



**SUDARSHAN**

**Investor  
Presentation**

**Q4 FY23**

## 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

~\$287Mn  
(FY23)



## 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

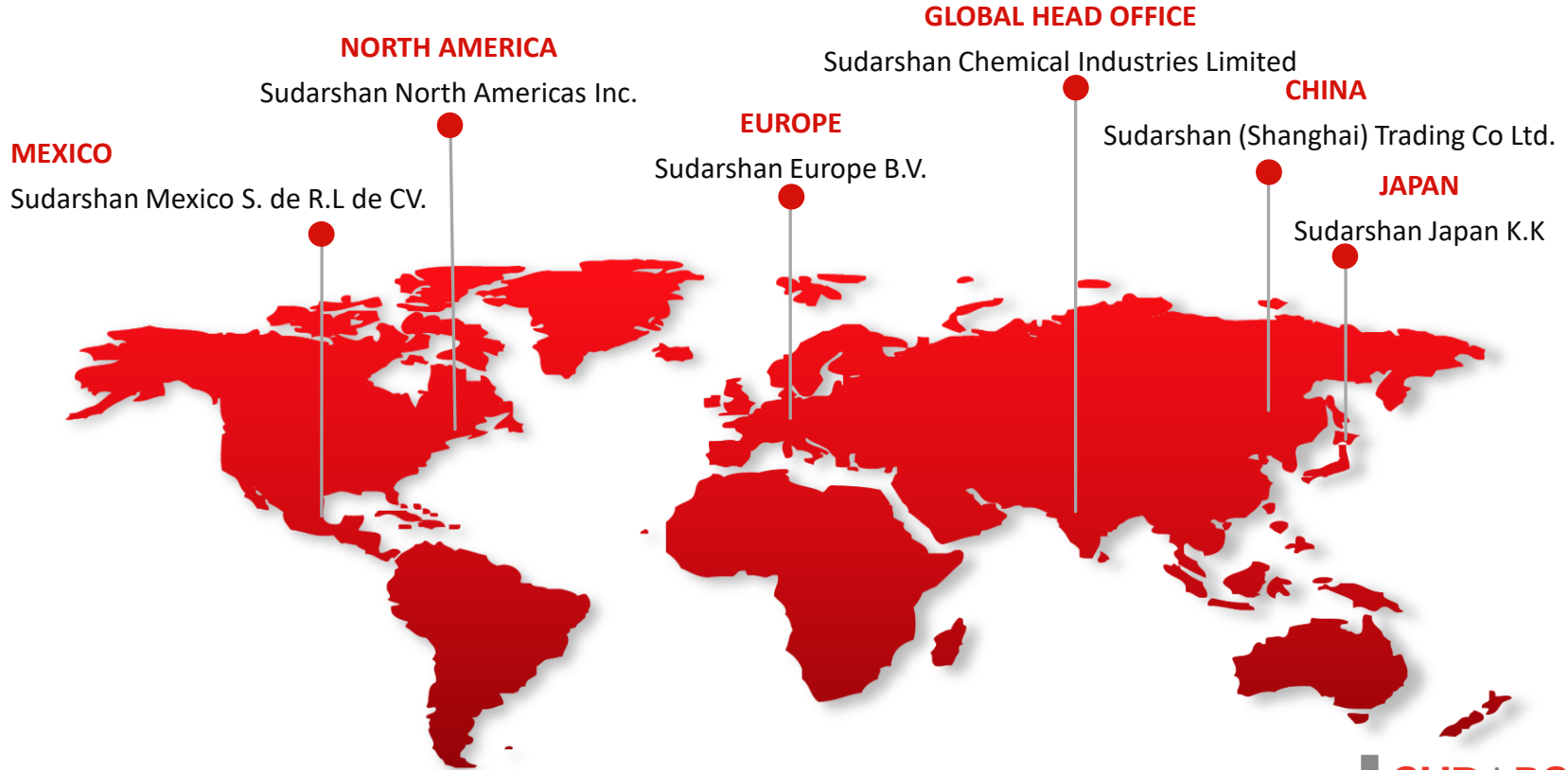


## GEOGRAPHIC REACH

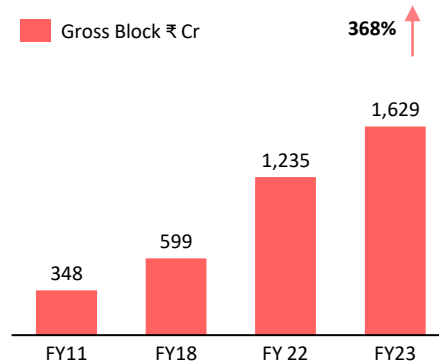
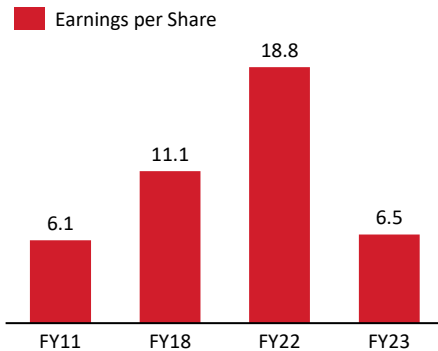
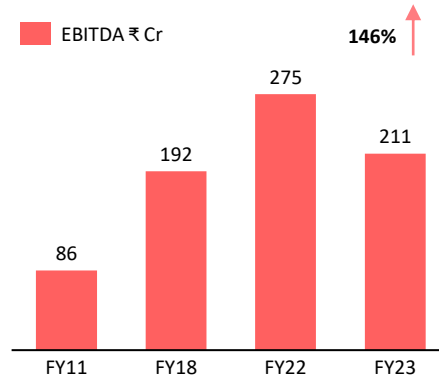
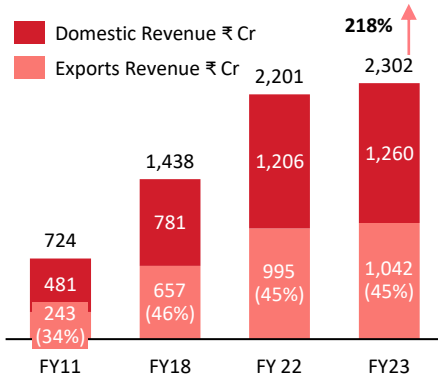
Largest pigment producer in India.  
Exports to 85+ countries

# 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 growing at a CAGR of 8%** despite exiting some of the businesses.

