

Sudarshan Chemical Industries Limited

Investor Presentation
December, 2019



Safe harbour statement

This presentation may contain statements which reflect Management's current views and estimates and could be construed as forward looking statements.

These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements.

These risks and uncertainties include, but are not limited to our exposure to changes in general economic conditions, market, Foreign currency and other risks, changes in government policies/regulations, tax regimes as also technological changes.

The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of subsequent development, information or events or otherwise.



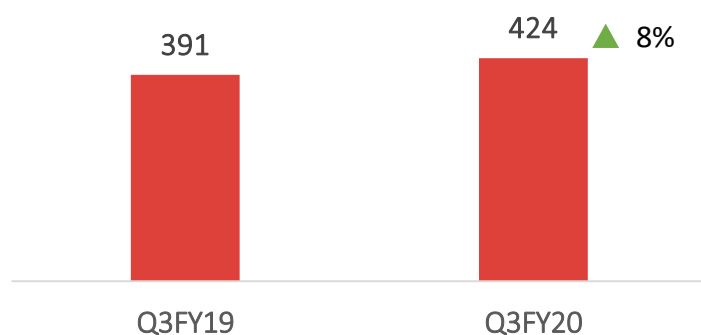
Financial Overview

December, 2019

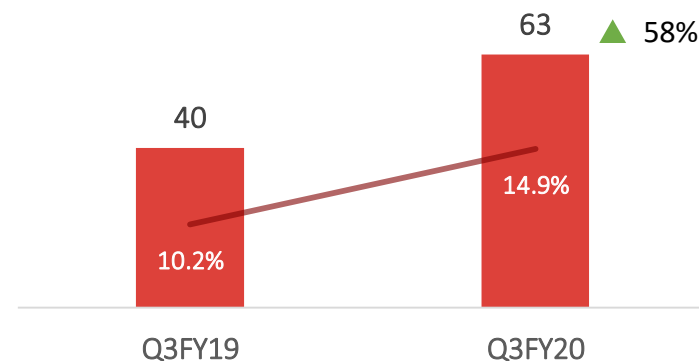
Q3FY20 and 9MFY20 Performance Highlights – Consolidated Financials

Quarterly Performance

Income from Operations (In ₹ Cr)

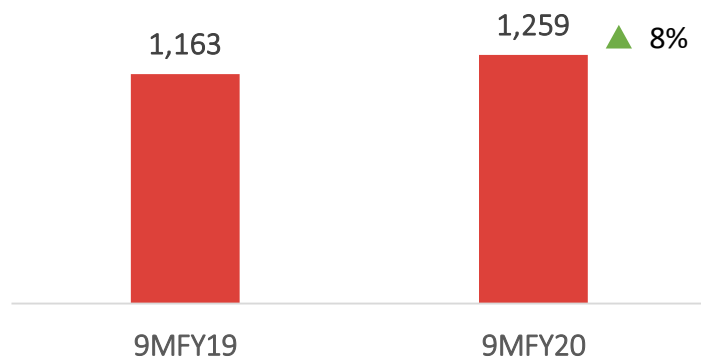


EBITDA* (In ₹ Cr & Margin%)

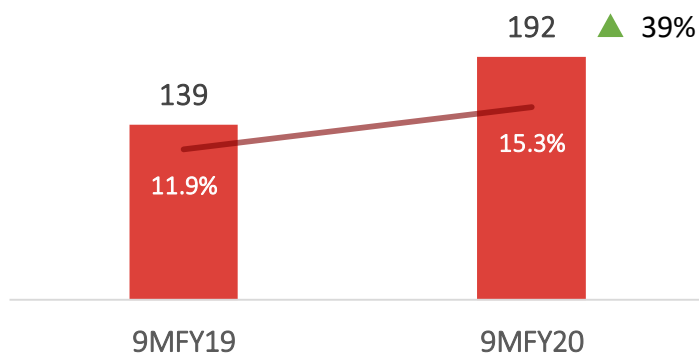


9M Performance

Income from Operations (In ₹ Cr)



EBITDA* (In ₹ Cr & Margin%)



Note: Financial results include results of the wholly owned subsidiary RIECO Industries Limited which was earlier classified under 'discontinued operations'.

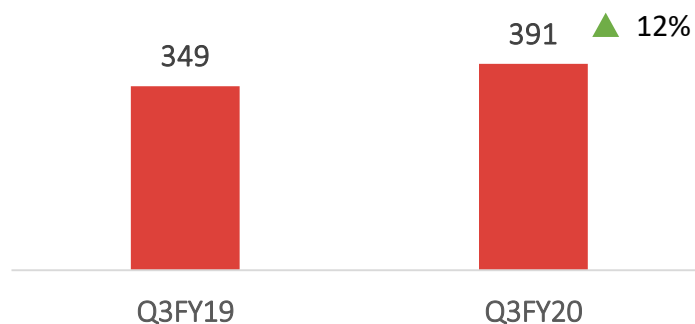
Previous quarter / year figures have been regrouped wherever necessary to meet current period's classification

* EBITDA as percent to Total Income from operations (excluding other income)

