

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 part of the Directors' Report.

The beginning of 2020 has witnessed the global spread of COVID-19, i.e. corona virus. On March 11, 2020 the World Health Organization declared Corona virus outbreak as a pandemic leading to a humanitarian crisis, lockdown across many countries and significant economic fallout. Global threat from COVID-19 is continuing to grow, and at a rapidly accelerating rate. Around the world, growth has decelerated markedly. In India, the economic impact of COVID-19 is trickling in on the backdrop of an already challenging macro-economic environment with lower GDP growth rates, liquidity crunch, and peaking unemployment rate. Responding to the potential serious threat that this pandemic has to public health, the Indian Government has taken series of measures to contain the outbreak, which included imposing multiple lockdowns across the country. Government has initiated various measures to boost the economy including direct benefit transfer, increased allocations to key sectors like infrastructure, agriculture, MSMEs etc. Reserve Bank of India has cut repo rate by 185 bps on a cumulative basis this year to support the aggregate demand and private investment as well as ease liquidity given the COVID-19 situation. The reduction in corporate tax rate is a big boost to the industry; it makes India much more competitive globally and should accelerate investments in the economy.

Indian Economy

India continues to be one of the fastest growing emerging economies in the world. A slowdown in the manufacturing and construction sector has lately affected GDP growth – slightly below 5% in the current fiscal. An impending revival in demand, positive consumption pattern and rising disposable income, makes India the most sought after investment destinations. Already the fifth largest economy in the world, India is supposed to take its place among the world's top three economic powers in the next 10-15 years. The pandemic has undoubtedly affected India, but with the right economic stimulus and the gradual opening up of the lockdown the situation can be expected to improve. Interstate movement of goods is gradually picking up and retail financial transactions are showing a healthy trend.

OVERVIEW OF THE BUSINESS OF THE COMPANY:

The Company “**Osiajee Texfab Limited**” is basically engaged in Textile Business. As the Indian Economy is growing rapidly, the growth in the textile sector is also speeding up to align with the growing demands of developing economy. The Board is looking forward to explore the potential offered by this sector and maximise value for its shareholders.

In order to create sustained shareholder values that capitalizes on socio- economic changes in India driven by rapid urbanization and consumer spending. The company proposes to drive cost leadership and new solutions. It is the intent of the Company to maintain tight control on capital/ spent in these areas and to focus more on value creation through new solutions and service offerings.

ECONOMY REVIEW WITH SPECIFIC REFERENCE TO TEXTILE INDUSTRY

India's textiles industry goes back several centuries and is among the oldest industries in the country. It accounts for 14% of the industry output and is one of the largest contributors to the economy, accounting for ~2% of the GDP. After agriculture, it is the second largest generator of income, employing close to 40 million people, and contributing 10% to the country's manufacturing, owing to its labourintensive nature. The industry is vertically integrated with almost all sub-sectors and is thus integral to the economy.

India is the second largest producer and exporter of textiles after China and fourth largest producer and exporter of apparel after China, Bangladesh and Vietnam. The textiles and apparel industry constitutes ~11% of the total exports of the country. Indian textiles and apparel exports were estimated at \$35.5 billion in 2019 and is expected to grow at a CAGR of 11% over the next decade to reach \$100 billion by 2029.

TEXTILE INDUSTRY:

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

FINANCIAL OVERVIEW



During the year ended March 31, 2020, your Company's Revenue from operations has been Rs. 68,332,721/- There has been decrease in the profits. The profit after tax was Rs. 2,763,277/- for the year.

Impact of Covid-19 Pandemic on Textile & Apparel Industry:

The Indian textile and apparel industry has been adversely impacted in the short to mid-term due to lockdown and lower consumer spends. The sector is reeling under liquidity and cost pressure as well due to the unprecedented damage caused by COVID-19.

INTERNAL CONTROL SYSTEMS

The details of Internal Control Systems and their adequacy have already been discussed in the Board's Report under the title 'Internal Control Systems and their Adequacy'.

HUMAN RESOURCE DEVELOPMENT:

The Company has emphasized on the need for skills and knowledge to successfully meet its requirements. Employment relations are good and cordial at all levels. The Company believes that its people are a key differentiator, especially in knowledge driven, competitive and global business environment. It is your Company's belief that people are the heart of corporate purpose and constitute the primary source of sustainable competitive advantage. The Board of Directors of your company would like to place on record their sincere appreciation for the efforts and contribution made by all the employees of the Company in

realizing the targeted projects of the Company. Your Directors take this opportunity to thank all employees for rendering impeccable services to every constituent of Company, customers and shareholders.

CAUTIONARY STATEMENT:

Statements in the Management’s Discussion & Analysis Report which seek to describe the Company’s objectives, projections, estimates, expectations and predictions may be considered to be “forward-looking statements” as of the date of this report and are stated as required by applicable laws and regulations. Actual performance and results could differ materially from those expressed or implied and the Company owes no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances. Market data and product analysis contained in this Report has been obtained from internal Company reports and industry publications, but their accuracy and completeness are not guaranteed and their reliability cannot be assured.

**By Order of the Board of Directors
For Osiajee Texfab Limited**

**Sd/-
Vidya Gawand
Director**

(DIN: 07155987)

**Sd/-
Lalit Kumar Sarwar
CEO**

**Place: Surat
Date: July 31, 2020**

