

Sudarshan Chemical Industries Limited

Investor Presentation
March, 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.



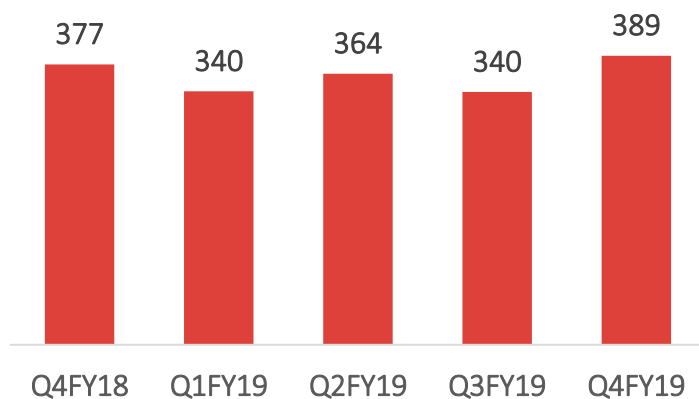
Financial Overview

March, 2019

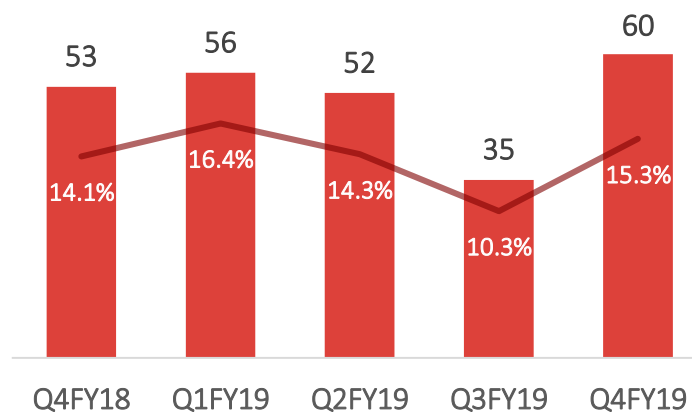
Financial Performance

Q4FY19 Performance

Standalone Income from Operations (In ₹ Cr)

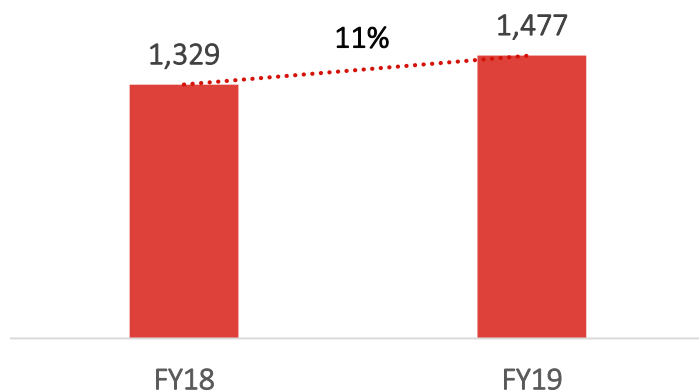


Standalone EBITDA* (In ₹ Cr) & Margin%

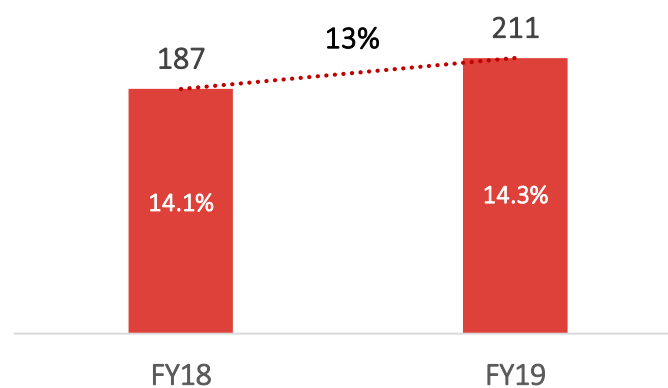


FY19 Performance

Consolidated Income from Operations (In ₹ Cr)