FY23 has been an **exceptional year** for the Pigment Industry due to **subdued demand**, unprecedented **pressure on RM, energy and logistics cost** as a result of **geo-political scenarios**, higher **inflation** and **rising interest cost**.

FY11	FY23
Pigment, Agro Chemical, Masterbatch businesses	A pure play <b>Pigment focus</b>
Amongst top 20 pigment player	<b>3<sup>rd</sup> largest</b> pigment producer globally
Domestic market share estimate ~ @ 30%	Domestic market share estimate ~ @ <b>35%</b>
R&D lab: India	R&D labs: <b>Dedicated R&amp;D Lab</b>
Organic and Inorganic pigments with revenues largely from Azo and Phthalo pigments	Development & strong growth of <b>High Performance and Cosmetics product range</b>
Renewable energy: 0%	Renewable energy: ~ <b>30%</b>

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*

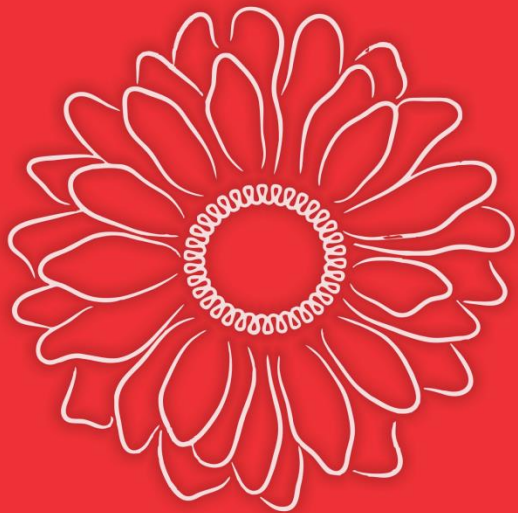
An important growth area for Sudarshan; we continue building capabilities in end application

## Pigment Industry View

- Tightening monetary policies by major central banks leading to demand contraction across major economies
- Stabilization of RM prices and continuing high energy costs in Europe
- Europe: Persistent geopolitical pressure resulting in higher energy cost resulting in flat demand; long-term opportunities for Indian exporters
- USA: Due to higher inflation, demand has slowed down
- China: Imposed Anti Dumping on Phthalocyanine pigments
- Emergence of India as a strong player in global chemical industry



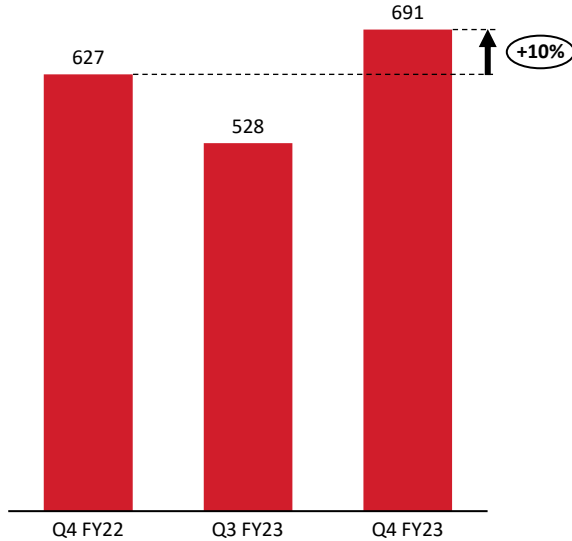




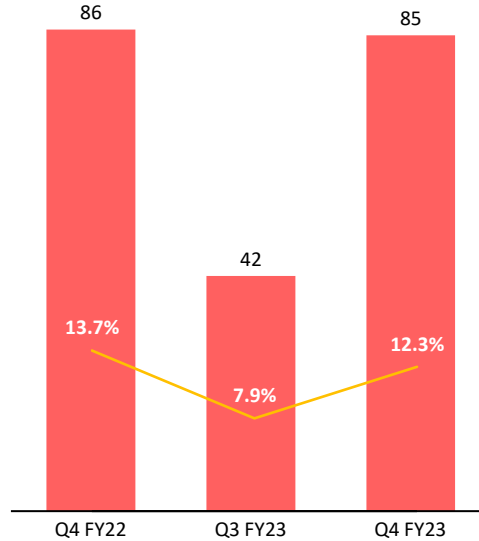
# Quarterly Performance

# Quarterly Performance Highlights - Consolidated Financials

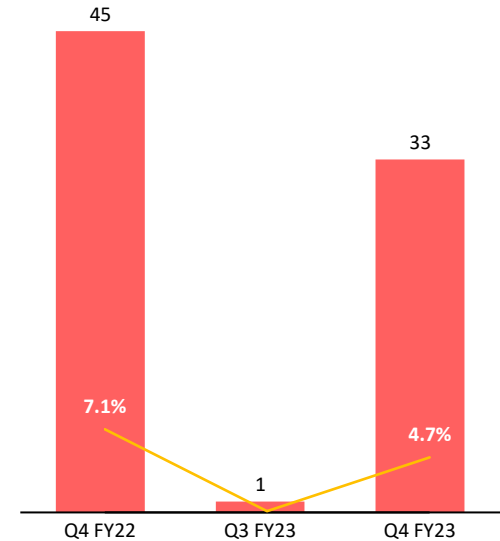
## Income from Operations (In ₹ Cr)



