



...towards a quantum *leap*

Across the pages

01 01-27 CORPORATE OVERVIEW

About this Report	1
About Us	2
The Business Model	4
The Catalysts	6
Colours of Our Palate	8
The Sudarshan Metamorphosis	12
Colouring the Whole World	14
Managing Director's Message	15
Performance Highlights	18
Living by our Values	19
Board of Directors	22
Awards and Accolades	24
Corporate Information	26

02 28-100 STATUTORY REPORTS

Management Discussion and Analysis	28
Director's Report	33
Business Responsibility Report	69
Report on Corporate Governance	77
Shareholder Information	95

03 101-250 FINANCIAL SECTION

Standalone Financials	101
Consolidated Financials	177

Disclaimer

This document contains statements about expected future events and financials of Sudarshan Chemical Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of this Annual Report.



Managing Director's Message

Our strong global presence, coupled with well-established supply chain and distribution network shall further enhance our market



Our Brands

Sudarshan's strategy of diversified product range enables its brands to cater the complete range of end application.



Living by our values

Sudarshan strives to enhance value creation in society and in the local communities in which it operates through its services, conduct and initiatives.

About this report

Sudarshan Chemical Industries Limited, built on its pillars of growth, with the strong support from its infrastructure and technical capability, is set to take a quantum leap in its business, locally as well as globally.

It has now enhanced its communication with its stakeholders and communities by taking a leap in its annual reporting standards. This is the Company's first attempt of voluntarily disclosing the non-financial value-drivers along with the statutory declarations. The Company seeks to be transparent and go beyond compliance in its corporate reporting. It attempts to list down and explain the values created through key capitals across its value chain.

Lakhs
₹238,799
Market Capitalisation as at
31st March, 2019

Lakhs
₹143,286
Revenue in
FY 2018-19

68
Years of
Experience

900+
Global
Workforce

60
Channel
Partners

Lakhs
₹1,857
R&D Spend

2
Manufacturing
Facilities

Lakhs
₹240
Contribution to
Society

4,000
Product Basket

INVESTOR INFORMATION

CIN	: L24119PN1951PLC008409
BSE Code	: 506655
NSE Symbol	: SUDARSCHEM
Bloomberg Code	: SCHI:IN
Dividend Declared	: ₹ 6 per share
AGM Date	: 7 th August, 2019
AGM Venue	: MCCIA Trade Tower, ICC Complex, 403, Senapati Bapat Rd, Pune, Maharashtra 411016



About us

Sudarshan Chemical Industries Limited ('Sudarshan' or 'the Company') is a leading, world-class colour solutions provider with a strong global outreach in the production of performance colorants, an extensive range of Organic, Inorganic and Pearlescent pigments as well as Dispersions.

It is the largest Pigment producer in India with 35% market share. **CURRENTLY RANKED NO 4 GLOBALLY** and with strong determination to be among the top three Pigment producers globally, within next 5 years.

60 years and counting...

In a space dominated by global giants, Sudarshan started rolling out pigments in 1951. The journey began with the manufacturing of few Inorganic pigments, produced at Swargate, Pune in its first plant. Ever since its first batch of production, Sudarshan's journey has grown by leaps and bounds.

Sudarshan's evolution comprises adding a wide range of offering across various application. Today, Sudarshan offers Organic, Inorganic and Effect pigments that cover classical azo pigments, specialised azo pigments, high performance pigments, pearlescent pigments, phthalos and pigment dispersions.

These pigments serve as a key input in the end-application industries of coatings, plastics, inks and cosmetics. **Pg 8**

After reaching an important milestone in its journey of becoming the fourth largest pigment manufacturer globally, Sudarshan is starting its journey of becoming the third largest pigment producer. For living up to its goal, Sudarshan's resolve is very firm. It has built its capabilities in terms of R&D infrastructure **Pg 6**, manufacturing and operational excellence **Pg 14**, supply chain management **Pg 4** and environmental stability & sustainability **Pg 21**.

35% +
Domestic
market share

Growing Together

The growth is fuelled by an immense drive to be a leading player in the pigment industry and their higher purpose of 'Growing Together by being Spiritually Fulfilled, Socially Just and Environmentally Sustainable'.

