



SADHANA NITRO CHEM LIMITED

CIN : L24110MH1973PLC016698

Registered Office : Hira Baug, 1st Floor, Kasturba Chowk (C.P. Tank),
Mumbai - 400 004, INDIA

Tel. : 022-23865629 / 23875630

E-Mail : sadhananitro@sncl.com • Website : www.sncl.com

Date: 14th June, 2019

To
BSE Limited
Floor 25, P.J. Towers
Dalal Street
Mumbai 400001

Scrip Code: 506642

Subject: Submission under Regulation 30 of SEBI (LODR) Regulation, 2015.

Dear Sir,

Pursuant to Regulation 30 of SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the presentation on Company overview and financials performance for the year ended 31st March, 2019.

We request you to kindly take the above information on your record.

Thanking you,

For Sadhana Nitro Chem Limited



Asit D. Javeri

Executive Chairman

DIN: 00268114

Address: Ratnagar Palace 37, Chowpatty,
Seaface, Mumbai 400007

Q4 & FY19 Results Presentation

June 2019



Sadhana Nitro Chem Ltd.

Disclaimer



Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Sadhana Nitro Chem Ltd. (SNCL) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances

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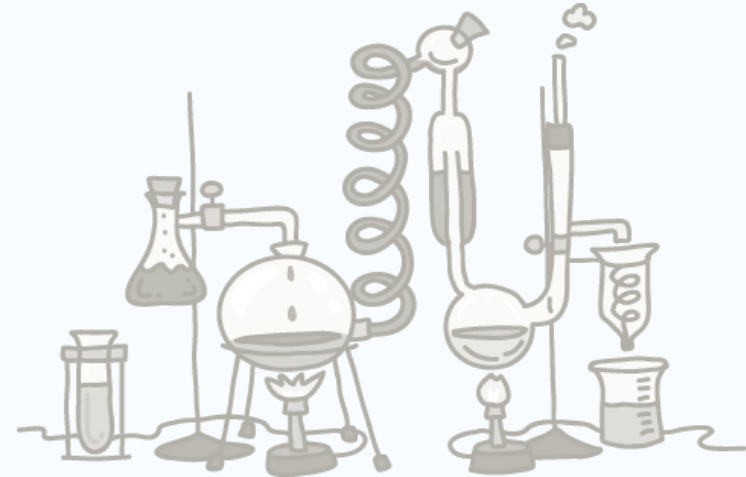
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Company Overview

Company Overview



Well-established manufacturer of speciality chemical intermediates

- Downstream, value-added derivatives of Nitrobenzene and other intermediates
- Developed diversified range of applications for key products across multiple verticals



Predominant focus on overseas markets

- 80% of revenues from exports with varied revenue contribution from several geographies
- Key markets include Japan, China, South Korea, Switzerland, Germany and USA



Long-standing/expanding relationships and strong reputation among marquee global customers

- 90% contribution from top 10 customers
- 60% revenue from relationships that extend over more than 10 years



Centralized manufacturing facility with focus on quality, technology and SHE standards

