



SUDARSHAN

**Investor
Presentation**

Q4 FY21

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



COMPANY OVERVIEW

Our Company at Glance

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



CONSOLIDATED REVENUES

\$250 Mn
(FY21)



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

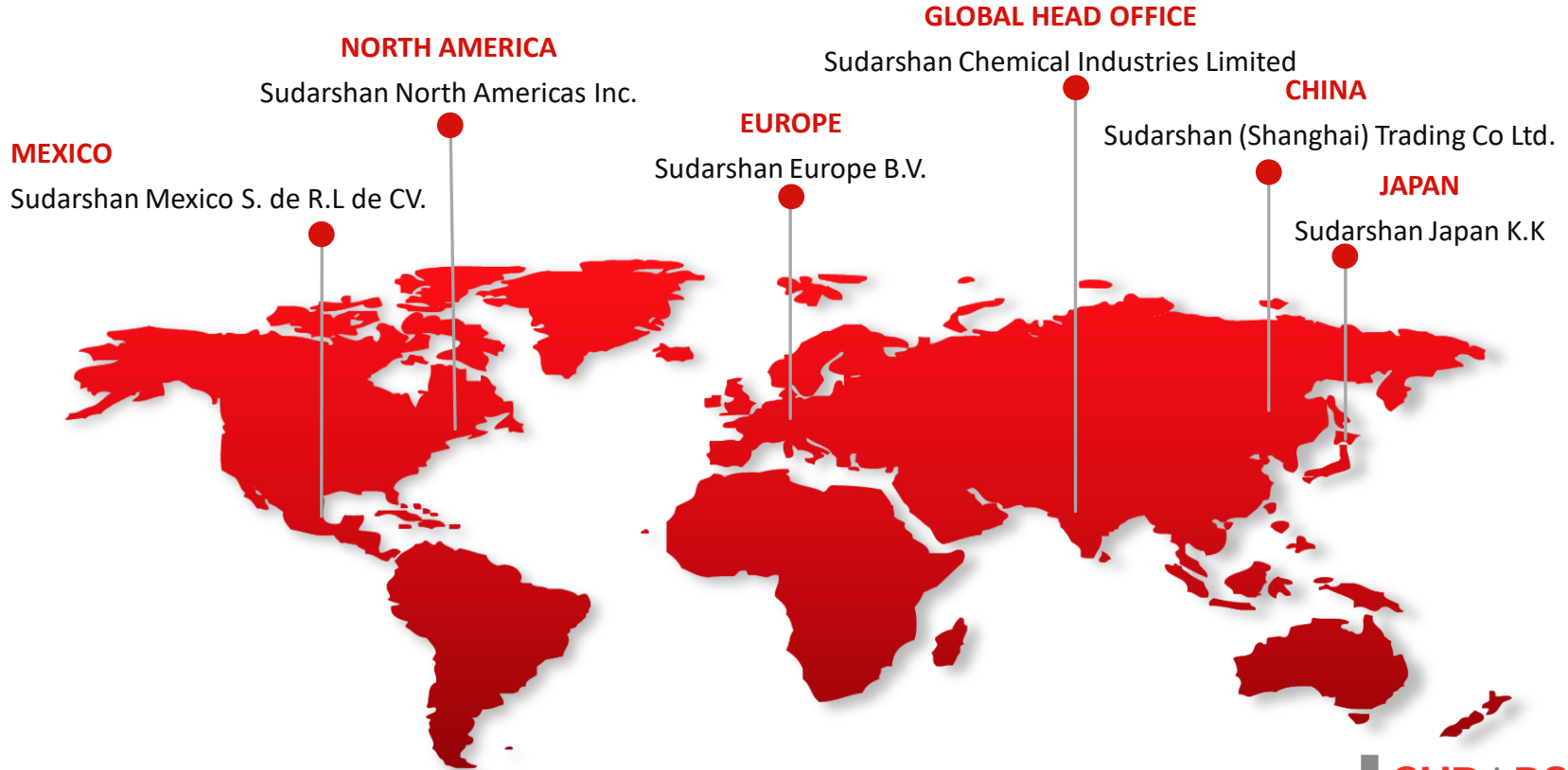


GEOGRAPHIC REACH

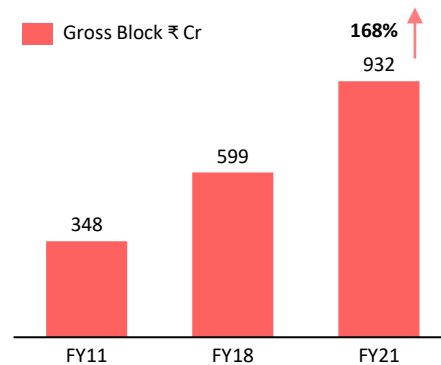
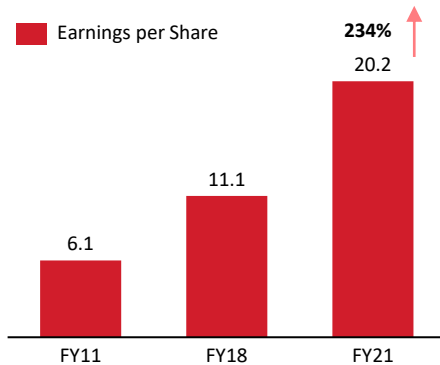
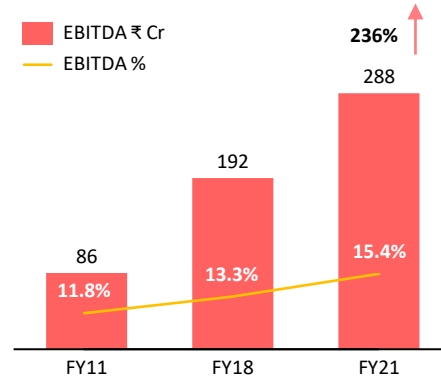
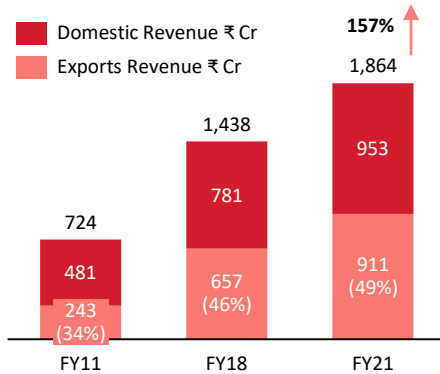
Largest pigment producer in India.
Exports to 85+ countries

