Sudarshan Chemical Industries Limited

Investor Presentation
December, 2018

SUDARSHAN

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, 2018

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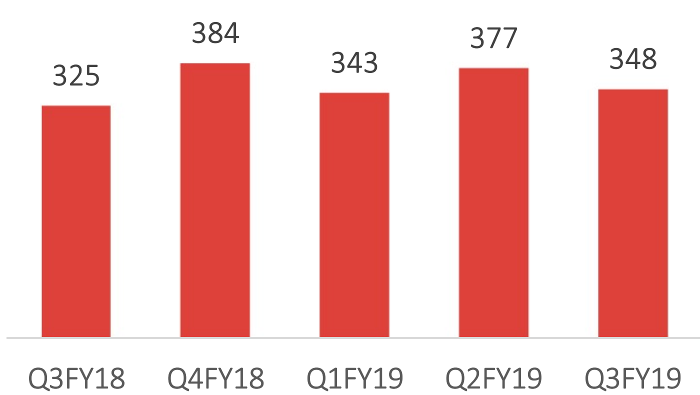
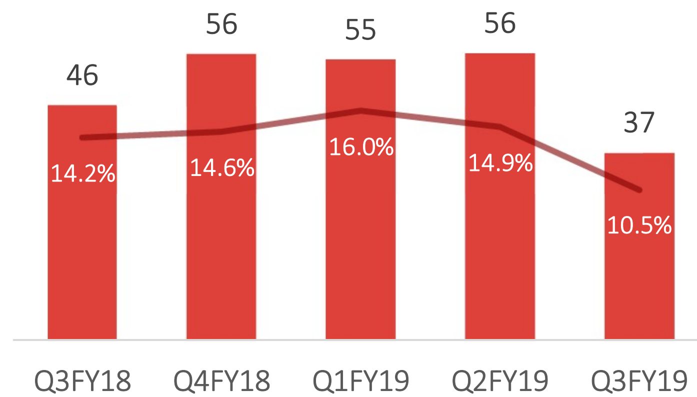
Financial Performance

Q3FY19 Performance

Income from Operations (In ₹ Cr)

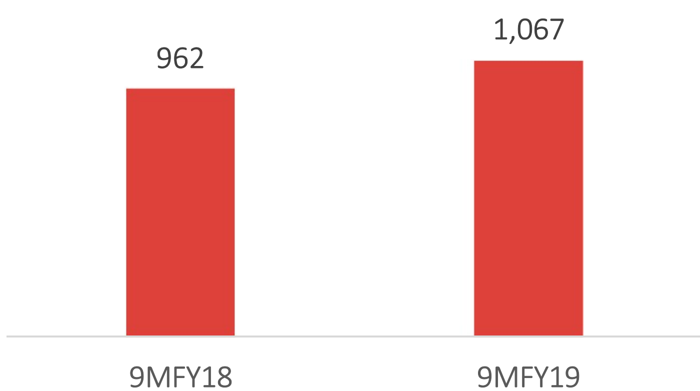


EBITDA* (In ₹ Cr) & Margin%

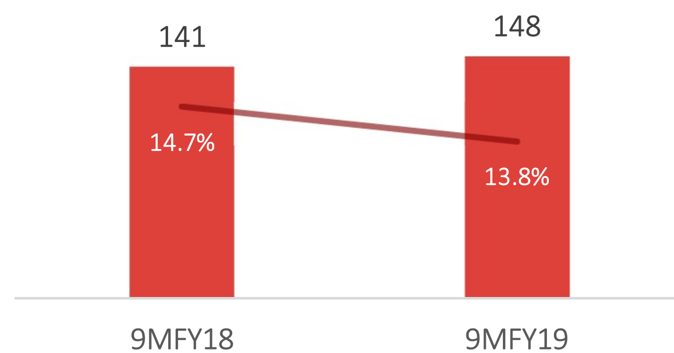


9MFY19 Performance

Income from Operations (In ₹ Cr)