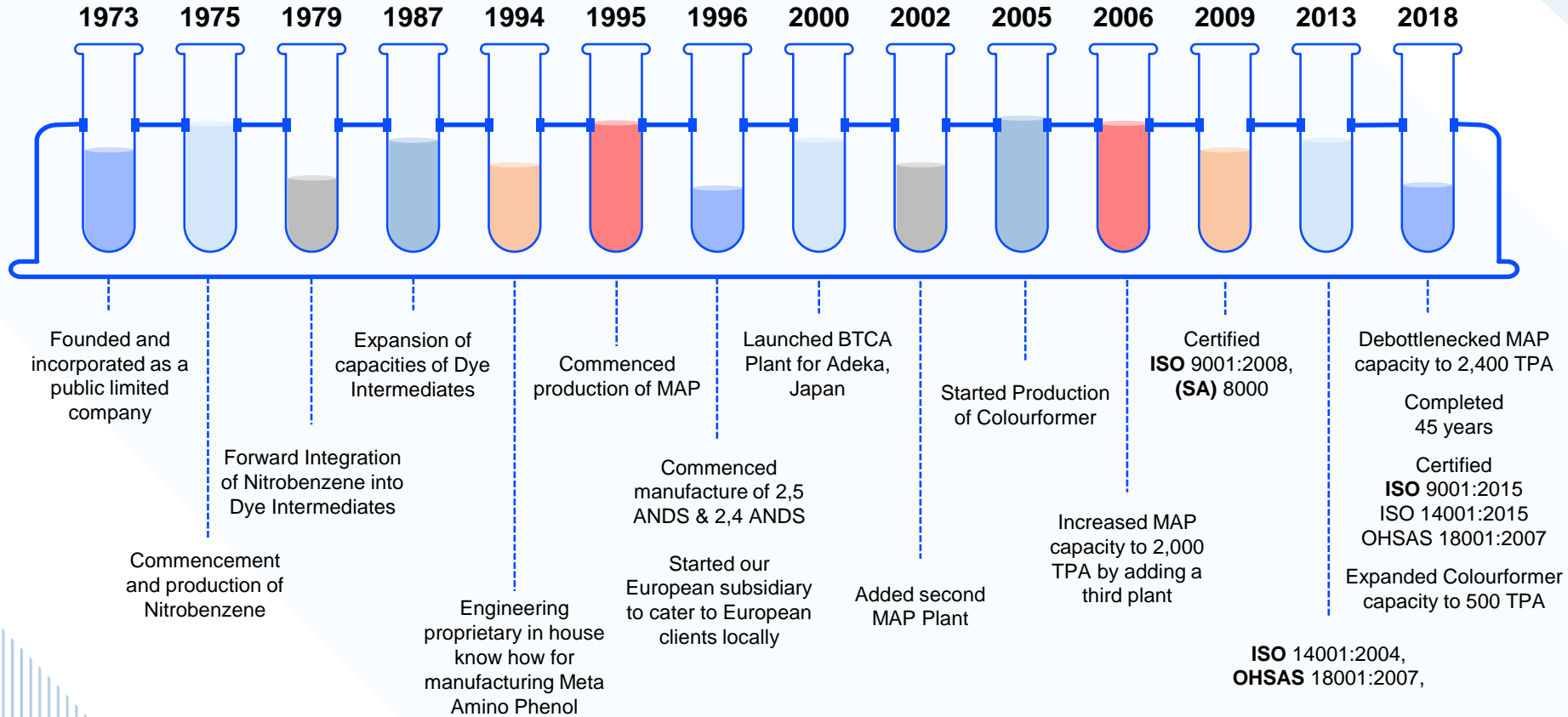
- Integrated facility with several plants located in Roha (Near Mumbai)
- Certified ISO-9001:2015, (SA) 8000; ISO 14001:2015 (environment management), OHSAS 18001:2007 (health and safety management)



Strong financial parameters – profitable growth, capacity expansion from internal accruals

- In FY19, Revenue increased by 139% and PAT increased by 140%
- Strong cash generation used to achieve debt free status and fund capacity expansion

Company's journey



Products used across several industries



- 🧪 Products have multiple usages across a spectrum of applications
 - Ranging from agro chemicals, aerospace, military applications, pharmaceuticals, hair colours, dyes, specialized resins and several others
 - Enables reasonable disassociation with any slowdown in specific sectors or industries

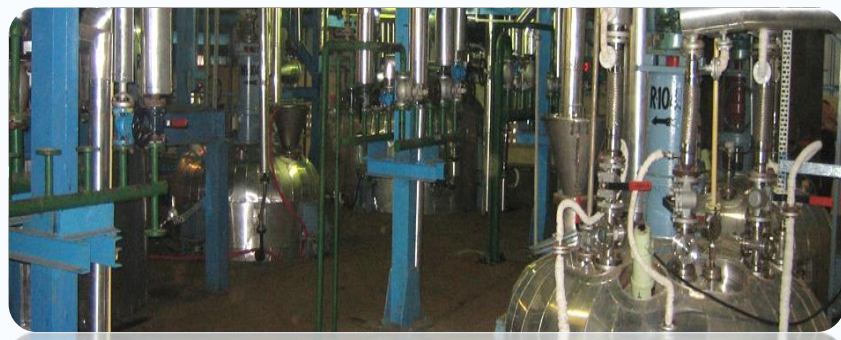


Built in-house Processes



Transitioned from a Nitrobenzene manufacturer to developing products across the value chain, benefitting from integration across the entire production process

- 🧪 SNCL facilities are fully vertically integrated thereby reducing dependency on sourcing intermediates from other manufacturers
- 🧪 Relatively stable costs of Benzene and other raw materials which are all locally sourced