Our Global Presence

We Export to 85+ countries with 50+ sales members



A journey towards a leading world class color solutions provider



A Consistent performance with **Sales growing at a CAGR of 10%** and **Operating profit by 13%** despite exiting some of the businesses

FY11	FY21
Pigment, Agro Chemical, Masterbatch businesses	A pure play Pigment focus
Amongst top 20 pigment player	3rd largest pigment producer globally
Domestic market share estimate ~ @ 30%	Domestic market share estimate ~ @ 35%
R&D lab: India	R&D labs: India & Germany
Organic and Inorganic pigments with revenues largely from Azo and Phthalo pigments	Development & strong growth of High Performance and Cosmetics product range
Renewable energy: 0%	Renewable energy: 20%

Revenue includes Revenue from Operations and Other operating income | EBITDA as percent to Total Income from operations (excluding other income) | EPS is calculated excluding profit/loss from exceptional and extraordinary items | Gross block excluding CWIP at end of period

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

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

An important growth area for Sudarshan; we continue building capabilities in end application

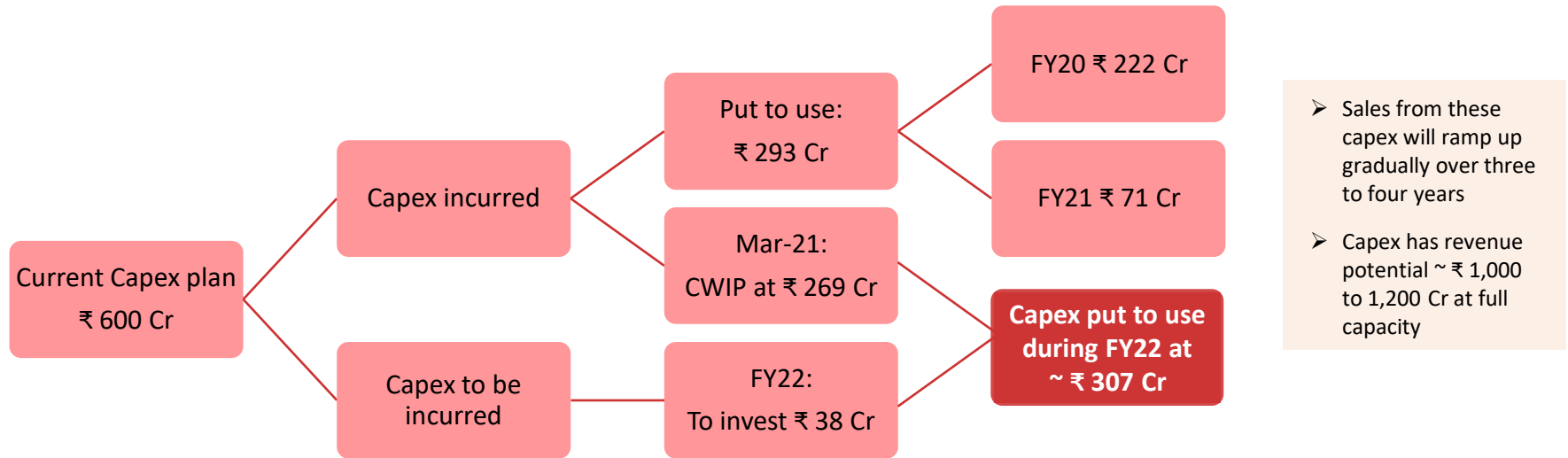
Pigment Industry View

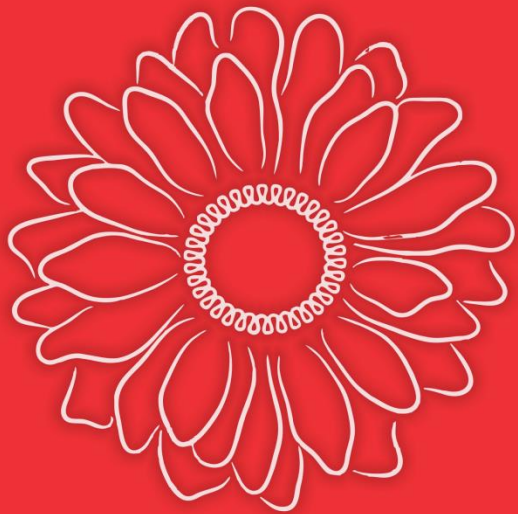
- COVID-19 had varied impact across different end application industries
 - Plastics: Moderate to low impact; use in essential goods like packaging, hygienic products helped limit COVID impact
 - Packaging / Inks: Low impact and rapid recovery; use in essential goods like food packaging helped limit COVID impact
 - Paints / Coatings: Demand was impacted during the phase of first and second wave of Covid
- Significant industry structure changes; top players in the process of divesting their pigment business
- Potentially long-term changes in Supply chains due to a combination of trade related factors and COVID (including disruption in RM prices)



Investing for growth of our Pigment business

- Expected to complete capex projects during FY22
- There were continued restriction on movement of technical personnel to complete capex projects, however no cancellation of planned capex despite covid driven uncertainties

