



REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

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A. INDUSTRY OVERVIEW:

The Company's product, High Chrome Grinding Media, is mainly used in the Cement, Mining and Mineral Processing Industries for the crushing / grinding process. These Industries are the major contributors for infrastructure developments which are taking place in most of the countries and shall continue to have good growth. It is expected that, being an essential input for them, the demand for Grinding Media shall also continue to be fairly good. However, the Company has to remain vigilant in maintaining good product quality, developing better products, keeping costs under control to beat the competition and remain ahead in business.

B. SEGMENT WISE PERFORMANCE:

The Company primarily operates in only one segment i.e. manufacturing of High Chrome Grinding Media Balls.

C. OUTLOOK AND PROSPECTS:

As mentioned above, the demand for Grinding Media will continue to remain good since it is a consumable item for Mining, Mineral Processing and Cement Industries, which will continue to grow.

The Company has a high reputation for supplying good quality products at competitive prices and is considered as market leader in its field. The Company has good prospects for future also.

D. CAPEX PLAN:

At present the Company's manufacturing capacity is 42,000 / Annum of High Chrome Grinding Media Balls. There are no immediate plans to enhance the capacity further.

E. RISKS AND CONCERNS:

The Company is exposed to normal operating business risks, similar to most manufacturing, companies like fluctuations in raw material prices, labour unrest, reduced demand etc. which are mitigated by regular monitoring and corrective actions.

F. INTERNAL CONTROL SYSTEMS AND ADEQUACY:

The Company has proper and adequate system of internal controls commensurate to its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded & reported properly to ascertain operating business risks, which are mitigated by regular monitoring and corrective actions.

The internal control system has been designed so as to ensure that the financial and other records are reliable and reflects a true and fair view of the state of the Company's business.

The Company has successfully migrated to the SAP-ERP system which has also helped in further strengthening the Internal Control System.

A qualified and independent Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them. Similarly the Internal Auditors are also monitoring the Internal Control Systems.

G. FINANCIAL PERFORMANCE REVIEW:

An analysis of financial performance of the Company is given below:

• Production

The production achieved is as under: (Qty.in M.T)

Product	F.Y.2017-18	F.Y.2016-17
High Chrome Grinding Media Balls	37,972	36,980

• Sales Turnover

The comparative position of sales turnover achieved by the Company is as under: (₹.in Lakhs)

Particulars	F.Y.2017-18	F.Y.2016-17
Sales	23996.95	21901.20
Other Income	52.20	60.79
Total	24049.15	21961.99



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Key Performance Indicators

An analysis of the key indicators as percentage to Revenue is given below: (₹.in Lakhs)

Sr. No	Particulars	FY 2017-18	% of Revenue	FY 2016-17	% of Revenue
1	Revenue from Operations (Net)	23384.87	100.00	20132.69	100.00
2	Cost of Materials Consumed (including Trading Purchase)	15450.80	66.07	12999.71	64.57
3	Employee Benefits Expense	976.78	4.17	946.79	4.70
4	Other Expenses	6657.39	28.46	5921.82	29.41
5	EBIDTA	299.90	1.28	264.37	1.31
6	Other Income	52.20	0.22	61.17	0.30
7	Finance Costs	36.04	0.15	2.83	0.01
8	Depreciation & Amortization Expenses	89.74	0.38	82.01	0.41
9	Profit before Tax	226.32	0.96	240.70	1.20
10	Tax Expenses	66.96	0.28	64.19	0.32
11	Profit for the period after tax	159.36	0.68	176.51	0.88

H. INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT:

The Company believes that human resource is the most important asset of the organization. During the year under review, your Company continued its efforts to improve HR related processes, practices and systems to align these to the organizational objectives. Training and development of its employees is ensured through on the job and outside training programs and workshop. The relationship with the employees, in general, remain cordial.

I. CAUTIONARY STATEMENT:

Statements made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable Securities, laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the Company operates, changes in the government regulations, tax laws & other statutes & other incidental factors.

None of the Senior Management personnel have Financial and Commercial transactions with the Company, where they have personal interest that would / could emerge as potential conflict with the interest of the Company at large.