Fully Vertically Integrated Player

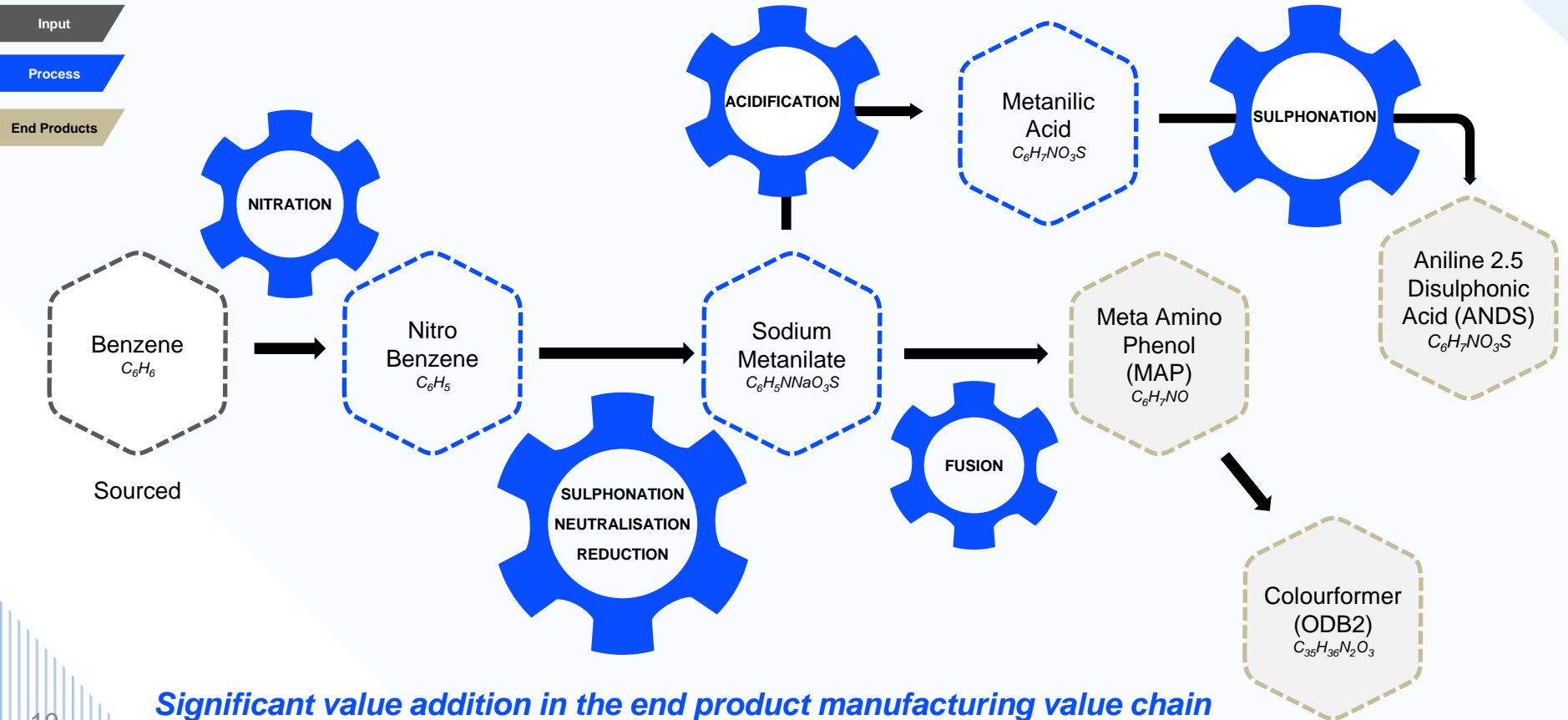


- 🧪 The Company starts at the base of the value chain by acquiring Benzene and manufacturing its own Nitrobenzene
- 🧪 SNCL has always worked towards strengthening its product offering through vertical integration
- 🧪 From here SNCL, through multiple stages internally manufactures its own MAP and Aniline 2,5 Disulphonic acid
- 🧪 From MAP it manufactures its own Keto Acid*, which is used for captive consumption to manufacture Colourformer (ODB2)

* Commenced production in January 2019

SNCL is not dependent on intermediate manufactures and insulated from stoppages and major price fluctuations created during shortages in the intermediate suppliers space

Key Product Processes



Significant value addition in the end product manufacturing value chain

Catering to Global Clientele



- One of the few Indian player to build long-term business relationships with global clients
 - 90% contribution from top 10 customers
 - 60% revenue from relationships that extend over more than 10 years



Mitsui Chemicals

L'ORÉAL

TEIJIN



HUNTSMAN



Bayer CropScience



APPVION



IHARA CHEMICAL INDUSTRY CO., LTD.



