# INVESTOR PRESENTATION

October 2018

SUDARSHAN

# Safe-harbor 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.

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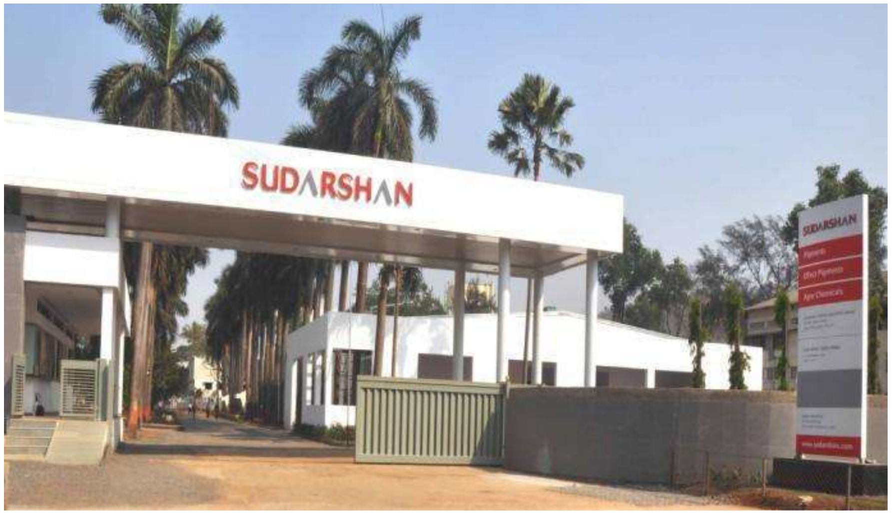
# Sudarshan at glance






Incepted in 1952

Manufacturer of Pigments & Effect pigments

Largest pigment producer in India with 35% market share

4th largest pigment producer in the world

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# Fiscal year highlights

| | | |
|---|---|---|
| **Consolidated revenue at ₹ 16,461 mill (FY18)**<br>Entire group revenue | **Pigment global revenue at ₹ 13,293 mill (FY18)**<br>YoY growth of 17% | **FY18 PBDIT 13.3%**<br>Continuing operations margins at consol level |
| **India CSR Award**<br>Total CSR spend at ₹ 19 mill, increase of 32% | **Recognitions**<br>Socially Responsible Exporter & World HRD for innovation in recruitment | **DMAI award**<br>Excellent performance in Energy conservation by large scale unit |
| **Lowering carbon emissions**<br>Reduction in utility usage saving ₹ 57 mill | **Credit rating upgrade**<br>Short term debt rating 'IND A1+' | **R&D spend crosses ₹ 100 mill**<br>Launch of 15 new products |