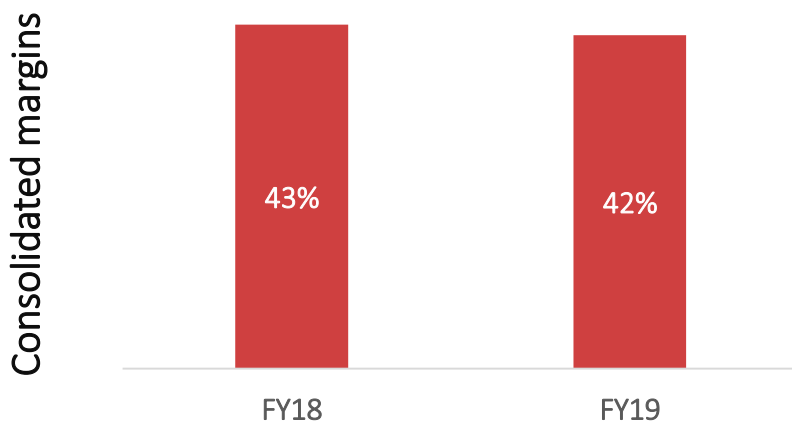
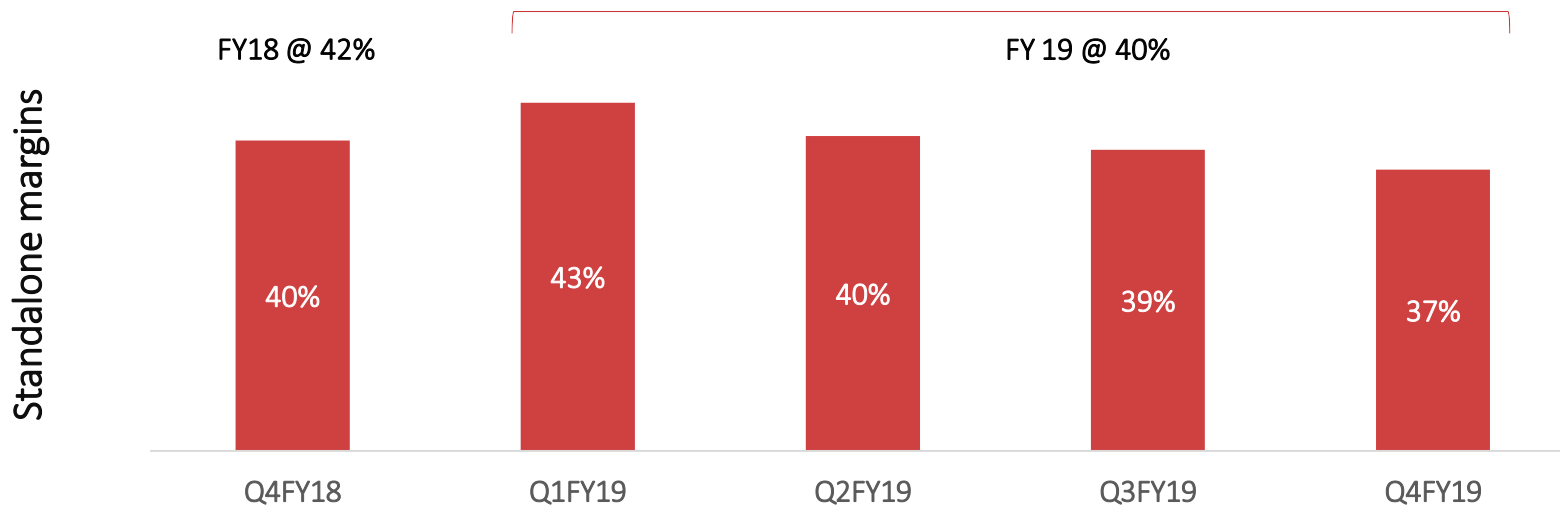
Consolidated EBITDA* (In ₹ Cr) & Margin%



EBITDA * as percent to Total Income from operations (excluding other income and impact of excise duty)

Previous quarter/ year figures have been restated to reflect the effect of transfer of Industrial Mixing Solutions Division