Exporting to Major Developed Markets



- 🧪 80% of overall revenues are exported to developed markets
 - Sales are to developed markets such as Japan, China, Europe, and the Americas



Focus on R&D and Pollution Control Measures



Built a notable edge over other manufacturers in terms of stringent quality standards and pollution control measures

- Focus on Research & Development, to set up integrated manufacturing competencies which have been leveraged to produce 10 intermediates currently
- Received ISO 9001-2015, ISO 14001:20015 and OHSAS B.S. 18001:2007 certifications
- Focus on waste management across products
 - Liquid effluent generated in the factory goes through primary secondary and tertiary treatment before discharge. The resultant solid waste from the internal ETP plant is sent to the approved government waste management site
 - All other solid waste is used as raw material to several other nearby industries such as Steel and Cement, Paper and Paver Block manufacturers





Financial Performance

Message from Managing Director



Commenting on the Q4 & FY19 results, Mr. Abhishek Javeri, Managing Director, Sadhana Nitro Chem Ltd.

“FY19 was a milestone year in the history of our company, we recorded substantial increase in turnover and profit by supplying high quality chemical intermediates and focusing more on downstream products. We have also judiciously added capacities of some key products that improve operating efficiencies and value-addition in our offerings to customers in India and globally. In addition, the efforts that we have taken over the last several years of developing quality dependent end applications of our products for MNC customers, has helped augment our sales across multiple specialized industries

During the fourth quarter, our capacity expansion and introduction of some new products continued leading to lower utilization of several plants due to upgrades and capacity installations. The changes in revenues due to this ongoing capacity expansion is something we see as a transitory challenge for the next few years as the company continues to evolve through it’s journey of new capacities and product lines.

The Company’s policy is, as we see pricing rationalise down from peak periods of product shortage for certain products such as Colourformer, to work towards maintaining long term revenues by increasing capacities to optimal levels.

We have expanded Colourformer capacity and global demand is allowing us stability in this product that uses MAP as a key raw material. Our Capex plan includes expanding capacities of new products that are derivatives of Nitrobenzene and MAP. These initiatives that create a higher level of product diversification and value integration will be financed by internal accruals and debt. Going into FY20, we are looking at a period of consolidation where we cement our base revenues and work towards expansions to build on future revenues and stability to derisk the company in the long term from any seasonality trends and end-industry reliance. During the year, we look forward to using the learning’s from the scale up delivered last year to create long term value for all our stakeholders.”

Abridged P&L Statement



Particulars	Q4FY19	Q4FY18	Y-o-Y Change (%)	FY19	FY18	Y-o-Y Change (%)
Total Income	47.8	51.5	-7%	264.8	110.9	139%
Raw Material Cost	10.9	14.4	-24%	71.5	40.4	77%
Gross Profit	36.9	37.1	-1%	193.3	70.5	174%
<i>Gross Margins</i>	<i>77%</i>	<i>72%</i>	-	<i>73%</i>	<i>64%</i>	
EBITDA	10.6	19.6	-46%	121.0	35.0	246%
<i>EBITDA Margins</i>	<i>22%</i>	<i>38%</i>	-	<i>46%</i>	<i>32%</i>	
Depreciation	0.9	0.5	96%	2.9	1.9	52%
Interest	1.9	1.4	35%	11.9**	4.8	145%
PBT	7.9	17.8	-56%	106.3	28.3	276%
Add / (Less) Tax Expenses						
a) Income Tax	-6.0	-3.8	-	-26.1	-4.8	-
b) MAT Credit Entitlement	-	4.8	-	-	4.8	-
c) Deferred Tax (Liabilities) / Assets	-4.9	3.1	-	-4.9	3.1	-
PAT	-3.0	21.9	-	75.3	31.4	140%
EPS (Diluted) in Rs.	-1.5*	23.3 [#]	-	40.4*	33.6 [#]	-
Dividend (%)	-	-		40% (FV Rs.5)	10% (FV Rs.10)	

