

ANNEXURE –IV

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS:

Our Company is dealing in the business of sale of various Furniture products and the Country's furniture market is projected to cross USD32 billion by 2019. The country's furniture market is expected to grow at a rapid pace due to rising disposable income, expanding middle class and growing number of urban households. In addition, the anticipated rise in tourism and hospitality sectors is also expected to spur the furniture demand in the country through 2019. Western and Southern region would continue to be the leading revenue generators due to expanding distribution network of furniture manufacturers in these regions. Uttar Pradesh, Kerala, Punjab, West Bengal and Andhra Pradesh are the major suppliers of wood, which is the most widely used raw material in the country's furniture market. Wooden furniture is expected to continue its dominance in the Indian furniture market. The market is also witnessing a growing trend, wherein, an increasing number of domestic manufacturers are entering into tie ups with foreign manufacturers in order to improve product design and quality with growing employment opportunities, purchasing power of the Indian consumers is increasing, which is consequently expected to continue and boost the demand for designer as well as standardized furniture in the country over the next five years.

Moreover, the popularity of traditional furniture has strengthened the demand for wood in the manufacturing of furniture in India. Over the past few years, the utilization of wooden goods in home has increased as people have started using wood for furnishing cupboards, decorating and for other purposes.

OVERVIEW AND OUTLOOK OF COMPANY'S BUSINESS :

Our Company is a provider of wide and exclusive range of furniture and lifestyle products for several consumers. Our Company is managed by experienced and dedicated promoters to address the changing needs of customers in furniture industry. We are consistent in supplying of quality products round the year as customized products are made available to them as per the market demand.

Our Subsidiary Company namely Pearl Furniture Private Limited has well established manufacturing unit located at Survey No. 26, Shapar Main Road, Village, Shapar, Taluka – Kotada Sangani, Dist – Rajkot-360024, having high tech equipment's and design facility to manufacture various combination and size of products as per specification and needs of the customers. It is equipped with all facilities to execute all types of manufacturing activities such as panel cutting, edge bidding, post forming, painting line, fabrication, moulding, cutting and polishing & packaging, etc. The company is using latest machineries & technology and keeps on up-grading its manufacturing set-up, design capabilities and workmanship to deliver superior quality products with on-time deliveries and with emphasis on quality.

Our core purpose is —To serve the world with better lifestyle. Our business network is spread in 18 States. We have COCO Flagship Retail Stores and around 900 dealers associated with us. We have huge stock keeping facilities having storage area with strong supply chain management. In addition to this, we have created spacious, specially designed showrooms for display of our various products like home furniture, office furniture, hospital furniture, institutional furniture etc.

We consistently introduce new design in our products. We have integrated in-house capabilities to market, distribute and retail our conceptualized furniture. We also have team of experienced, highly professional and skilled manpower. Our Subsidiary has hired an international designer from Turkey who develops new product design. To maintain space and remain competitive in today's changing market place, we have various business verticals like B2B, Projects – Government & Private, Retail and E-Commerce. Through our subsidiary, we have a complete control over the entire business cycle from manufacturing to consumption, which gives an edge in furniture industry. We also have accounting system for smooth business operations. We follow the regime of honest price policy for our customers.

We understand the customer needs, market trends mapping and provide value for money products. Our diversified product portfolio enables us to cater a wide range of preferences & consumer segment.

Our Company has obtained certifications like ISO- 9001:2015, ISO-14001:2015, ISO-13485:2012, OHSAS 18001:2007 & Assured Green Guard Business. Apart from this, we also have registered membership of BIFMA Certification.

OUR PRODUCT RANGE :

The furniture manufactured by our subsidiary / purchased by us are marketed under brand name "**PARIN**". Our product portfolio offers diversified product range which includes variety of furniture like home furniture, office furniture, hospital furniture, institutional furniture and education furniture. Our major range of industry presence and major products within such presence are (1) Home Furniture & Décor (2) Office Furniture (3) Hospital Furniture (4) Institutional Furniture (5) Education Furniture

STRENGTH, OPPORTUNITIES, RISK & CONCERNS :

Strength

Our core purpose is "To serve the world with better lifestyle". Our business network is spread in 18 States. We consistently introduce new design in our products. We have integrated in-house capabilities to market, distribute and retail our conceptualized furniture. We also have team of experienced, highly professional and skilled manpower. Our Subsidiary has hired an international designer from Turkey who develops new product design. To maintain space and remain competitive in today's changing market place.

