

MANAGEMENT DISCUSSION AND ANALYSIS

BACKGROUND

The Management Discussion and Analysis sets out the development in the business environment and the Company's Performance since last report. This analysis supplements the Directors' Report and the Audited Financial Statement forming part of this Report.

INDUSTRY STRUCTURE AND DEVELOPMENTS

India's construction industry will continue to expand over the forecast period (2017–2020), with investments in residential, infrastructure and energy projects continuing to drive growth. Various government flagship programs – including 100 Smart Cities Mission, Housing for All, Atal Mission for Urban Rejuvenation and Transformation (AMRUT), Make in India and Power for All – will be the growth drivers.

Due to industrialization, urbanization, a rise in disposable income and population growth the demand for construction services is set to rise. Government efforts to improve the country's residential and transport infrastructure will also support growth.

BUSINESS OVERVIEW

Niraj Cement is amongst the oldest and most well reputed infrastructure companies in India, with a wealth of diverse experience and exposure. Our corporate philosophy of trust, integrity and quality has placed us at the forefront of the construction industry.

At Niraj Cement, we adhere to global standards in construction, with appropriate supervision and project control to maximize quality, a focus on sustainable development and solid solutions to construction challenges.

The company provides end-to-end solutions, highways, bridges, water supply and drainage, irrigation, land storm water drainage and other infrastructural work.

India's extensive infrastructure needs are well known. Decades of underinvestment have left the country with dire deficits in such critical areas as railways, roads. The project implementation is undertaken with the assistance of sub-contractors and other agencies. Niraj provides the necessary technical and financial assistance to the sub-contractors.

The dedicated architects, engineers and quantity surveyors that drive the firm's activities are ably complemented by a team of multi-skilled and competent support staff. The company also actively procures the latest construction technologies to assist its highly skilled workers.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year revenue from operations were Rs. 10934.12 lakhs against Rs. 10770.06 lakhs in the previous year. Profit before tax stood at Rs. 116.08 lakhs as against Rs. 412.90 lakhs in the previous financial year and net profit for the year after tax was at 126.61 lakhs as against 104.14 lakhs in previous financial year. Other income for the year (net of tax) is Rs. 2.49 as against Rs. (0.99) lakhs in the previous year.

OPPORTUNITIES AND THREATS:

OPPORTUNITY

Historically, the government has played a key role in supplying and regulating infrastructure services in India and private sector has not participated in infrastructure development. However, due to the public sector's limited ability to meet the massive infrastructure funding requirements, private sector investment in infrastructure is critical. Therefore, the Indian government is actively encouraging private investments in infrastructure. Niraj currently has projects operational at Maharashtra MMRDA and NHAI (Mumbai, Kalyan), Odisha, Mysore, Calcutta, Guwahati and Nepal.

THREATS

Indeed, the infrastructure challenges are a major drag on. During the halcyon years of India's boom, it was easier to overlook this threat. The Company operates in a competitive environment. Much depends on type of project, contract value, potential margin, location of project, reputation of client etc. The company mainly competes mid segment Road Construction Companies in India. Competitive bidding, rising prices, Non availability of Land and Fixed Price Contracts are some of the key factors for slow growth in past years.

Also the business is capital intensive which requires high level of long-term debt financing and arrangement of capital required for various projects is dependent on various factors like the internal accruals, size of award of the projects and availability of credit from banks and financial institutions etc.

SEGMENT-WISE / PRODUCT-WISE PERFORMANCE & OUTLOOK:

The Company operates in only one business segment i.e. Road Construction.

RISKS AND CONCERNS:

The Risk Management and Control Systems are considered to be in balance with Company’s risk profile and appetite, although such systems can never provide absolute assurance. Company’s Risk Management and Control Systems are subject to continuous review and adaptations in order to remain in balance with its growing business size and changes in its risk profile.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has appropriate internal control systems for business processes with regard to its operations, financial reporting and compliance with applicable laws and regulations.

HUMAN RESOURCE MANAGEMENT:

Your Company has valued both experience and fresh talent, and takes pride in the commitment, competence and dedication shown by its employees in all areas of business and is conscious of the importance of environmentally clean and safe operations. Up gradation of technical skills training is periodically given to employees as per identified requirements while employees are encouraged to participate in personality development, soft skills enhancement programmes, etc.

SAFE HARBOUR CLAUSE:

Statements in the Management Discussion and Analysis describing the Company’s objectives and expectations may be “forward looking statement” within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include, among others, economic conditions affecting demand/ supply, price conditions in the domestic and overseas market in which the Company operates, changes in the Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS THEREFOR:

OUTLOOK:

Key Financials Ration	Changes %	Reason
Debtors Turnover Ratio	-37.89	Debtors Write Off
Debt Equity Ratio	41.07	Long Term Debt Paid off
Operating Profit Margin	-25.75	Due to above Changes

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

Change in return on net worth as compared to the immediately previous financial year is (20.01972456%)

CONCLUSION:

Though the company cannot assess its success on short term profits and financial performance is the main factor to overall success, we with entire system are keen in improving our performance of every individual employee just as much as we are doing for improving our every product.

**By Order of the Board of Directors
For NIRAJ CEMENT STRUCTURALS LIMITED**

Place: Mumbai
Date: 29th August, 2019

Ratan Krishan Chopra
Whole-Time Director
DIN: 07413782

Gulshan Vijaykumar Chopra
Managing Director
DIN: 01068051