

ANNEXURE TO BOARD'S REPORT**“ANNEXURE A”****MANAGEMENT DISCUSSION AND ANALYSIS****ECONOMIC ENVIRONMENT**

On the domestic front, the full-year GDP growth rate is pegged at 7% for FY 2018-19. This was due to the waning effects of the demonetisation exercise and the disruption in supply chains following the implementation of the Goods and Services Tax (GST).

FY 2019-20 is likely to start on an uncertain note due to the after effects of the general elections in the country. Recent round of policy rate cuts announced by the Reserve Bank of India are expected to alleviate the tight credit conditions that have persisted since the second half of FY 2018-19 and thus provide a boost to the industrial sector.

INDUSTRY STRUCTURE AND OUTLOOK

The global biofuel market is expected to witness steady growth between 2017-21, reaching USD 102 billion in market size by the end of the forecast period. This growth in market size will be attributed to numerous factors including rising environmental and energy security concerns along with governmental legislation and regulatory restrictions on fossil fuels. The uncertainty with global fuel prices and constant rising emission levels have resulted in the growing interest in alternative fuels, which will further propel market growth over the next few years.

Bio fuel (Briquettes and Pellets) has the highest potential for small and medium scale business development and can create mass employment. Characterized by unique technologies and freely available raw materials, it is still one of the leading sources of primary energy for most countries. With better technology transfer and adaption to local needs, bio-fuel is not only environmentally benign, but also an economically sound choice. Bio-based energy can be expected to grow at a faster pace in the years to come.

Bio-fuels can increasingly satisfy these energy needs in an environmentally benign and are cost effective. Bio fuel (Briquettes and Pellets) are substitute of fossil fuels such as coal, lignite, diesel, LDO, kerosene and other petroleum products. Thus the increase in use of Bio fuel, will ultimately reduce the imports of petroleum products and it will be helpful to the country in terms of pollution related matters.

Our Company, an ISO 9001:2008 certified is engaged in the manufacturing of bio-fuels viz. bio briquettes and bio-pellets. In 2012, our Company succeeded in setting-up our manufacturing unit at Navagam, Bhavnagar. Our Company started with the production of bio-briquettes and within a short span of time of around 2 years it enhanced its installed capacity to around 31,000 tonnes by installing new machineries, and forayed into production of bio-pellets as well thus making diversification in our range of products and increasing the scalability of our business.

JIYA ECO AND ITS SUBSIDIARIES

Jiya Eco Products Limited, incorporated on December 27, 2011, under Companies Act, 1956, with the main object of manufacturing Bio fuel, namely, Bio-briquettes and Bio-Pellets and it ultimately has an aim to reduce pollution.

Jiya Eco Products Limited Bhavnagar plant, currently has, 4 (four) high productive automated pelleting machines and 4(four) high productive automatic briquetting machines. With an installed capacity of approximately 240 K tons per year.

Jiya Eco Products Limited have 2 wholly owned subsidiaries as on March 31, 2019, namely Jiya Eco India Limited and Jiya Eco (Gandhidham) Private Limited.

Jiya Eco India Limited (wholly owned subsidiary), have a project plan to install about 1500-2000 stoves and/or burners, we are moving towards the same with great pace and the said will be achieved within time span of 2 years. Further, manufacturing facility in Gandhidham was to be carried out in Jiya Eco (Gandhidham) Private Limited, but the management decided to carry out manufacturing in Jiya Eco India Limited to cater the needs of the retail customers.

OPPORTUNITIES AND THREATS

The industry has vast opportunities for expansion to meet up the increasing demand. The Bio fuel being a different commodity with not many competitors in the market and hence the industry can take benefit of this opportunity.

The following factors have been considered for determining the materiality of Threat/Risk Factors:

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- The bio-fuel production / manufacturing is relatively a new concept to India and is yet to have a defined market as compared to its contemporary conventional fuel.
- Major change in policy and/or practice of road transport.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Our Company is engaged in the manufacturing of bio-fuels viz. bio briquettes and bio-pellets which is an alternative source of energy. The overall performance of our Company is improved during the current year in comparison with the earlier performance.