## EBITDA\* (In ₹ Cr & Margin%)



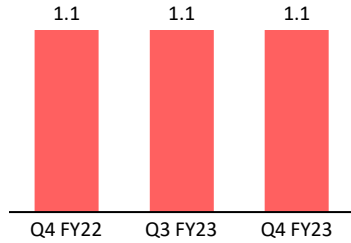
## PAT (In ₹ Cr & Margin%)



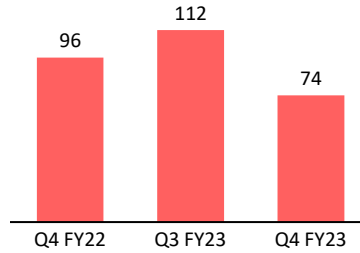
\* EBITDA as percent to Total Income from operations (excluding other income)

# Quarterly Performance Highlights - Key Ratios

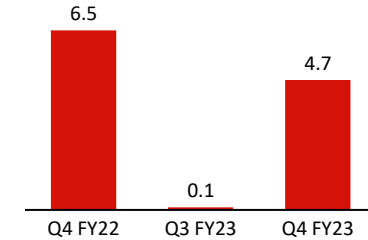
Current Ratio



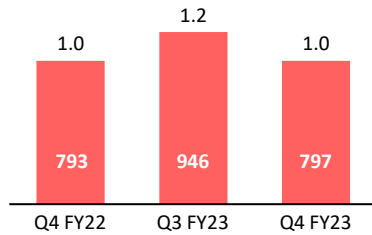
Cash conversion cycle



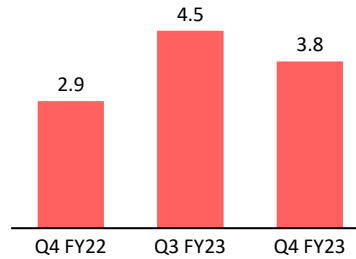
Earnings per Share



Net Debt to Equity Ratio Debt ₹ Cr

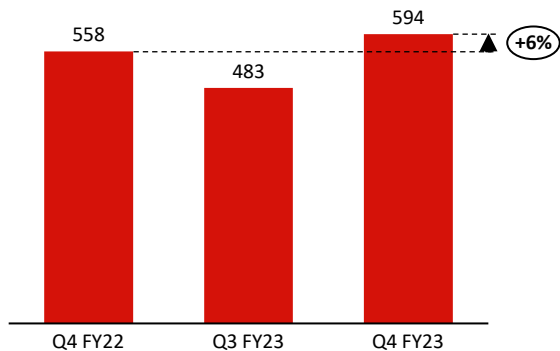


Net Debt to EBITDA

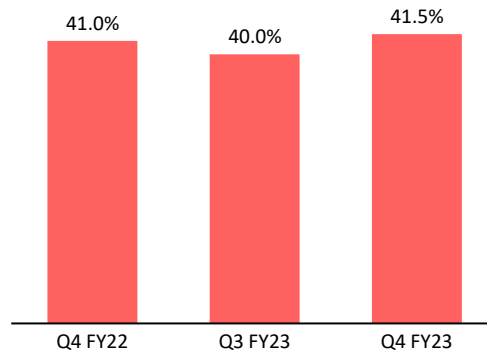


# Quarterly Performance Highlights - Pigment Business

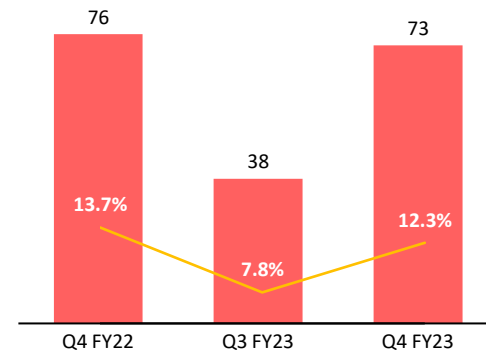
## Income from Operations (In ₹ Cr)