EBITDA* (In ₹ Cr) & Margin%



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

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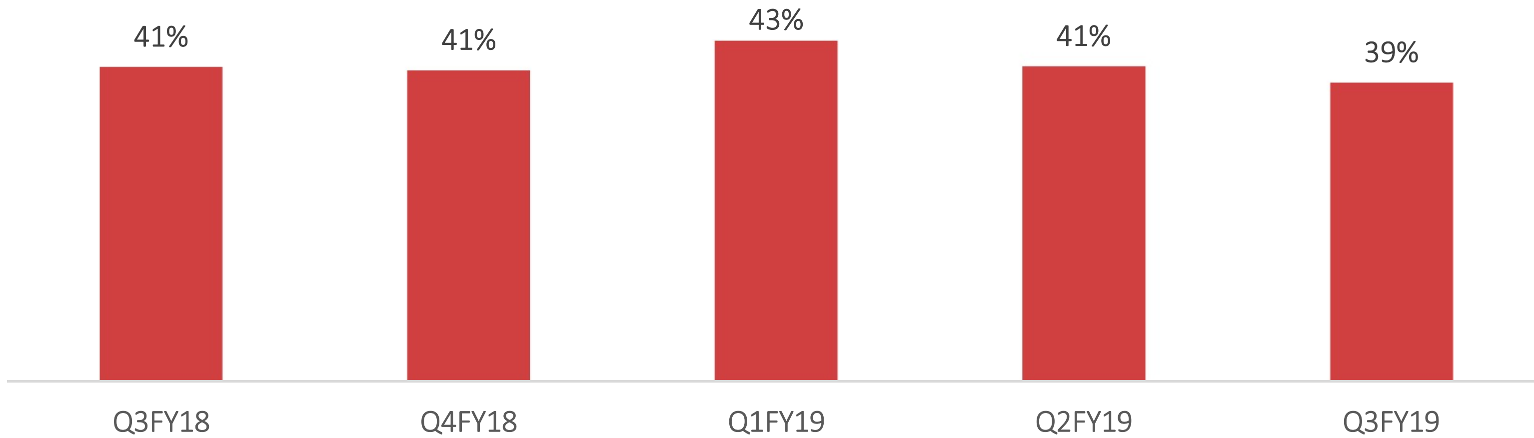
Business Performance

Gross Margin Performance



9MFY19 Gross Margins at ~41% as compared to FY'18 Gross Margins which were at ~43%

Key Highlights

- Q3FY19 revenues at ₹ 348 cr, a growth of 7% versus Q3FY18, on the back of a seasonally soft quarter.
- Raw Material price increase cycle which started in Q4FY18, has now peaked out. We expect raw material prices to stabilize going forward.
- EBITDA Margins at 10.5%, impacted due to increase in raw material prices, higher employee cost from planned recruitments and costs towards strategic initiatives.
- Original capex plan for FY19 at ₹ 250 cr. Out of this, Projects worth ₹ 200 cr are under implementation.
- Completed backward integration for one key raw material during Q3FY19.
- Launched Eight new products during 9MFY19.

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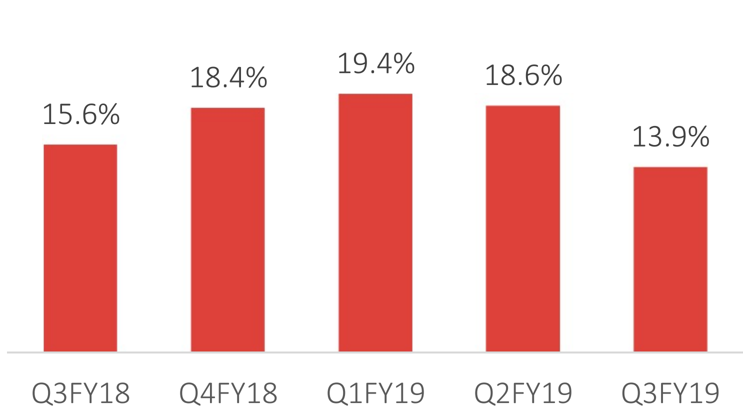
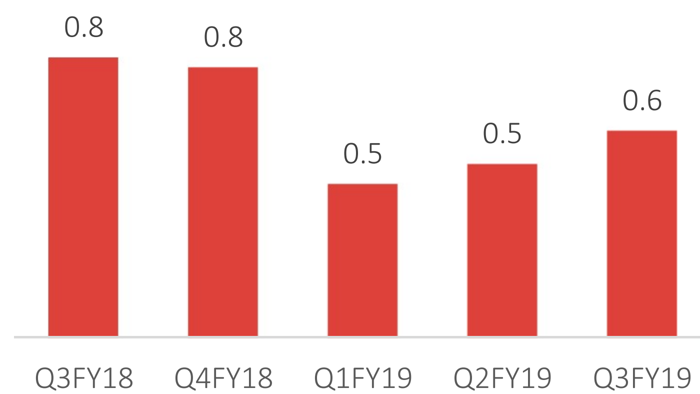
Key Ratios