In Rs. Crore

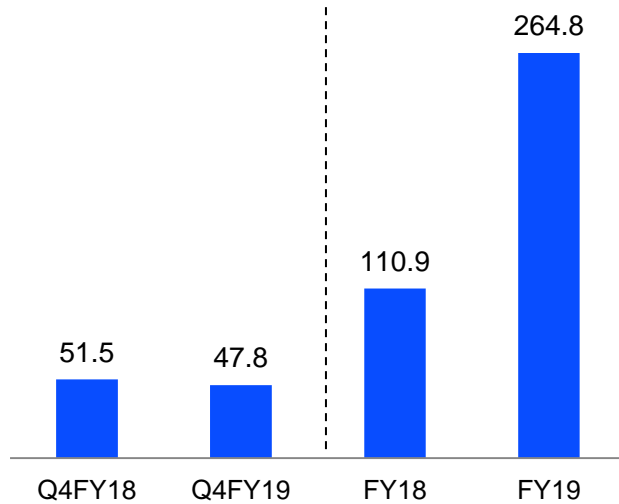
Note: * Per Equity Share of FV Rs. 5/- each & # Per Equity Share of FV Rs. 10/- each

** Includes Rs. 7.9 crore paid as premium on redemption of preference shares

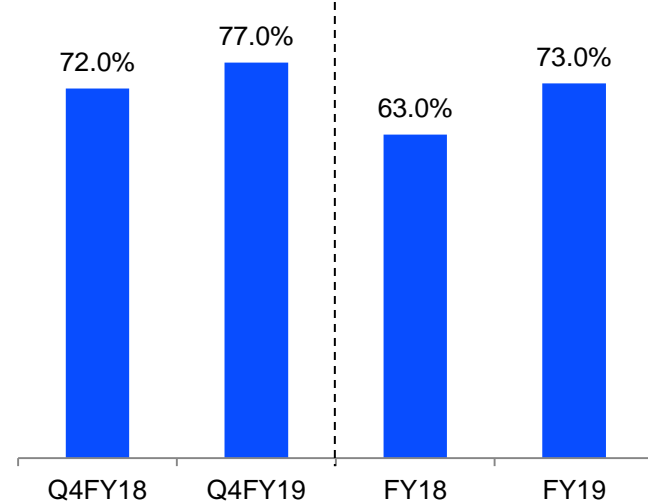
Q4 & FY19 Financials Performance



Total Income

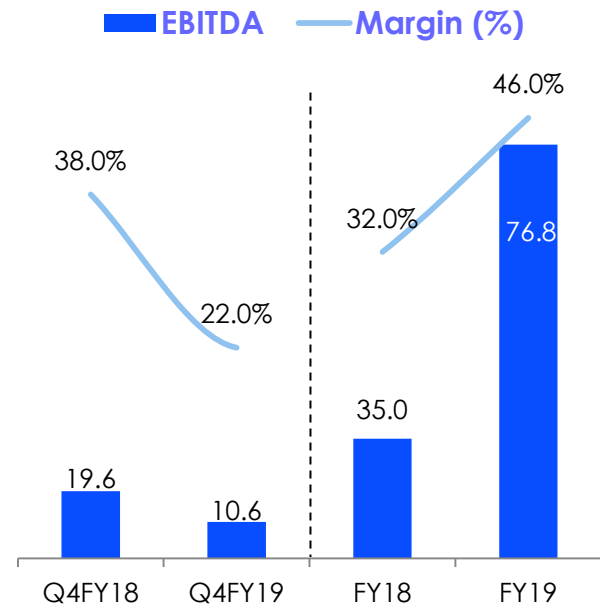


Gross Margin (%)

