ANNEXURE-B MANAGEMENT DISCUSSION AND ANALYSIS REPORT

CAUTIONARY STATEMENT

Statements on the Management Discussion and Analysis and current year's outlook are Management's perception at the time of drawing this report. Actual results may be materially different from those expressed in the statement. Important factors that could influence the Company's operations include demand and supply conditions, availability of inputs and their prices both domestic and global, changes in Government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

OVERVIEW OF GLOBAL BUSINESS ENVIRONMENT

One year into the COVID-19 pandemic, the accumulating human toll continues to raise concerns, even as growing vaccine coverage lifts sentiment. High uncertainty surrounds the global economic outlook, primarily related to the path of the pandemic. The contraction of activity in 2020 was unprecedented in living memory in its speed and synchronized nature. But it could have been a lot worse. Although difficult to pin down precisely, some estimates suggest that the contraction could have been three times as large if not for extraordinary policy support. Much remains to be done to beat back the pandemic and avoid divergence in income per capita across economies and persistent increases in inequality within countries.

Improved outlook: After an estimated contraction of –3.3 percent in 2020, the global economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022. The contraction for 2020 is 1.1 percentage points smaller than projected in the October 2020, reflecting the higher-than-expected growth outturns in the second half of the year for most regions after lockdowns were eased and as economies adapted to new ways of working. The projections for 2021 and 2022 are stronger than anticipated, reflecting additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year. Global growth is expected to moderate to 3.3 percent over the medium term-reflecting projected damage to supply potential and forces that predate the pandemic, including aging-related slower labor force growth in advanced economies and some emerging market economies. Thanks to unprecedented policy response, the COVID-19 recession is likely to leave smaller scars than the 2008 global financial crisis. However, emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses.

Divergent impacts: Output losses have been particularly large for countries that rely on tourism and commodity exports and for those with limited policy space to respond. Many of these countries entered the crisis in a precarious fiscal situation and with less capacity to mount major health care policy responses or support livelihoods. The projected recovery follows a severe contraction that has had particularly adverse employment and earnings impacts on certain groups. Youth, women, workers with relatively lower educational attainment, and the informally employed have generally been hit hardest. Income inequality is likely to increase significantly because of the pandemic. Close to 95 million more people are estimated to have fallen below the threshold of extreme poverty in 2020 compared with pre-pandemic projections. Moreover, learning losses have been more severe in low-income and developing countries, which have found it harder to cope with school closures, and especially for girls and students from low-income households. Unequal setbacks to schooling could further amplify income inequality.

High uncertainty surrounds the global outlook. Future developments will depend on the path of the health crisis, including whether the new COVID-19 strains prove susceptible to vaccines or they prolong the pandemic; the effectiveness of policy actions to limit persistent economic damage; the evolution of financial conditions and commodity prices; and the adjustment capacity of the economy. The ebb and flow of these drivers and their interaction with country-specific characteristics will determine the pace of the recovery. In many aspects, this crisis is unique. In certain countries, policy support and lack of spending opportunities have led to large increases in savings that could be unleashed very quickly should uncertainty dissipate. At the same time, it is unclear how much of these savings will be spent, given the deterioration of many firms' and households' balance sheets (particularly among those with a high propensity to consume out of income) and the expiration of loan repayment moratoria.