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Challenges i.e. Risk and Concern :

The prime challenges faced by the Company are Legal Boundaries, Economical Changes, Globalization and Regulatory proceedings, Technological and Political changes are the key challenges for the growth of Business.

Our Company operates under several statutory and regulatory permits, licenses and approvals. Our inability to obtain, renew or maintain the statutory and regulatory licenses, permits and approval required to operate our business may have a material adverse effect on our business & operations.

Quality of our product is key aspect to sustain in the Market. Any failure to maintain the quality of the product may affect adversely to our business. Third Party like **Transportation** facilities, **Market Trends** include Customers' Change in test, preferences, choices, fashion, designs, patterns, **Fluctuation** in price and **supply of product, failure in obtaining additional source of finance, Business Rivals, Competition, delay and defaults in clients payments, inadequate insurance coverage to protect against uncertain hazards, Some Commitments and liabilities all are adversely affect the growth of Business.**

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

As Stated in Board's Report, the Company has in all material respects, an adequate Internal Financial Control System over Financial Reporting and such Internal Financial controls over financial reporting were operating effectively.

The Company has proper and adequate system of Internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly. The company has effective system in place for achieving efficiency in operations, optimum and effective utilization of resources, monitoring thereof and compliance with applicable laws. The Company has also appointed Internal Auditor to check the Internal Control System and their adequacy.

DISCLOSURE OF ACCOUNTING TREATMENT

The Company has followed all the treatments in the Financial Statements as per the prescribed Accounting Standards.

FINANCIAL PERFORMANCE:

During the year under review, Financial performance from Operation activities are as follow:

Particulars	(In Rs.)	
	2018 - 2019	2017-2018
Total Revenue	70,92,22,760	64,59,34,219
Profit (Loss) before tax	4,00,50,836	3,57,32,124
Less: Tax Expenses	--	--
Current Tax	82,52,780	1,36,00,000
Previous Year Tax	12,,29,455	(4,238)
Deferred Tax	35,39,440	(31,31,879)
Profit (Loss) After tax	2,70,29,160	2,52,68,241
Earning Per Equity Share	2.83	3.84

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE :

The Company has identified its business segment as Primary Reportable Segment. There are no other Primary Reportable Segment and as such Segment wise reporting is not given.

PRODUCT WISE PERFORMANCE IS AS UNDER:

Row Labels	Sum of Total
Education Furniture	94,19,123
Home Furniture	42,62,03,049
Hospital Furniture	5,76,11,054
Institutional Furniture	10,84,28,415
Office Furniture	10,42,05,399
Total	70,58,67,040

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

Human resource area valuable asset of our business and the relationship with the staff and workers continued to be cordial during the entire year. The Directors wish to place on record their appreciation of the valuable work done and co-operation extended by them at all levels. Further, the Company is taking necessary steps to recruit the required personnel from time to time.

Company has framed requisite policies through which Healthy environment remains amongst the Employees and help us improve quality of life of our employees. Employees are given freedom to share their views to the Management. We are committed to fair employment practices and freedom of expression, supported by a strong, Company wide value system. During the year there was no instance of Strike, Lock out or another issues related to Human Resources.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS :

In following Ratios there are significant changes in Key Financial Ratios in comparison to Previous year:

Sr. No.	Type of Financial Ratios	2018-19	2017-18	Explanations
1	Debtor Turnover Ratio (In Days)	67.00	98.00	Debtor Turnover ratio improve as compared to last year which shows that recovery is doing fast.
2	Inventory Turnover Ratio (Month)	4.00	3.48	Inventory turnover ratio increases slightly due to new product held in inventory
3	Interest Coverage Ratio	3.15	2.65	Interest coverage ratio improves as compared to last year which shows that company has improved ability to pay its interest.
4	Current Ratio	3.43	2.47	Current ratio improved as compared to last year which shows that company has good resources and liquidity
5	Debt Equity Ratio	0.42	1.95	Operating profit margin decrease due to some of project obtained during this year was less profit margin

DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF:

The Net Worth of the Company has increased to Rs. 37,26,34,907 in comparison to previous year of Rs. 15,66,05,747 Increase in Net worth is due to Initial Public Issue i.e. Increase in the Paid- up capital structure of the Company.

CAUTIONARY STATEMENT:

Statement in this Management Discussion and Analysis Report, describing the Company's objectives, estimates and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws or Regulations. Actual results might differ materially from those either expressed or implied.

**For and on behalf of the Board of Directors
Parin Furniture Limited**

Sd/-

Date: 10th August,2019
Place : Rajkot

Umesh Dhirajlal Nandani
Chairman & Managing Director
(DIN:00039757)