



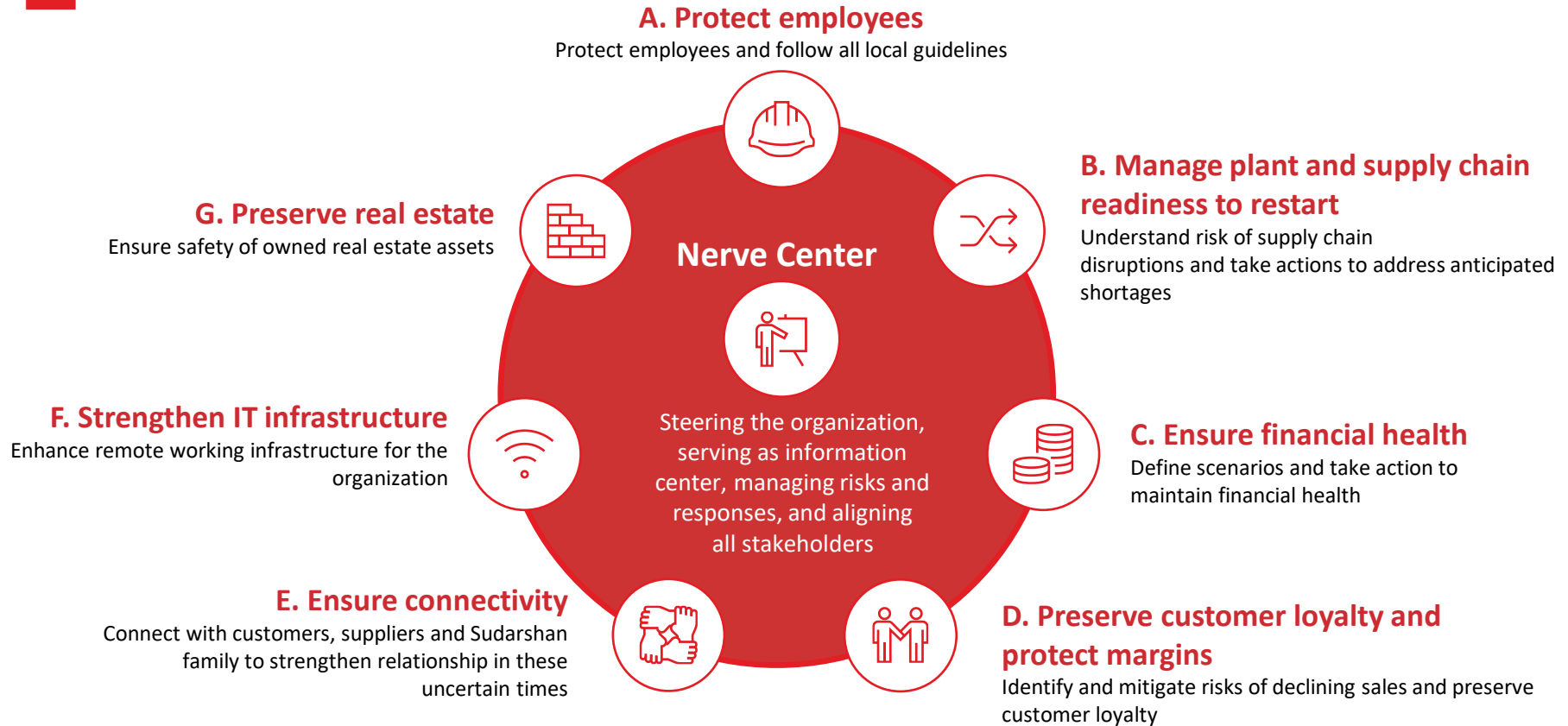
**SUDARSHAN**

**Investor  
Presentation**

## 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
- The presentation was last updated on August 2020

# COVID-19 Crisis Response Team formed



# COVID-19 Measures undertaken to build resilience

## Initiatives undertaken

### Employees

Senior Management stayed in the plant along with workforce

Redeployed workforce to maintenance activities while staying on the premises

Implemented safety measures beyond WHO and Government standards

### Business

Continuous engagement with customers and suppliers

Proactively planned extra raw material and logistics capacities

Cash flow war-room helped up manage our cash flows rigorously

### Community

Kept serving the community in the tough times

Distribution of food grains to communities around the plants

Health kits and safety mask distribution

## Resulted in quicker restart of operations

Roha

5<sup>th</sup> April 2020  