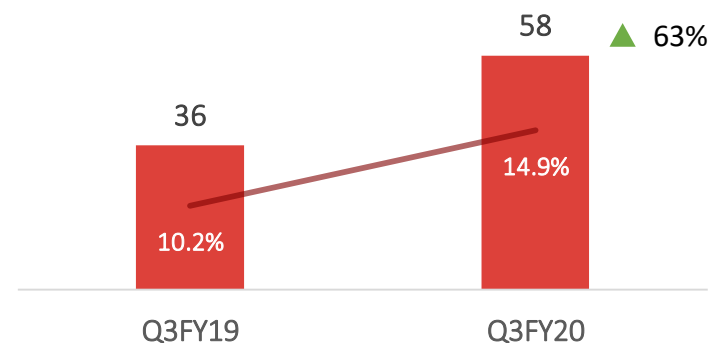
Q3FY20 and 9MFY20 Performance Highlights – Pigments Business

Quarterly Performance

Income from Operations (In ₹ Cr)

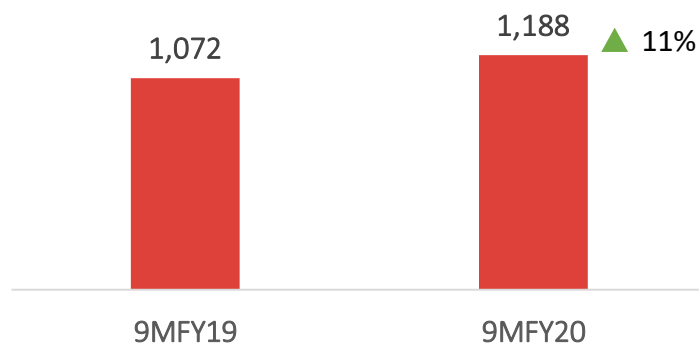


EBITDA* (In ₹ Cr & Margin%)

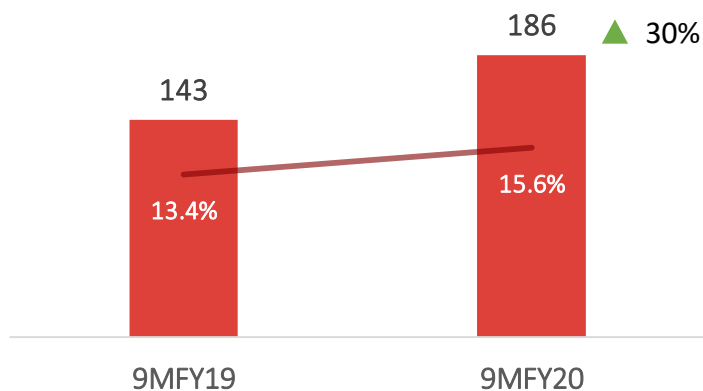


9M Performance

Income from Operations (In ₹ Cr)



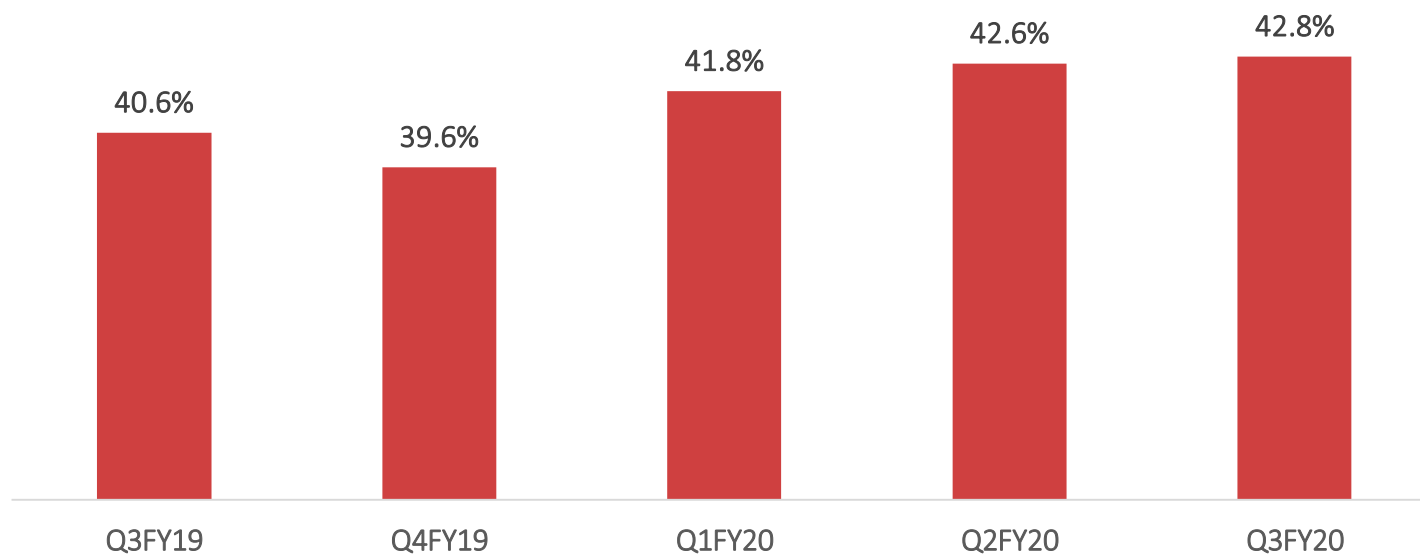
EBITDA* (In ₹ Cr & Margin%)