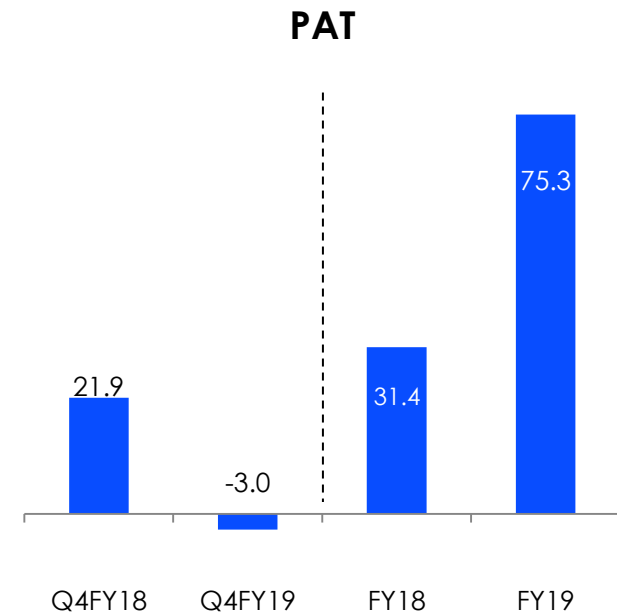


In Rs. Crore

Q4 & FY19 Financials Performance



In Rs. Crore

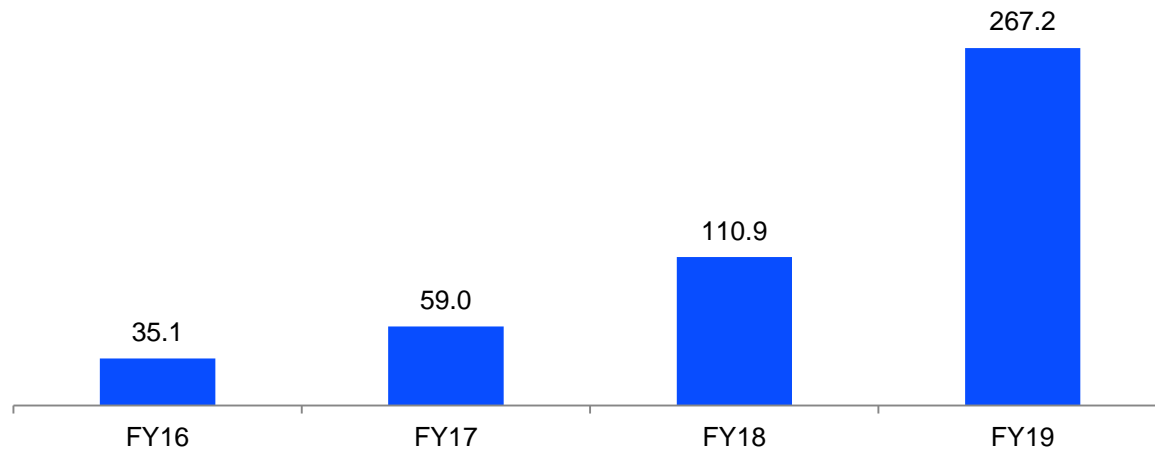


In Rs. Crore

Financials Performance Trends

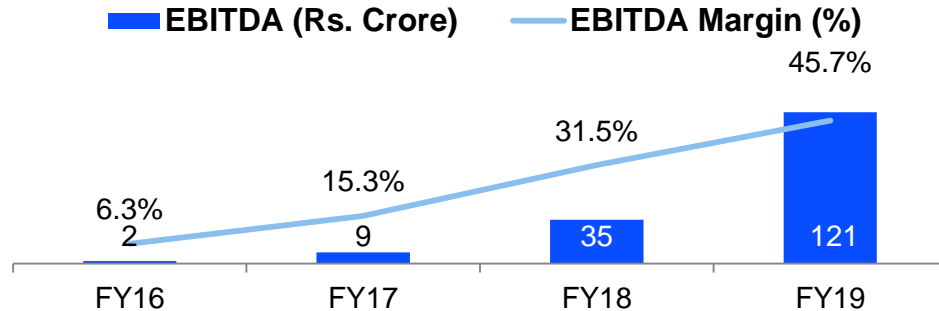
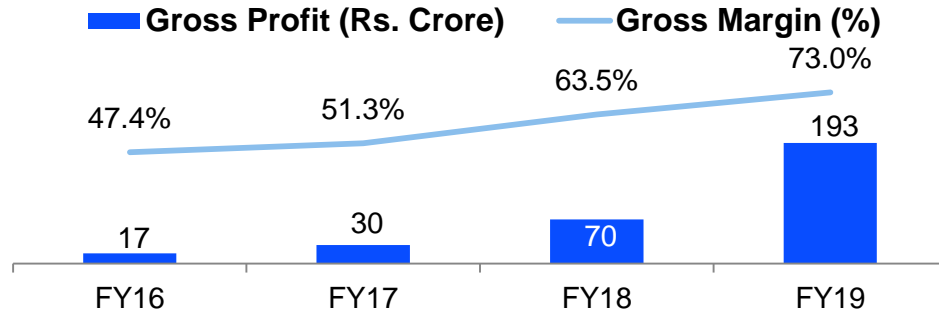