Plant was closed in last week of June

Mahad

11<sup>th</sup> April 2020  
Operations affected due to Cyclone Nisarga in early June

R&D

6<sup>th</sup> May 2020

Global Head Office

01<sup>st</sup> June 2020

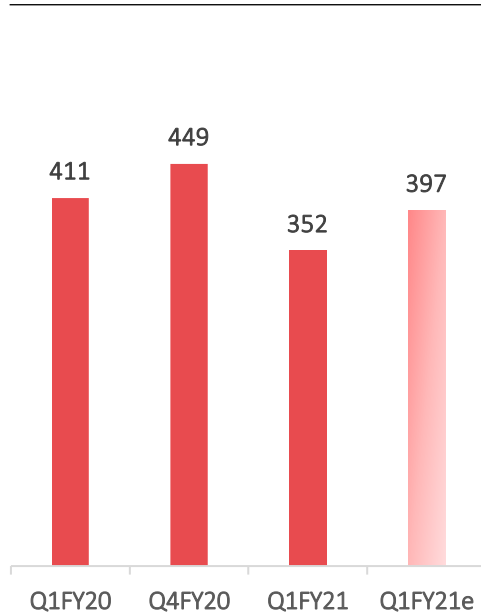
Note: Operations were restarted phase wise from these date  
We were able to open some of our plants early with governments permission and necessary precautions as we supply to essential industries such food and personal care



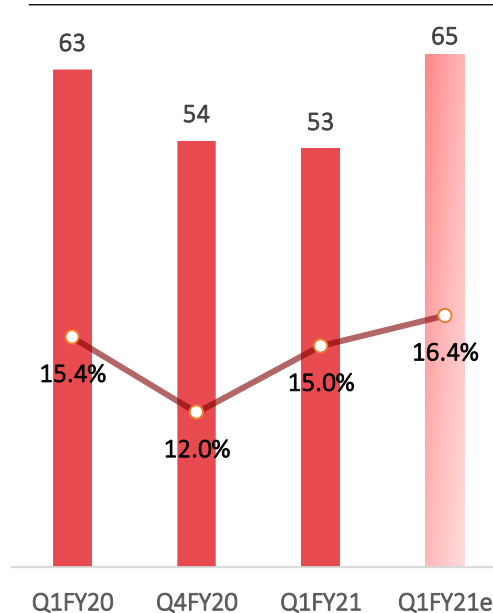
# FINANCIAL OVERVIEW

# Q1FY21 Performance Highlights - Consolidated Financials

Income from Operations (In ₹ Cr)



EBITDA\* (In ₹ Cr & Margin%)



- Quarterly performance impacted as plants restarted slowly after nationwide lockdown
- Roha plant had to be shut down due to Covid-19 for a brief period despite following all safety standards
- Start stop nature of operations has resulted in loss of economies of scale and efficiencies