The turnover of the company for the Financial Year ended March 31, 2019 and its segment wise comparison with previous Financial Year is given below:

Type of Segment	2017-18		2018-19	
	Ton	Rs (in cr.)	Ton	Rs (in cr.)
Manufacturing of Bio fuel	47,856	23.44	36,653	19.96
Manufacturing of Pellets	76,670	67.26	95,231	75.76
Kutti	49,667	0.00	97,404	
Processed agro waste			129,347	74.91
Stoves	0.00	0.00	NIL	NIL
Total Turnover	174,193	90.70	358,635	170.63

(Bio Fuel, Pellets, Processed agriculture waste and Kutti quantities are described in terms of tonnes)

RISK AND CONCERN

The development of the company would depend on overall macro and micro economic policy of the Government. The rapid changes in technological advancement requiring huge investment in an area of concern for the company.

FINANCIAL PERFORMANCE

The Company’s financial performance for the year ended on March 31, 2019 is as below: (Rs in Lakhs.)

Particulars	Standalone		Consolidated	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Total Income from Operations (incl. other income)	17,022.98	9181.68	21337.68	9343.14
Less: Operating and Admin. Expenses	(14358.67)	(7571.05)	(18049.81)	(7724.25)
Profit before depreciation and Taxes	2664.31	1610.63	3287.87	1618.89
Less: Depreciation	(159.22)	(187.58)	(171.33)	(187.75)
Add: Extraordinary/Exceptional Items	-	-	-	-
Profit before interest and tax(PBIT)	2505.09	1423.05	3116.54	1431.14
Less: Interest	(405.58)	(268.55)	(413.99)	(268.83)
Profit before Tax (PBT)	2099.51	1154.50	2702.55	1162.31

Less: Taxes (including deferred tax and fringe benefit tax)	729.95	310.27	876.01	308.25
Profit after Tax (PAT)	1369.56	844.23	1826.54	854.07
Balance brought forward from previous period	-	-	-	-
Other Comprehensive Income for the period	(0.96)	12.24	(0.96)	12.23
Total Comprehensive Income	1368.59	856.47	1825.57	866.3

DETAILS OF KEY FINANCIAL RATIOS

Sr. No.	Particulars	Standalone		Explanation
		2018-19	2017-18	
1	EBIDTA/Turnover	0.12	0.13	
2	Debtors Turnover Days	223.51	199.66	
3	Inventory Turnover days	13.97	19.14	• Inventory Turnover days- Inventory has not increased in the proportion of Cost of Goods sold.
4	Interest Coverage Ratio	0.19	0.23	
5	Current Ratio	2.20	2.02	
6	Debt Equity Ratio	0.30	0.40	• Debt equity ratio has been decreased due to increase in equity by issue of convertible preferential warrants and issue of bonus shares.
7	Operating Profit Margin (%)	26.33%	34.54%	
8	EBIDTA/Net interest	0.19	0.23	
9	Net Profit Margin (%)	8.05%	9.28%	
10	Return on net worth (%)	19.56%	19.81%	• There is minor change in return on net worth as compared to previous year.
11	Book Value per share (Rs)	10.00	10.00	
12	Earnings Per Share (Rs) – Basic	4.75	3.28	
13	Earnings Per Share (Rs) – Diluted	4.65	3.28	

CAUTIONARY STATEMENT

Statements in the Management Discussions and Analysis Report in regard to projections, estimates and expectations may be “forward looking statement” within meaning of applicable securities laws and regulations. Many unforeseen factors may come into play and affect the actual results, which would be different from what directors envisage in terms of future performance and outlook. Market data and product information contained in this report have been based on information gathered from various sources published and un-published reports, and their accuracy, reliability and completeness cannot be assured.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company has implemented proper system for safeguarding the operations/business of the company, through which the assets are verified and frauds, errors are reduced and accounts, information connected to it are maintained such, so as to timely completion of the statements. The Company has adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets,

reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT – EMPLOYEE DATA

The total employee strength during the year of the Company as of March 31, 2019 was 100-110, including daily wagers. Given the nature of the operations, a significant portion of the said employee strength comprises of drivers, cleaners and other unskilled employees. Your management feels proud to state that there were no instances of strikes, lockouts or any other action on part of the employees that affected the functioning of the Company. It is noteworthy that there is no Employee Union within the organization.

On behalf of Board of Directors
Bhavesh J. Kakadiya
Managing Director (DIN: 05147695)