## Gross margin %



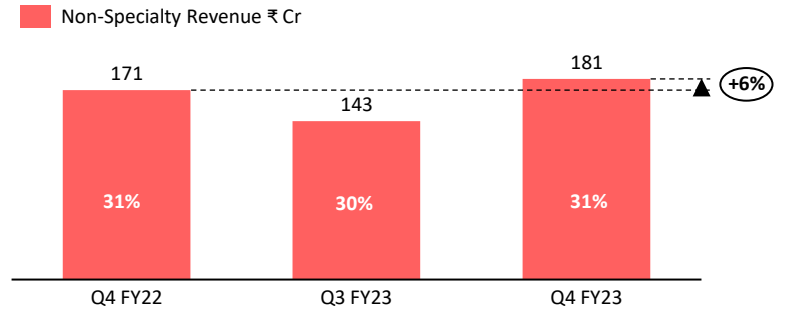
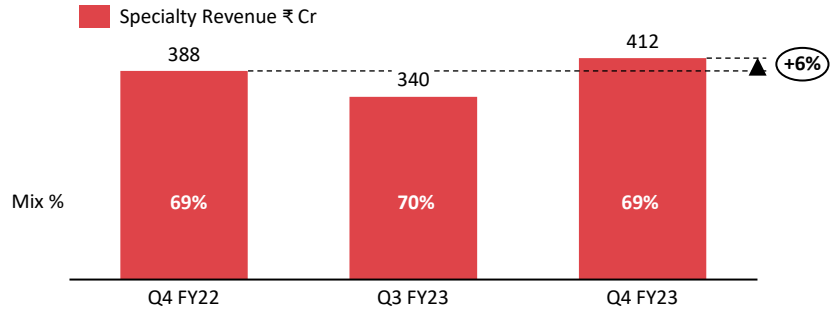
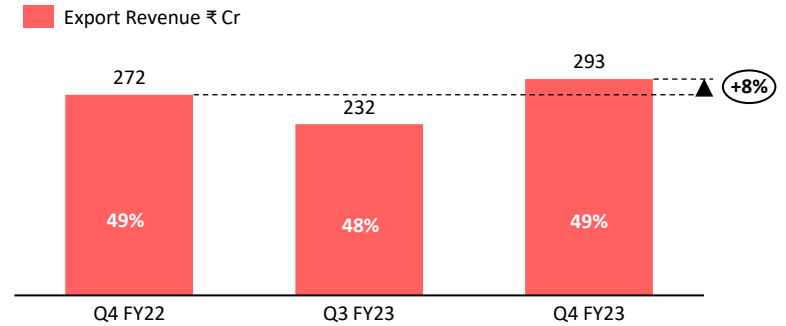
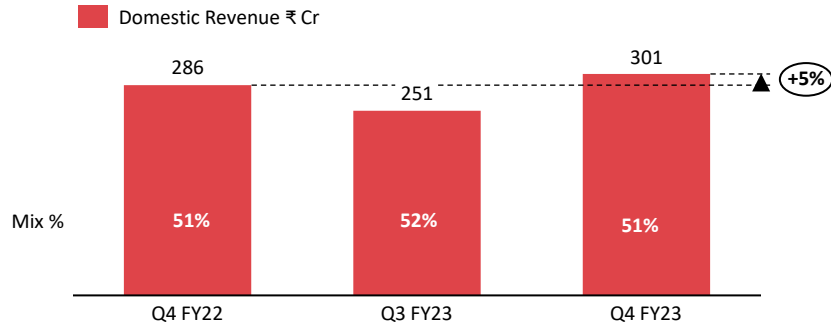
## EBITDA\* (In ₹ Cr & Margin%)



- Subdued demand across geographies and segments resulted in volume and pricing pressure in the first three quarters
- Strong performance in Q4'FY23 on demand revival

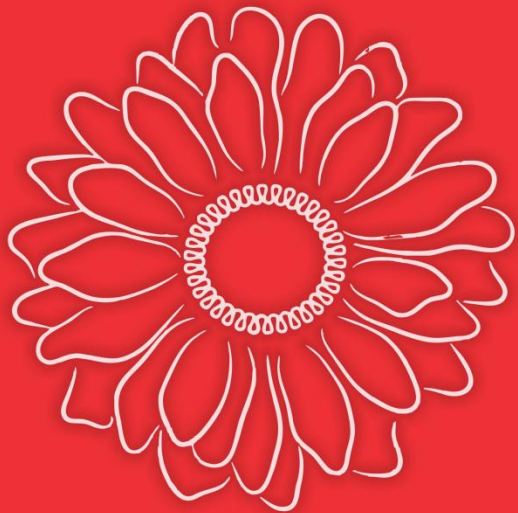
\* EBITDA as percent to Total Income from operations (excluding other income)

# Quarterly Performance Highlights - Pigment Business



➤ Overall demand in domestic and export markets was subdued in the first three quarters. Strong demand revival seen in Q4 FY23.

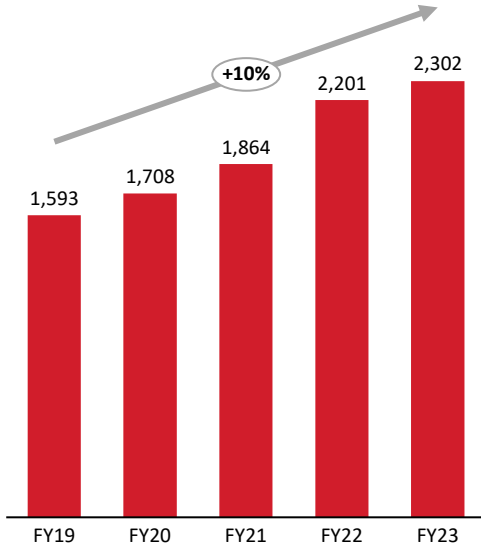
Revenue includes Revenue from Operations and Other operating income of Pigment business



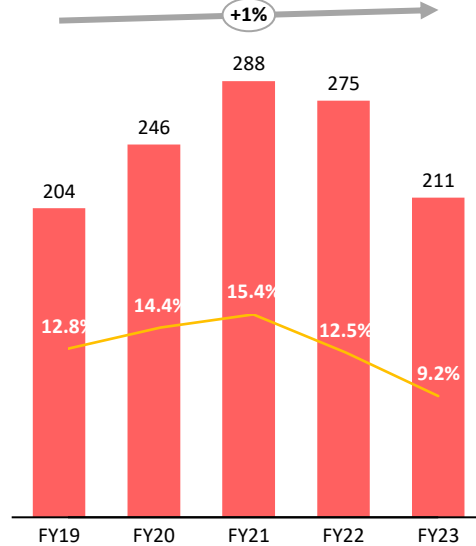
# Annual Performance

# Annual Performance Highlights - Consolidated Financials

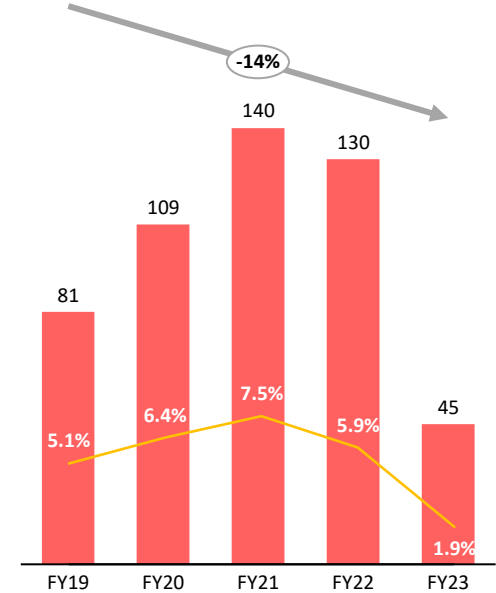
## Income from Operations (In ₹ Cr)