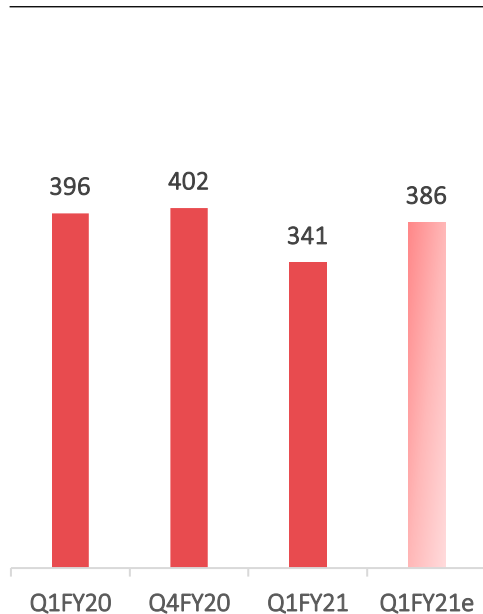
**Note:** Q1FY21e is based on management estimates of potential Sales and EBITDA had COVID-19 not impacted last week of the quarter. The company had confirmed orders and could not execute them given the closure due to COVID-19.

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)

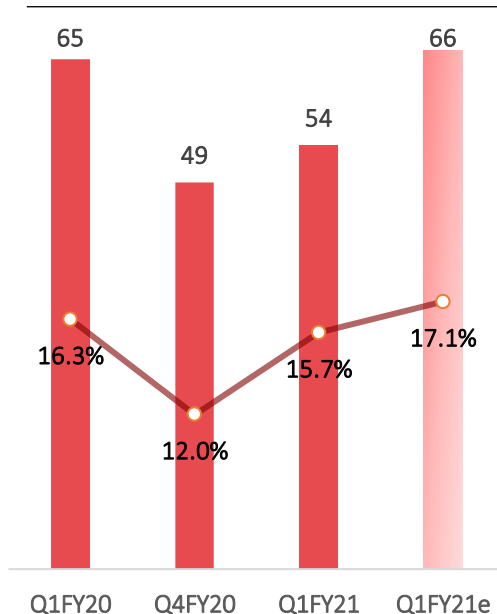


# Q1FY21 Performance Highlights - Pigment Business

Income from Operations (In ₹ Cr)



EBITDA\* (In ₹ Cr & Margin%)



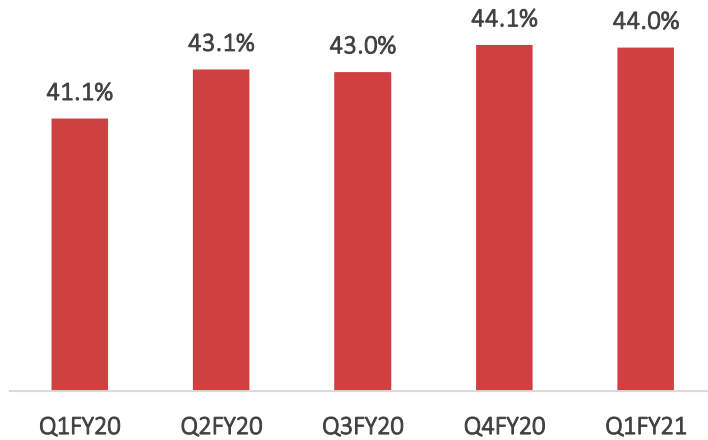
- Exports was higher this quarter and accounted for 64% of sales, Domestic sales were curtailed due to the lockdown
- Speciality chemicals continues to have stronger traction and saw lower de-growth as compared to non speciality chemicals
- EBITDA margin improvement due to product mix changes

**Note:** Q1FY21e is based on management estimates of potential Sales and EBITDA had COVID-19 not impacted last week of the quarter. The company had confirmed orders and could not execute them given the closure due to COVID-19.

