

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This report covers the operations and financial performance of the Company for the year ended 31st March, 2020 and forms a part of Board Report.

OVERALL REVIEW :

The company's production has been discontinued with effect from the financial year 2011. However, due to non clearance by the pollution control Board the company could not restart its production. The production or operation procedure includes the use of boilers running on coal consumption which is objectionable to the Municipality & Pollution Control Board. There are various reasons behind decline in production. Even after due effort of the management to sustain in the industry it was not viable to continue with the same business line and the management has to take strong strategic decisions.

The company's business turnover during the year has nil because of discontinuance of production since July, 2011. In spite of this the company could achieve this growth because of continuous effort in other area of business. However, looking to the present scenario, your directors could not foresee a glimpse of bright future. Your directors are putting their full efforts to bring the company in a sustainable position in this competitive market through all possible measures. Your directors bring new projects in the area of agriculture business and construction company to boost the turnover and profit of the company in the future scenario.

In this situation, the management have no way but to shift the existing unit to a new remote suitable area and to diversify the existing unit into a new concept of developing and promoting the area for the fulfillment of demand of the locality and in this regard the Board at its meeting held on **22nd January, 2015** approved the proposed project viz; **"Responce City"** for building Housing Complex on the Land of the company. The Housing Complex may consists of Residential & Commercial buildings, Amusement Park, Play Ground, Hospital or Nursing Home and School etc. The company may with or without JV complete the project. The company may engage itself into Real Estate Business activity.

INDUSTRY STRUCTURE AND DEVELOPMENTS :

The Indian economy stress, as the rupee depreciates sharply. Price pressure due to high inflation, fuel cost, a weakening rupee and rising input prices remained major concern for manufacturers. Low household consumption of Vanaspati Products in India due to health conscious, change in pattern of food culture, changing life style, introduction of new models and increasing consumer awareness give tough challenges to the industries to adopt new technologies. A large number of consumer brand loyalty were increasingly affecting the industry. We did observe that commodity companies especially in the edible oils sector were losing money. Vanaspati also has been reeling from health related issues within the consumer domain.

Reserve Bank of India's policy seems to be heading towards creation of a stable, low inflation regime. The Reserve Bank of India (RBI) has started to lower the interest rates as well as increase the liquidity in the economy by taking various initiatives. The RBI has indicated that further monetary actions will be conditioned by incoming data especially on the easing of supply

constraints, pass through of rate cuts into lending rates and improved availability of key inputs such as power, land, mineral and infrastructure. Additionally, impact of US interest rates on global capital flows will determine the pace of interest rate cuts. Post the regime change in India's federal Government, there have been firm signals of development agenda and pushing of reforms required to revitalize the economy. The Government has taken measures to revive the economy by modifying FDI policies for various industries, pushing hard for infrastructure spending and towards creating smart cities. Reforms to create flexibility in labour markets, safety net for the unorganized sector and passing of GST to create a common market will go a long way to take the growth momentum to a different level.

In 2017, the cyclical upswing underway since mid-2016 continued to strengthen and the global economy witnessed a pickup in growth. According to the International Monetary Fund (IMF), the year reported the broadest synchronized global growth surge since 2010. The advanced economies witnessed expansion owing to increased investments and manufacturing output. Similarly, key emerging markets and developing economies, including Brazil, China and India, posted strong upward momentum.

Given stronger than expected economic activity in 2017, the IMF has revised its growth forecast for the United States from 2.3% to 2.7% in 2019 and from 1.9% to 2.5% in 2020. Stronger domestic demand in the United States is projected to increase imports. In Europe too, economic activity in 2019 and 2020 is projected to remain stronger than anticipated. Moreover, the advanced economies in Asia are expected to deliver stronger growth, while the emerging and developing ones are expected to grow at around 6.5% over 2019-2020, broadly the same pace as in 2018.

India's economy picked up some pace in FY 2019-20 and the gross domestic product growth was better than FY 2018-19. The structural reform of The Goods and Services Tax (GST) within a year of demonetization is expected to provide a boost to the economic growth and investments in the long run.

◀ OUTLOOK :

Your Company continues to implement its strategy to concentrate on its core business activity of manufacturing of edible oil. The company may enjoy the synergy in its core business activity by utilizing its profits earned from the projected business into farming of oil seeds i.e. manufacturing of raw-material and re-start manufacturing of Edible oil with use of new & advanced technological instruments at plant proposed to be shifted to a different location in remote village of West Bengal. Our backward bending strategy will continue to motivate agriculture sector in the Country and support farmers for their sustainability & livelihood. This will bring financial reliance and development of farmers and their family and the locality with betterment to the life. Your company also proposes to continue its trading business activity to generate revenue. We presumed our strategy in the best interest of stakeholders and the company. A success to the presumed strategy may allow us to propose dividend in near future.

◀ OPPORTUNITIES AND THREATS :

The company foresee glimpse of opportunity in the Real Estate as The Government has pushed big ticket reforms to provide housing for the masses with the introduction of their policy viz. 'Housing for All by 2022'. In India, the pace of urbanization has not been able to match its peers globally. Approximately 30% of India's population lives in cities as compared to an average 50% globally and 70% in developing nations and substantial portions of this population lives in illegal,

shanty towns. The Government expects that half of the population would be shifting to urban cities by 2050. Further the government's initiation of SMART CITY concept is also one motivating factor.