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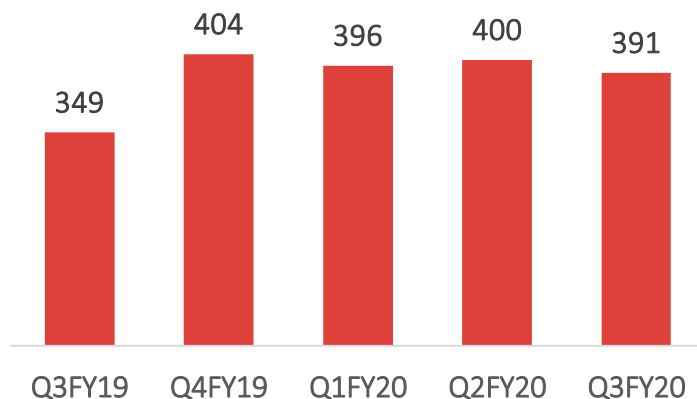
Gross Margin Performance – Pigments Business



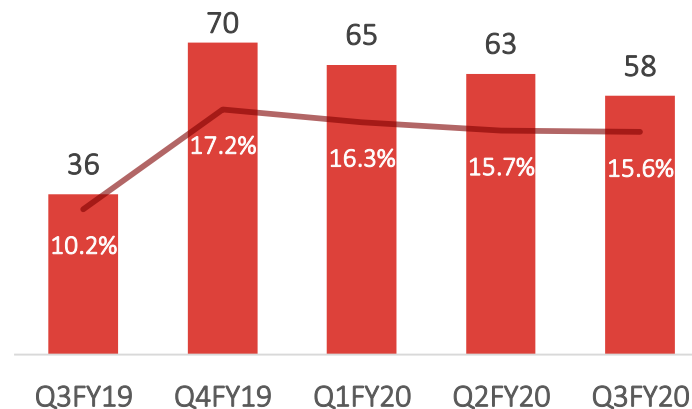
- Q3FY20 Gross Margins bounced back to 42.8% from 40.6% for the corresponding period of the previous year
- 9MFY20 Gross Margins at 42.4%, at similar levels as compared to 42.6% for the corresponding period of the previous year

Robust Financial Performance – Pigments Business

Income from Operations (In ₹ Cr)



EBITDA* (In ₹ Cr & Margin%)



- Q3FY20 and 9MFY20 income from operations at ₹ 391 cr and ₹ 1,188 cr respectively, a growth of ~12% and ~11% respectively as compared to the corresponding periods of the previous year
- For Q3FY20, Specialty pigments portfolio volume grew 13% YoY and Non-Specialty portfolio grew 10% YoY
- 9MFY20 exports as a % of revenue at ~48% as compared to 47% for 9MFY19

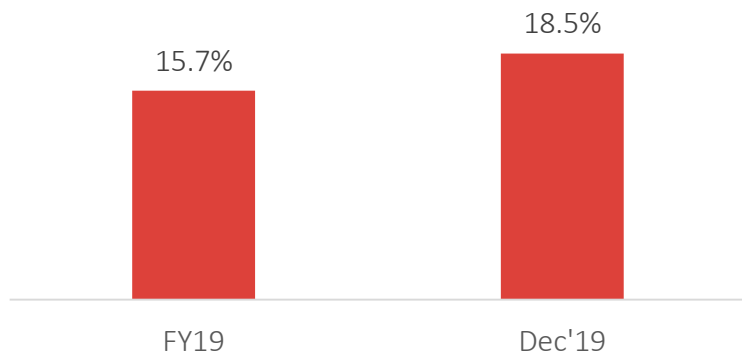
Note: Previous quarter / year figures have been regrouped wherever necessary to meet current period's classification.

Specialty portfolio includes Azos, High Performance Pigments, Cosmetics and Pigment Dispersions. Non-Specialty portfolio includes Blue & Green Pigments, Inorganic pigments and Industrial effect pigments

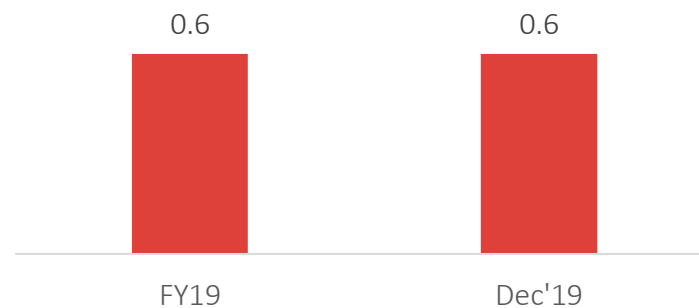
* EBITDA as percent to Total Income from operations (excluding other income).