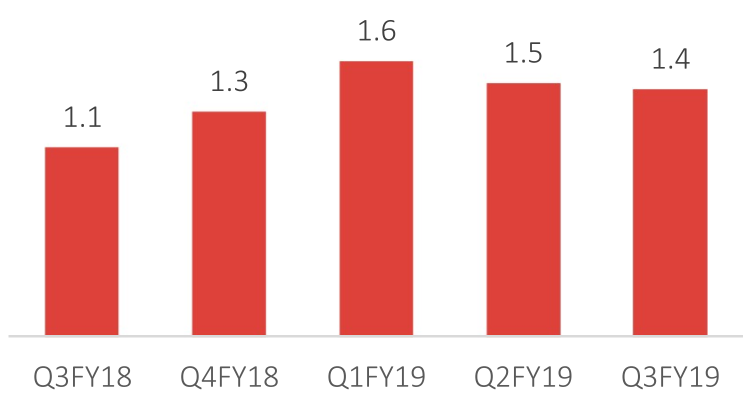
Return on Capital Employed (annualized)



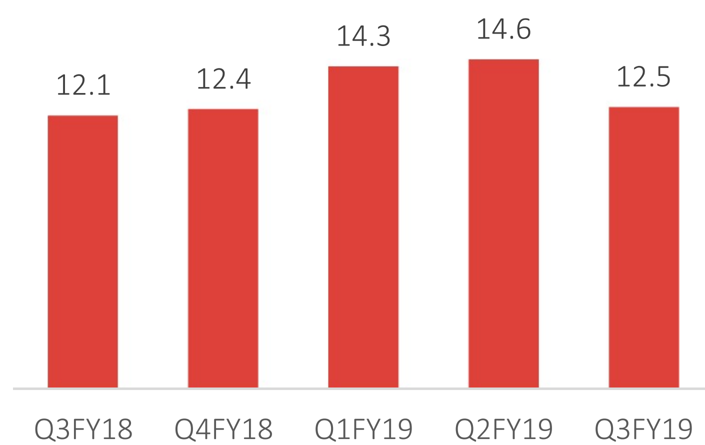
Debt/ Equity Ratio



Current Ratio



Earnings per Share (annualized)



About Sudarshan

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

FY18 turnover at $226M

MARKET CAPITALIZATION

INR ~2,000 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.

SUDARSHAN

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.

