

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

The Management discussion and Analysis Report, is a reflection of the current state of business of the company. It also deals with opportunities and challenges faced by Company and future outlook.

**ECONOMIC AND INDUSTRY OVERVIEW**

**INDIAN ECONOMY**

India continues to be one of the fastest growing major economies in the world and is expected to be among the world's top three economic powers in the next 10-15 years. The Indian economy is expected to improve and close the year 2020 with a GDP growth of 7.3%. Sustained real GDP growth of over 6% since FY91 has led to a fundamental transformation of India's economy. Today, India is the world's seventh largest economy in real terms, backed by strong demand, positive consumption pattern and rising disposable income. In PPP terms, the economy is expected to be among the top five global economies by 2020.

**INDUSTRY STRUCTURE**

India's textiles industry is among the oldest industries in the country dating back several centuries. It is one of the largest contributors to the economy accounting. But Industry has been more challenging since last one year, consequences of demonetisation and systematic regime of GST are now being felt as overall economy slow down, retail end is weak which is throwing challenges down the line.

We believe economy will take two years working cycle to improve, money flow is slowly reaching bottom of the pyramid, which will result in higher consumption in next two financial years slowly. Industry is still under challenging mode, slow demand leading to slow consumption, leading to slow growth, we feel industry and economy needs 1 more year to settle down and thereon grow, we are positive and we need to be strategically patient and review internal and external systems and prepare for stronger tomorrow.

**OUTLOOK FOR THE FINANCIAL YEAR 2020-21**

We look forward to achieving the same top line and bottom line, it should be considered good for us to maintain same levels in such tight volatile markets. Technology up gradation has helped us to remain a strong supplier for budding domestic buyers. Once there is boom in the market, we shall remain the top choice of brands due to Infra structure and systems.

We are increasing our efforts through technology in fields of HR and ERP. We have installed 2 different software's for transparent, accurate and real time reports of the manpower and work in progress goods. The software will help us reduce inefficiencies and in return will increase profitability. With the overall infrastructure changes with efficient industrial changes and upgradation of technology, we have been able to achieve about 15% increase in productivity.

**FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS (ON STANDALONE BASIS):**

**Financial Analysis**

Revenue Break – up:

(INR. in lakhs)

Particulars	2019-20	% to Total Income	2018-19	% to Total Income
Revenue	9190.97	99.91	9215.35	99.86
Other Income	8.27	0.09	12.62	0.14
<b>Total Turnover</b>	<b>9199.24</b>	<b>100</b>	<b>9227.97</b>	<b>100</b>

The net turnover of the Company has decreased from INR 9227.97 lakhs in the year 2018-19 to INR 9190.97 lakhs in the 2019-20.

Profitability/Losses:

(INR. in lakhs)

Particulars	2019-20	% of turnover	2018- 19	% of turnover
Profit/losses before depreciation and tax	286.14	3.11	302.10	3.27
Depreciation	161.77	1.76	157.92	1.71
Profit/losses before tax	124.37	1.35	144.18	1.56
Tax (Previous year)	136.04	1.49	34.80	0.38
Profit/losses after Tax	(11.68)	(0.14)	109.38	1.19

**RESOURCE UTILIZATION**

**Fixed Assets**

The gross fixed assets as at 31<sup>st</sup> March, 2020 are INR 3848.84 lakhs as compared to INR 3767.34 lakhs in the previous year. The net fixed assets (including work - in - progress & capital advances) as on 31<sup>st</sup> March, 2020 are INR 2043.83 lakhs as compared to INR 2124.12 lakhs in the previous year.

**Current Assets**

Sundry debtors (Net of Provision) of the Company are INR 1697.71 lakhs in the year 2019-20 as against INR 1945.76 lakhs in the previous year. Inventory level is at INR 3142.74 lakhs in the year 2019-20 as against INR 2538.07 lakhs in the previous year. Cash and cash equivalents increased to INR 51.27 lakhs in the year 2019-20 from INR 32.60 lakhs in the previous year.

**Risk and Concerns**

Open free trade (duty free imports) from Bangladesh are the only risks so far. Government policies are critical to the success of the Textile Industry. Further, increase in the power cost, raw materials prices and non-availability of skilled labour has become hindrance in the long term sustain ability of the textile industry. Moreover, depreciation of Indian rupee against US dollar has serious impacted Textile Industry.

In spite of the above-mentioned facts, we are of the firmed opinion that the future of the Textile Industry is quite promising. We hope that with the recoveries in economies of U.S.A and European Union will propel the growth of the Textile Industry and moreover domestic market is also continuously imperial.

**Opportunities and threats**

Opportunities remains immense as India is one of the highest growing economy, at just below than \$3trillion economy , there is way to go to reach near the developed economies, as India grows, highest booster will be on Housing , Clothing, food grade items as all 3 fall in direct consumption category and we at Superfine fall in Clothing supply chain. International supply base and domestic competition is the only threat.

**Adequacy of Internal Control Systems**

The Company has a benefit of Internal Control Systems developed over years which ensured that all transactions are satisfactorily recorded and reported and all assets are protected against loss from an unauthorized use or otherwise. The Internal control system is adequate and commensurate with the nature of its business and size of its operations, though continues efforts are being made to strengthening the same. The management also reviews the internal control systems and procedures to ensure its application.

**Material Development in terms of Human Resources**

Human Resources are considered to be a form of capital and wealth of the Company. It has been the focus of the management to improve and expand the contribution of its human resources towards attainment of organizational goals and values.

**Cautionary Statement**

Statements made on Management Discussion & Analysis, describing the Company's expectations or predictions are "forward-looking statements". These statements are based on certain assumptions and expectation of future events. The actual results may differ from those expected or predicted. Prime factors that may make a difference to the company's performance include market conditions, input cost, Government policies/regulations, economic conditions, and other incidental factors.