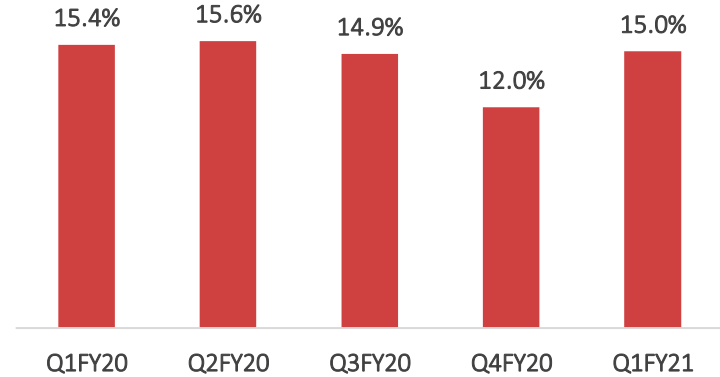
Financial results include results of the wholly owned subsidiary RIECO Industries Limited which was earlier classified under 'discontinued operations'. Previous quarter / year figures have been regrouped wherever necessary to meet current period's classification. \* EBITDA as percent to Total Income from operations (excluding other income)

# Margin Performance - Consolidated Financials

## Gross Margin



## EBITDA Margin

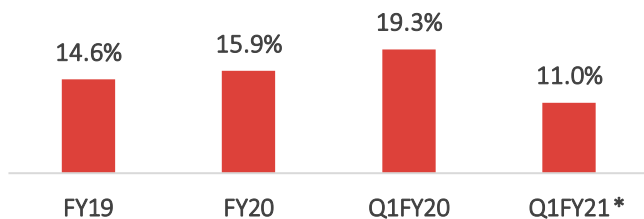


Note: Based on Consolidated Financials



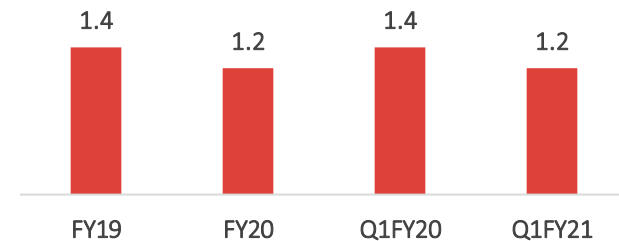
# Key Ratios - Consolidated Financials

## Return on Capital Employed

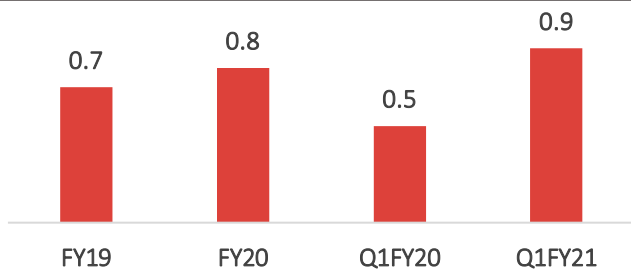


\* Q1FY21 ROCE at 15.8% excluding impact of COVID-19

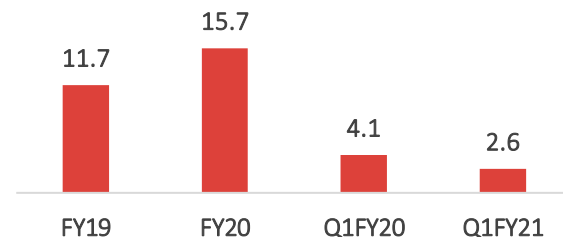
## Current Ratio



## Debt to Equity Ratio



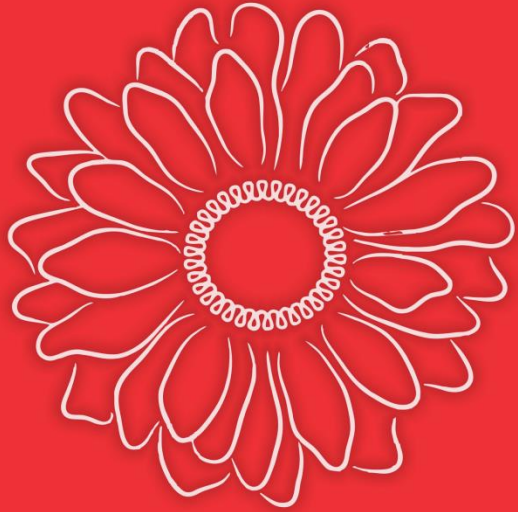
## Earnings per Share\*



\* Earnings per share calculated excluding exceptional items and not annualized for Q1FY20 and Q1FY21