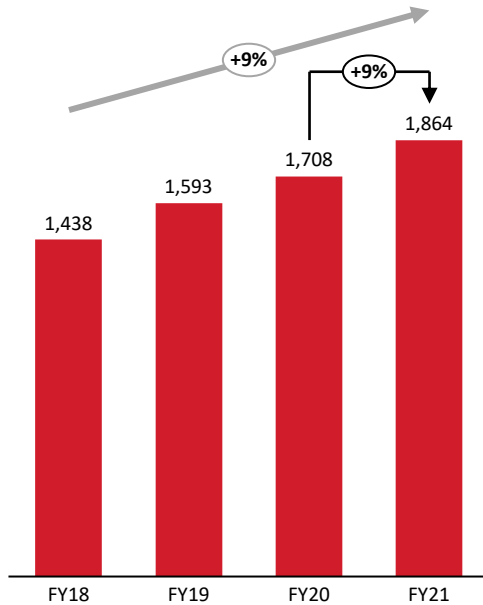




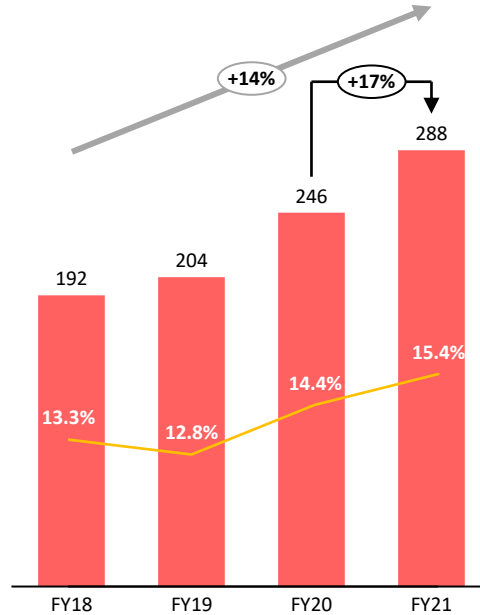
Annual Performance

Annual Performance Highlights - Consolidated Financials

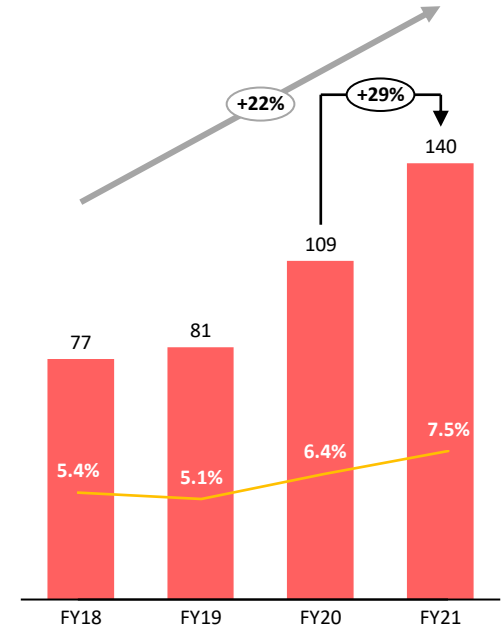
Income from Operations (In ₹ Cr)



EBITDA* (In ₹ Cr & Margin%)



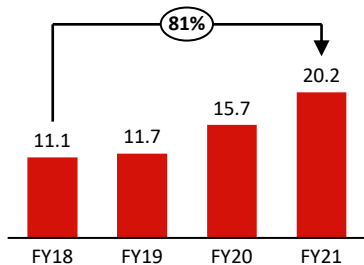
PAT (In ₹ Cr & Margin%)



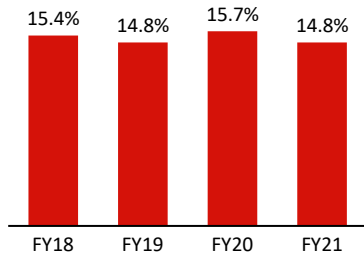
Financial results include results of the wholly owned subsidiary RIECO Industries Limited which was earlier classified under 'discontinued operations'. | Previous quarter / year figures have been regrouped wherever necessary to meet current period's classification. | * EBITDA as percent to Total Income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

Financial Highlights

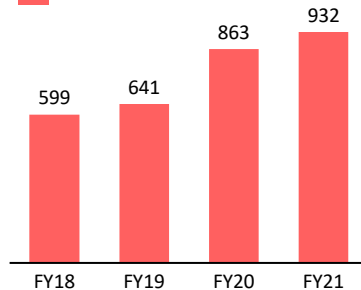
Earnings per Share



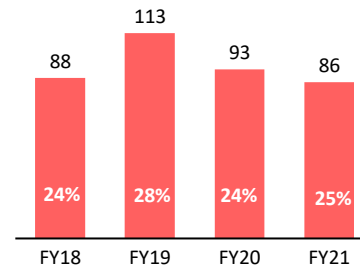
Return on Capital Employed



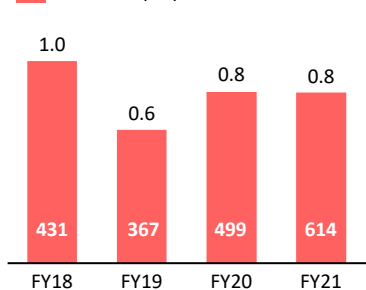
Gross Block ₹ Cr



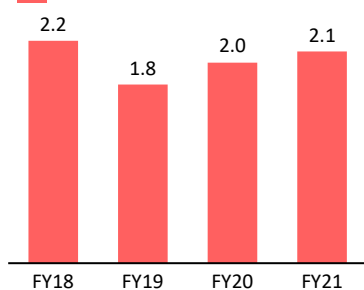
Cash conversion cycle Working capital % to Income from Operations



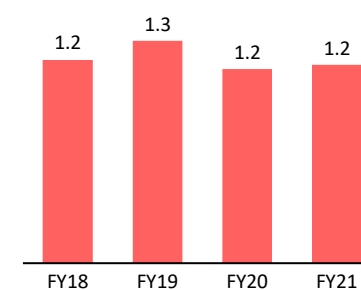
Debt to Equity Ratio Net debt ₹ Cr



Net Debt to EBITDA



Current Ratio

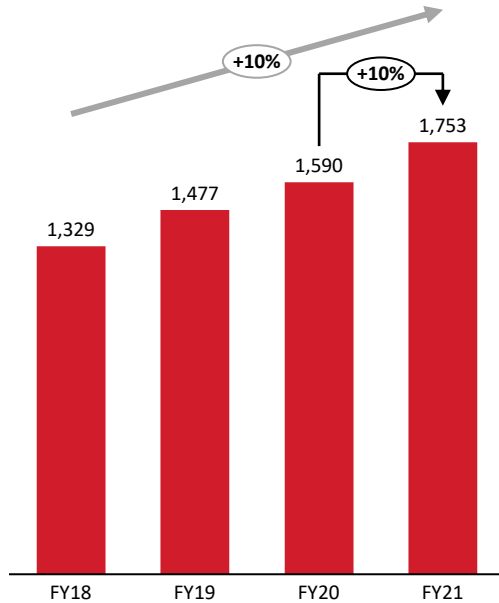


- Sudarshan has invested for growth in last three years
- ROCE has been steady while Earnings per Share has increased by 81%
- Other key ratios remain healthy