Gross Margin Performance



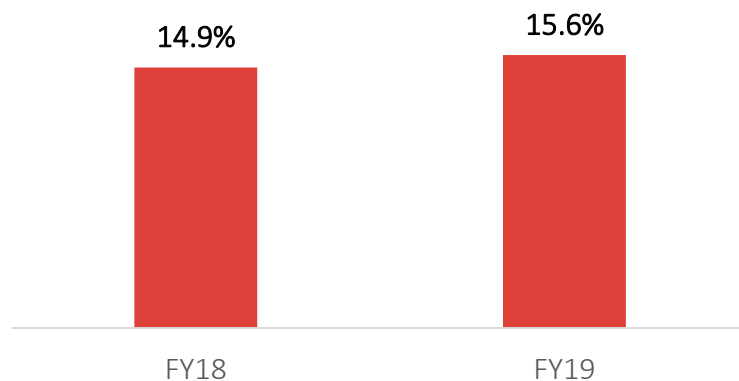
- Consolidated FY19 gross margin at 42%
- Margins impacted mainly on account of raw material price increases and lag effect of pass throughs.

Performance Highlights

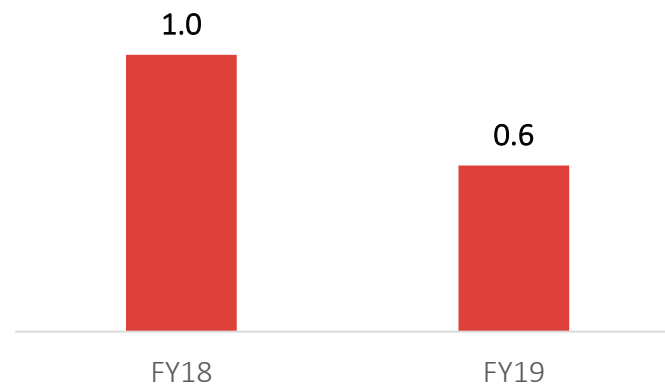
- Consolidated FY19 income from operations at ₹ 1,477 cr, a growth of 11% as compared to FY18. Specialty pigments portfolio grew by ~ 20%.
- EBITDA Margins at 14.3% improved marginally despite pressure on gross margins.
- Prudent cost management to drive EBITDA margin improvement in Q4FY19 across initiatives such as:
 - Optimisation of fixed costs
 - Savings in manufacturing overheads
 - Avoidance of discretionary costs
- Completed INR 72 crores worth of capex in FY19. One strategic capex project has been put on hold due to change in market landscape. Projects worth INR 200 crores are under implementation and further projects worth INR 100 crores are under evaluation.
- FY19 inventory built up was planned to de-risk supply chain given RM disruptions and to transition to a new planning process.
- Launched ~25 new products during FY19.
- The Company entered into a Business Transfer Agreement for transfer of its Industrial Mixing Solutions Division on a going concern basis.
- Board has recommended final Dividend at ₹ 3.50/- per share (175%), Special Dividend at ₹ 2.50/- per share (125%) subject to the approval of the shareholders in the ensuing Annual General Meeting. Together, the Total Dividend for the Financial Year 2018-19 amounts to Rs. 6.00/- per share (300%) on the face value of Rs. 2.00/- per share.

Key Ratios - Consolidated

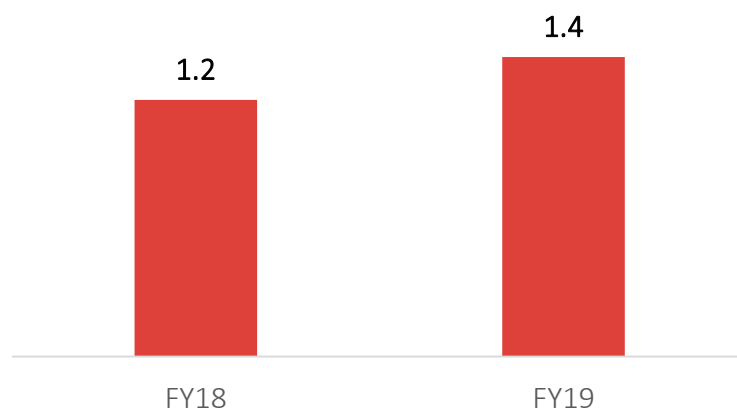
Return on Capital Employed (annualized)



