives, projections, estimates and expectations may be termed as forward looking statements within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied. Important factors that could make a difference to the Company's operation include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets, changes in the Government regulations, tax laws and other statutes and other incidental factors. The readers of this report are, therefore, advised to read the same with this caution.

**For and on behalf of the board  
Ganesh foundry & Castings Ltd**

**Place: Bihar  
Date: 26/08/2020**

**Sd/-  
Ashok Kumar Bajoria  
Managing director  
Din: 00713573**