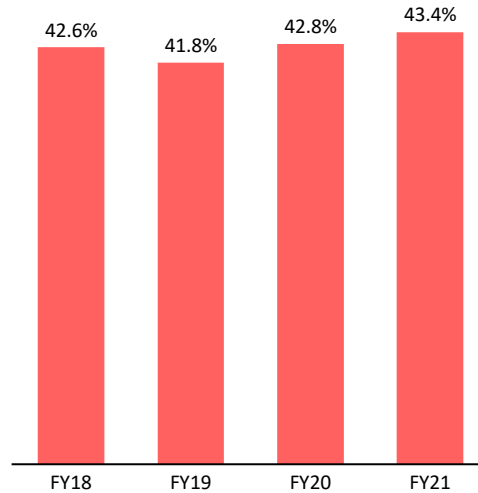
EPS is calculated excluding profit/loss from exceptional and extraordinary items

Annual Performance Highlights - Pigment Business

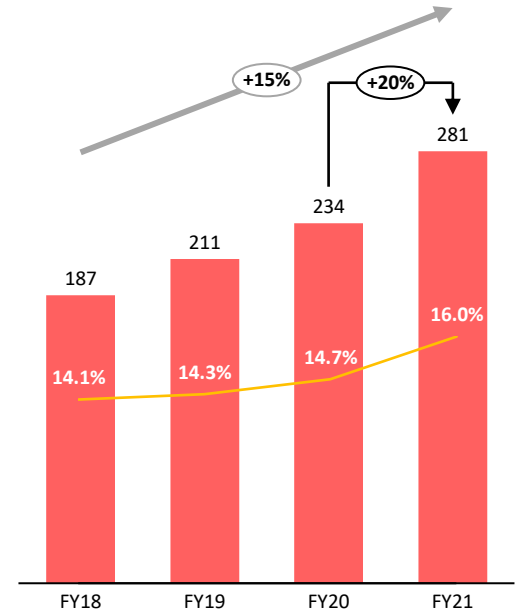
Income from Operations (In ₹ Cr)



Gross margin %

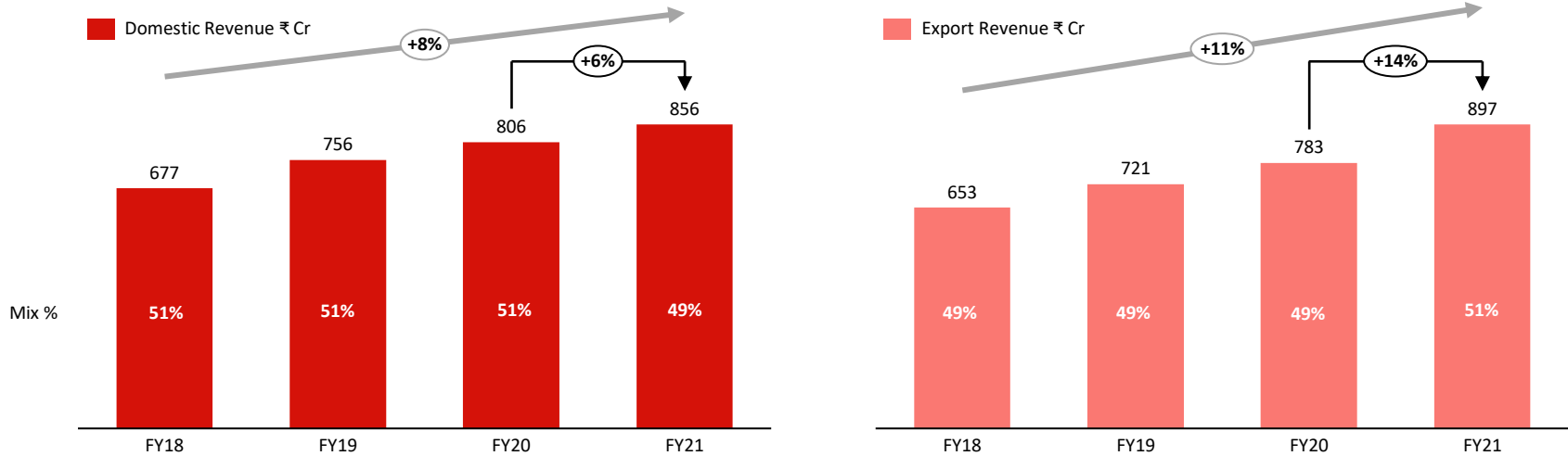


EBITDA* (In ₹ Cr & Margin%)



