

Management Discussion and Analysis

The Company manufactures bulk chemicals such as Sulphuric acid and Oleum and their downstream products such as Sulphur dioxide and Sulphur trioxide at its manufacturing site in Ankleshwar.

These chemicals find their use in several industries like Dyes, Fertiliser, Personal Care, Petrochemical, Pharmaceutical, Textile, etc. These chemicals are generally sold locally and that too, within a radius of 150 km from the manufacturing site.

During 2018-19, sales and other income increased by 5% from ₹ 3,197 lakhs to ₹ 3,344 lakhs. The world market for Sulphuric acid is estimated at 220 mn mt per annum. Assuming demand equals production and is growing at about 4 to 5% per annum, the world market for Sulphuric acid is projected to be about 230 mn mt per annum by 2020, with the Fertiliser industry contributing to 65% of the consumption.

The manufacturing plant of the Company at Ankleshwar has an installed capacity of 140 mt per day. Optimising the product mix is a key factor. The price level of Sulphuric acid and related products were at a higher level due to closure of a Copper plant in South India. If the Copper plant is restarted, there will be substantial price correction in the market. The way to succeed in these products is to ensure high capacity utilisation, excellent conversion efficiency and full deployment of the by-product, steam.

The products manufactured by the Company are commodity in nature, whose prices and contributions fluctuate significantly. The price of key raw material, Sulphur, also varies from month to month.

Internal control systems

The internal control systems of the Company are commensurate with the nature of its business and size and complexity of its operations. These are routinely tested, certified and upgraded wherever required by the Statutory as well as the Internal Auditors covering all key areas of business. Significant audit observations and follow up actions and recommendations there on are reported to the higher Management and Audit Committee for their review.

The Company is working with reputed firms specialised in internal audit function. The combined efforts are helping the Company to introduce best practices required to manage its business.

Human Resources

The Company believes that People are the foundation on which the business is built and it remains a key focus area. It continued with its drive to institutionalise and upgrade HR processes. In particular, it focused on improving its processes related to Performance Management (Training and Development, Key Initiatives: Identification and Review, Competencies, 360 degree feedback and fixed and variable pay).

The training needs are identified based on self-assessment and L+1 assessment, in addition there are certain standard courses which everyone is expected to go through, depending upon his (her) grade.