

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per the requirement of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis of the events that have taken place and conditions prevailing during the period under review are elucidated.

### a) INDUSTRY STRUCTURE & DEVELOPMENT

The Company is engaged in manufacturing of Granite Tiles & Slabs. The main market for the company's product is USA, South Africa, U.K, UAE, Canada, Europe and Australia.

### b) OUTLOOK

The outlook for granite industry in India in the current environment remains challenging. There are multiple headwinds like competition from engineered stone, closure of granite quarries and change in demand trends.

### c) OPPORTUNITY AND THREATS

The perceived threats for the Company are acute competition from Brazil and China, ever increasing material cost, unremunerative prices and availability of good quality raw materials due to export of the same in raw form.

Increasing protectionism in US could impact the imports of natural stone to US. Uncertainty over availability of raw material due to export in Raw form can impact the volume of business. Change in consumer preference for engineered stone is threat for our granite business.

### d) RISKS & CONCERNS

Rough Granite Blocks are raw material for products of the Company. As such the export of Rough Blocks may affect the profitability of the Company. The currency movement of India or competing nation can impact the business negatively. If Indian currency appreciates compare to other exporting nations or competing country's currency depreciates it will impact our exports.

Over the last couple of years, the demand for engineered stone has increased at the expense of natural stones, which includes granite. While this change is more pronounced in certain countries, this trend could accelerate in the coming years and impact the long term demand potential for granite.

The company is constantly working to find new export markets for its products which will help in diversification of risks and any adverse currency movement in one country will have a minimal impact on company's business.

### e) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has in place adequate internal financial controls with reference to financial statements and no material reportable weakness was observed in the system. The Audit Committee reviews the adequacy of Internal Control System at regular intervals and provide guidance for improvement and ensure that The Board of Directors of the Company has a policy by which it reviews the various risks to which the Company is exposed to and ensure proper regulatory compliances for exercising effective Internal Controls so that the company's interest and assets are safeguarded.

### f) HUMAN RESOURCES

The Company has adequate 66 qualified and experienced human resources commensurate with its size and industrial relations continue to be cordial as the company continues to lay emphasis on development at all levels.

**g) DETAILS OF SIGNIFICANT CHANGE (CHANGE OF 25% AND MORE AS COMPARE TO IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIO AND EXPLANATION THEREOF:**

S NO	Ratio	2018	2019	%Change		Remarks
				Increase	decrease	
1.	Debtors Turnover	2.47	2.32		6.07	Change <25%
2	Inventory Turnover	1.36	1.05		22.79	Change <25%
3	Interest Coverage Ratio	2.50	0.79		68.40	due to sales movement towards southward direction and increase in interest cost.
4	Current Ratio	1.55	1.55	No change		Change <25%
5	Debt Equity Ratio	1.07	1.03	3.88		Change <25%
6	Operating Profit Margin	5.10	-42		108.24	Decline in sales as granite industry is going through tough time.
7	Net Profit Margin	.05	-.04		180	Decline in sales and increase in interest cost due to currency fluctuation
8	Return on net worth	.06	-.05		183.33	As profit margin reduced.

**h) CAUTIONARY STATEMENT**

Statement in this Report particularly those which relate to Management Discussion and Analysis describing the Company's objectives, projections estimates and expectations may constitute "forward looking statements" identifies by words like 'plans', 'expects', 'intends', 'believes', 'seen to be' and so on. All statements that address expectations or projection about the future, but not limited to the company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Since these are based on certain assumptions and expectations of futures events, the company cannot guarantee that they are accurate or will realized. The Company's actual results, performance or achievements could thus differ from those projected in any forward looking statements. The company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

By order of the Board

Place :Hoskote  
Date :14th August, 2019

Kamal Kumar Agarwal  
Managing director

Ashoke Agarwal  
Joint Managing Director