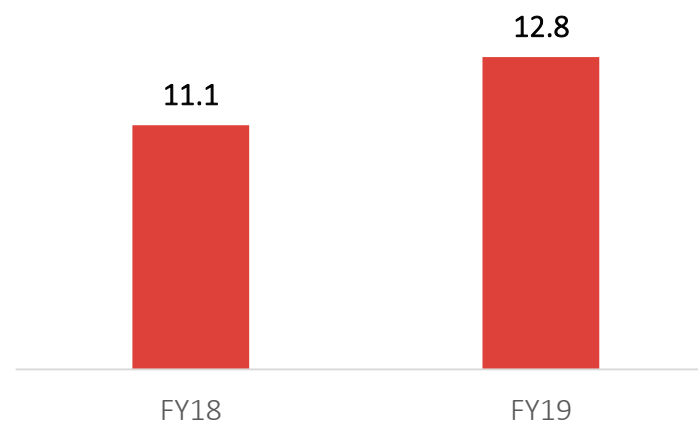
Debt - Equity Ratio



Current Ratio



Earnings per Share (annualized) *



Previous quarter/ year figures have been restated to reflect the effect of transfer of Industrial Mixing Solutions Division

* 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
\$210M



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.

Our Mission, Vision & Values

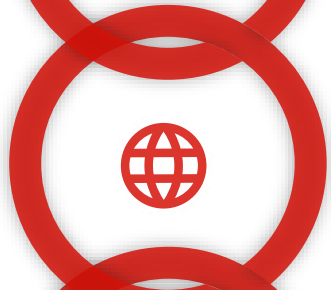
Our growth is fueled by an immense drive to be a leading player in our field.