MISSION



To be a world-class global colour solution provider with an innovative and vibrant culture

VISION



To be among the top three pigments producers in the world

VALUES

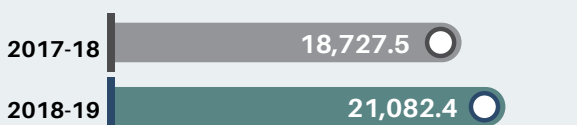


- **Seva (Serve)** – Ownership to serve with agility with a seamless experience
- **Courage** – Venture into new areas of thought and action
- **Commitment and Passion** – Deliver on time, fulfilling the expectations
- **Respect** – Listen with empathy, value other's time
- **Trust** – Implicit trust, work in best interest of organization

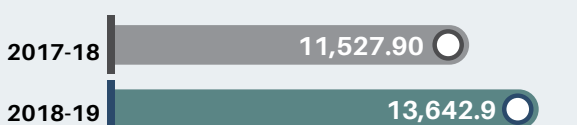
Our Consolidated performance



Revenue from operations (Net of Excise) (₹ Lakhs) **+11%↑**



EBITDA (₹ Lakhs) **+13%↑**

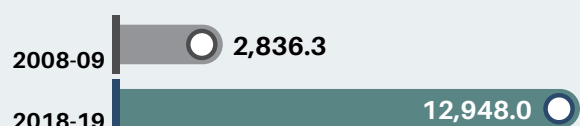


PBT (₹ Lakhs) **+18%↑**

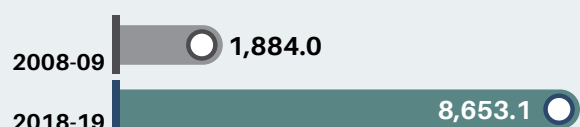
Our ten year growth in numbers (Standalone)



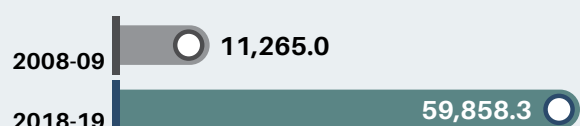
Revenue from operations (₹ Lakhs) **+216%↑**



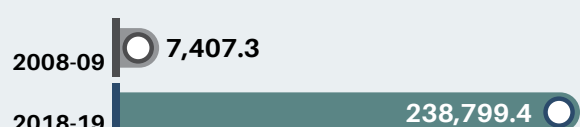
Profit before tax (₹ Lakhs) **+357%↑**



Profit after tax (₹ Lakhs) **+359%↑**



Net worth (₹ Lakhs) **+431%↑**



Market capitalisation (₹ Lakhs) **33 times↑**

Input

**Financial Capital:**

The Company aims to bring more value to its customers, investors, employees and the society in general, in order to better position themselves for growth and fulfil their strategic ambitions. This has led them to deliver strong economic value for their investors.



- 0.52 times Debt to Equity ratio
- ₹ 59,858 Lakhs Consolidated Net Worth

Manufacturing Capital:

Manufacturing capital at Sudarshan has played a vital role in building its core competency. Sudarshan has two state-of-the-art manufacturing plants at Roha and Mahad, a dedicated R&D site at Ambadwet near Pune with strong technical capabilities that serve as important assets, resulting in best quality products for its customers.



- 2 Manufacturing Facilities
- 800+ Quality Tests
- 4,000+ Product Specifications
- Sword of Honour by British Safety Council

Human Capital:

For Sudarshan, the employees are their key success drivers. Their combined knowledge, skills, efforts and experience form the human capital for the Company.



- 900+ Employees as on 31st March, 2019

Intellectual Capital:

This capital refers to the intangible assets in the form of Research and Development (R&D). They are critical in the value-creation process as they help in building efficiency, competency and innovation capabilities.



- ₹1,857 Lakhs R&D spend for the year 2018-19
- Lean & Six Sigma Certifications
- 100+ Scientists & Technical Resources
- 3 Labs NABL accredited and DSIR approved
- Established Lab in Germany

Natural Capital:

Natural capital is a great contributor towards Sudarshan's success. Sudarshan believes in building a great ecosystem within and outside the organisation. The step towards sustainability relationship with all its stakeholders, internal and external, as well as direct and indirect.



- 2 Windmills → 2.1MW/hour each
- Co-gen (Plant) → 50tonnes/hour (Steam) → 8MW/hour
- Solar power → 365 Kw installed, 1120 Kw in process
- Modern Water Treatment Facility
- CSR spent → ₹ 239.5 Lakhs

The Business Model

At Sudarshan, the road ahead for the business is thoughtfully crafted over a long period of more than sixty years. Initial phase of journey formed the strong foundation for the business. The Company was mainly an India-focussed company, the next phase took the big leap in terms of everything – Research and Development, infrastructure and technological upgradation. The next leap of evolution helped the Company go global and created footprints overseas.

The Company's business model is driven by five core capitals that accelerate the stakeholders' value-creation.