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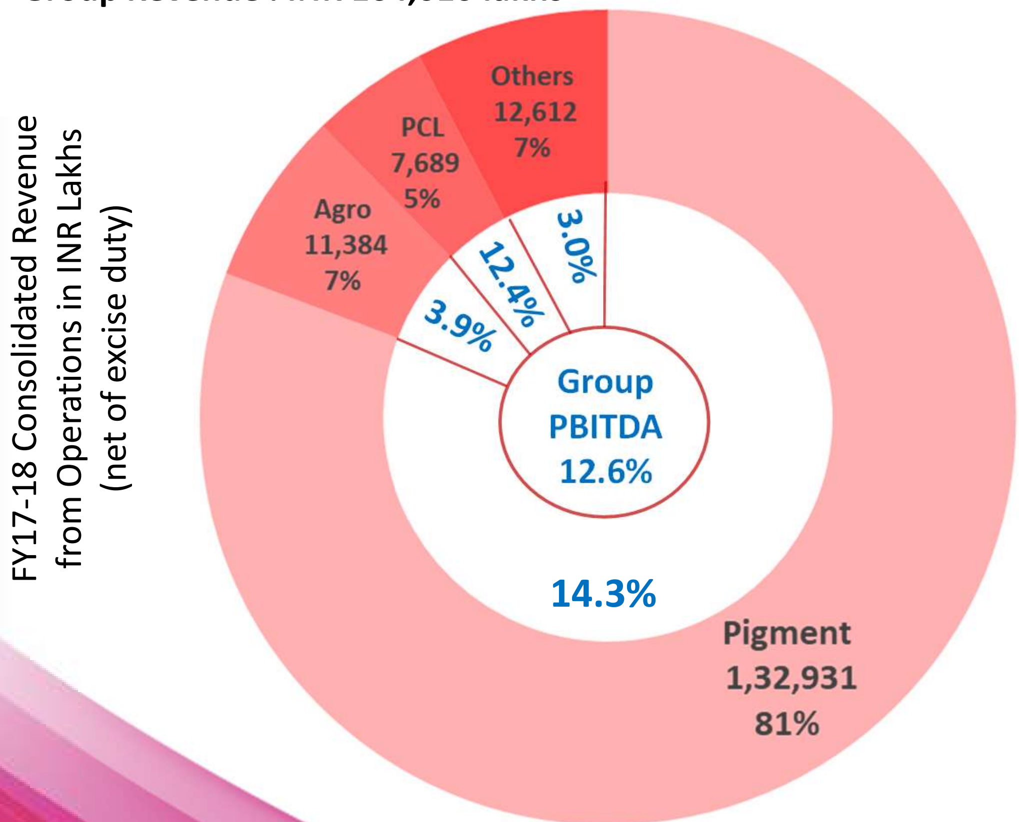
# FY18 Group Revenue

**Group Revenue : INR 164,616 lakhs**




## Agro Chemical Division

- Agro business was low margin and non-strategic
- Manufacturing business has been discontinued since Apr'18
- Business Transfer Agreement concluded on 20-Sep to transfer Agro Formulation Brand Business on a going concern basis

## Prescient Color Limited (PCL)

- Divestment of master batch business demonstrates commitment of Pigment business to grow aggressively in plastics industry through no-conflict approach with customers
- Subsidiary business was sold to Americhem Inc. & transaction concluded on 1st June 2018