Policy priorities: The factors shaping the appropriate stance of policy vary by country, especially progress toward normalization. Hence, countries will need to tailor their policy responses to the stage of the pandemic, strength of the recovery and structural characteristics of the economy. Once vaccination becomes widespread and spare capacity in health care systems is generally restored to pre-COVID-19 levels, restrictions can begin to be lifted. While the pandemic continues, policies should first focus on escaping the crisis, prioritizing health care spending, providing well-targeted fiscal support and maintaining accommodative monetary policy while monitoring financial stability risks. Then, as the recovery progresses, policymakers will need to limit long-term economic scarring with an eye toward boosting productive capacity (for example, public investment) and increasing incentives for an efficient allocation of productive resources. It is a delicate balance, especially given the prevailing uncertainty. Therefore, when support is eventually scaled back, it should be done in ways that avoid sudden cliffs (for instance, gradually reducing the government's share of wages covered under furlough and short-time work programs while increasing hiring subsidies to enable reallocation as needed). All the while, long-term challenges-boosting productivity, improving policy frameworks and addressing climate change-cannot be ignored. Differential recovery speeds across countries may give rise to divergent policy stances, particularly if advanced economies benefit sooner than others from wide vaccine coverage. Clear forward guidance and communication from advanced economy central banks is particularly crucial, and not just for calibrating the appropriate domestic monetary accommodation. It also vitally bears on external financial conditions in emerging markets and the impact that divergent policy stances have on capital flows. Strong international cooperation is vital for achieving these objectives and ensuring that emerging market economies and low-income developing countries continue to narrow the gap between their living standards and those of high-income countries. On the health care front, this means ensuring adequate worldwide vaccine production and universal distribution at affordable prices-including through sufficient funding for the COVAX facility-so that all countries can quickly and decisively beat back the pandemic. The international community also needs to work together to ensure that financially constrained economies have adequate access to international liquidity so that they can continue needed health care, other social, and infrastructure spending required for development and convergence to higher levels of income per capita. Countries should also work closely to redouble climate change mitigation efforts. Moreover, strong cooperation is needed to resolve economic issues underlying trade and technology tensions (as well as gaps in the rules-based multilateral trading system). Building on recent advances in international tax policy, efforts should continue to focus on limiting cross-border profit shifting, tax avoidance, and tax evasion.

Oil demand drastically declined following lockdowns and travel restrictions due to the coronavirus pandemic in 2020. Initial outlooks and uncertainty surrounding the course of the pandemic led to a disagreement between two of the largest oil producers, Russia and Saudi Arabia in early March which later ended in agreement owing to bilateral talks. However, with storage facilities and oil tankers quickly filling up, fears grew over where to store excess oil, leading to benchmark prices seeing record negative prices between April-20 and April-22. Industry experts have estimated that global oil demand may take until 2022 to see a full recovery, with demand for 2021 expected to remain below 2019 level.

Despite many countries recording highest ever infection rates, hopes for the quick distribution of promising vaccinations have resulted in the Brent crude and OPEC basket reaching above 50 U.S. dollars per barrel in late December 2020. Further, the decline in oil prices has put a downward pressure on the prices for palm oil, soy oil, sugar and corn.

Uncertainty from the coronavirus pandemic increases volatility in currency markets, including the EUR and GBP. Generally, safe-haven currencies like the USD, CHF and JPY will move higher. However, commodity currencies such as the AUD, NZD, CAD and ZAR exchange rates tend to fall. Right now, the USD is relatively weaker than the Euro. Amongst other reasons, the US has been more negatively impacted by the pandemic than other countries, particularly in the ‘second wave’ of infections.

INDIAN ECONOMY, INDUSTRY & SCENARIO

The Indian government announced a complete lockdown in public movement and economic activity from the fourth week of March 2020. The lockdown staggered an already slowing economy as 1.38 billion Indians stayed indoors - one of the most stringent lockdowns anywhere. The outbreak of the novel coronavirus impacted the Indian economy during the first quarter of the year under review. The Indian economy de-grew 23.9 per cent in the first quarter of 2020-2021, the sharpest de-growth experienced by the country since the index was prepared. The Indian and state governments selectively lifted controls on movement, public gatherings and events from June 2020 onwards. The result is that India’s relief consumption, following the lifting of social distancing controls, translated into a full-blown economic recovery. A number of sectors in India – real estate, steel, cement, home building products and consumer durables, among others - reported unprecedented growth. India de-grew at a relatively improved 7.5 percent in the July-September quarter and reported 0.4 per cent growth in the October-December quarter.

India’s GDP contracted initially and then recovered in 2020-2021. This recovery – one of the most decisive among major economies – validated India’s long-term consumption potential.

Y-o-Y growth of the Indian economy

Regional Growth %	FY18	FY19	FY20	FY21
Real GDP Growth(%)	7.0	6.1	4.2	NA

Growth of the Indian Economy, 2020-21

Regional Growth %	Q1, FY21	Q2, FY21	Q3, FY21	Q4, FY21
Real GDP Growth(%)	(23.9)	(7.5)	0.4	NA

(Source: Economic Times, IMF, EIU, Business Standard, McKinsey)

The economic impact of the 2020 coronavirus pandemic in India has been largely disruptive. India’s growth in the fourth quarter of the fiscal year 2020 went down to 3.1%. Notably India had also been witnessing a pre-pandemic slowdown and according to the World Bank, the current pandemic has “magnified pre-existing risks to India’s economic outlook”. The Government of India announced a variety of measures to tackle the situation, from food security and extra funds for healthcare and for the states, to sector related incentives and tax deadline extensions.