PROCESS

Vendor / Supplier



Raw material



Processing and packing



Logistics



Distribution



Consumer



Society / Community



pg 28

Outlook



Resources



pg 14



pg 6



Strategies



pg 18



Performance



Risks



pg 30



Output



- Revenue - ₹ 143,286 Lakhs
- EBITDA - ₹ 20,815 Lakhs
- PAT - ₹ 8,653 Lakhs
- RoCE 15.11%
- EPS ₹12.50

- World class products
- Zero defect

- Exemplary delivery performance
- 400+ Employees trained in this year
- 50+ Workshops conducted for skill upliftment
- Six sigma trained employees

- Co-gen plant - 50 tonnes / hr of steam, 8 MW / hr
- 2 Windmills - 2.1 MW each
- Effluent treatment - Best water treatment facility

Outcome



- Robust financial management
- Domestic leadership in pigments
- Fourth largest Pigment manufacturer globally
- Built efficiencies and stronger productivity per employee
- Successfully built range of innovative products for coatings, inks, plastics and cosmetic industries
- Coal consumption and CO₂ emission reduction
- Maintains better than industry benchmark chemical oxygen demand (COD) and biochemical oxygen demand (BOD)
- Treatment plant's output is sold to increase COD and BOD measures in various industries
- Ecological balance and biodiversity

The Catalysts

OUR CAPABILITIES

People – our pride



- Sudarshan is backed by a strong technical team that comprises more than 100 team members
- The panel also includes a group of global experts who are dedicatedly involved in the process of enhancing Sudarshan's competency
- Sudarshan also boasts of brains that share expertise in the fields of analytics and application labs
- Best in industry workforce in manufacturing, research & development and customer service

Infrastructure – our potential

- Our laboratories are certified by the National Accreditation Board for testing and calibration laboratories and recognised by DSIR
- With a well-diverse manufacturing potential, Sudarshan has invested more than \$5 million in R&D infrastructure
- Sudarshan is also equipped with state-of-the-art equipment for characterisation and composition analysis
- The infrastructure has the ability to handle crystal modification and surface treatments
- It also features ability to ensure reproducibility in end application
- Established laboratory in Germany



Technology – our strength



- The process includes conducting over 800 tests which guarantee over 4,000 specifications for product consistency
- Sudarshan follows a stage gate process for research and development
- DOE approach to solutions

Wide Product Portfolio – our unique proposition

Sudarshan pledges to enhance its product portfolio. With right minds and advanced infrastructure in place, the Company is poised to add products that will drive the future growth. This list includes:

- Organic Pigments
- Inorganic Pigments
- Effect Pigment



Application Focus – our driver of growth



Being driven by products that find their application in end user industry, Sudarshan's efforts are directed towards expanding base for its products application and thereby building a substantial product portfolio. Thus, Sudarshan continues to focus on:

- Decorative coatings
- Plastics
- Automotive coatings
- Industrial effects
- Cosmetics

Focussed on enhancing global presence, cost leadership and new product / business development.

Geographic Presence – our direction

Every business plans to market itself perfectly to the world, so does Sudarshan. After building product portfolio and expanding its reach in application industry, Sudarshan's third priority in the list includes global reach. This will not only aid in spreading footprints, but will also help in reaching out to its prime goal. Sudarshan plans to strengthen its hold in the geographies of:

- The US
- EMEA
- Asia Pacific



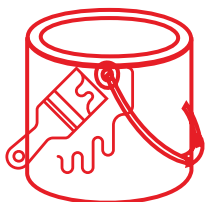
Colours of Our Palate

At Sudarshan, a wide range of pigments are manufactured that find their application across industries like coatings, plastics, inks and cosmetics. Serving a broader spectrum of palate, Sudarshan manufactures pigments in Organic, Inorganic and Pearlescent category.



THE KEY CUSTOMER INDUSTRIES

Coating Industry



Coating industry remains the prominent focus area for the Company as it is expected to give the Company a very high growth. Company intends to grow its market share multi-fold. Automotive and decorative are the segments from which a major growth is envisaged. Serving a large portion of the industry, Sudarshan manufactures high performance pigments and special effect pigments which help the coat gain its perfect texture.

Plastic Industry



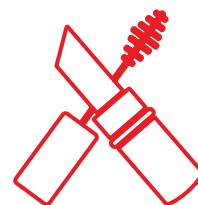
Sudarshan is the market leader in this industry, offering a wider spectrum of colours and pigment grades. Its vast experience in the industry has helped it to process every bit of information and build a strong and detailed knowledge of the industry. This helps it enjoy the leadership position in multiple geographies. Sudarshan manufactures a wide range of colours with high performance pigments for plastic applications.

Inks



Ink includes an ocean of products and categories. Sudarshan aims at leveraging its expertise in this field and focus on niche application areas of the industry. This includes offset and liquid ink segment. This will help Sudarshan in building competency and strong hold in the market. Sudarshan manufactures general purpose and high performance pigments for inks industry.

Cosmetics



This industry has a proven track record of growth over the years. It also proves to be an industry of significant growth for Sudarshan's strategic progress. Knowing this, Sudarshan is in the process of continuously building capabilities in this end application space. It manufactures effect pigments for cosmetics and personal care applications.