## Outlook

- 15 days of production loss due plant closure at Roha (Covid-19) in July, expect to make it up during Q2 itself
- Early signs of demand pick up visible, remain optimistic that demand sustains
- Stable raw material scenario, adequate inventory in place
- Easing up of logistics across the country should help improve supply factors
- Capex execution delayed but Company remains committed to its long term plan and strategy



**ABOUT SUDARSHAN**

# Our Company at Glance

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



## CONSOLIDATED REVENUES

\$223 Mn  
(FY20)



## INFRASTRUCTURE

2 Manufacturing plants  
in Mahad & Roha and a  
dedicated R&D center in  
the outskirts of Pune



## 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 Vision, Mission & Values

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



## MISSION

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



## VISION

To be amongst the top  
three pigment players  
in the world



## 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

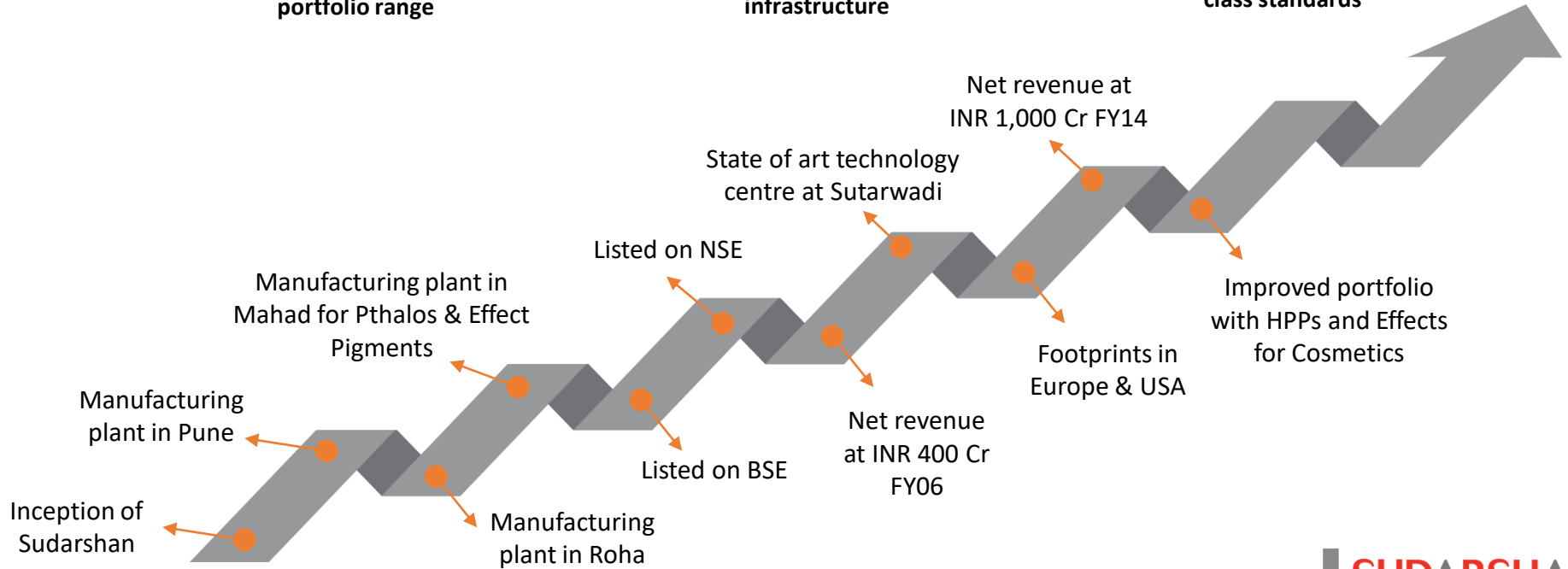
Efforts largely domestic with limited portfolio range