In May 2020, the Prime Minister announced an overall economic stimulus package worth ₹ 20 lakh crore (US$280 billion), 10% of India’s GDP, with emphasis on India as a self-reliant nation. **By July 2020,** a number of economic indicators showed signs of rebound and recovery. Finance Secretary of India said the economy is showing signs of recovery at a faster rate than anticipated, while the Economic Affairs Secretary said that he expects a v-shaped recovery for India **From June 2020 to November 2020,** several unlock measures were announced and several economic stimulus packages were also declared for economic recovery.

Apart from the pandemic, India was also facing the challenge of Indo-China political as well as trade war. This involved Galwan Valley Clash, boycotting Chinese products, cancellation and additional scrutiny of certain contracts with Chinese firms, calls were also made to stop the entry of Chinese companies into strategic markets in India, By November 2020, the Indian government had banned over 200 Chinese apps. This matter was closed in February 2021 when disengagement was completed.

Due to good monsoon rainfall this year, particularly in key crop-growing areas, has given bumber harvest of soyabean and maize. Further, maize prices in India have dropped due to lower demand after the country implemented a lockdown, putting all its non – essential services at hault in order to contain the spread of COVID-19. Due to this, maize was available at a very reasonable market price. The prices of maize reached as low as ₹ 13-14 per kg. It is further backed by demand of maize based products in exports market. This has positively affected the top line and bottom line of the company in Maize Division.

In case of Solvent Division, there is an upsurge in edible oil prices globally due to recovery in demand in the country and labour shortage in producing countries due to the corona virus pandemic resulted into the shortage of supply in the international market. As a result, the company is able to perform better in its Solvent Division.

Indian Rupee remained strong against US Dollar till June 2020 mainly due to outbreak of COVID 19 pandemics which has badly impacted the economies of all major developed countries. From July 2020 onwards, Indian Rupee started depreciating against US Dollar and currently trading at a level of around ₹ 73/USD.

INDUSTRY STRUCTURE AND DEVELOPMENTS & COMPANY’S PERFORMANCE

The Company has three manufacturing segments, the products of which are having application for end use in multiple industries like food, pharma and paper. The gross turnover in current FY saw a remarkable increase of 23% i.e. ₹ 4705.30 crores as against ₹ 3816.59 crores in last FY. This was primarily led by increase in exports turnover during the current FY, an increase by 160% over previous year. Exports of Agro Products clocked a turnover of ₹ 896.56 crores, an increase of 207% over previous year. Similarly, exports of Maize Products clocked a turnover of ₹ 651.78 crores, an increase of 145% over previous year.

Maize Processing Segment

(₹ in Crores)

Particulars	FY21	FY20	Variance %
Domestic Turnover	1,306.20	1,705.27	-23%
Exports Turnover	651.78	265.62	145%
Total Turnover	1,957.98	1,970.89	-1%
EBIT	345.10	170.56	102%
Cash Profit	421.22	244.50	72%
Cash Profit %	22%	12%	72%

The Maize Processing Segment showed a marginal decrease of 0.65% in total sales. However, the share in company's top line has reduced significantly from 51.64% to 41.61%. This was mainly on account of tapering of demand in domestic market and increase in top line by Agro Processing Segment. Though there is a marginal reduction in topline, cash profit margins were increased manifold and reached to 22% of topline as against 12% of top line during previous year. This is mainly on account of higher sales realization in domestic as well as international market and lower raw material prices during the year.

Agro Processing Segment

(₹ in Crores)

Particulars	FY21	FY20	Variance %
Domestic Turnover	1,681.57	1,374.34	22%
Exports Turnover	896.56	292.35	207%
Total Turnover	2,578.13	1,666.68	55%
EBIT	165.20	69.20	139%
Cash Profit	169.68	71.41	138%
Cash Profit %	7%	4%	138%

The Agro Processing Segment showed a substantial growth of 55% in total sales. Further, the share in company's top line has increased significantly from 43.67% to 54.79%. This was mainly on account of demand of agro products in international market during latter half of the year outperforming the Maize Processing Segment. Apart from increase in top line of the segment, cash profit margins were increased manifold and reached to 7% of topline as against 4% of top line during previous year. This is mainly on account of higher sales realization in domestic as well as international market and procurement of low priced raw material by the Company at the beginning of the crop season.