Key Ratios – Consolidated Financials

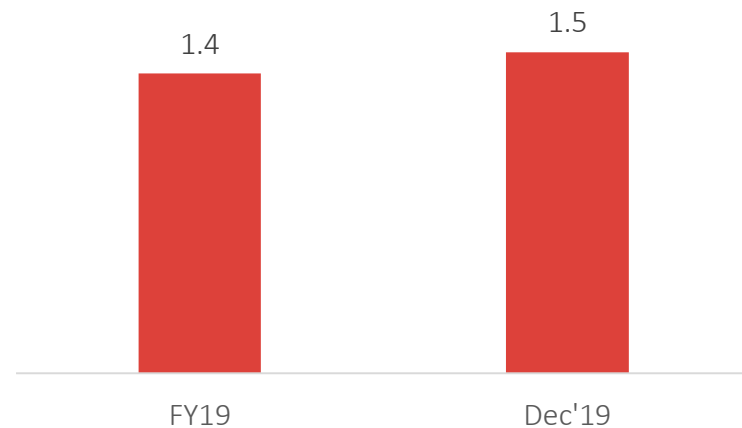
Return on Capital Employed (annualized)



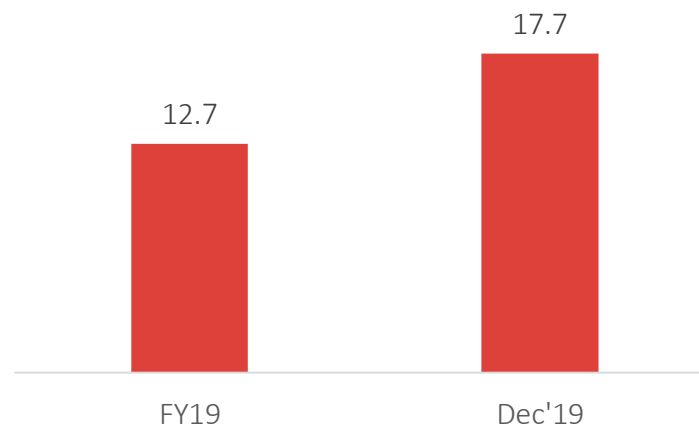
Net Debt - Equity Ratio



Current Ratio



Earnings per Share (annualized)*



Note: Previous quarter / year figures have been regrouped wherever necessary to meet current period's classification

* Earnings per share calculated excluding exceptional items



About Sudarshan

Our Company at a glance...

We are a leading world-class color solutions provider with a focus on exceptional and sustainable results.



CONSOLIDATED REVENUES

FY19 turnover at
\$212 Mn



MARKET CAPITALIZATION

INR ~2,200 cr+
Listed on BSE (1981)
& NSE (1995)



PEOPLE

50+ sales team.
60+ channel partners.
2,000+ global
workforce.



BUSINESS FOCUS

Pigment
Focus. Don't
compete with
customers.

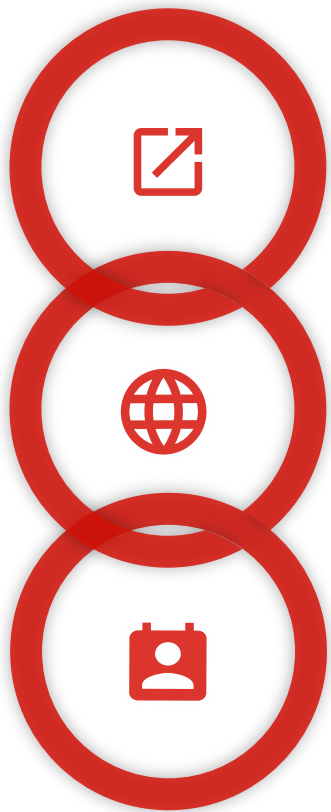


GEOGRAPHIC REACH

Largest pigment
producer in India.
Exports to 85+
countries.

Our Mission, Vision & Values

Our growth is fueled by an immense drive to be a leading player in our field.



01

MISSION

World class Global Color Solution provider with an innovative and vibrant culture