Establishing the Business
1952 - 1989

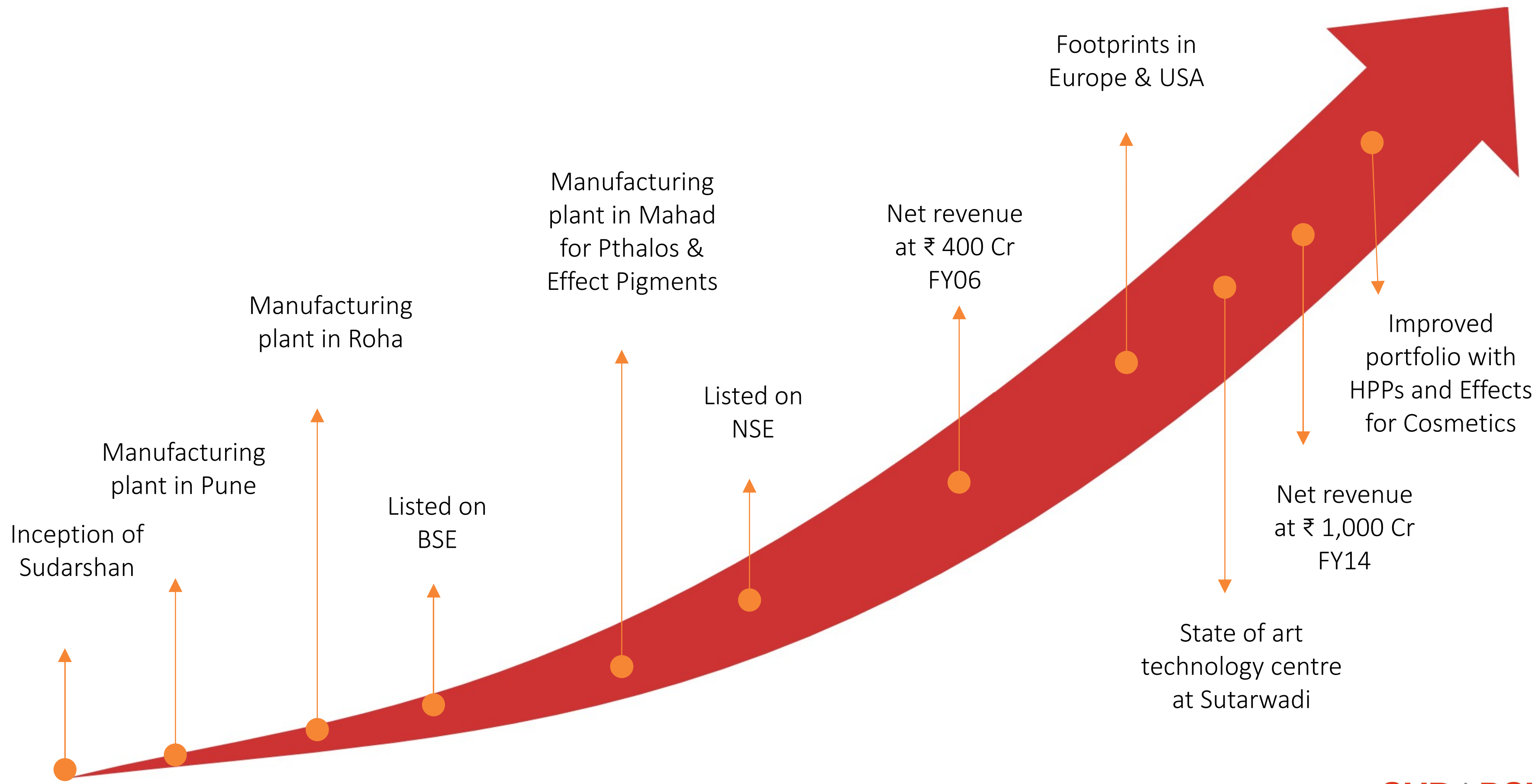
Efforts largely domestic with limited portfolio range