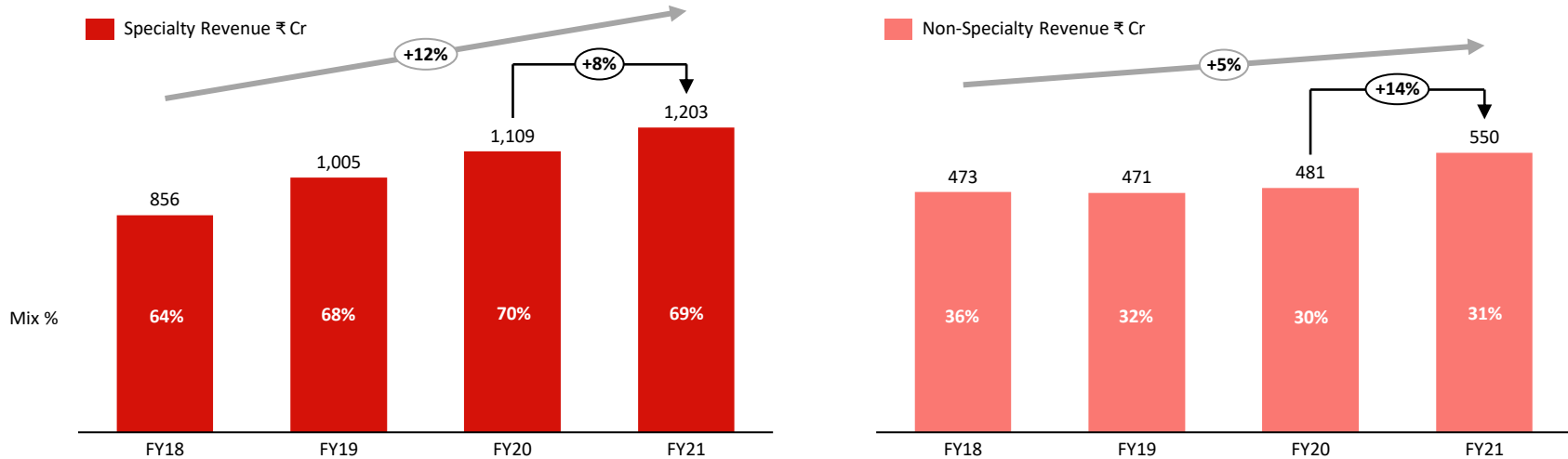
➤ A steady growth in Pigment revenues with stable gross margins while Operating margins continue to improve

Pigment Business: Overseas geographies continue to have higher growth



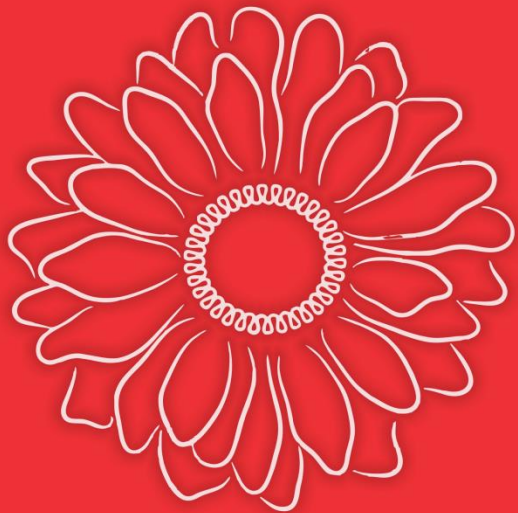
- With the investment in infrastructure and sales force in the international geographies, share of exports will continue to grow
- Domestic business would continue to grow at stable rate
- A strong focus on product quality and supply chain management practices continues to serve demand opportunities in both the markets

Pigment Business: Shift towards Specialty to continue



- Focus on growing our Specialty pigments portfolio is shifting revenue mix favourably
- Share of Specialty pigments increased from 64% in FY18 to 69% in FY21
- Optimum utilisation of capacities and cost competitiveness will help in keeping steady growth in Non-Specialty portfolio

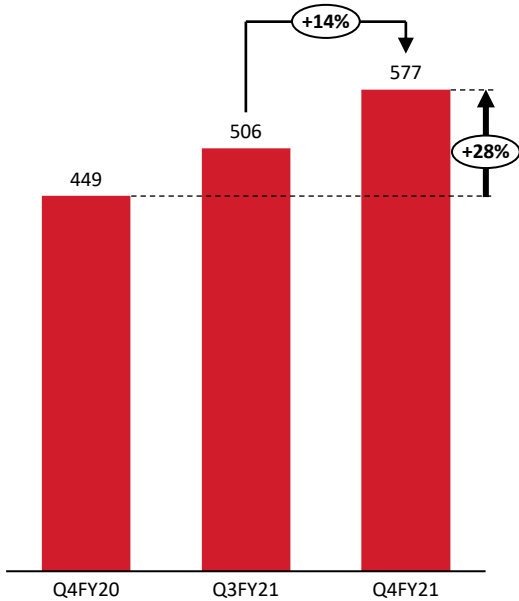
Revenue includes Revenue from Operations and Other operating income of Pigment business



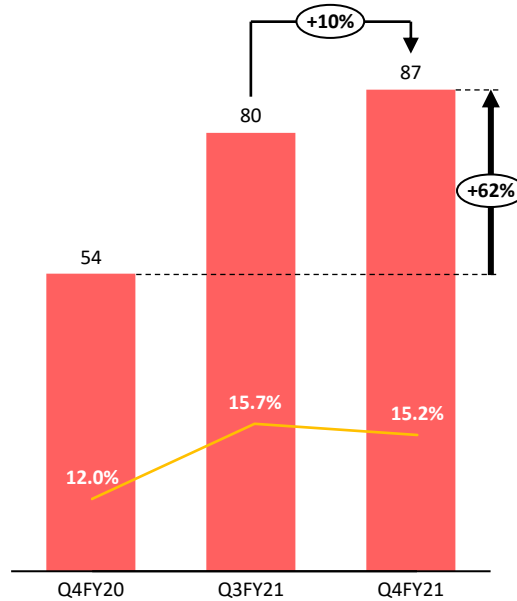
Quarterly Financials

Quarterly Performance Highlights - Consolidated Financials

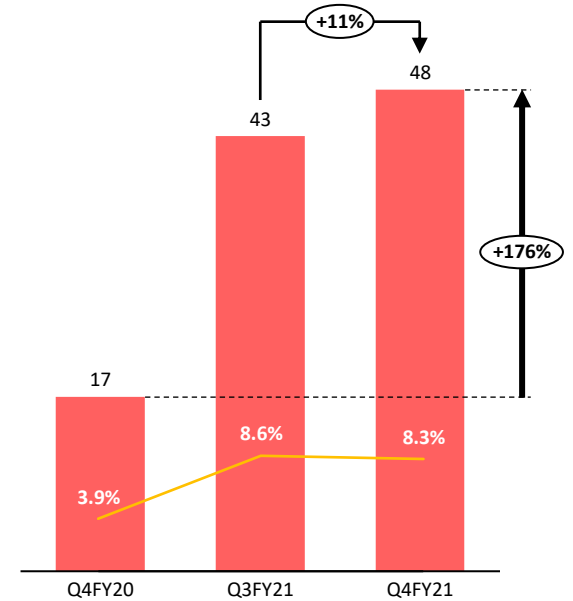
Income from Operations (In ₹ Cr)



