

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**(1)****a. Industry structure and developments:**

The Indian logistics industry was estimated at INR 15,40,000 crores in the Fiscal Year 2018, according to a report titled "India Logistics Clear Road Ahead" dated 26th November, 2018, authored by Edelweiss Securities Ltd.

Your Company offer customized Godown facility on Leave & License/Lease Basis to our customers located at Thangadh (Suarashtra), Silvassa, Bhiwandi & Thane in Maharashtra which are owned by the company having an area admeasuring about 2,63,775 sq. ft.

Your Company has been reporting consolidated results drawn up based upon the results of its Associates (together referred to as the 'KWFL or Group') This discussion therefore covers the financial results and other developments during the period April, 2018 to March, 2019 in respect of KWFL. Some statements in this discussion describing the projections, estimates, expectations or outlook may be forward looking. Actual results may, however, differ-materially from those stated, on account of various factors such as changes in government regulations, tax regimes, economic developments within the country and interest rates fluctuations, impact of competition, demand and supply constrains etc. The management of the company as whole are trying their best to maximize the profits of the Company and its stakeholders as a whole.

b. Opportunities and Threats:

The International Monetary Fund (IMF) has pared India's growth forecast for the just concluded fiscal and the next two years, citing softer recent growth and weaker global outlook, but expects the country to retain its place as the fastest growing major economy. According to IMF estimates, India's economy grew 7.1% in FY19 and is expected to accelerate to 7.3% growth in FY20 and to 7.5% in FY21.

India's (GDP) growth is supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy.

Stabilization of GST collections over the past one-and-a-half years is evidence of the GST regime overcoming initial teething issues, gaining stability and gradually entering a growth phase. GST collection target for FY20 is pegged at Rs.13.7 lakh crores, 16.1% higher than FY19.

The Company operates in a very competitive industry, with many unorganized players. Many segments within the industry are highly commoditized and have low barriers to entry, leading to a market with a very high degree of fragmentation were our company operates. Competition from startups and international logistics companies coming to Indian market is likely to be increase and we need to remain focus in the competitive market.

c. Segment-wise or product-wise performance:

The Company's main activities are investment and finance and hence the said segment wise reporting is not applicable.

d. Outlook:

The company depends on clients who are importers and distributors in India where vast population offers a considerable growth potential for the Logistic Industry with demand for godowns & storage facilities. During the year under review, your company has derived income from Financial Activities/Rental from the properties based at Thane, Bhiwandi, Silvassa & Thangadh. The company is using its resources & network to rent out the entire godown properties which are available with the company and are optimistic of letting out the area for generating good income during the current financial year. The company is also exploring the opportunity of further investment in godown properties in and around the Mumbai City to make optimum use of fund available with the company.

e. Risks and concerns:

The company is committed to recognizing and managing the risks it is exposed to, both internal and external and has put in place mechanisms to handle the same proactively and efficiently. The company also recognizes that these risks could adversely affect its ability to create value for all stakeholders and has taken steps to mitigate the same.

The company operates in a highly competitive industry dominated by many unorganized players. Many segments within the logistics industry are highly commoditized and have very low barriers to entry or exit, leading to a market with a very high degree of fragmentation. Increased supply and competition from other organized and unorganized third-party, may lead to a reduction in revenues, profit margin and a loss of market share. To mitigate this, the company constantly reviews the scenario & evaluates various options to create value through integrated solutions based on skill development of its employees & marketing strategy.

f. Internal control systems and their adequacy:

The management of the company is committed to ensure effective internal control systems and risk - mitigation system with the size and the complexity of the business, which are constantly assessed and strengthened with new/revised standard operating procedures. The internal and operational audit is entrusted to M/s DMS & Co., Chartered Accountant (Firm Reg. No. 001169C). The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The company continues to invest in various IT initiatives to automate controls to an extent possible, in order to minimize errors and lapses. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the internal Audit function reports to the Chairman of the Audit Committee.

g. Discussion on financial performance with respect to operational performance:

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013.

Standalone Financial Information**1. Share Capital**

The authorized share capital of the Company is Rs. 743.75 lacs divided into 74,37,500 equity shares of Rs. 10 each.

2. Retained Earnings

The retained earnings i.e. surplus in the statement of profit and loss as at 31 March 2019 was at Rs. 1390.98 lacs compared to Rs. 1150.72 lacs as at 31 March 2018.

3. Borrowings

The Company continues to remain debt free as at 31 March 2019.

4. Property, Plant and Equipment and other Intangible assets

The property, plant and equipment and other intangible assets amounted to Rs. 0.79 lacs as at 31 March 2019 compared to Rs. 0.90 lacs as at 31 March 2018.

5. Results of Operations

Revenue from Operations increased to Rs. 409.67 lacs in the year ended 31 March 2019 from Rs. 393.13 lacs in the year ended 31 March 2018, registering an increase of 4.21%.

Other income comprises of dividend income of Rs. 0.55 lacs in the year ended 31 March 2019.

Profit before tax for the year ended 31 March 2019 was at Rs. 308.73 lacs compared to Rs. 253.38 lacs in the year ended 31 March 2018, registering a growth of 21.85%. Similarly, profit after tax is at Rs. 240.30 lacs in the year ended 31 March 2019 compared to Rs. 199.50 lacs in the year ended 31 March 2018, registering a growth of 20.45% over the previous year.

Consolidated Financial Information

The consolidated financials include financials of the Company and its associate i.e. International Health Care Products Limited and associates of associate i.e. Goldcoin Engineers Private Limited, D. Dahyabhai & Co. Private Limited and Famous Commercial & Leasing Private Limited.

h. Material developments in Human Resources/Industrial Relations front, including number of people employed:

Your Company considers Human Resource as key drivers to the growth of the Company. The Company has performance based appraisal system.

- i. **Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, including:**

PARTICULARS	FY 2018-19	FY 2017-18
(i) Current Ratio	23.66	112
(ii) Operating Profit Margin (%)	75.26	63.58
(iii) Net Profit Margin (%)	58.58	50.06

• **Current Ratio**

Current ratio for the company is at 23.66 as at the end of FY 2018-19 as against 112 as at the end of FY 2017-18 due to increase in current liabilities as short-term borrowings and current maturities were substantially higher than those in FY 2017-18.

- j. **Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.**

F.Y. 2018-19 - 11.26%

F.Y. 2017-18 - 10.53%

The Company recorded a profit after taxes of Rs. 240.29 Lacs for FY 2018-19 as compared to Rs. 199.49 Lacs for the FY 2017-18.

(2) Disclosure of Accounting Treatment-

The company has followed all the relevant and applicable Accounting Standards while preparing the Financial Statements.

For KOTHARI WORLD FINANCE LIMITED

Sd/-

Nitesh Kothari
Director
(DIN: 00024195)

Sd/-

Liza Kothari
Managing Director
(DIN: 01273272)

Place: Mumbai

Date: 16th August, 2019