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**ANNEXURE-1****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Indian economic overview**

After growing at 6.7% in 2017-18, the Indian economy is expected to report a growth of 7% in 2018-19 (as per the second estimates of CSO). The principal developments during the year comprised increased per capita income, decline in the national inflation, steady interest rates, decline in the price of crude oil and weaker consumer sentiment in the second half of the financial year. India retained its position as the world's fastest growing economy and the sixth largest economy. In 2018, India received more foreign inflows than China - US\$ 38 billion compared with China's US\$ 32 billion. India reported a 23-notch jump to 77<sup>th</sup> position in the World Bank's report on the Ease of Doing Business that captured the performance of 190 countries, reporting an improvement in six of 10 parameters.

**Outlook**

World Bank projected India's economic growth to accelerate to 7.5% in 2019-20. Strong private consumption and services are expected to catalyse economic activity. Private investment is expected to revive as the corporate sector adjusts to GST. The recapitalisation package for public sector banks announced by the Government of India is expected to resolve banking sector Balance Sheets, enhance credit availability and spur national investment.

**CONSTRUCTION SECTOR**

Construction industry in India will remain buoyant due to increased demand from real estate and infrastructure projects. Its contribution to the country's GDP is expected to be approximately 13%. India's construction industry is expected to grow at an annual average of 6.6% between 2019 and 2028.

**DYES AND INTERMEDIATES:** Dyeing is the process of imparting colours to a textile material. Different classes of dyes are used for different types of fiber and at different stages of the textile production process, from loose fibres through yarn and cloth to completed garments. Due to increasing growth of textile industries, demand of dyes and dye Intermediates are also increasing very fast in domestic as well as in global market. The demand for dyes and dye intermediates is expected to grow at around 6%, backed by strong demand from the textiles, leather, and inks industries. Dyestuff sector is one of the core chemical industries in India. It is also the second highest export segment in chemical industry. The major users of dyes in India are textiles, paper, plastics, printing ink and foodstuffs. The textiles sector consumes around 80% of the total production due to high demand for polyester and cotton, globally. Globally the dyestuffs industry has seen an impressive growth.

**OPPORTUNITIES & THREATS :****Construction Sector:**

India has maintained a stable outlook on the construction sector for financial year 2018-19 on accelerated revenue growth due to increased spending by the Centre, giving a sector view, order inflows may continue to improve in the next fiscal 2019-20.

A surge of industries in and around major cities and emergence of new business sectors have created a flux of employment opportunities, attracting workforce from across the country. This phenomenon has also sustained the real estate market in the country which is now more buyer focused as the demand in residential sector has increased.

**Dyes & Intermediates:**

Pollution and effluent problems have become the single biggest factor in restricting the growth of the dyestuff industry in the developed nations. Tighter rules and regulations, strict laws and high standard for treatment of the effluents have forced these countries to look for better opportunities without sacrificing their interest. If India has to capitalize on these opportunity, then there seems to be no harm in encouraging this industry in the country provided proper measures are taken for effluent treatment. The world market for textiles is growing and, therefore, the demand for dyes will continue to grow in future. In the domestic market, the textile industry is passing through recession, if this phase continues for a long period, it may pose a threat to the dyestuff industry.

**Various projects under Implementation:**

**Ganesh Infrastructure:** Your Company has also become partner of "Ganesh Infrastructure" for development of land and Building at Ankleshwar. This project comprises of residential apartments, bungalows, commercial complexes & shopping malls.

**DK Metro Industrial Estate:** Your Company has acquired land in the industrial area of Chattral. The Commercial project is launched to develop an Industrial Estate comprising of commercial shops, sheds and plots under the Name of "DK Metro Industrial Estate"

**My Space Infracon LLP:** Your company has also become partner of “My Space Infracon LLP” who has acquired land in Ankleshwar to develop industrial plotting project.

#### **A. SEGMENT WISE PERFORMANCE**

The Company was engaged in the business of Dyes and dyes intermediates, Realty and Infrastructure and other business during the financial year under review.

##### **Realty and Infrastructure:**

Your Company has an income of Rs. 165 lacs from the Realty and Infrastructure Segment during the year under review as against Rs. 221 lacs during the previous year

##### **Trading and Finance business:**

The turnover of the trading and finance segment during the year under review is Rs. 33,218 Lacs as against Rs. 32,777 Lacs the previous year.

#### **B. RISKS MANAGEMENT**

As a diversified Company, the Company has always had a system based approach to business risk management. Backed by strong internal control systems, the current risk management consists of following elements:

- The Company has clearly laid down roles and responsibilities in relation to risk management
- The Company has planned its activities and long term arrangement for supply of raw materials such as cement, steel etc to reduce the risk of instability of prices of such raw materials.
- The Company ensures that the risks it undertakes are commensurate with better returns
- In order to minimize the risks, planning and risks management is the main objective of the Company.

#### **C. INTERNAL CONTROL SYSTEMS AND ADEQUACY**

Your Company has adequate internal controls for its business across departments to ensure efficiency of operations, compliances with internal policies and applicable laws and regulations, protection of resources and assets and accurate reporting of financial transactions.

The internal control system is supplemented by extensive internal checking system, regular reviews by management and standard policies and guidelines to ensure the reliability of financial and all other records.

The Company has also appointed the Internal Auditor in line with the Provisions of Section 138 of Companies Act, 2013.

#### **D. HUMAN RESOURCES**

Your Company believes that it is the employee’s skills and capabilities which will provide the necessary cutting edge to face challenges and market competition. Your Company re-emphasizing philosophy that employee well-being is extremely important, welfare activities have been given a boost. Your Company strives to maintain a professional work environment where every employee feels satisfied and appreciated.

#### **E. CAUTIONARY STATEMENT**

Certain statements in this report may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local, political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements.