



ANNEXURE

MANAGEMENT DISCUSSION AND ANALYSIS

a) **Industry structure and developments**

The company currently manufactures three agrochemical actives for sale in India and export. The products fall into the general category of generics comprising of insecticides and weedicides.

The drought in South America has affected the company's sales of the insecticide chlorpyrifos, while the export of weedicides was satisfactory.

b) **Opportunities and threats**

The company has introduced clodinafop as an additional product during current the year and is planning to add two more products in the coming year. Exports constitute a major part of the company's revenue and hence currency fluctuations affect the financial performance.

c) **Financial performance vis-à-vis operational performance**

The company has recorded satisfactory operational and financial performances during the year under review.

d) **Outlook**

The agrochemical industry is now recovering from a slump and the outlook for the coming decade is considered bright.

e) **Risks and concerns**

A large number of agrochemical actives are coming out of patent at this time which will affect the demand and the life cycle of the existing products. The company is addressing to these concerns of product obsolescent by its intensive efforts of process development to broad base its product range.

f) **Internal control system and their adequacy**

The company has proper and adequate systems of internal controls, which ensure that all the assets are safeguarded and that all transactions are authorized recorded and reported correctly. The company maintains adequate and effective internal control system and suitable monitoring procedures with regard to the purchase of raw materials, stores, plant & machinery, equipment and other assets as well as for sale of goods. The finance and commercial functions have been structured to provide adequate support and controls for the business of the company.



g) Industrial relations and human resource development

The company has cordial and harmonious industrial relations. Opportunities for individual growth, creativity and dedicated participation in organizational development are being provided.

The employee strength as on March 31, 2009 was 230.

h) Cautionary Statement

Statements in this report on 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. These statements are based on certain assumptions and expectation of future events. Actual results could however differ from those expressed or implied. Many important factors including global and domestic demand-supply conditions, prices, raw materials costs and availability, changes in government regulations, tax laws and other statutes may affect the actual result which could be different from what the director's envisage in terms of future performance and outlook.