Next leap in Technology
1989 - 2006

Building technical capabilities & infrastructure

Going Global
2006 - 2018

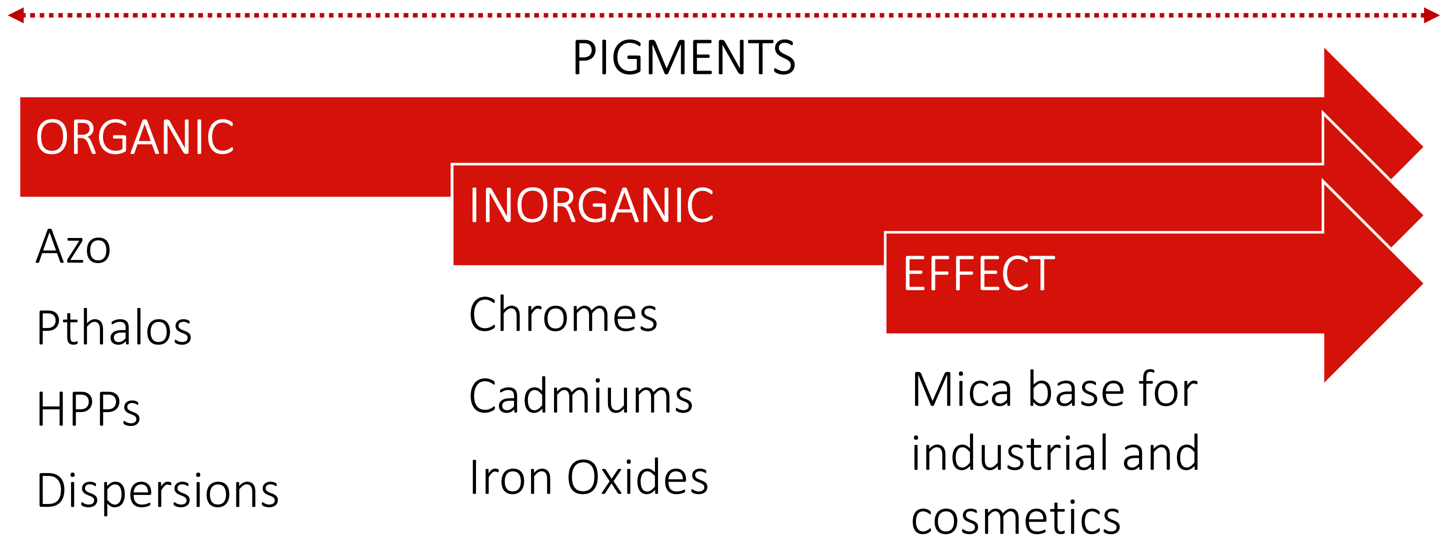
Scaled up infrastructure to world class standards



Our Global Presence

Exports to 85+ countries with 50+ sales members

Our Product Portfolio



Organic Pigments
Coloured 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 pallete 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.

Our Technical Capability

PEOPLE

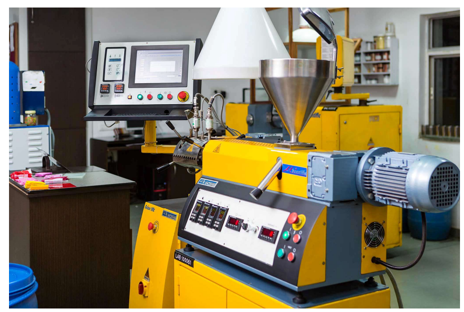
- 100+ Scientists & Technical resources
- Global experts panel for competency enhancement
- Analytical & Application Lab experts

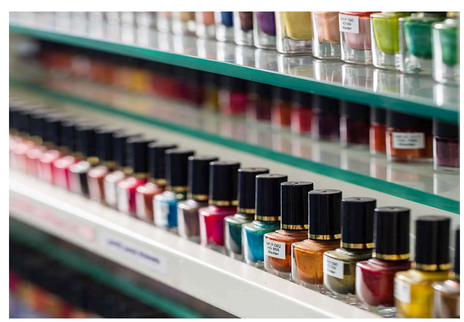
INFRASTRUCTURE

- 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

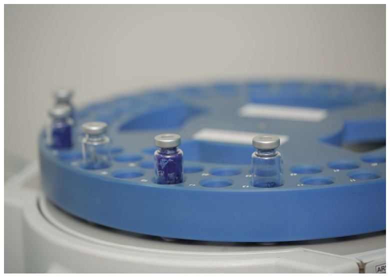
- Stage Gate Process
- DOE approach to solutions