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



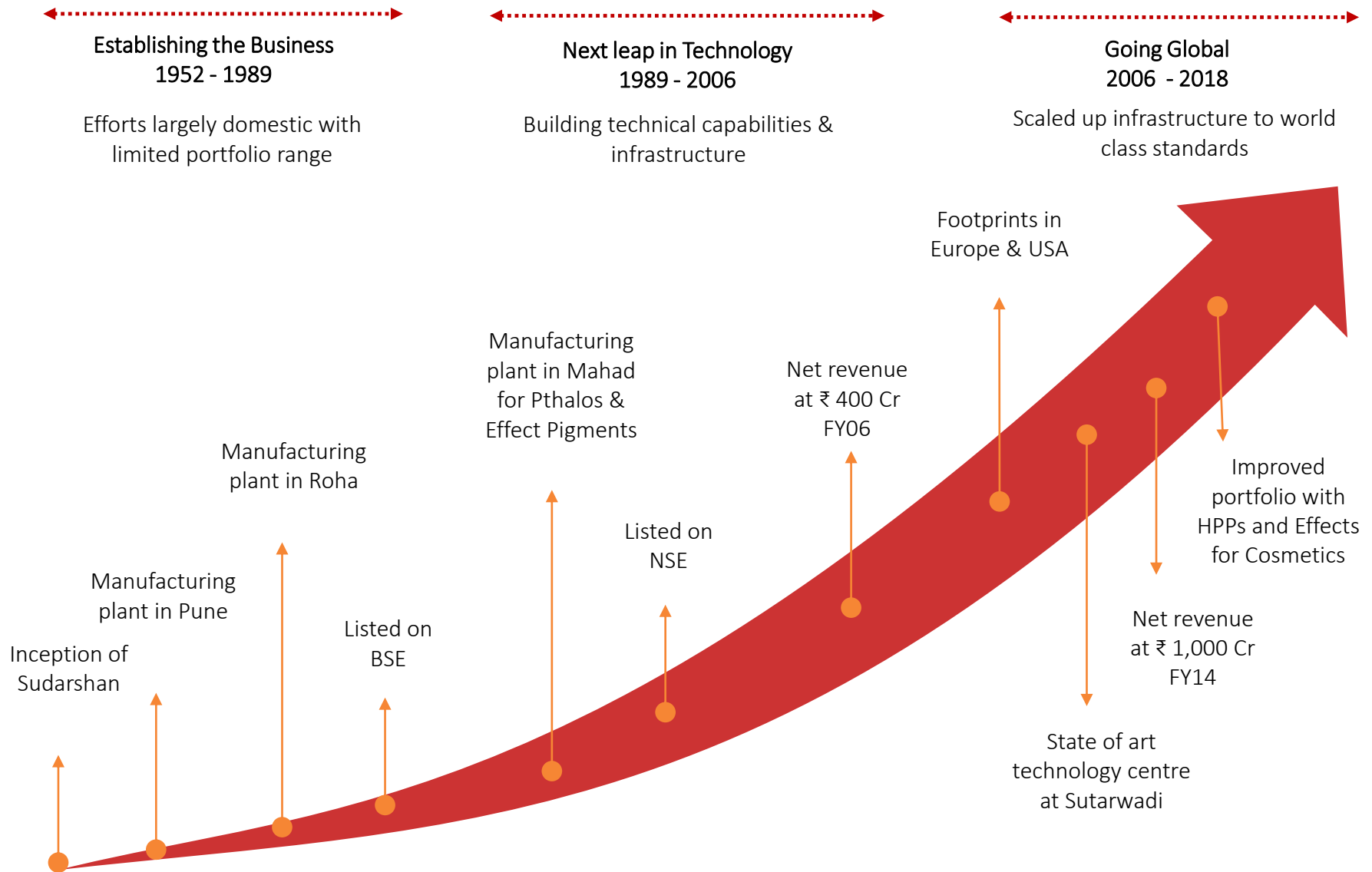
03

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.

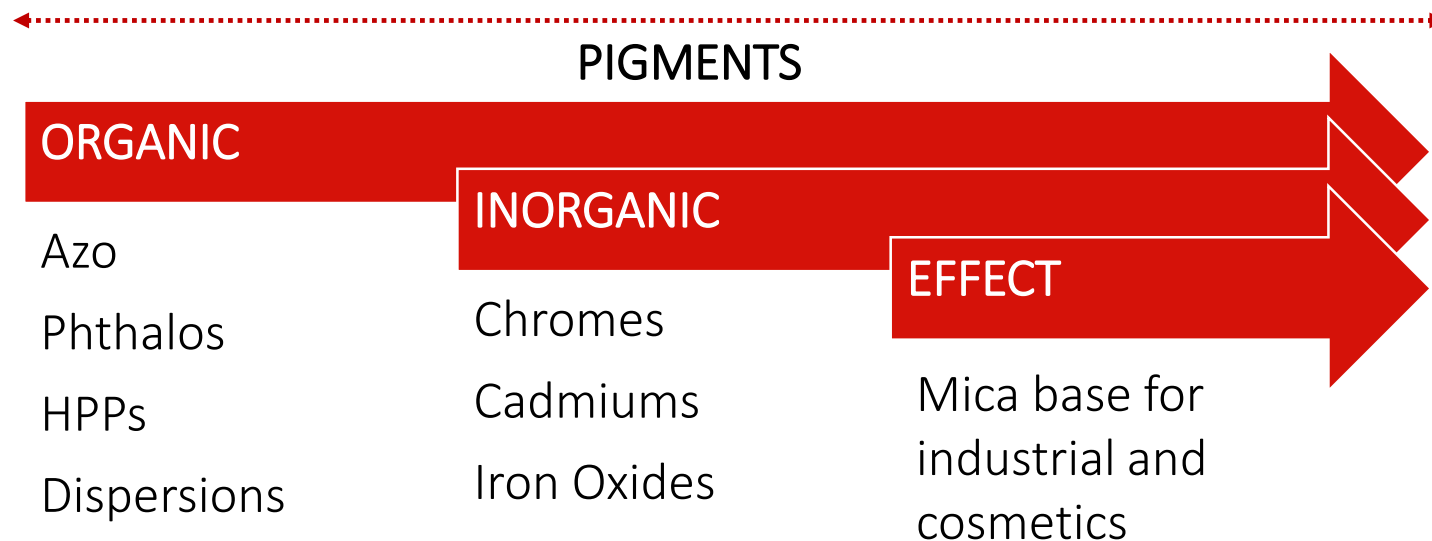


Our Global Presence

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.

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

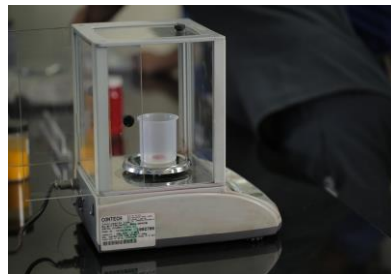
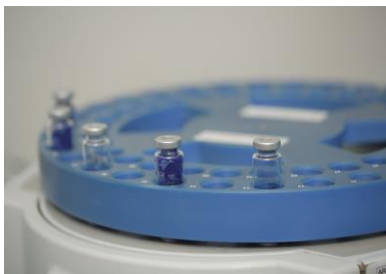


PROCESS

- 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.