## EBITDA\* (In ₹ Cr & Margin%)



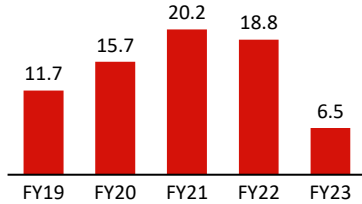
## PAT (In ₹ Cr & Margin%)



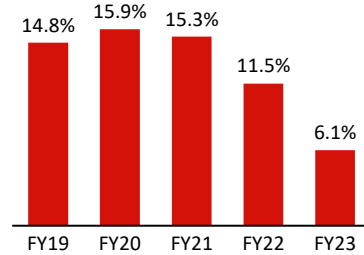
Financial results include results of the wholly owned subsidiary RIECO Industries Limited which was earlier classified under 'discontinued operations'. | Previous quarter / year figures have been regrouped wherever necessary to meet current period's classification. | \* EBITDA as percent to Total Income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

# Financial Highlights

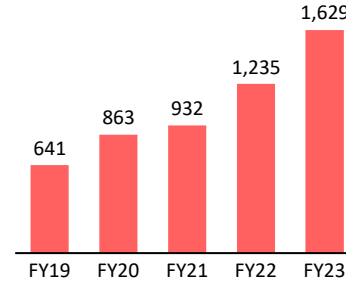
Earnings per Share



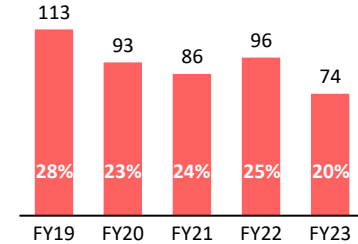
Return on Capital Employed



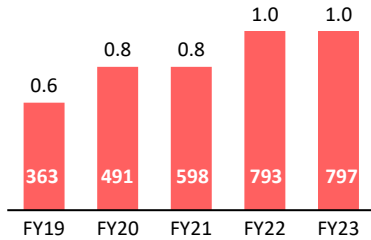
Gross Block ₹ Cr



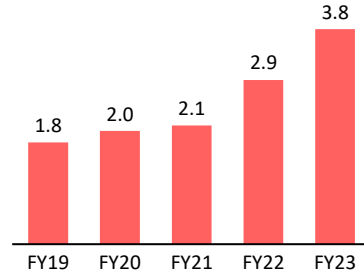
Cash conversion cycle Working capital % to Income from Operations



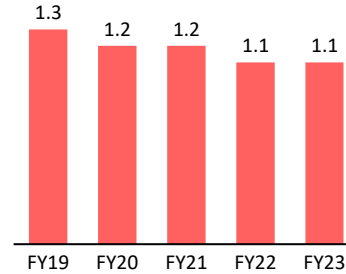
Debt to Equity Ratio Debt ₹ Cr



Debt to EBITDA



Current Ratio



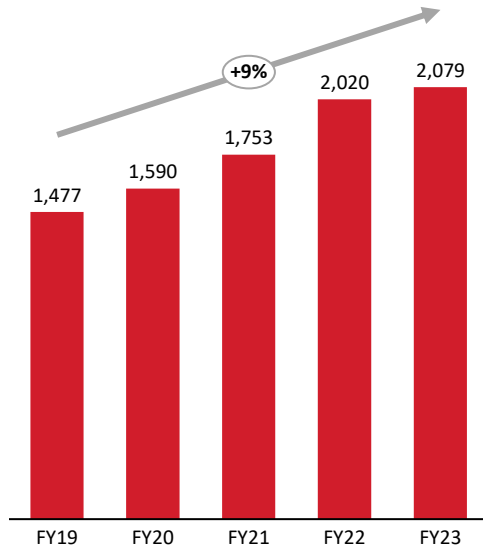
- Sudarshan has invested for growth in last three years to transform its product portfolio
- All the capex projects commissioned
- Extraordinary year for Pigment Industry due to Subdued demand, inflationary pressure on costs resulted drop in profitability and related ratios

EPS is calculated excluding profit/loss from exceptional and extraordinary items | ROCE calculated as per requirements of Schedule III disclosure