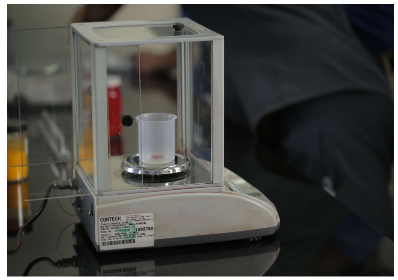




SUDARSHAN

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

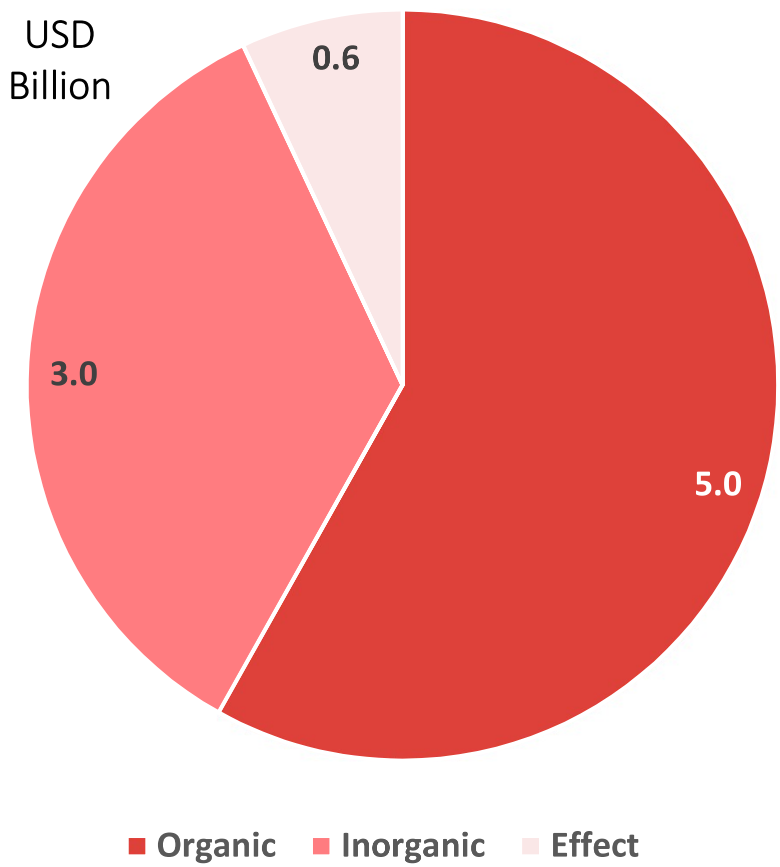
Built in 1993; 500+ trained team members.

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



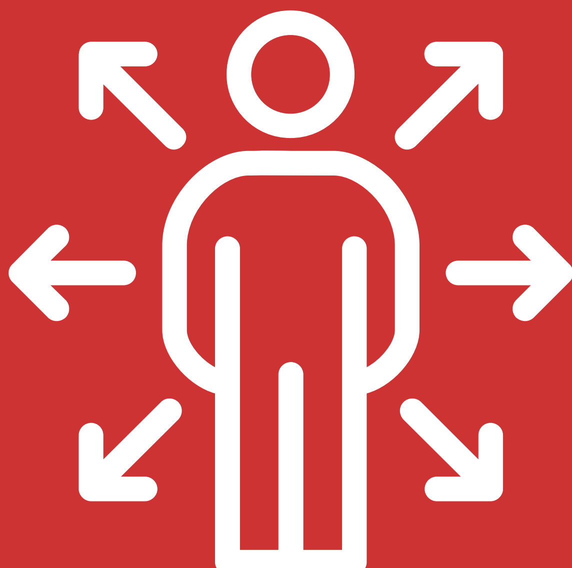
* Our estimate of the Global Colour Pigments Market is ~$ 10B, market opportunities open to Sudarshan are ~$ 8.6B.
* Global Organic Pigment market is expected to grow at ~3% CAGR over the next 5 years.
* India is set for strong, sustainable growth in pigment manufacturing with substantial export opportunities.
* 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

