

CONCRETE CREDIT LIMITED

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MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY OVERVIEW AND DEVELOPMENT

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships. India retained its position as the third largest start-up base in the world with over 8,900-9,300 start-ups as 1,300 new start-ups got incorporated in 2019 according to a report by NASSCOM. India also witnessed the addition of 7 unicorns in 2019 (till August 2019), taking the total tally to 24.

India's foreign exchange reserves reached Rs. 37.31 lakh crore (US\$ 493.48 billion) in the week up to May 29, 2020 according to the data from RBI.

With an improvement in the economic scenario, there have been investments across various sectors of the economy. The mergers and acquisition (M&A) activity in India stood at US\$ 28 billion in 2019, while private equity (PE) deals reached US\$ 48 billion.

The first Union Budget of the third decade of 21st century was presented by Minister for Finance & Corporate Affairs, Ms Nirmala Sitharaman in the Parliament on February 1, 2020. The budget aimed at energising the Indian economy through a combination of short-term, medium-term, and long-term measures.

Numerous foreign companies are setting up their facilities in India on account of various Government initiatives like Make in India and Digital India. Mr. Narendra Modi, Hon'ble Prime Minister of India, launched Make in India initiative with an aim to boost country's manufacturing sector and increase purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors. The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

However, in the fourth quarter of the FY 2020 the coronavirus pandemic in India largely disrupted the Indian Economy as the Government of India were compelled to enforce complete lock-down from March 24, 2020 to ensure safety of the public. India's growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. The Chief Economic Adviser to the Government of India said that this drop is mainly due to the coronavirus pandemic effect on the Indian economy. 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".

Total expenditure for 2020-21 is budgeted at Rs.37.14 lakh crore (US\$ 531.53 billion), an increase of 13 per cent from 2019-20 (revised budget estimates).

Unemployment rose from 6.7% on 15 March to 26% on 19 April and then back down to pre-lockdown levels by mid-June. During the lockdown, an estimated 14 crore people lost employment while salaries were deducted for many others. More than 45% of households across the nation have reported an income drop as compared to the previous year. The Indian economy was expected to lose over Rs. 32,000 crore every day during the first 21-days of complete lockdown, which was declared following the coronavirus outbreak.



Under complete lockdown, less than a quarter of India's \$2.8 trillion economic movement was functional. Up to 53% of businesses in the country were projected to be significantly affected. Supply chains have been put under stress with the lockdown restrictions in place; initially, there was a lack of clarity in streamlining what an "essential" is and what is not. Those in the informal sectors and daily wage groups have been at the most risk. A large number of farmers around the country who grow perishables also faced uncertainty.

The different phases of India's lockdown upto the "first unlock" on 1 June had varying degrees of the opening of the economy. On 17 April, the RBI Governor announced more measures to counter the economic impact of the pandemic including Rs.50,000 crore special finance to NABARD, SIDBI, and NHB. On 18 April, to protect Indian companies during the pandemic, the government changed India's foreign direct investment policy. The Department of Military Affairs put on hold all capital acquisitions for the beginning of the financial year. The Chief of Defence Staff has announced that India should minimize costly defense imports and give a chance to domestic production; also making sure not to "misrepresent operational requirements".

On 12 May the Prime Minister announced an overall economic package worth Rs. 20 lakh crore, 10% of India's GDP, with emphasis on India as a self-reliant nation. During the next five days the Finance Minister announced the details of the economic package. Two days later the Cabinet cleared a number of proposals in the economic package including a free food grains package. By 2 July 2020, a number of economic indicators showed signs of rebound and recovery. On 24 July the 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. In July the Union Council of Ministers passed the National Educational Policy 2020 aimed at strengthening the economy.

OPPORTUNITIES AND THREATS

(a) Opportunities

The global economy is still recovering from the rapid destruction imposed by Covid-19 pandemic but it is expected to improve gradually in the coming financial year under the backdrop of new reforms and macro-economic developments. Such a scenario will give our Company the opportunity to increase our stakeholder values and build a expansive, lasting relationship with them. The Company has already started taking initiatives and implementing strategies to diversify its business into other areas.

(b) Threats

The outbreak of the devastating Covid-19 pandemic followed by the lock-down in the country has adversely affected the business operations of the Company. Due to the rapid spread of the Covid-19 in the Country, the health of the employees and workers of the Company has become priority of the Company over the business operations. This unproductive lockdown is resulting in the financial burden for the Company.

The constant fluctuations in the stock market due to the depressed market conditions and excessive competition from fellow competitors are some of the other hindrances affecting our business.

OUTLOOK, RISK AND CONCERNS

Your Company has been making use of available opportunities in the market for trading of cotton/fabrics and spread its business in other lucrative businesses too for increasing its profitability and size of business. The Company successfully listed its equity shares with BSE in August 2015 which strengthened the credibility of the company among the stakeholders.

The underlying strength of Indian consumption and demand continues to remain robust. The country's fabric and clothing markets remain a favorite of global consumers. The performance of your Company is closely linked to those of the fashion and clothing markets. The growth tendencies in the coming financial years are expected to be mostly reflective of the developments in these areas. Your Company is cautiously optimistic in



the current scenario and will focus on a well adjusted expansion of business in other related business, resourceful cost management and risk containment measures in order to sustain profitability.

The company is a trading company deals in trading of cotton/ fabrics. However company also invests its funds in capital and debt market and creates an additional source of income in form of dividends and returns receivables on investment made and held by it in other Companies and the capital appreciation of investments. Any adverse financial impact on the operation / business of the invested companies may impact the revenues of the company and also results in diminution in the value of investments.

FINANCIAL PERFORMANCE AND ACCOUNTING TREATMENT

Gross revenues for this financial year stood at Rs 1,333 as against Rs. 35,592 in the previous year. After providing for depreciation and taxation the net loss of the Company for the year under review was placed at Rs. 7,53,579.67 as compared to net Loss Rs. 7,67,511 in the previous year.

However the Company is looking forward to grasp the available opportunities and focusing on permitted avenues. The uncertain state of the global economy however remains a cause of concern.

In the preparation of financial statements, provisions of prescribed accounting standards has been followed and financial statements produces true and fair view of the business transactions of the Company.

HUMAN RESOURCE DEVELOPMENT

The Company's relation with the employees and investors continues to be cordial which are the most valuable resources of our organization.

ADEQUACY OF INTERNAL CONTROL SYSTEM

The company's internal control system and procedures are commensurate with the size of operation and are adequate to ensure –

- safeguard its assets and resources against loss, unauthorized use or disposition,
- compliance with the statutes and regulatory policies and framework, and
- all transactions are authorised, recorded and reported correctly.

The Audit Committee of Directors continually reviews adequacy of internal controls.

CAUTIONERY STATEMENT

This report may contain statements which the Company believes are or may be considered to be "forward looking statement". Actual result may vary from those expressed or implied. Important developments that could affect the company's operations are significant changes in political and economic environment in India, tax laws, exchange rate fluctuation and other incidental factors.

On Behalf of the Board of Directors



Rajeev Kumar Verma
Whole-time Director
DIN: 00570540

Place: Kolkata
Date: 31st July, 2020