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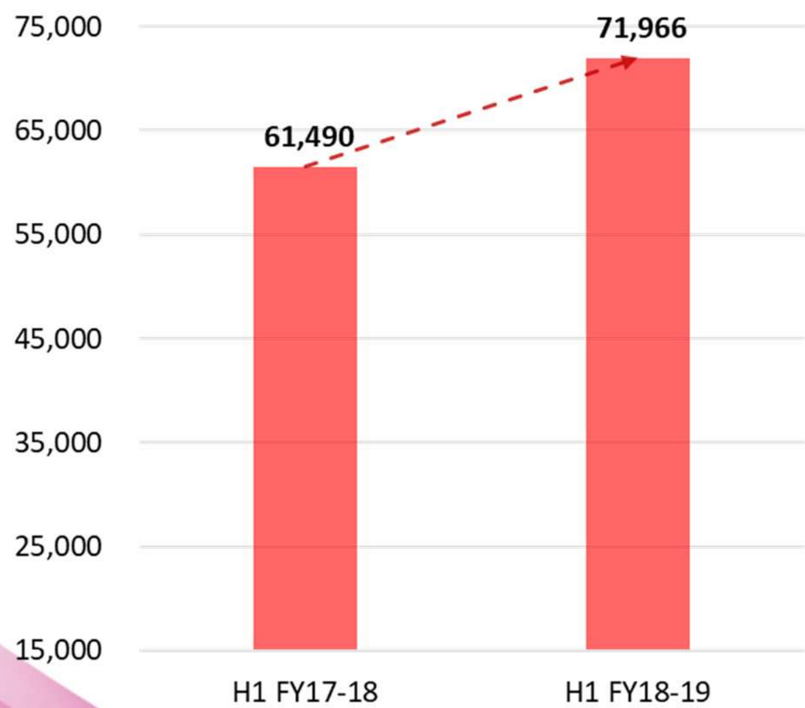
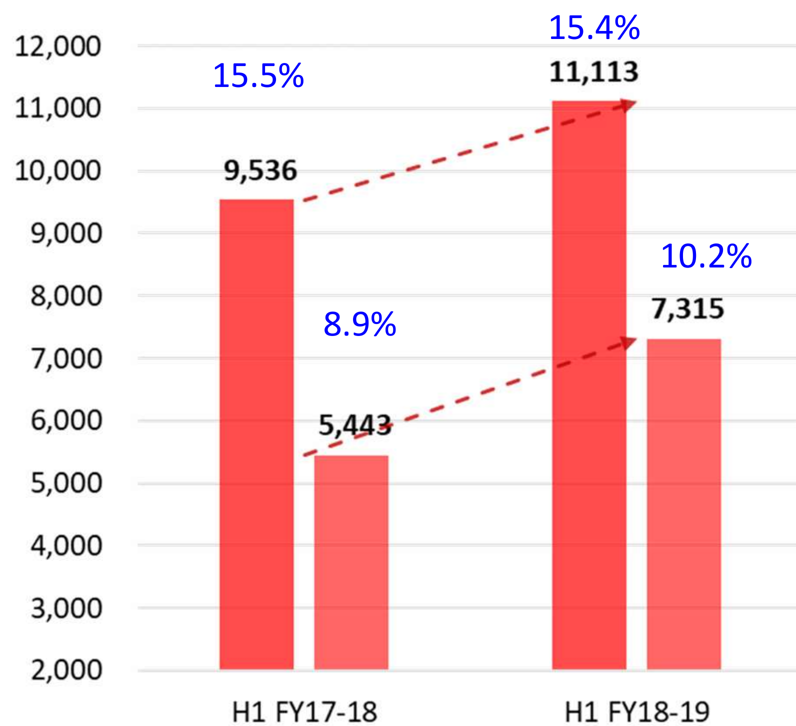
# Half yearly financial update

In ₹ lakhs




Income from operations
grew at 17%




PBDIT growth 17%
PBT* growth 34%

PBDIT & *PBT (excluding other income) as percent to Total Income from operations

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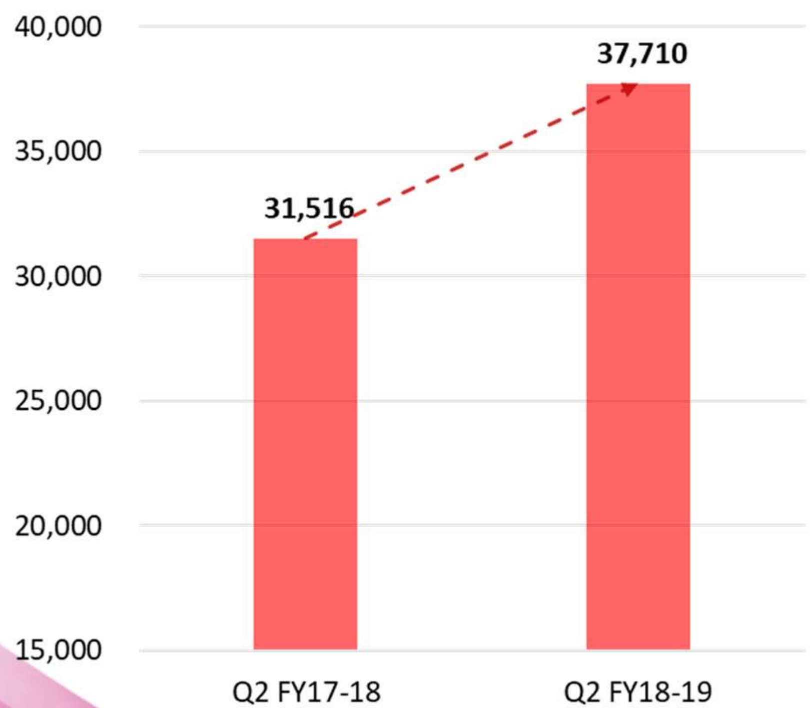
# Half yearly financial update