The segment has twin manufacturing activities. The mainstream activity is oil seed crushing and downstream activity is refining of edible oil. The oil seed crushing activity has increased substantially in view of better crop due to good monsoon, lower seed prices and demand in export market. Oil refining could do better business due to favourable domestic and international prices.

Cotton Yarn Segment

(₹ in Crores)

Particulars	FY21	FY20	Variance %
Domestic Turnover	161.18	158.29	2%
Exports Turnover	0.71	11.05	-94%
Total Turnover	161.89	169.34	-4%
EBIT	0.71	(13.40)	105%
Cash Profit	10.67	(3.96)	370%
Cash Profit %	7%	-2%	370%

The Cotton Yarn Segment has reported marginal lower revenue and reduced share in overall company turnover during the year. However, after a long gap, this segment has come out of the losses and reported positive number. This is mainly on account of receipt of textile incentive which is accounted on cash basis considering conservative accounting approach. Further, due to overall positive textile market sentiment, the Company expects to perform better in this segment though share of this segment is very minimal in overall performance of the Company. This manufacturing facility is dedicatedly used for the leading textile player of the country.

Power Segment and contribution to Renewable Energy

(₹ in Crores)

Particulars	FY21	FY20	Variance %
Domestic Turnover	7.30	9.67	-25%
Exports Turnover	0.00	0.00	0%
Total Turnover	7.30	9.67	-25%
EBIT	3.55	6.03	-41%
Cash Profit	5.54	8.03	-31%
Cash Profit %	76%	83%	-31%

The power generation at each location of the Company continued to support each segment to maintain its productivity, although the revenue generation showed a decline of 24.51%.

The Company has captive power plant at all the manufacturing units. These infrastructures help the segment to be consistent performer. To augment this, the Company is in process of setting up three more power plants, 4.20 MW at its Himmatnagar maize processing unit, 5 MW at its Hubli and Sitarganj maize process units.

Apart from the conventional energy infrastructure, the Company is using non conventional source of energy at all the maize processing segments. The Company has developed state of art infrastructure at these units to use industrial waste for power generation for captive use. Various units are generating power of around 10.45 MW from non conventional source of energy and contributing for environment protection.

The Company has also contributed in promoting government scheme of wind and solar energy and has grid connected facility in the States of Gujarat & Madhya Pradesh.

Financial performance and overall analysis

The Company recorded operational revenue of ₹ 4705.30 crores as compared to ₹ 3816.59 crores during the previous financial year. The Company achieved EBIDTA margin of 11.93% in F.Y. 2020-2021 against 7.63% in F.Y. 2019-2020.

The Company achieved Earnings before Interest, Depreciation and Tax (EBIDTA) of ₹ 561.49 crores for the F.Y. 2020-2021 against that of ₹ 291.23 crores for the F.Y. 2019-2020.

The EPS for the year increase to ₹ 14.74 per share as compared to ₹ 6.36 of last year. EPS has been adjusted for last year, considering split of shares during the current year.

Opportunities, Threats, Risks and Concerns (OTRC)

The OTRC have the various bench marks and keep changing on the various domestic global business outlooks.

Opportunities

1. Potential to expand capacity of high earning segments.
2. Expertise in new products development.
3. Good geographical reach and continued efforts to expand it.
4. Enhanced acceptability of new value added products.
5. Have positional to expand on our own, lower dependency of others.

