ANNEXURE -V
MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry Outlook:

The Indian infrastructure sector is a key driver for the country's economy. Growing urbanisation, demand for energy and financing needs for sustainable living pose a challenge for the infrastructural setup in the country. Infrastructure, and the lack of it, is envisaged as the primary growth constraint, while good infrastructure is widely recognised as an enabler of growth. In the coming era of supply chain disruptions, new technologies and increasing local demand, infrastructure growth must keep pace with the need created for it. The sector is accountable for propelling India's overall development. Thus, it requires intense focus from the government for introducing policies that would ensure time-bound formation of world-class infrastructure in the country. The opportunities in the sector have seen an incremental curve over the previous years and are growing to establish the sector as a key driver in India's development story and economic growth at a high rate.

In December 2019, the government launched the National Infrastructure Pipeline (NIP), an investment plan unveiled by the Central Government for enhancing infrastructure in identified sectors. This is a first-of-its-kind exercise to efficiently provide world-class infrastructure across the country and improve the quality of life for all citizens. NIP will enable a forward outlook on both economic and social infrastructure projects, which will create jobs, improve ease of living and provide equitable access to infrastructure for all, thereby making growth more inclusive.

It is envisaged that during the FY 20-25, sectors such as energy (24%), roads (18%), urban (17%) and railways (12%) would amount to 71% of the projected infrastructure investments in India, with a total capital expenditure projected at Rs.111 lakh crore. The Centre (39%) and states (40%) are expected to have an almost equal share in implementing the NIP in India, followed by the private sector (21%).

Out of the total expected capital expenditure of Rs. 111 lakh crore, projects worth Rs. 44 lakh crore (40% of the NIP) are under implementation, projects worth Rs. 33 lakh crore (30%) are at the conceptual stage and projects worth Rs. 22 lakh crore (20%) are under development. The Government of India has given a massive push to the infrastructure sector by allocating Rs.1,69,637 crore for the transport infrastructure. The highways sector has been one of the best performing areas of the government, with government expenditure rising from Rs. 34,345.20 crore in FY 15 to Rs.91,823 crore in FY 21.

(b) Opportunities and Threats:

The total expenditure on the Ministry of Road Transport and Highways for 2020-21 is estimated at Rs 91,823 crore. This is 11% higher than the revised estimates for 2019-20. In 2020-21, capital expenditure is estimated at Rs 81,975 crore while revenue expenditure is estimated at Rs 9,849 crore. The Ministry has increased its capital expenditure significantly, while revenue expenditure has gradually declined. In 2020-21, 89% of the Ministry's spending is estimated to be on capital expenditure. As per the budget 2020-21 Rs. 100 lakh crore will be invested on infrastructure over the next five years, Accelerated development of highways will be undertaken. This will include development of 2,500 km access control highways, 9,000 km of economic corridors, 2,000 km of coastal and land port roads and 2,000 km of strategic highways and At least 12 lots of highway bundles of over 6,000 km will be monetized before 2024.

(c) Risks and Concerns:

Several industry surveys and reports forecast continued growth in the construction industry. It is expected to record a CAGR of 4.9% to 1,804.8 billion by 2023. Regardless, there is still a general sense of optimism. Finances are one of the major issues facing the construction industry in 2020. With a responsibility to ensure the livelihood of their employees and their families, it is important to have positive cash flow for their company. Construction work is inherently dangerous, which makes insurance and workers compensation costly expenditure. Stricter punishments are enforced against companies that are accused of negligence. In addition to financial penalties, some construction company owners and/or their foreman are being convicted of manslaughter.

Unforeseen job site conditions. Scope changes. Design rework. All of this leads to project delays, with only 25% of projects coming within 10% of original deadlines. Subcontractors attribute delays and change orders to design-induced rework and changes in scope. Therefore, delayed projects will cause a kink in the entire schedule and resource management of a construction company. Project delays are a top issue facing the construction industry in 2020 because there were pauses in construction during COVID-19's social distancing and stay at home orders.

For construction materials like aluminum, steel, and timber, their common base price is rising because of newly imposed tariffs. These can raise the overall construction cost and expand the profit margins for contractors. In terms of materials, many of them originate from China and due to COVID-19, there might be disruptions in the supply chain in an attempt to slow the spread of the virus.

(d) **Internal Control Systems and their adequacy:** The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded, and protected against loss from unauthorized use or disposition. The Company ensures and adherence to all internal control procedures.

(e) **Discussion of financial performance with respect to operational performance:** The Company has reported turnover of Rs.81.97 Lakhs in 2019-2020 with a decline of 65.98% as compared to previous Financial Year. Accordingly, the net profits after taxes are also declined to Rs 1.52 Lakhs in FY 2019-2020 as against Rs 21.94 Lakhs in the previous financial year. The company is having balance order book of Rs. 4,740 Lakhs as at 31st March 2020 and the company is exploring opportunities to increase the order book.

(f) **Human Resource Development and Industrial Relations:**

The Company believes that the quality of its employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunities to equip themselves with skill, enabling them to adapt to contemporary technological advancements. During the year under review, relations with customers, partners, suppliers, workers, employees, and other industries were cordial.

(g) **Details of the significant changes in the Key Financial Ratios :**

Particulars	2020	2019	Change	Reasons for Change
Debtors Turnover Ratio	1.86	0.68	173.44	Increased due to increase in credit sales
Current Ratio	7.28	32.69	-77.72	Declined due to built up of receivables and current payables.
Operating Profit Margin	0.03	0.12	-79.45	Declined due to decrease in turnover
Net Profit Margin	0.02	0.09	-79.52	Reduced due to decrease in turnover
Return on Total Equity (ROE)	0.10	1.46	-93.04	Reduced due to decrease in turnover

Cautionary Statement: *Statements in the management discussion analysis describing the Company's objectives, projections, estimates, expectations may be forward looking within the meaning of applicable security-laws and regulations. Actual results may differ materially form these expressed in the statement. Important factors that could make difference to Company's operations include economic conditions affecting the domestic market and the overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.*