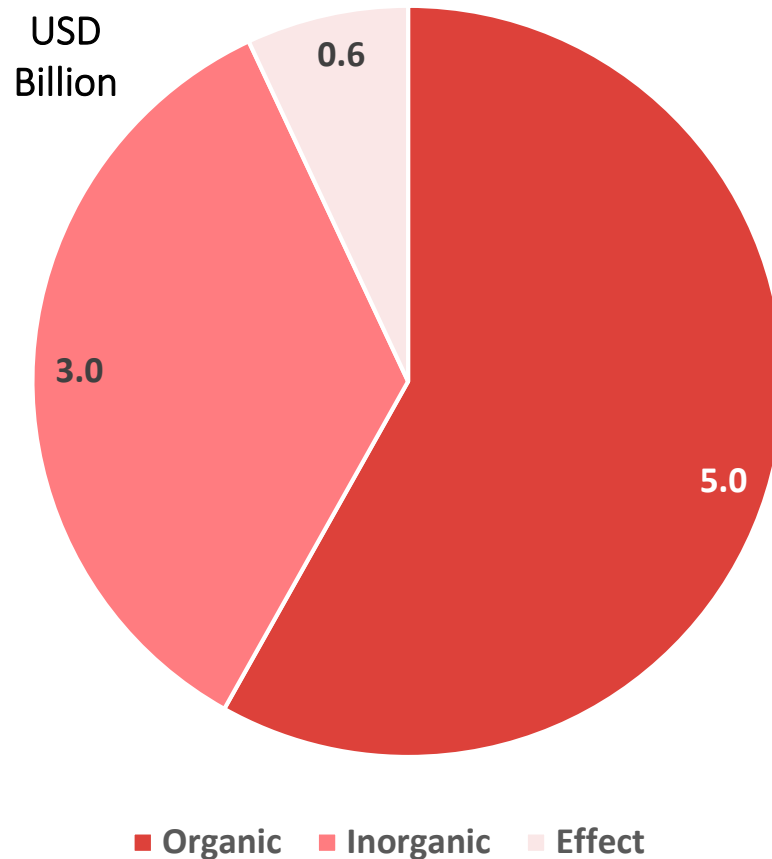
Products Manufactured: B&G, HPP, Effect Pigments



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



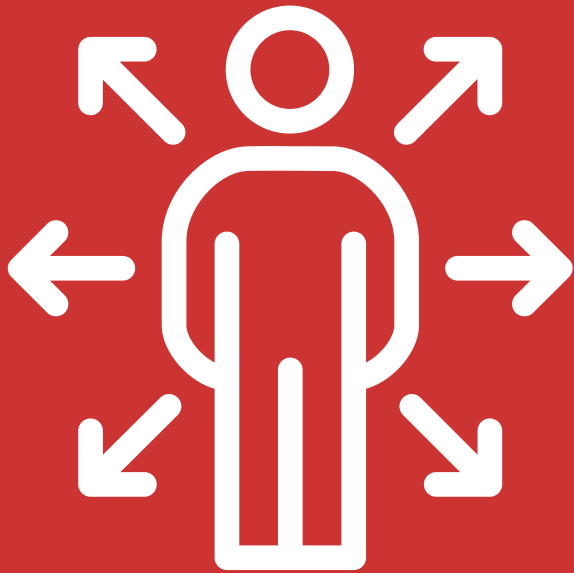
- Our estimate of the Global Colour Pigments Market is ~\$ 10B, market opportunities open to Sudarshan are ~\$ 8.6B.
- Global Organic Pigment market is expected to grow at ~3% CAGR over the next 5 years.
- India is set for strong, sustainable growth in pigment manufacturing with substantial export opportunities.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