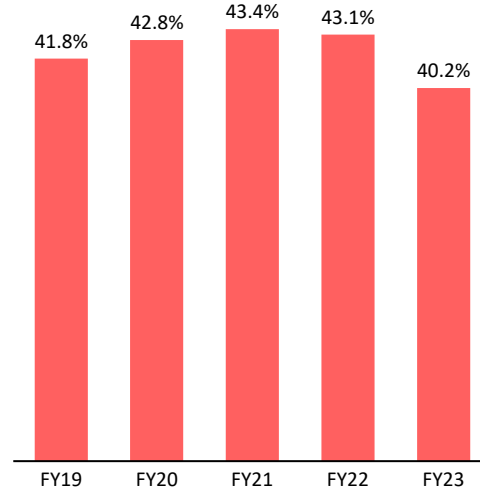


# Annual Performance Highlights - Pigment Business

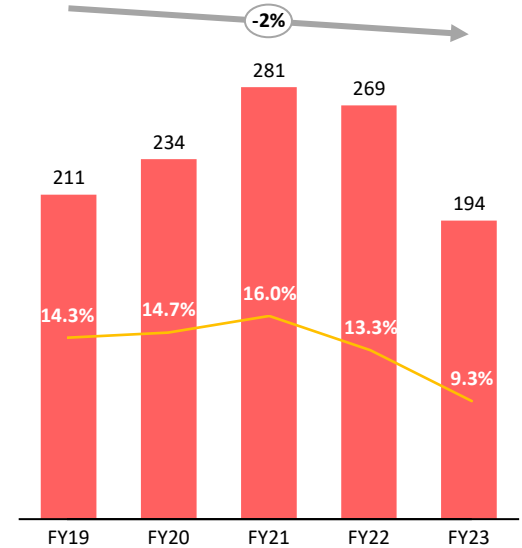
## Income from Operations (In ₹ Cr)



## Gross margin %



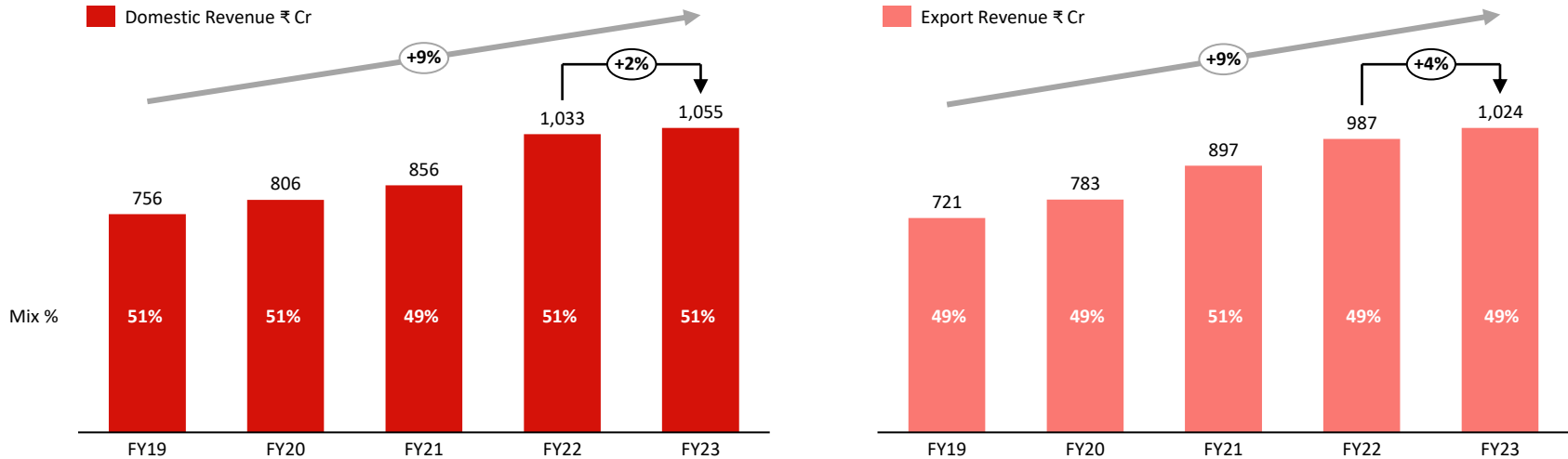
## EBITDA\* (In ₹ Cr & Margin%)



➤ Inflationary cost pressures in RM and limited ability of pass through due to lower demand impacted Gross Margin for the year.

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

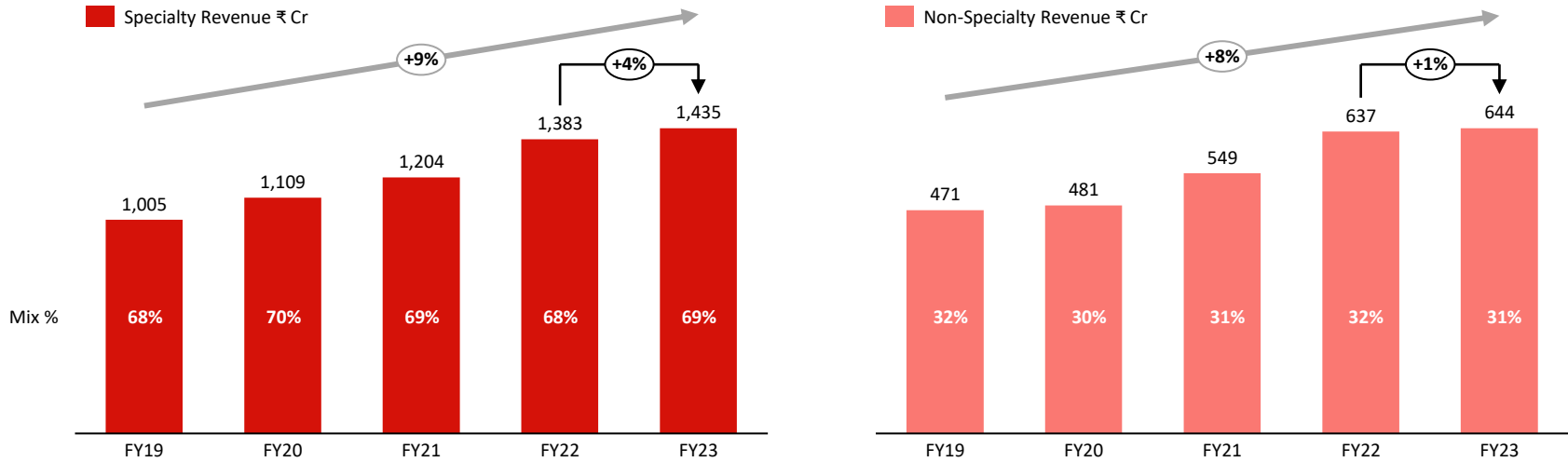
# Pigment Business: Overseas geographies continue to have steady growth



- With the investment in infrastructure and sales force in the international geographies, share of exports will continue to grow.
- Export business achieved milestone crossing annual revenue mark of ₹ 1,000 Cr
- A strong focus on product quality and supply chain management practices continues to serve demand opportunities in both the markets.