02

VISION

To be amongst the top three pigment players in the world

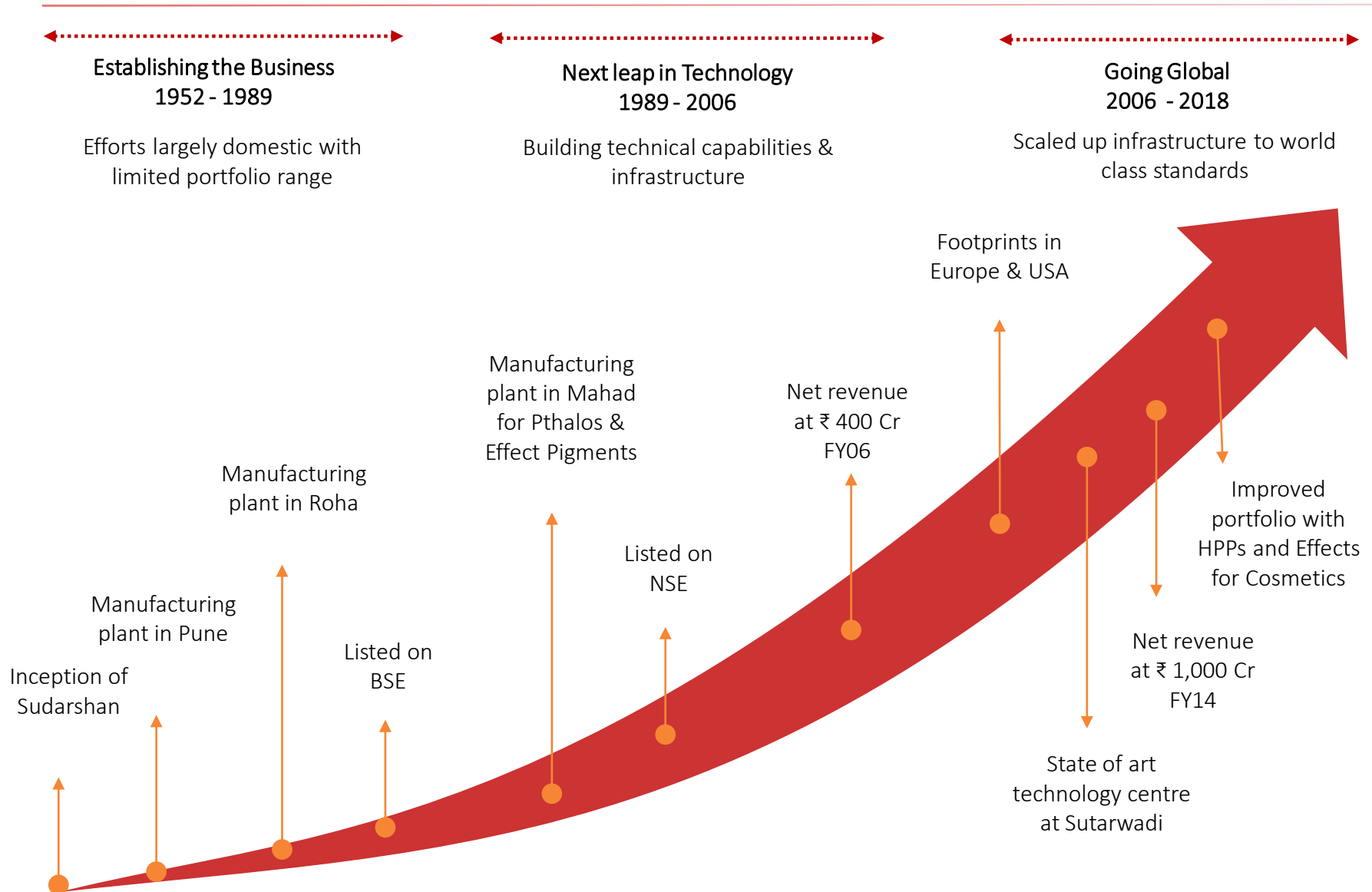
03

VALUES

Seva (Service), Courage, Commitment and Passion, Respect, Trust

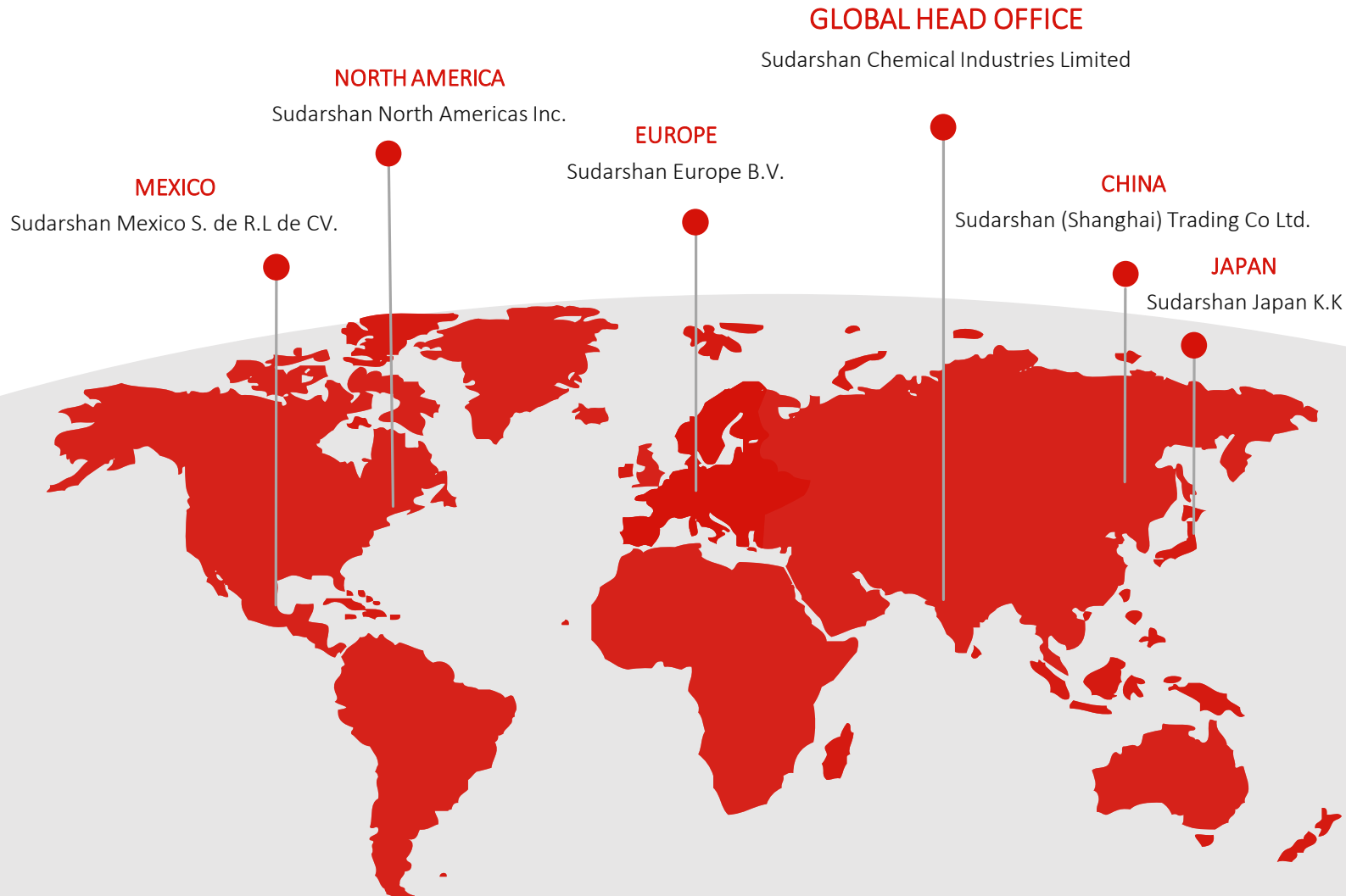
Our Journey

Evolution of Sudarshan from a local player to a global player is result of a well crafted strategy.

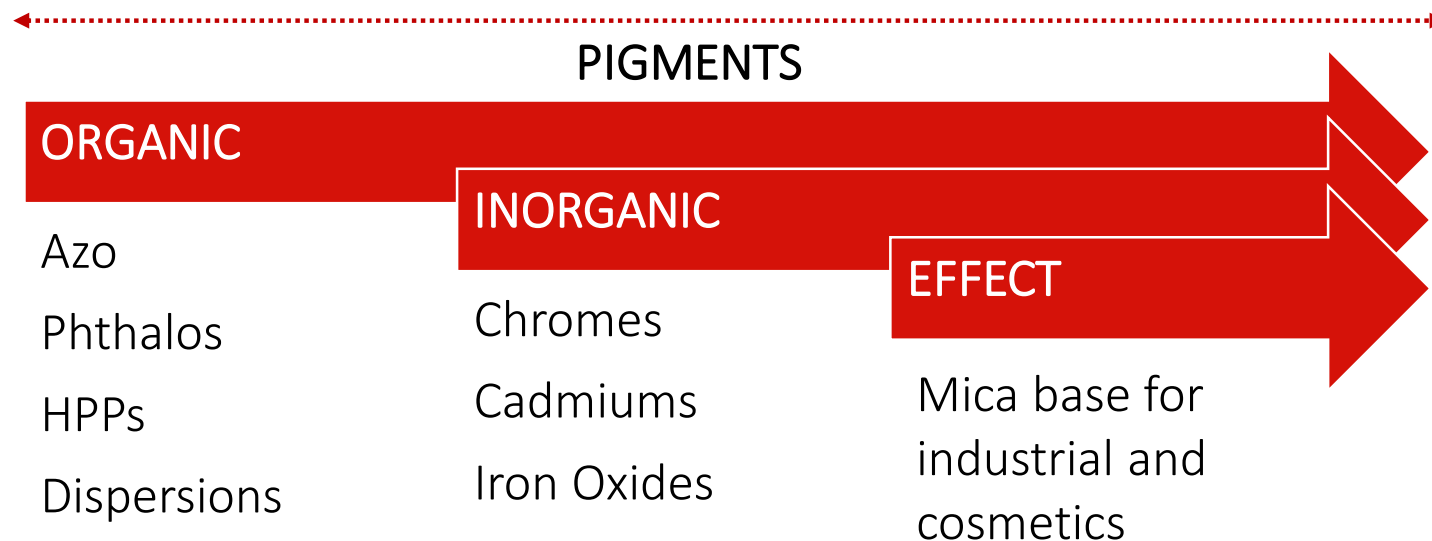


Our Global Presence

Exports to 85+ countries with 50+ sales members



Our Product Portfolio



Organic Pigments

Colored material made of organic compound with pigment properties. Commonly used for Coatings, plastics, Inks & Textile applications.

Inorganic Pigments

Made up of mineral compounds. Are mainly oxides, sulphides of one or more than one metals. Used for plastics and industrial coatings.

Effect Pigments

Pigments with mica base and coated with oxides to give shimmer and glow. Mainly used in plastics, automotive coatings, cosmetics applications

Pigments Application

Sudarshan is uniquely placed to offer a comprehensive range - general purpose grades, high performance and effect pigments.

COATINGS



High performance and special effect for the coating industry.

Our key focus area with targeted significant growth in the automotive and decorative segments.

PLASTICS



A palette with a wide spectrum of colors and performance for plastic applications.

Enjoy leadership position in plastics segment in multiple geographies; attributed to our detailed know-how of the industry.

INKS



General purpose and high performance pigments for inks.

Focus on niche applications in the ink industry with necessary expertise in offset and liquid ink segments.

COSMETICS



Effect pigments for cosmetics & personal care applications.

A strategically important growth area for Sudarshan; we continue building capabilities in end application.

The Pigment Approval Cycle

Approval cycle for pigment sales varies across products and Sudarshan Chemicals is well placed in this regard.

COATINGS



Coatings remains a prominent focus area with Automotive and Decorative being the key segments

Automotive: 1 to 5 years
Decorative: 6 months to 1 year

PLASTICS



Market leaders in multiple geographies offering wider spectrum of colours and pigment grades.