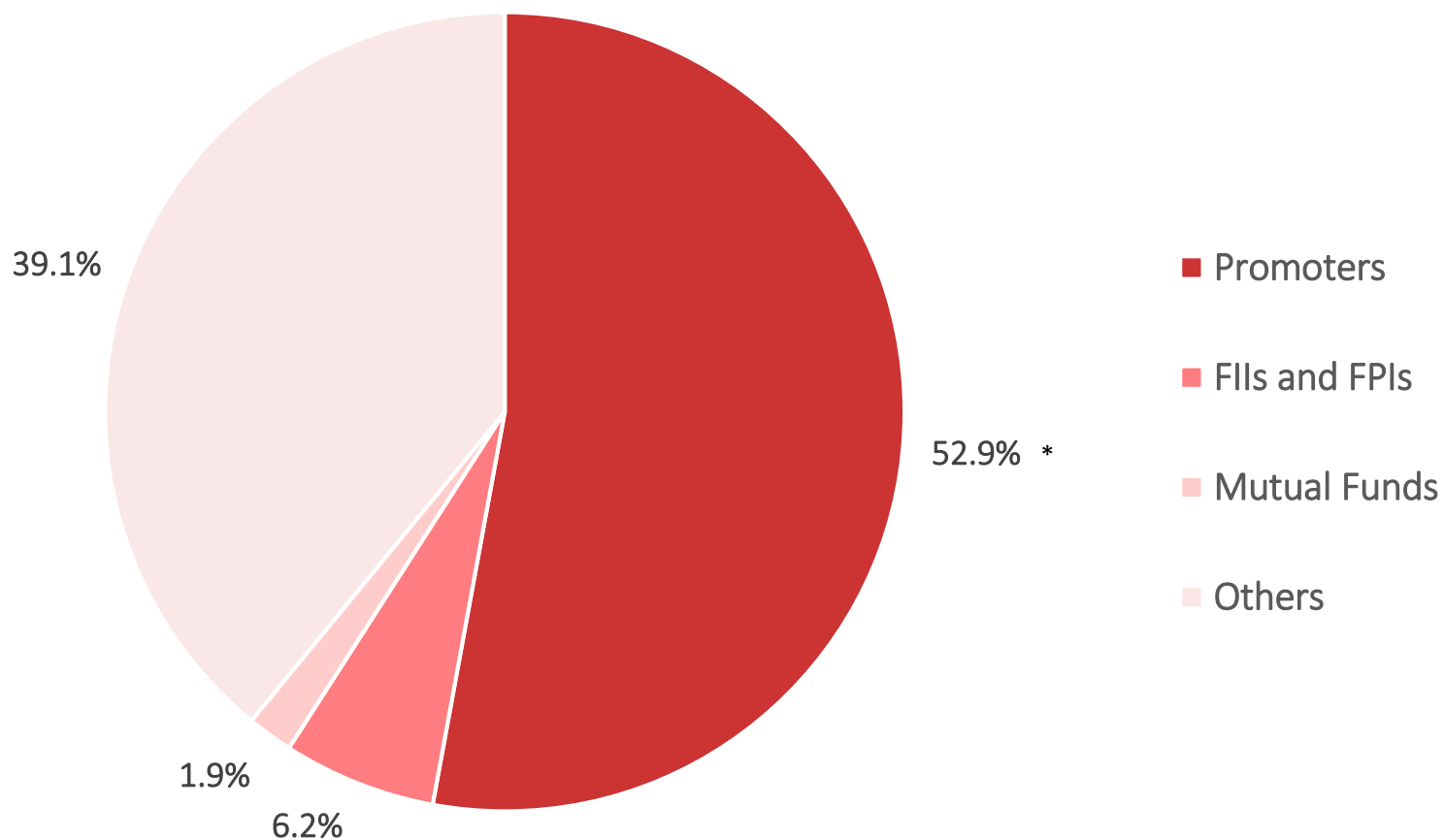
Oliver Wight Class A
Certificate

ISO 17025:2001

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

Shareholding Pattern

As on 31st March, 2019



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

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. Narayan J. Rathi
(Non-Executive Director)

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

Mr. Deepak Parikh
(Additional Director, Independent)

Awards and Accolades

Golden Peacock HR Excellence Award 2018



*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 Awards®
A Strategic Tool to Lead the Competition

*'Golden Peacock Award for
Corporate Social
Responsibility' for 2016*



• Spiritually fulfilled • Socially just • Environmentally sustainable •

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SUDARSHAN