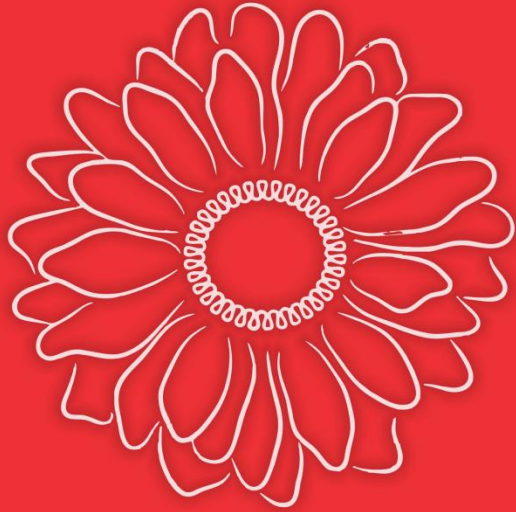
Revenue includes Revenue from Operations and Other operating income of Pigment business

# Pigment Business: Shift towards Specialty to continue



➤ Focus on growing our Specialty pigments portfolio will shift revenue mix favourably.

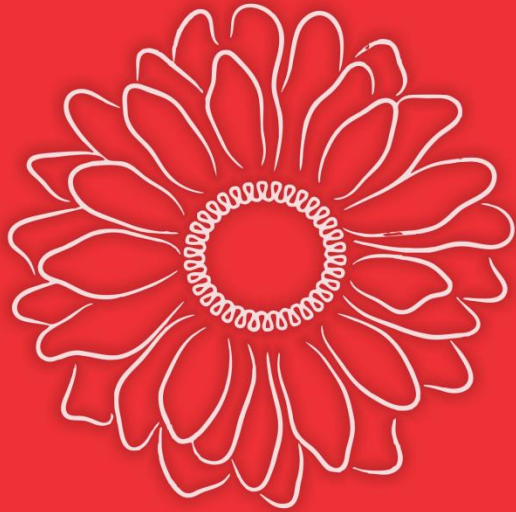
Revenue includes Revenue from Operations and Other operating income of Pigment business



# **Business Outlook**

# Business Outlook - FY24 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"><li>• Gradual sales ramp-up of new Capex's expected to drive growth</li><li>• Commencing execution of cost improvement and value chain integration projects</li></ul>	<ul style="list-style-type: none"><li>• Expanding product portfolio to build globally competitive and comprehensive range</li><li>• Deeper penetration in select International geographies</li></ul>	<ul style="list-style-type: none"><li>• Building one of the most efficient chemical complexes in India and globally, with strong focus on safety and ESG</li><li>• Focus on controlling net working capital and inventories to optimize cash conversion cycle</li></ul>
<b>Focus to improve Return on Capital Employed will continue as a key initiative</b>		



**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

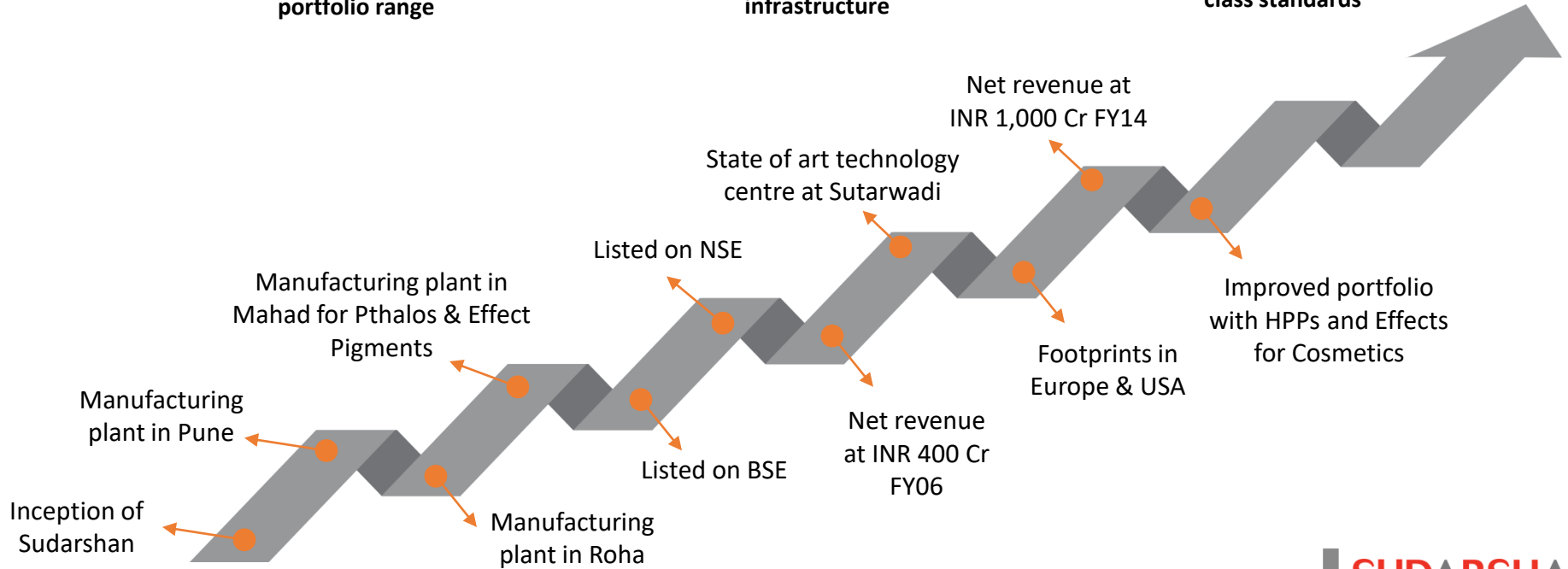
Efforts largely domestic with limited portfolio range