SUDARSHAN

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

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

Our Competitive Advantage

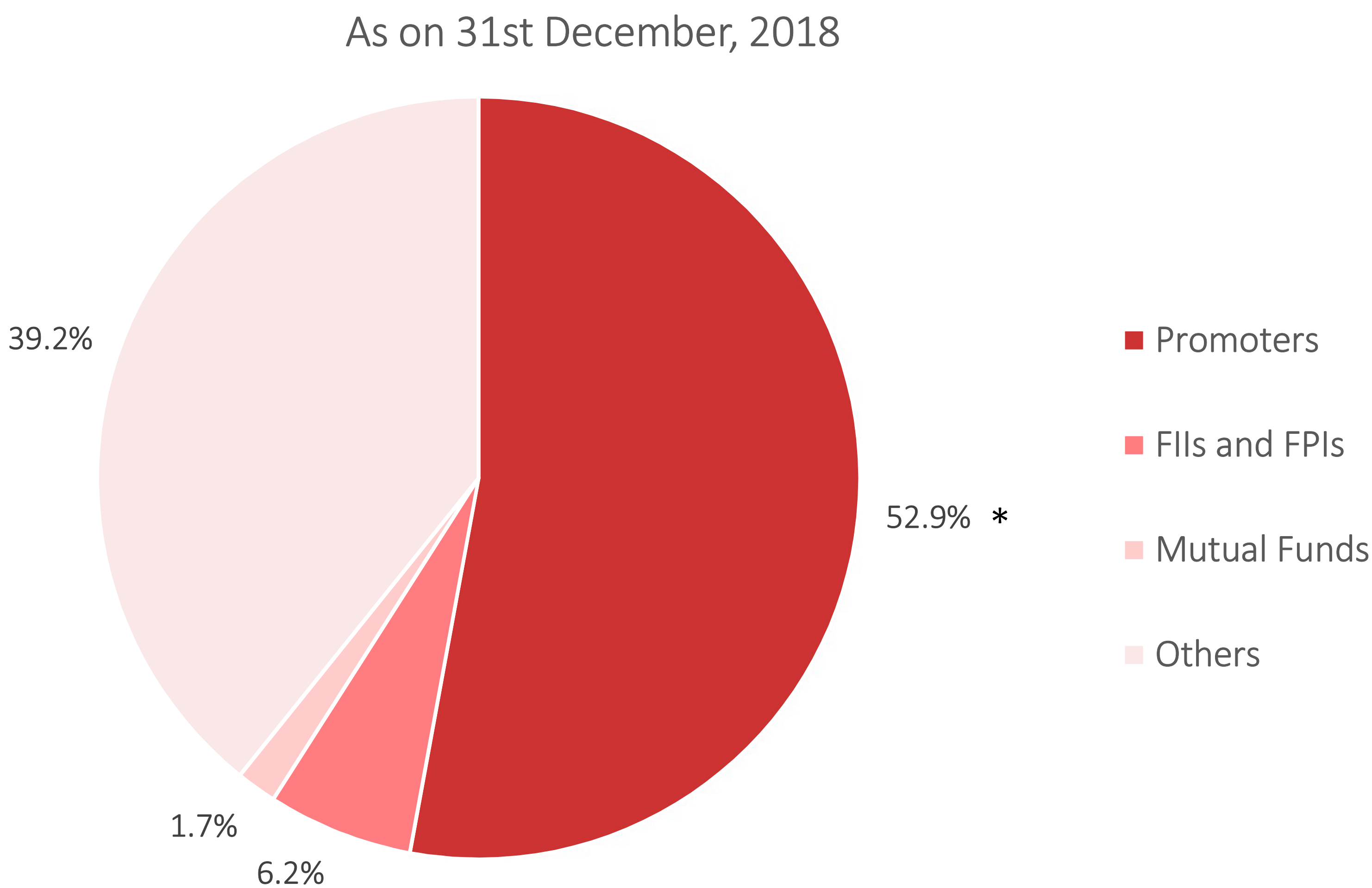
We achieve excellent product and process reliability

Product Consistency & Process Control	*Reliable technical information*	*Reliable Service*	*Environment & Occupational Health*
800+ tests *4000+ specifications*	*Laboratories certified by the National Accreditation Board for Testing & Calibration Laboratories*	*Recognized for operational excellence in Supply Chain Management*	*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 Pattern



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

SUDARSHAN

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 Raisinghani
(Non-Executive, Independent Director)

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

Mr. Ajoy B. Rathi
(Non-Executive Director)

Mr. Narayan J. Rathi
(Non-Executive Director)

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

Awards and Accolades

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 growing together ...

• Spiritually fullfilled • Socially just • Environmentally sustainable •

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