

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMY AND DEVELOPMENTS

The world economy grew by 2.9% in 2019 compared with the 3.6% in the previous year, the lowest since the global financial crisis, as per the International Monetary Fund (IMF). The US economy grew by 2.3%, while China and India grew by 6.1% and 4.2%, respectively. The slowdown has been more pronounced in emerging economies like China, India and Brazil, among others. Despite relief measures provided in the form of easing of monetary policy by central banks and fiscal packages announced by some governments, we are expected to see a contraction in global economy. There has also been increasing concerns over climate change, and governments and businesses are being called to act more responsibly. In response to these factors, organisations globally are focusing on being more agile, being closer to consumers and conducting business in a more sustainable and responsible manner.

INDIAN ECONOMIC SCENARIO

The Indian economy continued with a subdued phase in FY 2020 in the backdrop of a weakening global economy. Gross Domestic Product (“GDP”) growth was the lowest in the last 11 years to 4.2% this year from 6.8% in FY19. FY2020 began with an expectation that the year would witness a slowdown in growth owing to a moderation in economic activity recognizing economic headwinds, the Government of India also announced a number of policy measures to boost investment, such as reduction in corporate tax rate from 30% to 22%, which was complemented by the easing of repo rates by the Reserve Bank of India. India’s rank in the World Bank’s Ease of Doing Business index has improved from 77 last year to 63 this year.

While economic growth was starting to improve towards the end of FY20, the impact of COVID -19 has caused a significant impact on the Indian economy. Nationwide lockdowns in India by the Government have taken a substantial toll on the health of large and small companies who have encountered a severe setback with revenue shortfalls, production cuts, and significant downsizing of work force to contain costs. This had led to a sizeable impact on consumption thereby also impacting industrial demand. However, the negative impact on consumption and industrial demand will take time to dissipate and the next 12-18 months will be challenging for most economies including India to bring businesses back on track.

Opportunities, Threats and Challenges

Opportunities

- Increasing purchasing power of consumer
- Increasing demand of consumers durables
- Easy availability of finance
- Rapidly changing technology spurring replacement demand

Threats

- Increased Competition from Local & other organised large retailers
- Rising inflations constrains the operating margins
- Changing consumer needs and taste
- Profit margin constrain due to high competition
- Low footfalls

Risk & Concerns

Major concerns comes from very big modern trade retailers and competition from smaller players which puts pressure on margin.

HUMAN RESOURCES

One of the key pillars of the Company's business is its people. The Company's Human Resources policies and practices are built on values of Integrity, Passion, Speed, Commitment and Seamlessness. The Company's focus is on recruitment of good talent and retention of the talent pool. The Company is hopeful and confident of achieving the same to be able to deliver results and value for our stakeholders. The total employee strength as on March 31, 2020 was 683.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control system, commensurate with the size of its operations. Adequate records and documents are maintained as required by laws. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. The Audit Committee gives valuable suggestions from time to time for improvement of the company's business processes, systems and internal controls. All efforts are being made to make the internal control systems more effective.

DISCUSSION OF THE FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE-

The company's performance metric for FY 2019-20 is tabled below for reference.

Particulars	FY 2019-20	FY 2018-19	Growth
Gross Revenue	963	691	39%
Net Revenue	797	563	42%
EBITDA	34	17	97%
NOPAT	14	6	143%

*All Figures are in INR Crore

Gross Revenue for FY 2019-20 grew by 39% and Net Revenue grew by 42% when compared to FY 2018-19. EBITDA grew at 4.3% in FY 2019-20 against 3.1% last year. It is worth noting that same store sales growth stood at 16%. Net profit stood at 14.02

crore against 6 crore last year, a growth of 143%. Earnings per Share (EPS) for FY 2019 -20 stood at Rs. 9.94.

Our company is in a growth phase and is opening new showrooms in areas where value can be found. In FY 2019-20, the company opened 4 new showrooms. In the current financial year (FY2021), the company has opened 5 new showrooms; taking the total count of showrooms to 48. In the coming months, the company plans to open 15 new showrooms to take the count to 63 showrooms across Bihar. The list is tabled below for reference.

New Showroom Opening Roadmap		
FY 2019-20	FY 2020-21	New Store Opening
Muzaffarpur (3 rd Showroom)	Buxar	Bhagalpur (2 nd Showroom)
Boring Road Zip (Patna)	Raxaul	Ashiana Zip (Patna)
Katihar	Pataliputra Zip (Patna)	Ashok Raj Path Zip (Patna)
Madhubani	Forbesganj	Hazipur Zip
	Saharsa	Supaul
		Jhanjharpur
		Dehri-on-Sone
		Danapur (Patna)
		Gaya (3 rd showroom)
		Khagaria
		Laherisarai
		Zero Mile Zip
		Bailey Road Zip2
		90ft Road Zip, New Bypass (Patna)
		Danapur Zip

Additionally – proposed locations for remaining current financial year and years ahead are Jamui, Jehanabad, Araria, Mohania, Madhepura, Sheohar, Kishanganj, Sheikhpura, Arwal, Banka and few small format Zip stores. I am happy to share that Company is looking forward to have its presence across all district headquarters of Bihar state by FY22 thereby not only further consolidating its position of No.1 retailer of white good products in entire state of Bihar but also among top retailers of the country. We are also exploring the possibilities of expanding our branch network to other states as well.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS & RETURN ON NET WORTH

Pursuant to amendment made in schedule V to the Listing Regulations, details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in Key Financial Ratios and any changes in return on net worth of the Company including explanations therefor are given below:

Particulars	Financial Year 2019-20	Financial Year 2018-19	% in change	Reason (change of 25% or more)
Debtors Turnover	0.13	0.20	31.54	Effective outstanding realisation mechanism
Inventory Turnover	5.52	8.96	38.35	Inventory held on stores of company due to sudden lockdown on account of COVID - 19
Interest Coverage Ratio	2.38	2.20	8.31	Not applicable
Current Ratio	1.12	1.17	4.36	Not applicable
Debt Equity Ratio	0.16	0.13	29.15	Procurement of new loan for expansion of business
Operating Profit Margin (%)	4.06	2.81	44.14	Improved sales margin
Net Profit Margin (%)	2.35	1.53	53.40	Improved sales margin
Return on Net worth (%)	16.41	12.71	29.15	Improved sales margin

CAUTIONARY STATEMENT

Statements made in this Management Discussion and Analysis Report may contain certain forward -looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and abroad, volatility in interest rates and in the securities market, new regulations and Government policies that may impact businesses as well as the ability to implement its strategies.