According to a report by CREDAI and JLL India, the Indian real estate sector is projected to reach a market size of \$180 billion by 2020, a sharp rise from \$126 billion in 2015. The housing sector's contribution to the Indian GSP is expected to almost double to more than 11% by 2020 up from an estimated 5-6% today. A 2014 study by the National Council of Applied Economic Research indicates that every additional rupee of capital invested in the housing sector adds INR 1.54 to the gross domestic product (GDP) and every INR 1 lakh invested in residential housing creates 2.69 new jobs in the economy. Regulatory reforms, steady demand generated through rapid urbanization, rising household income and the emergence of affordable housing and nuclear housing are expected to be key drivers of growth for the real estate sector.

According to a CLSA report, there is currently no listed developer achieving sales of US\$1bn per annum in India's US\$100bn + residential market. Fragmentation is high, not just a national level, but a city level too, However disruption with demonetization in 2016 and the Real Estate Regulatory Act (RERA) reform in 2017 has triggered accelerated consolidation. Customer preferences also have shifted towards better quality and branded developments. Access to cheaper capital has gained importance as working capital requirements rise. The organized sector should be able to more than double its market share of the residential property market, to near 20% over the next five to seven years.

The CLSA report further compares the Indian and the Chinese real estate market. The top 10 Chinese developers accounted for 20% of residential properties sales in 2016, double the level of 11% in 2008. The top developers have steadily utilized their balance sheet advantages and delivery capabilities to scale-up. In 2016, the top three Chinese developers together sold US\$150bn of properties, accounting for 11% of the market share. As delivery capabilities and balance sheets start to matter more in India, it expects a similar consolidation to unfold in India as well.

The Indian residential real estate sector is at the cusp of a gradual demand revival, aided by affordability at a 15 year high and new buyer friendly regulations that have increased the confidence of property buyers. Improvement in current subdued job creation / income growth outlook could lead to even faster growth. Developers with a scalable business model are better placed to grow market share in a regulatory environment that demands greater accountability and transparency from developers.

Increase in disposable income and spending among people with moderate economic growth, leads to higher propensity to consume. We believe in the years ahead one will see more robust growth and therefore more consumption.

Further, increase in rural market for product with verity of brands, change in consumption pattern and health conscious among consumers are likely to witness growing demand of quality products in the current years. Also Technological improvements on regular basis are needed to satisfy consumers test & preferences. They tend to look for healthy products when it comes to choosing products for consumption. Newer variants of our products will help the company in getting the attention of consumers who look for healthy lifestyle products that may replace & niche demand for our products. This also requires perfect marketing mix to penetrate product in the market.

The industry has always been adversely affected by high volatility in prices of major inputs, deficiency of project management capabilities; slow down in government decision making, delays in approval by Authorities and lack of availability of skilled laborers. Natural calamities like poor weather conditions and manmade disruptions like encroachment, disruption of supply chain etc. continue to be a major constraint in the business growth. The major threat being faced are regulatory changes, interest rates hiked by RBI, high inflation etc. The Company is also facing stiff competition to sustain in the market with several brands Saffola, Dalda Active, Emami Refined Soybean Oil, Sunflower and various. The competition became toughest when customer's brand loyalty is considered.

RISKS & CONCERNS :

Risks are inherent in every business and their successful mitigation is necessary to protect profitability. In a highly competitive market, the ability to manage diverse risks determines success for a company. Our Strategic focus on Real Estate sector in India exposes the Company to a vast variety of risks. Your Company's growth and profitability are dependent on the consumer's Life style, consumption habits & pattern along Marketing Strategies. The Company is exposed to several market risks like credit risk, liquidity risk and interest rate risk which are major cause of concern to the Company.

INTERNAL CONTROL SYSTEM & ADEQUACY :

Internal control systems and procedures in the Company commensurate with the size and the nature of Company's business and are regularly reviewed and updated by incorporating changes in regulatory provisions in order to safeguard the assets and to ensure reliability of financial reporting. The Company has adequate system of internal controls to ensure that all the assets are safeguarded and are productive and being replaced or scrape are sold whenever it considered waste. Checks and balances are in place and are reviewed at regular intervals to ensure that transactions are properly authorized and reported correctly.

The internal control is supplemented by an extensive programme of internal audits, review by management, documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data, and for maintaining accountability of assets.

HUMAN RESOURCES :

The Company continues to give priority to its human assets. The Company provides a fair and equitable work environment to all its employees. The Company is continuously working to create and nurture an atmosphere which is highly motivated and result oriented.

FINANCIAL PERFORMANCE :

The financial performance of the Company for the year under review is discussed in detail in the Directors Report. Your Company's finance function is responsible for correctness of all financial information, timely reporting of business metrics, ensuring complete financial propriety & control, effective risk management, treasury operations and institutional investor relations. The function is organized along with finance teams for each business unit which work within well defined parameters and policies to ensure flexibility, speed and control at the same time.

Regular presentations of audit reports including significant audit findings and compliance assurance along with the implementation status and resolution timelines is made to the Audit Committee of the Board by the internal auditors. Every quarter, the statutory auditors also make a presentation of the summary of audit issues to the Audit Committee.

CAUTIONARY STATEMENT :

The above Management Discussion and Analysis contains certain forward looking statements within the meaning of applicable security laws and regulations. These pertain to the Company's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties, regarding fluctuations in earnings, our ability to manage growth, competition, economic growth in India, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, government policies and actions with respect to investments, fiscal deficits, regulation etc. In accordance with the Code of Corporate Governance approved by the Securities and Exchange Board of India, shareholders and readers are cautioned that in the case of data and information external to the Company, no representation is made on its accuracy or comprehensiveness though the same are based on sources thought to be reliable. The Company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time.

**Value
Research****For and on behalf of board of directors**

Place : **Kolkata**
Date : **29th day of July, 2020**

(Tanmoy Mondal)
Managing Director cum CEO
DIN : 06391885