Plastics: 3 to 6 months

INKS



Focus on niche applications like liquid inks to build competency and strong market share

Inks: ~ 1 month

COSMETICS



Proven track record with significant growth for Sudarshan's progress

Cosmetics: 1 to 2 years

Our Technical Capability

PEOPLE

- 100+ Scientists & Technical resources
- Global experts' panel for competency enhancement
- Analytical & Application Lab experts



INFRASTRUCTURE

- Dedicated site for R&D with investments > USD 10Mn
- State of art equipment for characterization and composition analysis
- Ability to handle crystal modification & surface treatments
- Ability to ensure reproducibility in end application

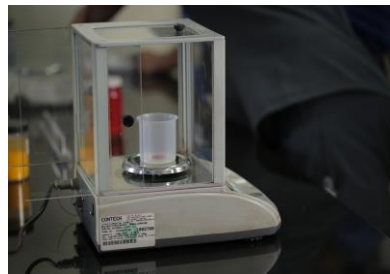
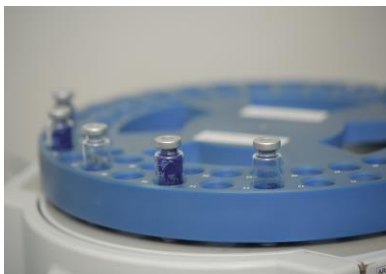


PROCESS

- Stage Gate Process
- DOE approach to solutions



Our Infrastructure



We spend over \$4M every year on research, development & technical service and over \$2M on environmental compliance with a \$3.4M effluent plant.

Manufacturing Site: Roha

Built in 1973; 1100+ trained team members.

Products Manufactured: AZO, HPP, Effect Pigments, Dispersions



Manufacturing Site: Mahad

Built in 1993; 500+ trained team members.

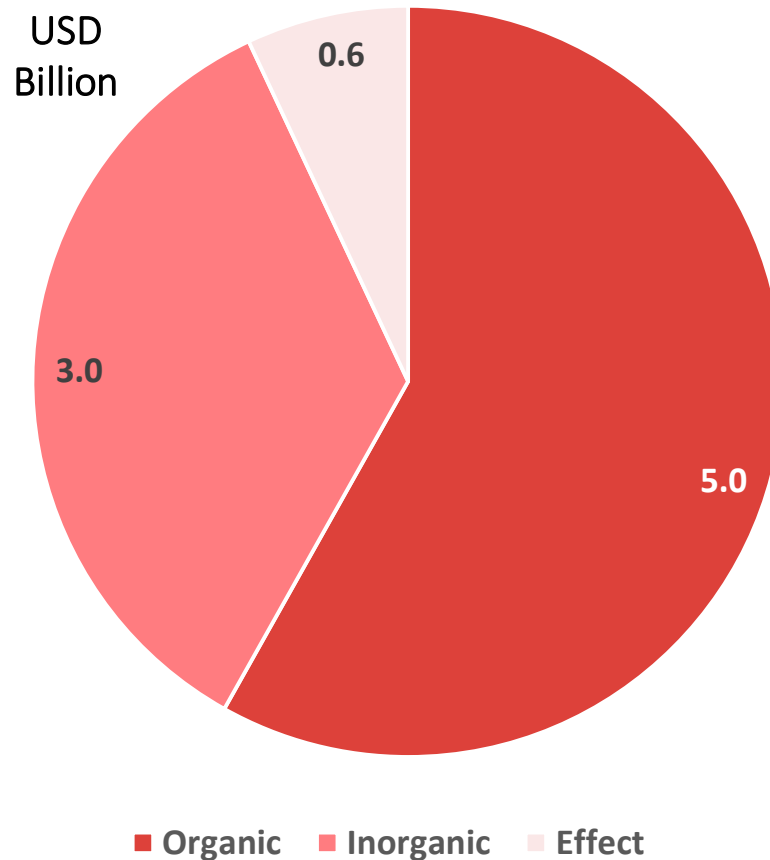
Products Manufactured: B&G, HPP, Effect Pigments



Our Manufacturing Plants with Modern Water Treatment Facility and Certified by BSC and having won Sword of Honour for Safety.

Global Pigments Market Overview

Global Colour Pigment Market* - Relevant to Sudarshan



- Our estimate of the Global Colour Pigments Market is ~\$ 10B, market opportunities open to Sudarshan are ~\$ 8.6B.
- Global Organic Pigment market is expected to grow at ~3% CAGR over the next 5 years.
- India is set for strong, sustainable growth in pigment manufacturing with substantial export opportunities.
- Sudarshan is well placed to expand market share for all its applications.
- We expect this strong growth to come from our coatings, inks, plastics and cosmetics segments.

* Excludes Black, White and Metallic Pigments.

Based on internal Pigment industry study and various market research reports

Our Pillars of Growth

Growth will come from a focused approach to broaden product portfolio and renewed application focus.



01 Product Portfolio

- Enhance Product Portfolio across
 - Organic (especially HPPs and Inks)
 - Inorganic HPPs
 - Effect Pigments
 - Solvent Dyes

02 Application Focus

- Continued focus on decorative coatings and plastics
- Additional focus on Automotive Coatings, Industrial Effects & Cosmetics

03 Geographic Presence

- Expand global footprint to newer geographies, and gain market shares in US, EU and China

Building Capabilities

We focus on building capabilities across functions to achieve our vision



STRENGTHEN R&D

Faster launch of new and innovative products, faster turnaround time on technical issues.



