

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This year was a year of “Delivering Promises”. We had set ourselves out to deliver “Growth with passion” this year and we continue to move along firmly towards this goal.

This year we have our first footprints in retail we had signed up 3 stores at Mumbai metro for retailing of backpack and luggage and all of them have become operational by 1<sup>st</sup> August 2018. This year the company is actively looking at Large format stores to be placed in its Kitty with experience in retail and allied industry.

On the distribution and ecommerce front the company added Brands like Spykar and Obitz to its Portfolio. Spykar being a marquee brand will add to the company’s topline and bottom line. The company’s textile business grew at a fast pace and were able to double the topline of the company.

With its experience in the textile industry the company intends to launch an apparel brand this year. The company also intends to launch a lot of white labeled products in the current year leveraging its network of stores and distribution reach.

### Operational overview

The company is in a continuous approach to achieve highest standards of operational efficiency. The company’s workforce this year increased from 12 people to 27 and the company is adding more workforce in the current year. The company has got its entire backend online which is accessible from anywhere and anytime. The company is also enabling automated order and delivery system in its warehouse.

With higher volume achievements for its various supply partners, the Company is able to negotiate better margins at higher scale with improved quality & availability. At the same time, greater focus on control has been contributing to an overall cost reduction.

### Customer and Marketing Overview

The company continues to participate in various schemes and offers along with the companies. The company participated in offers sona-chandi scheme, the big billion day offer etc. The company also runs various scheme on its own to acquire and retain customer. The company this year has started developing its own ecommerce website and shopping app both for android and ios.

### Business Outlook

According to various research reports on Retail industry, it is believed that retail industry in India is on a strong growth trajectory, since per capita GDP in India is close to \$2,000, post which the consumption across Travel, Fashion & Home is expected to grow 2-3x in the next decade. This trend has been established in many other emerging markets reaching per capita GDP around \$2,000. Key industry drivers are India’s favourable demographics, rising middle class with increasing share of discretionary spends and a rise of shopping area and e-commerce.

### Internal controls and their adequacy

The Company had identified the key risks and control process to mitigate the same. Further, the Company continues this process of Enterprise Risk Management in order to identify the new risks and to define and establish the control process to mitigate the identified risks. Further, the Internal Control Framework for financial reporting, organization structure, documented authorities and procedures and internal controls are being reviewed on continuous basis and any issues arising out of the said are addressed appropriately.



The Company is continuously upgrading its internal control systems by measuring state of controls at various locations. Controls in backend system have been strengthened.

### Risks and Threats

The state of external environment, including factors like interest rates, inflation, growth in economic activity, rationalisation of tax structure, job creation and consumer sentiment continues to be the biggest source of threat as well as opportunity for the Company. Any slowdown in the economic activity in the Country, significant job losses or high rates of inflation can severely impact the consumption and therefore growth of the Company.

### EPS

The company has clocked in an EPS of Rs. 0.41 this year as compared to 0.03 in the last year which has shown a jump of 10 times as compared to last year.

### Review of Financial Performance of the Company for the year under review

Particulars	2017-2018	2016-2017
Sales	3609.23	1481.36
Profit Before tax	313.12	23.54
Net Profit	234.84	18.03
Share Capital	570.50	570.50
EPS	0.411	0.031

