

MANAGEMENT DISCUSSION AND ANALYSIS REPORT.

INDUSTRY STRUCTURE.

The Indian textiles industry, currently estimated at around US\$ 150 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP).

Our Company is engaged in the business of Cotton Trading and cultivation and herbal medicine, this industry is growing day by day. Also the cotton industry has been showing signs of increasing production and the long term outlook and growth prospects of the industry are also encouraging. The company expects that specialization in Cotton Yarn will provide further opportunities to increase the customer base. But as per the records available it has been noticed that as an industry cotton yarn's production in India has been decreasing from the financial year, 1995-1996 up to 2003-2004. After last year's record cotton production, the U.S is forecast at the second highest production on record at 22.7 while India's cotton production forecast is equal to last year's record: Thus, the company looks forward to increase the capacity utilization.

The planting period of cotton normally is from March to September, while the harvesting period is from October to February. There are mainly three cotton-producing zones in India, such as:

* Northern zone (Hirsutum and Arboreum Zones), comprising Punjab, Haryana and Rajasthan.

* **Central Zone** (Hirsutum, Arboreum, Herbaceum and Hybrid Zones), comprising Maharashtra, Madhya Pradesh and Gujarat.

* Southern zone (Hirsutum, Arboreum, Herbaceum, Barbadosense and Hybrid Zones) comprising Andhra Pradesh, Karnataka and Tamil Nadu.

Since the Company is running business in The **Central Zone** which offers a huge scope for the Ginning and Trading Activities of Cotton in this area.

The demand of herbal medicinal products has been increased in domestic and international market, and so exports of herbal medicine have reached a value of 100 million dollars a year. Company is having enough land and for the purpose of making proper use of that land, management is planning to cultivate herbal plants over that land, as the demand of herbal product increased drastically in international as well as domestic market. Cultivation of plants over unused land benefited the company. Company will develop such plants with scientific techniques in order to maximize yield. Company is also planning to undertake integrated project for farming, processing and storage of herbal crops on large scale. Besides the company is also embarking upon trading activities on large scale to maximize its margins.

MARKET SIZE

The Indian textiles industry, currently estimated at around US\$ 150 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP).

The production of cotton in India is estimated to increase by 9.3 per cent year-on-year to reach 37.7 million bales in FY 2019-20. The total area under cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2019-20, on account of

expectations of better returns from rising prices and improved crop yields during the year 2018-19.

OPPORTUNITIES

Cotton yarn accounts for the largest share in total yarn production; India's growing population has been a key driver of textile consumption growth in the country. It has been complemented by a young population which is growing and at the same time is exposed to changing tastes and fashion. Rising incomes has been a key determinant of domestic demand for the sector; with

Income rising in the rural economy as well, the upward push on demand from the income side is set to continue. The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. Urbanization is expected to support higher growth due to change in fashion and trends.

The Textile Ministry of India earmarked Rs 690 crore (US\$ 106.58 million) for setting up 21 readymade garment manufacturing

BUSINESS STRATEGY

Our company had always endeavored to optimize shareholder value. The company is planning to increase the Trade of Cotton as after considering the Location and resources of the company, there is a huge scope available for the company to Trade in Cotton at a Large scale. The Company has also developed the land by using scientific technology as per the requirement of agriculture product. Company has made plans to cultivate safed musli and horticultural products over the land developed by the company.

OUTLOOK

Our company is trading in Cotton and is planning to expand the trading at a large scale. Company is taking many steps to increase the Sales Turnover, Quantity and Quality as well as the Profit Margins and expects to achieve the optimums in near future. The company targets a turnover of Rs 50.00 Cr in the next Financial Year i.e. F.Y 2020-21 as against the Turnover of Rs

47.08 Cr (approx.) in the Current Financial Year.

Also, your Company has adequate area of land at Bhopal which is suitable for Mega Agro activities like Cultivation of medicinal plants organic manure, farming and also development of green dense resorts for entertaining citizens. Your company is exploring the various possibilities of developing the said land.

RISK AND CONCERNS

The competition in global market of herbal products affects the business activities of the Company. The loss of such types of specific jadibhutties in nature, lack of processing method also affects the profitability of the Company and also business of cotton and cotton fabric trading carries no major risk on the rates and prices. Demand and supply of such products are more or less stable.

- (i) Positive economic environment
- (ii) Government policies.
- (iii) Stability in Rawcotton prices.
- (iv) Evacuation of 100% Windenergy generated to State Grid and favourable wind season.

INTERNAL CONTROL AND ADEQUACY

The company has proper and adequate system of internal controls to ensure that all activities are monitored against any unauthorized use or disposition of assets. The company also ensure adherence to all internal control policies and procedure as well as compliance with all regulatory guidelines. The effectiveness of internal control was reviewed during internal audits carried by the audit committee of the company. An independent review of the internal control system is also carried out by statutory auditors.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATION

There has been no material development on the Human Resources/ industrial Relation front during the year. Employee relations at all level continue to remain cordial.

FINANCIAL PEFROMANCE

The Company Earn a Profit of 9.08 Lacs against the Sales of 6679.06 Lacs (Previous year Profit of Rs.4.05 Lacs) after providing for current Income tax and deferred Tax. The Financial Performances of the Company are explained in detail in the Directors report to Shareholders.

CAUTIONARY STATEMENT

This report may contain “forward looking statements”, by company, which are not historical in nature. These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, many of which are beyond our control and difficult to predict. This could cause actual results, performance or achievements to differ materially from those estimated in these statements.