Risks, Threats and Concerns

1. Internal factors and government policies.
2. Vague thinking of major strong nations. This has maximum impact on emerging market.
3. Uncertainty on monsoon and threat of global warming on it.
4. Potential to increase global trade war.
5. Impact of Second wave of Covid-19 pandemic.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company and the Management has established adequate Internal Control systems to ensure reliable financial reporting. Internal Controls also help in assessing, evaluating, safeguarding and shielding the Company from losses and unofficial use or deposition of assets. This ensures that the Company's resources are put to optimum use and all transactions are authorized, recorded and reported correctly to the Management. The Company constantly refines and testifies its internal controls to ensure management effectiveness and efficiencies of operating procedures. The Company always adheres to set guidelines and follows all Accounting Standards prescribed for maintenance of books of accounts and reporting of financial statements. These standards require appointed Independent Internal Auditors to plan risk based audits and execute audits to assess the effectiveness of internal control over various areas of operations and financial reporting throughout the year. Summary of the observation by Internal Auditors is reported to the Audit Committee of the Board of Directors and corrective measures are taken. The Internal Control systems are designed to provide assurances on an ongoing basis so that the business operations function efficiently and ensure that applicable laws, rules, regulations and policies of the Company are followed and the reliability of financial reporting is safeguarded.

OUTLOOK FOR THE YEAR 2021-2022

The sudden outbreak of second wave of covid-19 infections in the country has dealt a much bigger shock to India's health system than the first wave last year. But the economic shock may be more moderate compared to last year. One big reason for that lies in the lockdown rules this year which allow greater relaxations for industrial activity and movement of goods than last year. Unlike last April, when large parts of Indian industry were forced to shut down because of a long nation-wide lockdown, this time has been different. The impact of the second wave on industrial activities thus far remains small. India's economy faced its worst contraction in FY2020 due to the COVID 19 shock. With large government stimulus and the ongoing vaccination drive, it is expected that economic recovery which started from the third quarter of FY2020 will continue and rebound strongly in the current fiscal year with an uptick in domestic demand, especially in urban services.

Domestic demand is expected to remain the main driver of growth. A faster vaccine rollout will boost urban demand for services, while the rural demand will be boosted by robust agriculture growth and continued government support to farmers by expanding irrigation, improving value chains and increasing farm loan limits. India's gross domestic product (GDP) is projected to be at 11% in fiscal year 2021-2022 ending on 31st March, 2022 due to continued economic recovery boosted by increased public investment, vaccine rollout and a surge in domestic demand. The forecast assumes that vaccines are deployed extensively across the country and the second wave of the coronavirus disease pandemic is contained.

Risks to the outlook tilt to the downside on account of uncertain pandemic trajectory with a prolonged second wave despite the vaccination push could affect India's economic normalization.

Forecast of a normal monsoon and bumper harvest of summer crops will further boost the agriculture sector. The Government's push to the manufacturing sector through the production-linked incentive scheme will expand domestic production and help integrate domestic manufacturing with global supply chain. Also, since the Company is a major supplier to food, feed and nutritional ingredients industry, the demand is estimated to get its normal levels sooner than Industry in general and hence, we expect a satisfactory business performance in next FY as well.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company recognizes human capital as an extremely important and strategic resource and honors the dignity of each employee irrespective of position and highly values the cultural diversities of employees. Your Company believes in employee empowerment across the entire organization in order to achieve organizational effectiveness. Further, special efforts are made to identify specific training needs to hone the skills of the employees. Human Resources continue to get primary focus of the management and the Company regards its human resources amongst its most valuable assets. The Company has invested in people during the course of the year through various training programme in order to keep its employees competent and updated in the changing business environment. Employees at all levels are exposed to continuous training and development. Industrial relations continue to be cordial. As at the financial year ended 31st March, 2021, there were total 2649 number of employees and workers on the roll of the Company.

DETAILS OF SIGNIFICANT CHANGES (I.E. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS THEREFOR

Liquidity Ratio

2020-2021	1.23
2019-2020	0.85

Improvement of 44%

The reason for improvement is reduction in current liabilities due to on time clearance of payments.

Interest Coverage Ratio

2020-2021	97.27
2019-2020	32.00

Improvement of 204%

The interest cost has reduced substantially due to lower utilization of working capital limits and there is substantial increase in margins on account of higher sales realisation.

Operating Profit Margin Ratio

2020-2021	11.93
2019-2020	7.63

Improvement of 56%

The reason for improvement is increase in profitability margins due to higher sales realisations and lower raw material price.

PAT Ratio

2020-2021	7.19
2019-2020	3.82

Improvement of 88%

The reason for improvement is increase in profitability margins due to higher sales realisations and lower raw material price.

Return on Net Worth

2020-2021	20.43%
2019-2020	11.00%

Improvement of 86%

The reason for improvement is higher net profits and decrease in Net worth.