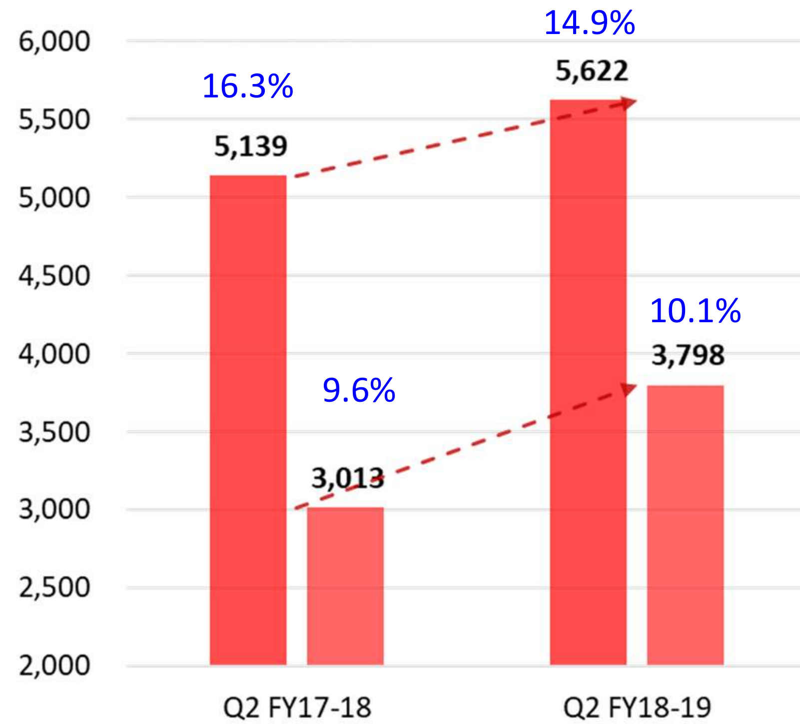
| Particulars *(Amounts in ₹ lakhs)* | H1 FY17-18 | % to total income | H1 FY18-19 | % to total income | Change % |
|---|---|---|---|---|---|
| Total income (net of excise duty) | 61,490 | | 71,966 | | 17% |
| Cost of goods sold | 35,219 | 57% | 41,646 | 58% | 18% |
| Gross margins | 26,272 | 43% | 30,320 | 42% | 15% |
| Employee cost | 3,968 | 6% | 4,761 | 7% | 20% |
| Other expenses | 12,767 | 21% | 14,446 | 20% | 13% |
| Operating profit (PBDIT) | 9,536 | 16% | 11,113 | 15% | 17% |
| Finance cost | 1,289 | 2% | 607 | 1% | -53% |
| Depreciation | 2,804 | 5% | 3,190 | 4% | 14% |
| Profit before tax | 5,443 | 9% | 7,315 | 10% | 34% |