**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**

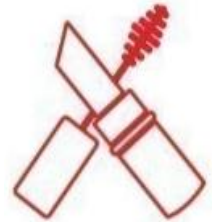
## INKS



*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

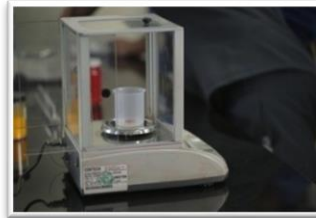


## PROCESS

- 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.

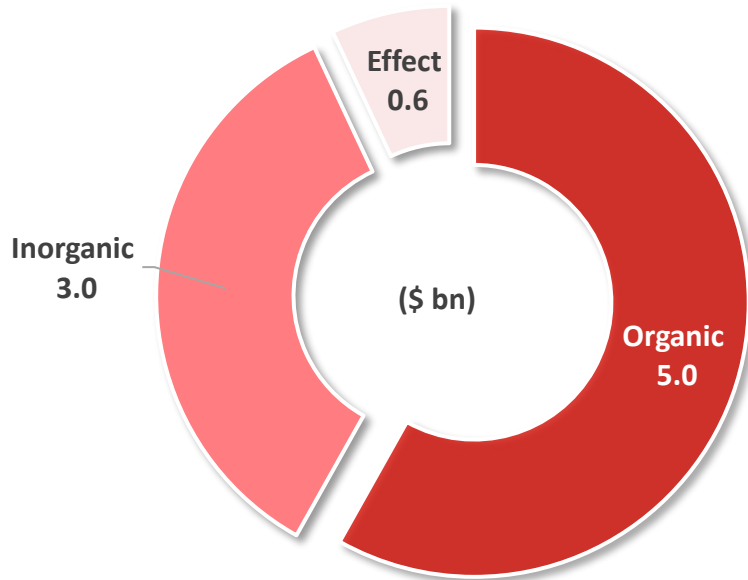
Products Manufactured: B&G, HPP, Effect Pigments



**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

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01



## Product Portfolio

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

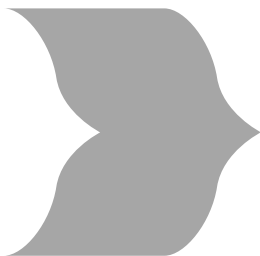
02



## 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



## COMMERCIAL 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

# 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**

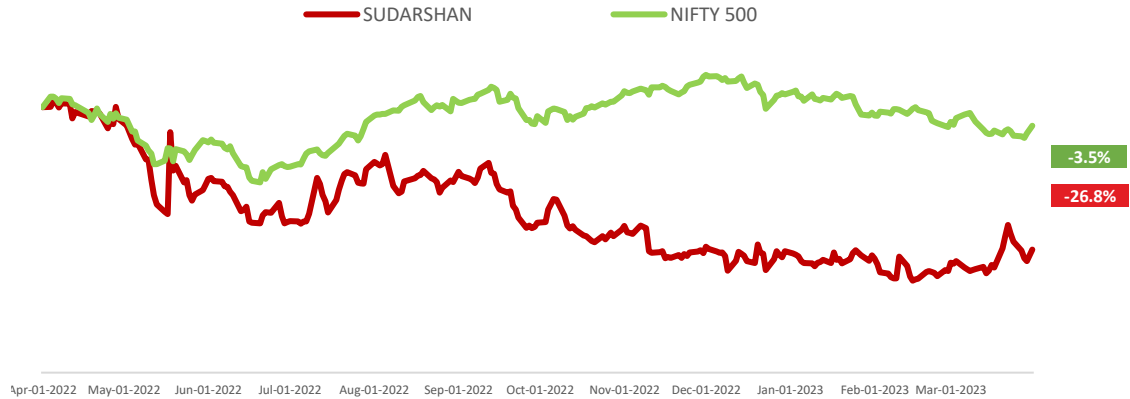
# Shareholder Information

## Share Information (as at 31<sup>st</sup> March 2023)

NSE Ticker	SUDARSCHEM
BSE Ticker	506655
Market Cap (₹ mn)	27,213
% free-float	64.18%
Free-float market cap	17,465
Shares Outstanding	69,227,250
3M ADTV (Shares)	166,003
3M ADTV (₹ mn)	64.6
Industry	Specialty Chemicals

## Shareholding Pattern (as at 31<sup>st</sup> March 2023)

Promoters	35.82%
FII and FPIs	3.12%
Mutual Funds	12.29%
Others	48.77%



# Awards And Accolades



Brands of Maharashtra



Mahatma Awards 2021 in CSR Excellence



Global CSR Award 2020 Platinum Category



HR Excellence Award 2018  
1st in Chemicals & Fertilizer Sector



Global Clean Village Award -  
Energy & Environment  
foundation



Global WasteMet Award 2018  
- Gold Category



DMAI Award for Energy  
Conservation Initiative 2017-18



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

# THANK YOU

## Investor Relations at Sudarshan:

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- Spiritually fulfilling
- Socially just
- Environmentally sustainable