MANUFACTURING & OPERATIONS EXCELLENCE

Lean & Six Sigma, Capex expansion, strengthening supply chain



COMMERICAL EXCELLENCE

Improving reach, channel management and customer experience



ENVIRONMENT SUSTAINABILITY

Best in class safety practices, continued efforts towards sustainable energy sources such as solar, windmill etc.

Our Competitive Advantage

We achieve excellent product and process reliability

*Product Consistency &
Process Control*

*800+ tests
4000+ specifications*

*Reliable technical
information*

*Laboratories certified by
the National
Accreditation Board for
Testing & Calibration
Laboratories*

Reliable Service

*Recognized for
operational excellence in
Supply Chain
Management*

*Environment &
Occupational Health*

*Ensure safety of our plant
operatives*

Our Certifications

ISO 9001
Six Sigma

Oliver Wight Class A
Certificate

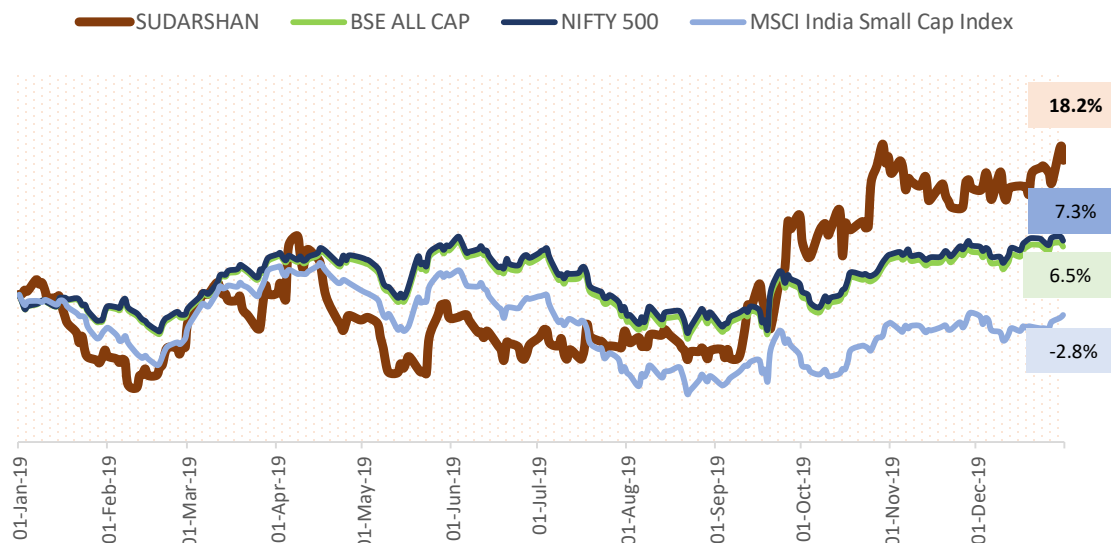
ISO 17025:2001

ISO 14001
OHSAS 18001
British Safety Council 5
Star Rating Sword of
Honour

Shareholding and Market Performance

Share Information (as at 31st December 2019)

NSE Ticker	SUDARSCHEM
BSE Ticker	506655
Market Cap (INR mn)	28,183
% free-float	39.0%
Free-float market cap (INR mn)	10,991
Total Debt (INR mn)	41,269
Cash & Cash Equivalents (INR mn)	3,945
Enterprise Value (INR mn)	65,507
Shares Outstanding	6,92,27,750
3M ADTV (Shares)	1,32,236
3M ADTV (INR mn)	52.8
Industry	Specialty Chemicals



Shareholding Pattern (as at 31st December 2019)

Promoters*	52.3%
FIIIs and FPIs	8.3%
Mutual Funds	0.4%
Others	39.0%

*Before proposed reclassification of ~9.93% of Promoter holding to Public category.

Note: Basis approvals received from the Stock Exchanges as of 28th January 2019, 9.93% of Promoter Holding has been reclassified to Public Category

Board of Directors

Mr. Pradeep Rathi
(Chairman)

Mr. Rajesh Rathi
(Managing Director)

Mr. Ashish Vij
(Whole Time Director)

Mr. S. N. Inamdar
(Non-Executive, Independent Director)

Mr. D. N. Damania
(Non-Executive, Independent Director)

Mr. S. Padmanabhan
(Non-Executive, Independent Director)

Mrs. Subhalakshmi A. Panse
(Non-Executive, Independent Director)

Mr. Naresh T. Raisinghani
(Non-Executive, Independent Director)

Mr. Sanjay K. Asher
(Non-Executive, Independent Director)

Mr. Anuj N. Rathi
(Non-Executive, Non-Independent
Director)

Mrs. Rati F. Forbes
(Non-Executive, Independent Director)

Dr. Deepak Parikh
(Non-Executive, Independent Director)

Awards and Accolades



Silver Award for Excellence in Energy Management (Chemical Sector)



*HR Excellence Award 2018
1st in Chemicals & Fertilizer Sector*



*'Dream Company to Work For' in Chemical Sector
World HRD Congress 2017*



India CSR Award for CSR Community Initiative 2017-18



Global WasteMet Award 2018 - Gold Category



DMAI Award for Energy Conservation Initiative 2017-18



'Golden Peacock Award for Corporate Social Responsibility' for 2016



- Spiritually fulfilled • Socially just • Environmentally sustainable •

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