Revenue

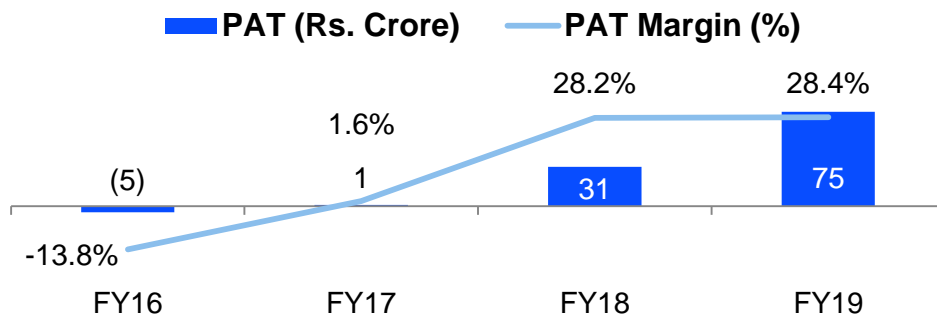


In Rs. Crore

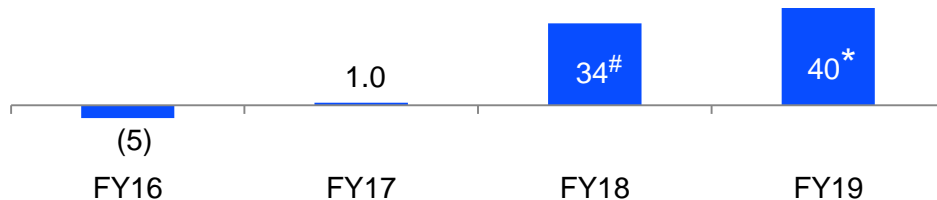
Financials Performance Trends



Financials Performance Trends



EPS (Rs.)



Note: * Per Equity Share of FV Rs. 5/- each & # Per Equity Share of FV Rs. 10/- each

Ongoing Initiatives



Planned Capex of ~Rs. 35 crore planned in FY20

- MAP capacity expanded to 2,400 tonnes in FY19
- Colourformer capacity expansion commenced in Q4FY19
- Planning to initiate production of several downstream Nitrobenzene and MAP derivatives that will create further diversification of revenues within the current value chain

Capital expenditure is being funded primarily through internal accruals supplemented by debt. Currently, there is no long term debt on the balance sheet.

Current Capacities

Colourformer	500 TPA	Sold externally
Keto Acid	600 TPA	Consumed for downstream products
MAP	2,400 TPA	Sold externally and consumed for downstream products
ANDS	1,440 TPA	Sold externally
Nitrobenzene	12,000 TPA	Consumed for downstream products



Annexure

Mission And Values



- 🧪 To offer and maintain the highest quality standards of our products, in order to create long term and sustainable business relationships with our clients
- 🧪 Continuously improving our products by updating technologies through customer feedback
- 🧪 To become a benchmark for ethical and moral business dealings with our customers, vendors and all other business partners



Corporate Social Responsibility



- 🧪 The Promoter family has set up several charitable institutions dating back over a hundred years.
- 🧪 The objectives of the trusts vary from Medical & Healthcare, Education & Women Reform and are primarily for the low income and underprivileged,
- 🧪 Several tens of thousands of individuals have benefitted through these institutions

**Women's Reform Ashram
Mumbai Central, Mumbai**



**Student's Hostel
Mumbai Central, Mumbai**



**Healthcare Dharamshala
CP Tank Mumbai**



Contact Us



Sadhana Nitro Chem Ltd.

Tel: +91 22-23822524

Email: investor@sncl.com

Shiv Muttoo/Karl Kolah

CDR India

Tel: +91 22 6645 1207/1220

Email: shiv@cdr-india.com

karl@cdr-india.com

About Us:

Sadhana Nitro Chem Ltd. (SNCL) is a 45 year BSE listed company, based out of Mumbai with manufacturing facilities at Roha, Maharashtra. Over the years the Company has transformed into a globally cost-competitive manufacturer with focus on R&D and quality processes. The Company produces Speciality Chemical intermediates, predominantly for overseas markets. SNCL manufactures 10 products intermediates, including Nitrobenzene, Meta Amino Phenol (MAP) and Colourformers. SNCL's product portfolio caters to the distinctive needs of a marquee list of clients, many being companies of global repute. Most of its products are exported to developed markets such as Japan, China, Switzerland, USA, Germany among others.