

**Chairman's Speech
at the
65th Annual General Meeting**

**on Friday, 12th August, 2016 at
Sumant Moolgaokar Auditorium, A Wing, Ground Floor,
Maharatta Chamber of Commerce, Industries and Agriculture,
Trade Tower, ICC Complex,
Senapati Bapat Road, Pune 411 016.**

SUDARSHAN

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growing
together ...

- Spiritually fulfilling
- Socially just
- Environmentally sustainable

CHAIRMAN'S SPEECH

Speech of Mr. P.R.Rathi, Chairman and Managing Director at the 65th Annual General Meeting on Friday, 12th August, 2016 at Sumant Moolgaokar Auditorium, A Wing, Ground Floor, Maharashtra Chamber of Commerce, Industries and Agriculture, Trade Tower, ICC Complex, Senapati Bapat Road, Pune 411 016.



Ladies and Gentlemen,

On behalf of the Board of Directors, I would like to welcome you all to the 65th Annual General Meeting of the Company. It is with a heavy heart that I inform you about the passing away of Shri P.P. Chhabriaji on 5th of May 2016 at Pune. He was one of our longest serving Independent Directors. He joined the Board in 1997 and since then, we have enjoyed the benefit of his wise counsel. I request you all to stand in silence for two minutes as a mark of respect to the departed soul.

The Annual Report must have reached all of you and you must have had a chance to peruse the same.

Last year the global economy experienced a slowdown and in India we also had poor monsoon. Even in this challenging environment on a standalone basis the Company's revenue from operations for the year ended 31st March 2016 aggregated to Rs.1220 Crs. as against Rs.1113 Crs., an increase of 9.6% over the previous year. Profit After Tax for the year ended 31st March 2016 was Rs.71.6 Crs. as against Rs.42.4 Crs.

during the previous year, an increase of 68.8%. In view of this the Board has paid an interim dividend of 125% (Rs.2.50) per equity share and recommended a final dividend of 25% (Rs.0.50) per equity share taking the aggregate dividend to 150% (Rs.3.00) per equity share the highest so far, reflecting the confidence in the future.

The improvement in performance of your Company over the past few years is due to an overall strategic plan. Our vision is to become the fourth largest Pigment manufacturer in the world.

In order to achieve this, the Company has decided to lay more emphasis on export markets as substantial portion of the pigment market lies outside India. Members will recall that two overseas subsidiaries Sudarshan Europe B.V. & Sudarshan North America have been formed. These subsidiaries have successfully developed very good sales and logistic team and infrastructure for direct contact with the top International customers. This has definitely helped in market penetration.

Recently your Company has formed another subsidiary in China, Sudarshan Shanghai Trading Company Limited. This Company is expected to perform a critical role of sourcing raw materials from China at competitive prices as well as serving key customers in Asia Pacific region.

In order to support this foray into international market, the Company over the years has invested in upgrading its manufacturing facilities and also increasing the capacities.

In order to fructify these investments your Company has done detailed planning and execution with the help of Balance Score Card, continuous improvement through business excellence programs, improvement in manpower productivity and cost reduction.

R&D also has played a great role in commercializing these investments. The main thrust of R&D has been development of new grade of pigments, development of pigment for automotive paint application, improvement in quality of existing pigments to meet customers changing requirements, new grades of effect pigments for cosmetic applications, cost reduction by process improvement and cycle time reduction.

The Company continues to lay strong emphasis on Environment, Health and Safety and these have been recognized by Dyestuffs Manufacturers' Association of India (DMAI) by giving the following awards:

- a. Excellent performance in pollution control for Large Scale Unit.
- b. Excellent performance in Safety & Hazard control (Second Award for Large Scale Unit).
- c. Excellent performance in exports of Pigments (Award for Large Scale Unit).

We reiterate that we will expand our business footprints while protecting the environment.

Human Resource is an invaluable asset and key success factor for the Company. During the year under review, several new initiatives were undertaken. The Company has received four accolades at World HRD Congress for-

1. **Dream Company to Work for** – This is a very prestigious award. About 400 companies had participated and our Company is listed amongst the top 50 companies in India. More so Sudarshan is the only Chemical Company in the top 50 list.
2. **Global Excellence award** – Managing Health at Work- For Fit Sudarshan Initiative.
3. **Best Organisational Development Programme** – Living Sudarshan Culture – For Training and Development program for our strategic initiative this year on the Vision Mission Values cascade which was towards creating unique Sudarshan Culture.
4. **Best HR strategy in line with Business** – Appreciative Conversation – Performance Management System – For delivering towards business objective the Company showcased the Performance Management System where the base philosophy is of Appreciative Conversations.

The Company's grand vision is "Growing together" with all its stakeholders in a manner that is spiritually fulfilling, socially just and environmentally sustainable. Our Corporate Social Responsibility activities under the aegis of "SUDHA" contribute to this vision by ensuring that all the initiatives are driven with this perspective in mind. In the year 2015-16 the Company has spent an amount of Rs.1.30 Crs. for Corporate Social Responsibility activities. The Company has taken up several projects to improve the standard of living and growth in the disadvantaged communities residing in towns and villages in the vicinity of the Company's facilities.

We believe in adopting best practices of Corporate Governance and strive for continuous improvement. Our guiding principles and practices followed by us are summarized in the Report of Corporate Governance. These are articulated through Company's Code of Conduct, Values, Corporate Governance Guidelines and Charters of various sub-committees of the Board. These policies seek to focus on enhancement of long term shareholder value.

To conclude, I wish to convey my thanks and acknowledgement for the co-operation and assistance extended by the Central Government, State Government, Financial Institutions, the Company's Bankers, Dealers, Customers and Suppliers. I would also like to congratulate each & every member of the Sudarshan Family for their sincere and committed contribution. I look forward to their continued support and co-operation.

I am grateful to my colleagues on the Board for their valuable guidance and contribution in steering the Company to higher levels of achievement. I take this opportunity to also thank Pragati Leadership for their efforts in building leadership competencies and BMGI for guiding us in the journey of excellence towards fortifying our Company's position as a top dominant player in the Pigment Industry.

I thank you all for attending today's Annual General Meeting of the Company.

P.R.RATHI
CHAIRMAN

Pune, 12th August, 2016

Note :- This does not purport to be a report of the proceedings of the Annual General Meeting.
