

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR 2017-18**(i) Industry structure and developments:**

Standard Surfactants Limited is primarily engaged in the business of Manufacturing of Surface Active Agents and Consignment Stockiest of Indian Oil Corporation Limited. The Chemical Industry faced too many challenges in the financial year 2018-19 due to financial tightening and lower demand. However, the company has been committed to grow manufacturing and trading activities during the year under review.

(ii) Opportunities and Threats:

Despite numerous challenges, the growth potential for India's economy over the next decade and beyond is well known. A number of domestic and international companies are already seeing healthy growth and returns in Indian Surface Active market.

On the other side, Rising Human Resource challenges like workforce planning, retention, succession planning and skill gaps and increasing wage/social security benefits trend will play crucial role for the sustained viability and continuing success of the Company's businesses.

(iii) Segment wise or product wise performance:

The Company operates in two primary business segments viz. Manufacturing of Surface Active Agents and Consignment Stockiest of Indian Oil Corporation Limited, for High Density Polyethylene, Linear Low Density Polyethylene, Poly Propylene, Paraffin wax and other petroleum products. Further, Segment wise or product wise performance are self explanatory under Note no. 35 of the Financial Statements which forms a part of the Annual Report, which are self explanatory and need no further comments.

(iv) Outlook:

Microeconomic analysis makes the case for major growth potential across the surface active industry. A detailed analysis of surface active and evaluation of the potential for Indian consumption suggests that Indian Surface Active industry should grow @ 8-10 % annually. With growth of this magnitude, the existing landscape is likely to be completely redrawn.

(v) Risk and concerns:

The risks that may affect the functioning of the Company include, but are not limited to :

- Economic conditions;
- Increasing cost of raw materials and logistics;
- Volatile forex fluctuations;
- Technology challenges/information technology risks;
- Competitive market conditions;

Your Company has a defined risk management strategy with senior management identifying potential risk, evolving mitigation responses and monitoring the occurrence of risk. The risks are identified on a regular basis, across functions and business segments and the Company strives to link each risk with mitigation step to ensure business continuity.

(v) Internal Control System:

The Company's Internal Financial Control framework is commensurate with the size and the nature of its operations. These have been designed to provide reasonable assurance about recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance of Corporate Policies.

(vi) Financial and Operational Performance:

The Director's Report has specifically dealt with subject matter the headings 'Operational Review'

(v) Human Resources:

The Company follows the core values of "be thorough on safety first and compliance" and takes great pride in being compliant to all laws and regulations governing labour and employees and continues to exercise strong governance over all

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established procedures and practices. The Company maintained harmonious industrial relations in all units of the Company during the financial year 2018-19.

(vi) Significant change in Key Financial Ratios:

There was change of more than 25 % in net profit margin during the year. This was due to benefit of Deferred Tax amounting to Rs. 28,89,219 during the previous financial year i.e. 2017-18.

(vii) Cautionary Statement:

The statements made in this report describe the company's objectives and projections that may be forward looking statement within the meaning of applicable laws and regulations. The actual result might differ materially from those expressed or implied depending on the economic conditions, government policies, tax regime and other incidental factors, price conditions, domestic and international markets which are beyond the control of the company.

For Standard Surfactants Limited

Place : Kanpur
Date : 14.08.2019

ANKUR GARG
Whole-time-Director
DIN No. 00616599

PAWAN KUMAR GARG
Chairman & Managing Director
DIN No. 00250836