EBITDA* (In ₹ Cr & Margin%)



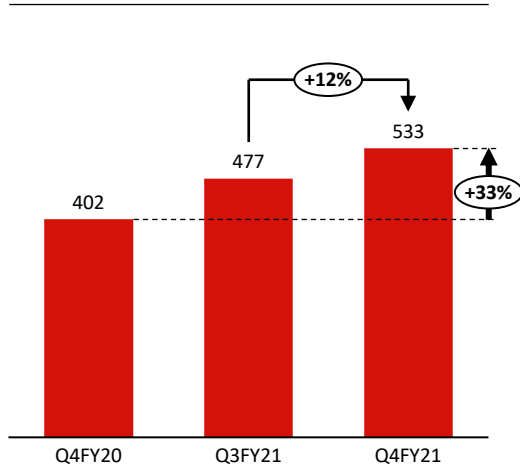
PAT (In ₹ Cr & Margin%)



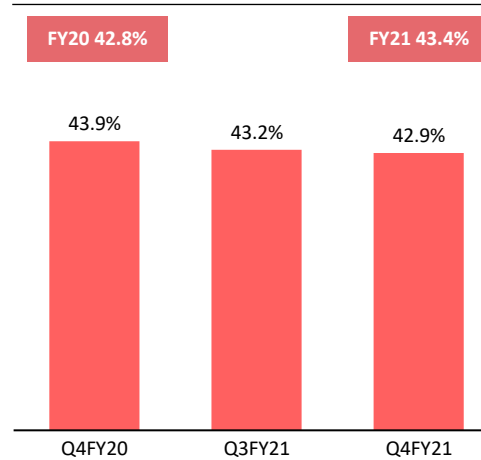
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Quarterly Performance Highlights - Pigment Business

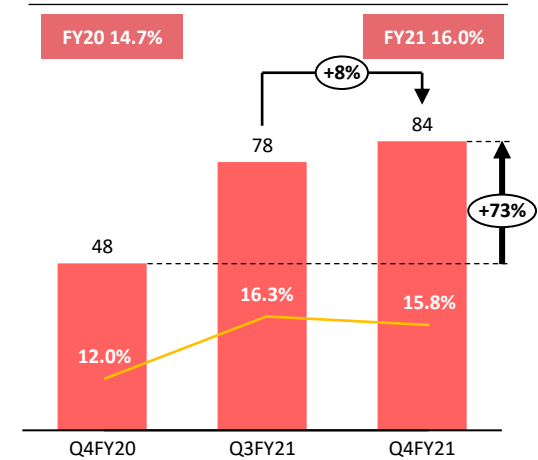
Income from Operations (In ₹ Cr)



Gross margin %



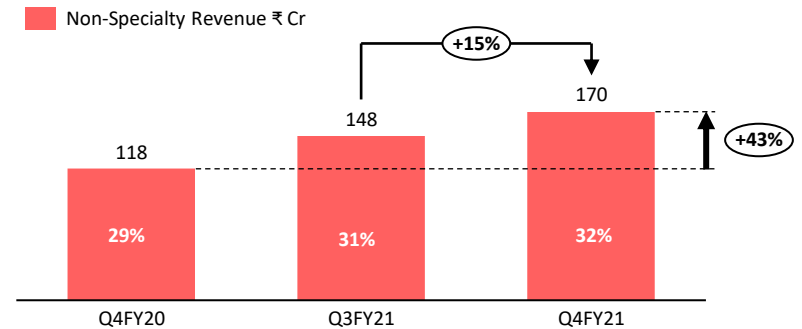
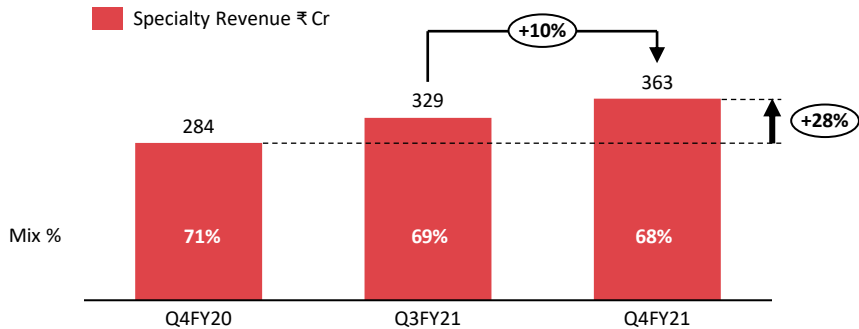
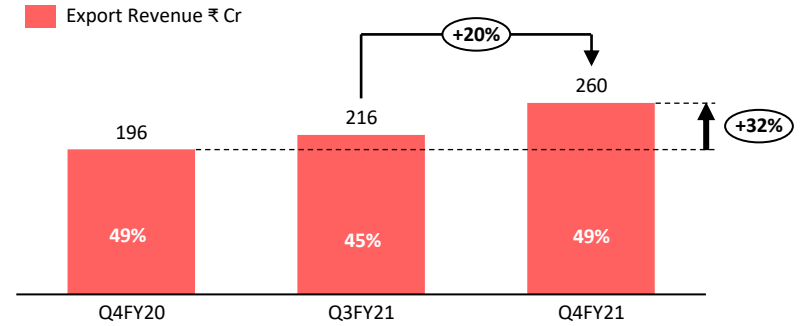
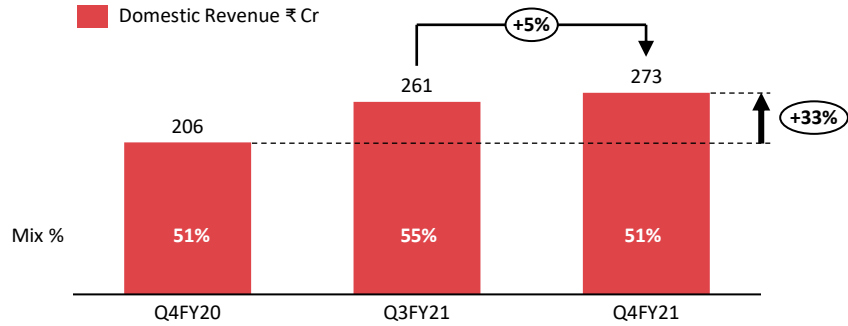
EBITDA* (In ₹ Cr & Margin%)



