

MANAGEMENT DISCUSSION AND ANALYSIS**A) INDUSTRY STRUCTURE AND DEVELOPMENT :**

Your Company has entered 46th year of operation and is a leading Producer of Starch based Products in India and having a plant at Rawal Industrial Estate, Dada Nagar, Dondaicha, Dist. Dhule. M/s. Universal Starch-Chem Allied Ltd., Has achieved remarkable milestones during the history of last 30 years since its incorporation in 1973. The Company has successfully enhanced the production capacity of Maize Refining.

The product range has been also successfully expanded to cater the requirements of Food, Pharmaceutical, Textile, Paper & Adhesive industries. The process of new product development has been accomplished through the instantaneous efforts of different teams like Marketing, R & D, Engineering & Production.

The day to day management of the Company is looked after by Executive Chairman & Managing Director along with other whole Time Executive Directors assisted by team of competent, Technical and Commercial Professionals. Further details of the company can be obtained by visiting the website www.universalstarch.com.

B) OPPORTUNITIES, THREATS, RISKS AND CONCERNS:

Opportunities- India with its huge population base and low consumption levels offers a massive opportunity for the starch companies to capture. Various changes in the Indian spending patterns as well as consumption boom in the nation have given maize products increased applicability and hence the demand for maize products is ascending. Since most of the starch in India is produced by maize, maize processing companies have sufficient pie of the market to capture. Growing urbanization, changing consumer preferences and rising disposable incomes are another bunch of opportunities for the incumbents. Growing population of India coupled with unavoidable usage of maize products in various industries keeps demand high. One of the trends that have been experienced in the industry is the innovative use of corn starch. Usage of corn starch bags is rising in India on the back of it being bio-degradable and hence environment friendly. Corn starch is also being used in manufacturing of car parts to enhance the car safety aspects. Other trends are emergence of corn oil as an edible oil and also production of ethanol from corn. Maize starch in India is used relentlessly in paper, textile, pharma and food industry. The growth in these consumer industries will evidently be felt in the starch sector

also. Also rising demand from the poultry sector will drive the volumes for maize products. Thus there is a huge scope of increase in demand in the coming years.

The industry faces major threats on the raw material front as Maize being basic raw material, which is an agriculture produce. The availability and price of Maize remain very volatile as its production/cultivation is subject to natural vagaries. The industry's raw material being agricultural in nature is subject to price fluctuations as well as production uncertainty. The industry is also faced with challenges like growing competition in the sector. The price of Maize and all other input costs may go up further in view of monsoon, which may affect the margins of the industry. A few reasons for dampened growth include volatile raw material supply, the competitive need for bio-energy as well as the relationship between oil prices and agricultural raw materials. The main reason why the good potential for corn starch in India remains untapped is because there is a legal restriction related to the use of modified starches in the country.

The Company identifies all type of risk at an early stage which helps it to control them better. The risks are normally perceives from Price fluctuation, government policies, market competition and retention of manpower. Following are the main risks associated with the Starch Industry 1. Risk relating to increased competition in Starch Industry , 2. Risk relating to decrease in demand , 3. Risk relating to scarcity/ quality of raw materials, 4. Geographic presence is required for growth, 5. Change in environment regulations.

C) INTERNAL CONTROL SYSTEM :

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of its business. These systems and procedures provide reasonable assurance of maintenance of proper accounting records, reliability of financial information, protection of resources and safeguarding of assets against unauthorized use. The internal auditors conduct audits of various departments based on an annual audit plan. The planning and conduct of internal audits are oriented towards the review of controls in management of the company's activities. The internal auditors report significant audit observations to the Audit Committee of the Board of Directors. The committee meets at regular intervals during the year to review audit observations and follow-up implementation of corrective actions. The committee also discusses with the company's statutory Auditors to ascertain their



views of adequacy of internal control systems in the Company. The Committee submits its observations to the Board of Directors.

D) HUMAN RESOURCE & DEVELOPMENT.

Human resource (HR) is an important asset of a business unit. It is rightly said that 'machines are important in the production process but the man behind the machines is more important'. He transforms the lifeless factors of production into useful products. Well-trained, loyal and efficient team of workers brings success and stability to any business. There are good HR practices and processes in the company to ensure that the employees remain happy & motivated at all levels. Your company takes pride in the fact that we consider employees as human resources and not just resources. The key themes of the company can only be achieved by enhancing the skilled talent pool through good HRD practices, strengthening long-term entrepreneurial environment. For this, the company carries out various training programs and knowledge sharing sessions to create awareness amongst the employees, their medical care, creating sense of security, building superior work places, creating new roles for potentials/ prospective employees and maintain highest standards of safety norms etc.

It is your company's belief that the competence and commitment of its people are key drivers of competitive advantage enabling your company to deliver unique customer value and complete successfully in the market place.

E) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

Your Company's Total Sales and Other Income for the year amounting to Rs. 28110 Lacs as compared to Rs.19885 Lacs of last year. The profit before tax for the year under review stood at Rs. 308 Lacs as compared to Profit of Rs. 91 Lacs in 2017-2018.

F) BUSINESS OUTLOOK :

The future for Maize Starch in India looks promising with the low per capita consumption in the country coupled with high and good quality of raw material. Awareness of the utility of Maize Starch in various

industrial sectors is growing and it provides a lower cost option as to use in different sectors The year 2019-2020 offers reasonably improved picture in terms of the growth in starch industry in comparison with previous years. Your company has entered into new export markets which will in turn increase the turnover further. .

G) SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Company is engaged in developing, manufacturing and distribution of Maize Starch Powder, White Dextrin, Pregelatinised Starch, Modified Starch, Liquid Glucose, Dextrose Syrup, Dextrose Monohydrate, Dextrose Anhydrous , Maize Germ, Maize Gluten, Maize Husk as its bye products in the market.

The Total Sales of the Main products and Bye products of the company is Rs. 27895 Lacs as compared to Rs. 19785 Lacs for the previous year.

H) CAUTIONARY STATEMENT :

Statements in this respect of Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. Actual result could differ materially from those expressed or implied, depending upon economic conditions, changes in Government regulations and policies, demand, supply and price conditions, political and economic developments within and outside the country and various incidental factors. The Company assumes no responsibility to publicity amends, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

For and on behalf of the Board of Directors
Universal Starch Chem Allied Limited

Sd/-

Jitendrasinh J. Rawal
Chairman & Managing Director

DIN: 00235016

Place : Mumbai

Date: 09th August, 2019