

EURO LEDER FASHION LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report on the business of the Company for the year ended 31st March, 2019 has been attempted to include discussion on all the specified matters to the extent relevant or within limits that in our opinion are imposed by the Company's own competitive position.

1. COMPANY AND INDUSTRY STRUCTURE:

The Company manufactures leather garments exclusively for export and has its factory at Pallavaram, Uttiramerur and Nagelkeni (Chennai). All the units are self sufficient to perform their duties and functions. The commitment of the Company towards quality and customer orientation reflects in its well-established clientele.

The industry continued to suffer this year due to a demand supply imbalance and rising input costs. However, the Company has vigorously channelized its efforts at increasing its productivity and turnover and this strategy has paid off by way of a modest increase in the turnover during the year.

2. REVIEW OF OPERATIONS:

A summary of major performance indicators is given below, while the detailed and physical performance may be viewed from the Balance Sheet and Profit & Loss account and the annexure thereto

	2018-19	2017-18
SALES	7352.82	7512.15
EXPORTS	7315.93	7403.78

The Company has adopted a time-bound policy in the short term, to balance production to level which could avoid built up inventory and has taken special measures to bring down stocks to optimum levels. However, in spite of the operating gains the margins have been under strain for the following reasons:

- 1) Increase in major input costs particularly of leather.
- 2) Globally leather garments have registered a decline in realization and this affected India also.
- 3) Average price realization per garment fell to Rs.4440/- during the year. Buyer's domination was pronounced and our buyers abroad bargained hard in view of the falling Indian Rupee against the Euro and U.S.Dollars.
- 4) Freight rates and selling expenses rose appreciably, further pushing the costs. These factors constitute the threats faced by the company.

3. OUTLOOK:

The outlook of the industry appears to be challenging due to strong competition in price and quality and a large rise in input cost and the rising Indian rupees against the USD & Euro. There are signs of a modest improvement in sales which may go up depending on the resurgence of the economy, besides cyclical improvement. The Company has orders in hand worth Rs.17 crores. The Company's strength lies in the quality of its products and the promising looks continued patronage of its buyers. However the realization per garment is likely to be low. The peak season is due to start shortly. The order position is healthy and the Company should register a healthy improvement in its performance in 2020-2021.

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4. ENVIRONMENT AND SAFETY:

The Company is conscious of the need for environmentally clean and safe operations to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources.

5. HUMAN RESOURCES:

The initiatives undertaken by the Human Resources Department is always aimed at operationalizing the company's Vision and long term & short term strategy. After long discussion and deliberations through Core Team, Management Team and Senior Management, the company recast the organization structure with a well defined role and job responsibility for each of the position. The Performance Management Process has been introduced for the senior management of the company and it is planned to take PMS process to the next level in financial year 2019-20.

6. OTHER MATTERS:

There are no further or typical areas of risks or concerns outside the usual course of business foreseeable at this time. Internal control systems had been found to be adequate and are continuously reviewed for further improvement. Our team is committed to the Board's dictates on standards of conduct as well as good governance and exercise of due diligence including compliance of all relevant laws and regulations. Our appreciation is due to all employees, gratefulness to our board, shareholders and Banks.

7. CAUTIONARY STATEMENT:

Statements in this "Management Discussions and Analysis report" which seek to describe the Company's objectives, projections estimates expectations or predictions may be considered to be "forwarded looking statements" within meaning of applicable securities law or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global demand and supply conditions, prices of finished goods, stock availability and prices, cyclical demand and pricing in the Company's markets, Exchange fluctuations changes in the Government regulations, tax regimes, economic development within India and countries with which the Company conducts business besides other factors, such as litigation and labour negotiations.

Place: Chennai
Date: 25th July, 2019

On Behalf of the Board of Directors
EURO LEDER FASHION LIMITED

RM.Lakshmanan
Whole Time Director
(DIN: 00039603)

Smt.Jayamalini
Director
(DIN: 07165811)