- Capacity utilisation during Q4FY21 was at ~ 86% of operating capacity
- Impact from withdrawal of export incentive scheme (MEIS) on margins at ~ 1% YoY. Details of new scheme RoDTEP yet to be released
- Sharp price increases midway through the quarter in several intermediate products; normally pass through in selling prices takes with up to a quarter lag

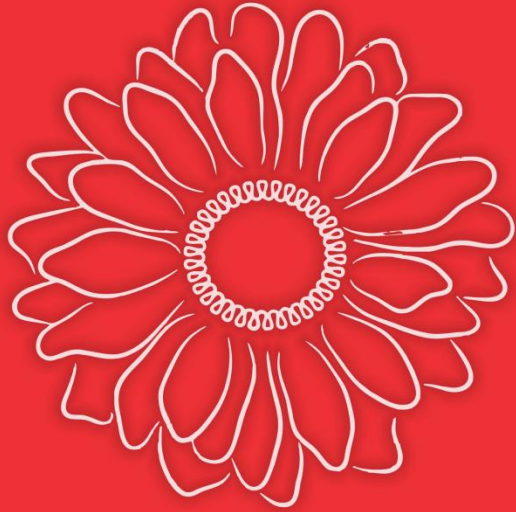
* EBITDA as percent to Total Income from operations (excluding other income)

Pigment Business - A robust YoY performance



➤ Company continues to see good traction on domestic & exports markets as also in all categories of product lines

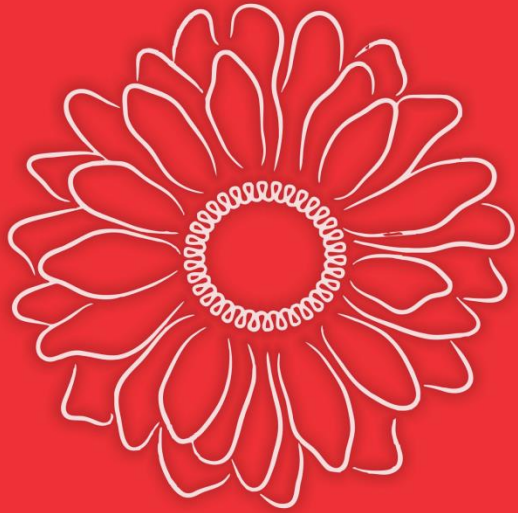
Revenue includes Revenue from Operations and Other operating income of Pigment business



Business Outlook

Business Outlook - FY22 and beyond

Capex program to drive future growth and bring in EBITDA improvement	Business mix change to continue	Efficiency and continuous improvement focus
<ul style="list-style-type: none">• Capex projects under commissioning in the areas of existing and new products; Gradual sales ramp-up of new Capex's expected to drive growth• New businesses to move into plant commissioning and sales ramp up phase• Commencing execution of cost improvement and value chain integration projects	<ul style="list-style-type: none">• Expanding product portfolio to build globally competitive and comprehensive range• Deeper penetration in select International geographies	<ul style="list-style-type: none">• Building one of the most efficient chemical complexes in India and globally, with strong focus on EHS and sustainability• Focus on controlling net working capital and inventories to optimize cash conversion cycle
<p>Focus to improve Return on Capital Employed will continue as a key initiative</p>		



ABOUT SUDARSHAN

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

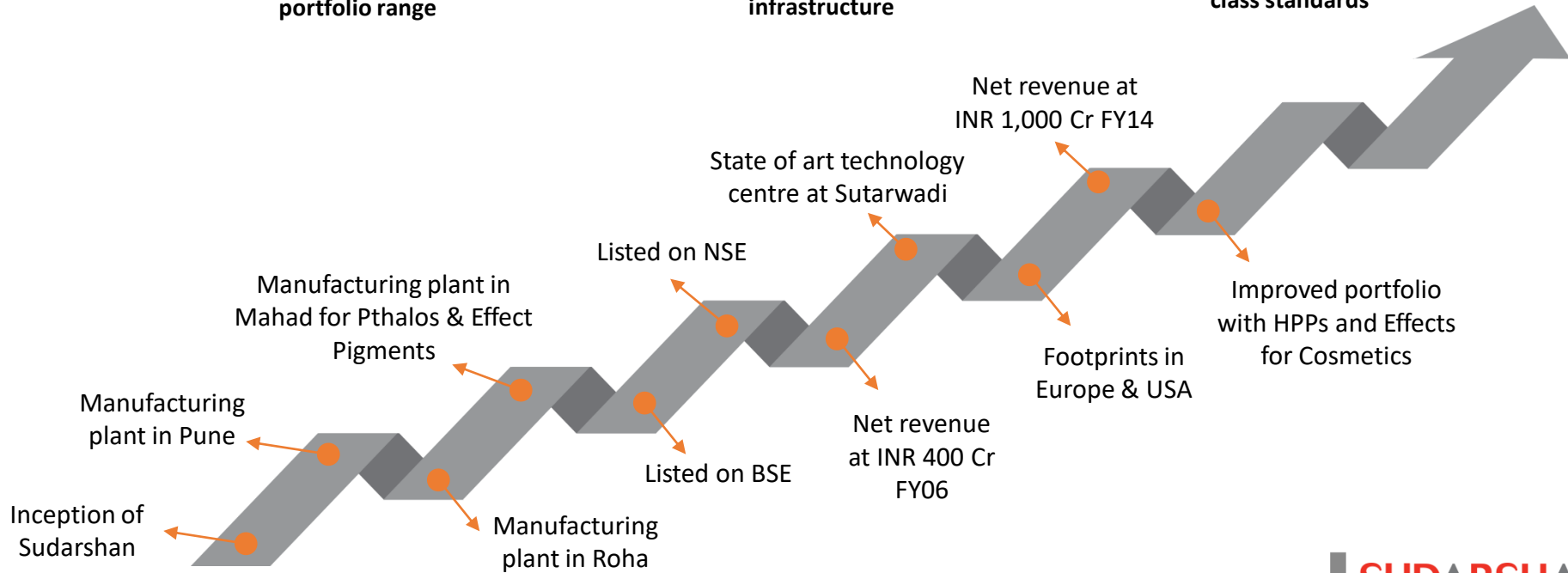
Efforts largely domestic with limited portfolio range