# Quarterly financial update

In ₹ lakhs




Income from operations grew at 20%




PBDIT growth 9%
PBT* growth 26%

PBDIT & *PBT (excluding other income) as percent to Total Income from operations

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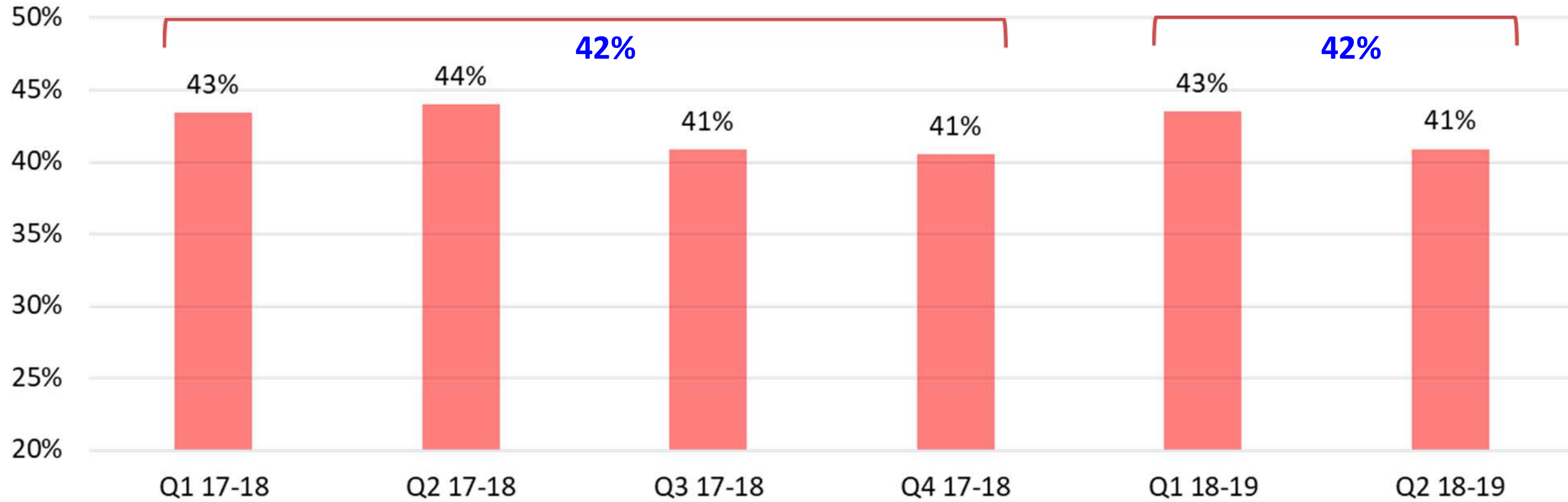
# Gross margin performance




FY18 gross margins presented based on comparable cost of goods sold to adjust for excise duty effect as detailed in notes

- Few raw materials increased sharply during Q2; some impact seen in material availability for which planned RM stocks built up
- Rapid depreciation in Rupee during September impacted import costs
- Expect stability on raw materials pricing to come in by end of Q3
- Customer price increase pursued in Q2 and same will continue in Q3 to cover recent RM increases

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# Key ratios

| | As on | |
|---|---|---|
| | 31.03.2018 | 30.09.2018 |
| Debt-Equity | 0.81 | 0.52 |
| Current ratio | 1.31 | 1.48 |
| EPS (basic & diluted - Annualised) Excluding exceptional items | 12.40 | 14.61 |

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# Business highlights

- Capacity increase and backward integration projects worth ~ ₹ 200 crores under implementation

- Raw materials continued at elevated levels and selling price increases pursued

- The Company has adopted Hedge Accounting [Ind AS 109 Financial Instruments] with effect from 1st July, 2018

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# Segment reporting

| Particulars *(Amounts in ₹ lakhs)* | 30.09.2018 | 30.06.2018 | 30.09.2017 |
|---|---|---|---|
| **Segment Revenues** | | | |
| Pigments | 36,352 | 34,002 | 31,027 |
| Others | 1,358 | 253 | 489 |
| | | | |
| **Segment Results** | | | |
| Pigments | 3,405 | 4,443 | 3,878 |
| Others | 465 | (133) | 59 |

- Raw material price increases has lead to increase in COGS by ~ 3.2% for Pigments division which resulted in reduction in segment profitability from 13.1% in Q1 to 9.4% in Q2 FY19

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Group overview

Financial results

Business outlook

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# Business outlook

Customer price increase and tighter cost control to help maintain profitability

Gains from divestment of masterbatch and Agro Formulations business to be deployed in capex for expansion of Pigment business

# Thank You

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growing together ...

• Spiritually fullfilled • Socially just • Environmentally sustainable •

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