**Next leap in Technology**  
1989 - 2006

Building technical capabilities & infrastructure

**Going Global**  
2006 - 2018

Scaled up infrastructure to world class standards



## Our Governance Structure - 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. Shubhalakshmi 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)

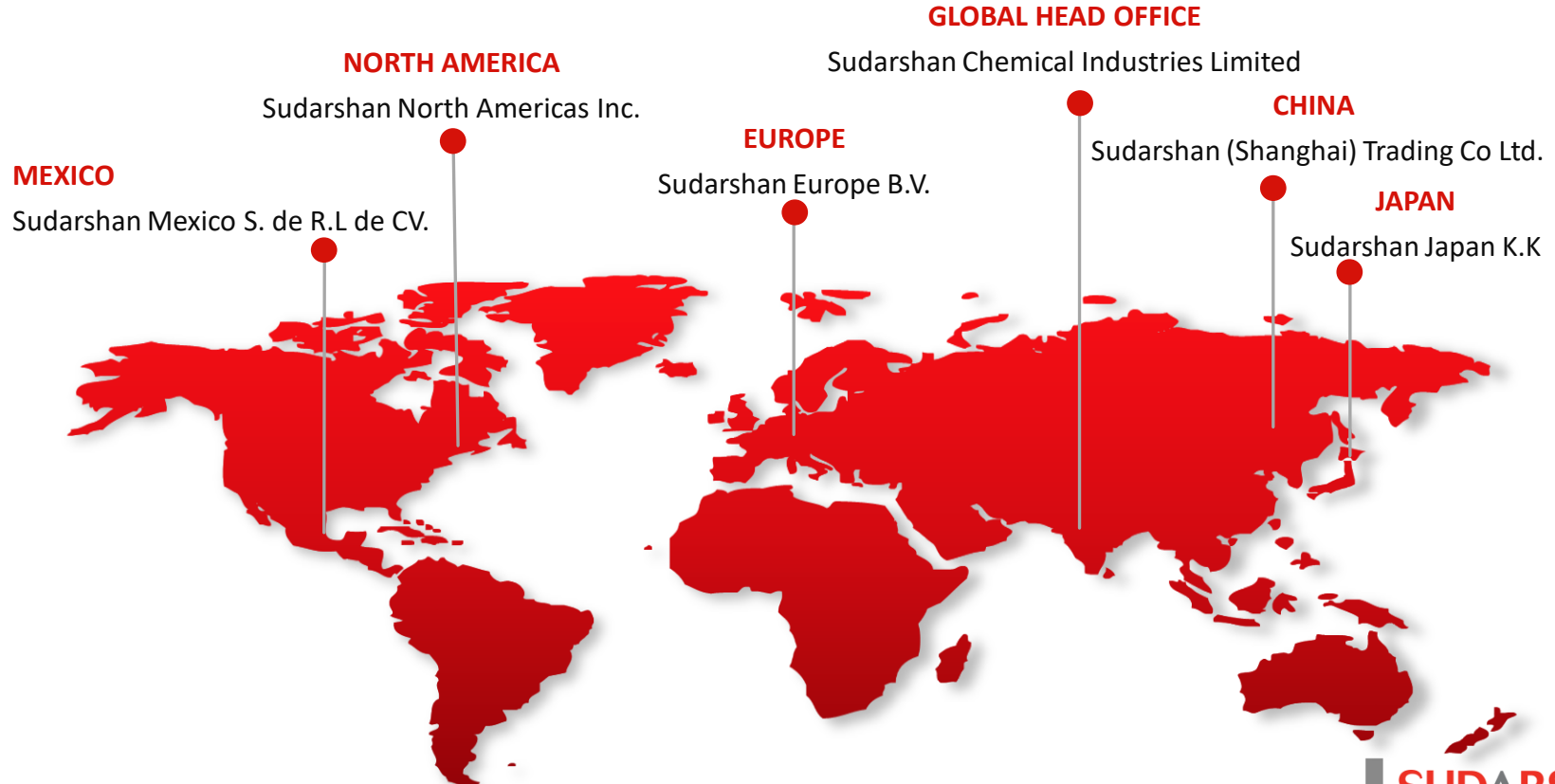
**Mrs. Rati F. Forbes**  
(Non-Executive,  
Independent Director)