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. 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 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

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

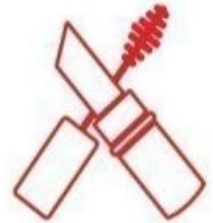
INKS



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

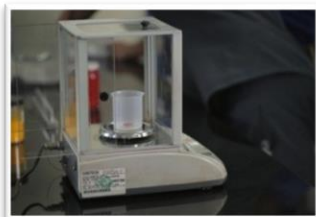


PROCESS

- Stage Gate Process
- DOE approach to solutions



Our Infrastructure



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.

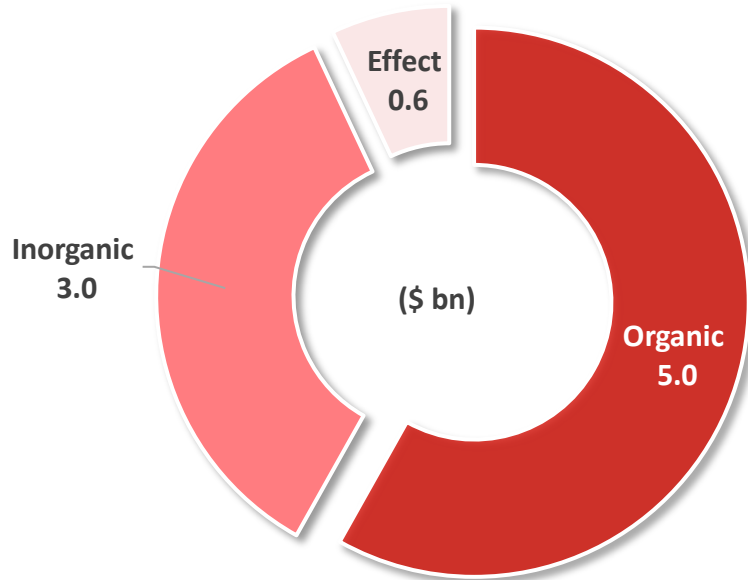
Products Manufactured: B&G, HPP, Effect Pigments



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

01



Product Portfolio

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

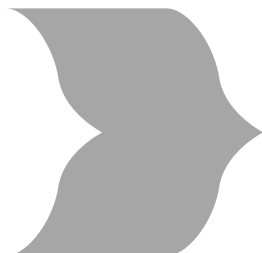
02



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

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

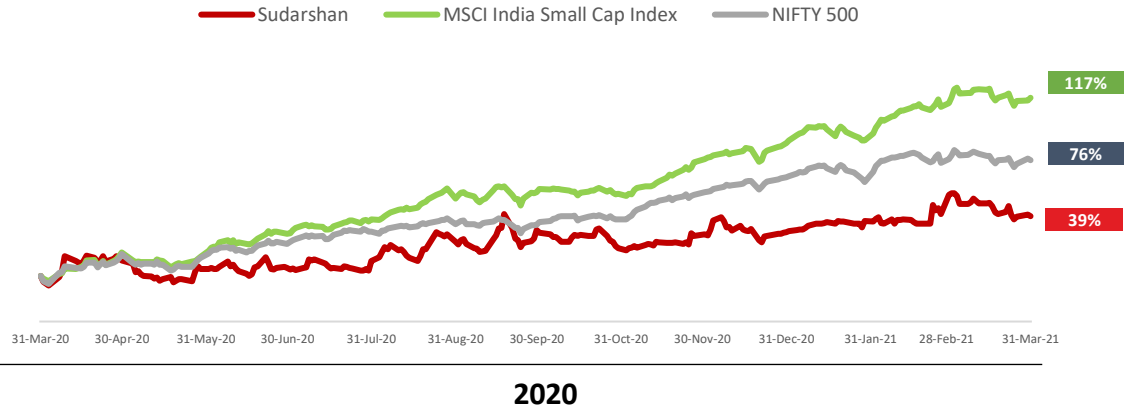
Share Information (as at 31st March 2021)

NSE Ticker	SUDARSCHEM
BSE Ticker	506655
Market Cap (INR mn)	35,992
% free-float	59.97%
Free-float market cap	21,542
Shares Outstanding	6,92,27,250
3M ADTV (Shares)	2,12,911
3M ADTV (INR mn)	1153.2
Industry	Specialty Chemicals

Shareholding Pattern (as at 31st March 2021)

Promoters	40.03%
FII and FPIs	9.36%
Mutual Funds	7.31%
Others	43.30%

Sudarshan has performed in line with broader indices over the last 12 months



Awards And Accolades



Mahatma Awards 2020 in CSR Excellence



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 Clean Village Award - Energy & Environment foundation



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 at Sudarshan:

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investorrelations@sudarshan.com

CIN: L24119PN1951PLC008409

www.sudarshan.com

Sudarshan Chemical Industries Limited

162 Wellesley Road, Pune, Maharashtra - 411001



- Spiritually fulfilling
- Socially just
- Environmentally sustainable