

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry structure and developments:

India being the second-largest producer of fruits and vegetables, facilitates the fruit and vegetable processing industry in acquiring its primary resources. Canning, dehydration, pickling, provisional preservation, and bottling are some of the methods used in fruit and vegetable processing which help increase the shelf life of seasonal fruits and vegetables.

The ongoing corona virus pandemic is a public health emergency with grave implications for the population of the world. India, as part of the global community, has been adversely impacted by ongoing health crisis. The CoVID-19 pandemic is spreading throughout the world, including India, which led to nation-wide lockdown from March 25, 2020. Consequently, revenues and the profitability have been adversely affected in over.

Data compiled by the government-owned Agricultural and Processed Food Products Export Development Authority (APEDA) showed a 16 per cent decline in India's fruit and vegetable exports at \$1 billion for the period between April 2019 and January 2020, from \$1.19 billion for the same period the previous year.

Opportunities and Threats.

Agricultural Sector is a backbone of India's economy .It provides major employment opportunities to the rural population and consequently it provides a large domestic market for manufactured goods.

Stockpiling canned and frozen fruit and vegetables

Due to Covid impact the demand for canned beans, fruit and vegetables. All canneries around the world have large orders for smaller retail can sizes. But, the demand for bigger cans (5-15 kg) for the foodservice sector has decreased due to the closures of restaurants. Producers of fresh products have had many order cancellations, forcing them to redirect products to processing.

Fruit juice sales have also increased. The majority of bottling companies are focusing on the production of orange and apple juice, as exotic ingredients are hard to source. From an importers point of view, major ingredients, such as frozen concentrated orange juice were also being 'panic bought'. Frozen berries were also in higher demand (and had higher prices as a result) because of the idea that they strengthen the immune system.

Labour force shortage

In several major producing areas, labour is not available. Limitation of movement is one of the main reasons, but also fear of infection by workers. For example, in the Philippines, people are locked in their houses. This has stopped the production and delivery of desiccated coconut and dehydrated bananas.

Thailand is another example. There, companies harvested pineapples earlier than usual due to fears that they would not have enough workers. This resulted in lower quality products. In India, due to lack of buses and trains, workers cannot travel and harvest yields. Also, India cannot process (imported) cashew nuts due to the foreign border closure. This is already resulting in a price increase.

Supply chain issues

The logistics sector reported problems in finding enough truck drivers, the restrictions on sea transporters and a lack of air freight Ocean freight is facing a shortage of containers, which is a major problem for exporters from developing countries

Some of the major challenges faced by juice manufacturers in India include the reluctant attitude displayed by local farmers towards fruit farming, current volatility in prices of fruits and the lack of storage facilities for fruit based products.

Segment-wise or product-wise performance.

As there is n production in the factory due to discontinued operation there is no discussion on segment wise or product wise performance.

Outlook

Edelweiss Asset Reconstruction Company Limited (EARC) who is in the possession of all the Assets of the Company that they have entered into an Agreement for sale of assets of the Company to third Party under private treaty. The management of the Company is considering various options to revive the Company. The Company have confidence that in spite of many difficulties comes across industry will perform better in view of its strong fundamentals and its activity turn into better progress which meets expectations of investors.

Risks and concerns.

There are very wide fluctuations in the price, quality and quantity of raw material produced and is also widely dependent on the environment factors like rainfall and other crop conditions. Exchange rate risks on export of goods are the primary risks associated with the business of the Company.

Due to discontinued operation company is facing cash crunch difficulties in the company.

Internal control systems and their adequacy.

The Company has put in place an adequate system of internal controls commensurate with the size and nature of operations to ensure that the transactions are properly recorded, authorized and the assets are continuously monitored and safeguarded. The internal control system is backed up by well documented policies, guidelines and procedures. The adequacy and effectiveness of the Internal Control Department is reviewed by the Audit Committee of the Board which recommends control measures from time to time.

Discussion on financial performance with respect to operational performance.

The financial statements have been prepared in compliance with the requirement of the Companies Act, 2013 and Indian Accounting Standards in India.

Material developments in Human Resources / Industrial Relations front, including number of people employed.

As operation of company is closed for last few years due to possession of assets taken over by Edelweiss Assets Reconstruction Company, there is no material development in number of employees of the company as compared to previous year.

Details of significant changes in key financial ratios, along with detailed explanations therefore, including: (i) Debtors Turnover (ii) Inventory Turnover (iii) Interest Coverage Ratio (iv) Current Ratio

(v) Debt Equity Ratio (vi) Operating Profit Margin (%) (vii) Net Profit Margin (%) or sector-specific equivalent ratios, as applicable.

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(j) details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.

As operation of the company is discontinued Networth of the Company is negative.