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



# Our Global Presence

We Export to 85+ countries with 50+ sales members



# Our Products Portfolio

## Organic Pigments

Azo  
Phthalos  
HPPs  
Dispersions

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

## Inorganic Pigments

Chromes  
Cadmiums  
Iron Oxides

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

## Effect Pigments

Mica base for  
industrial and  
cosmetics

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

# Pigments Application - a global \$8.6bn market opportunity

We are uniquely placed to offer a comprehensive range high performance and speciality 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 Unmatched 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

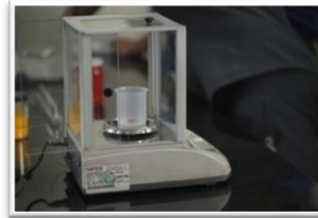


## PROCESS

- Stage Gate Process
- DOE approach to solutions



# Our Infrastructure



**SCIL is focused on building capabilities across research, development & technical service.**

## 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.

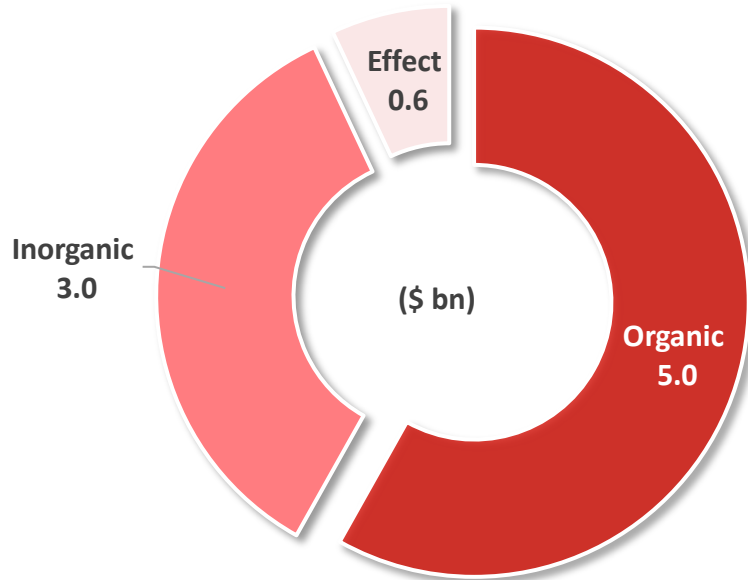
Products Manufactured: B&G, HPP, Effect Pigments



**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

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

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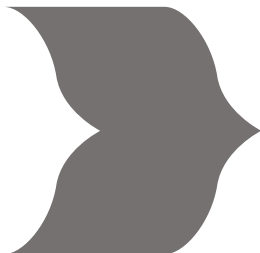
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## Product Portfolio

- 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

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

# Empowering our society and safeguarding our environment

## “SUDHA” (Sudarshan’s Holistic Aspiration)

### Women Empowerment

1,000+ women

8+ villages

Livelihood initiatives through Paper Bags making projects, Stitching Projects

### Health and Community Development

20 Asha Workers (Health Workers) working in 22 villages

Distribution of water purifiers to 38+ rural schools

Clean and safe drinking water facilities to 38+ rural schools

Sanitary Napkins Vending machines in 4 Girls schools

### Education

The J. M. Rathi High School provides education to over 2,000 students

Providing education to 376 children in Pune Slum area

Digitalization of 28 rural schools

### Environment

Waste Management – Working with 4,000+ families and 9 villages

## Our EHS initiatives

### Effluent Treatment

Our state of the art effluent treatment facilities and the standards of operation are recognized throughout the region as most stringent

### Co-Gen Facility (Steam & power co-generation plant )

Estimated CO2 emission reduction approx. 480,000 Kg/Day

Suspended Particulate matter less than 50mg/Nm3

Uninterrupted power supply to process consistent quality of product

High efficiency will result in less fuel consumption

### Wealth Out of Waste

Reduction in green house gases due to installation of Anaerobic Hybrid Reactor

Installed both primary and secondary sludge where secondary sludge is used in cogen plant as a fuel

Sudarshan Received Global CSR Award 2020 in Platinum Category for an outstanding achievement in implementing CSR Programme for strengthening core business with Social Commitment

# Shareholder Information

## Share Information (as at 30<sup>th</sup> June 2020)

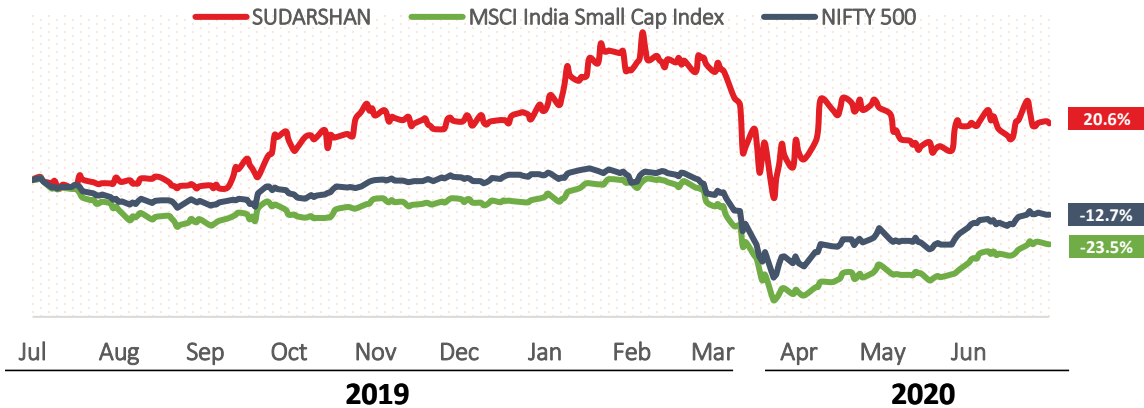
NSE Ticker	SUDARSCHEM
BSE Ticker	506655
Market Cap (INR mn)	27,134
% free-float	57.3%
Free-float market cap	15,558
Total Debt*	45,12
Cash / Cash Equivalents*	156
Enterprise Value	31,490
Shares Outstanding	6,92,27,250
3M ADTV (Shares)	2,08,356
3M ADTV (INR mn)	80.3
Industry	Specialty Chemicals

\* As of 31<sup>st</sup> March

## Shareholding Pattern (as at 30th June 2020)

Promoters	42.7%
FII and FPIs	8.3%
Mutual Funds	2.5%
Others	46.5%

## Sudarshan has outperformed broader indices over the last 12 months (as of 1<sup>st</sup> July 2020)



# Awards And Accolades



**Global CSR Award 2020  
Platinum Category**



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



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



**Global WasteMet Award 2018  
- Gold Category**



**DMAI Award for Energy  
Conservation Initiative 2017-18**



**India CSR Award for CSR  
Community Initiative 2017-18**

# THANK YOU

## Investor Relations Team at Sudarshan:

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investorrelations@sudarshan.com

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**www.sudarshan.com**

**Sudarshan Chemical Industries Limited**

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- Spiritually fulfilling
- Socially just
- Environmentally sustainable