

ISIN: INE659A01023

BSE:506655

NSE:SUDARSCHM

CMP: Rs.675.90

Fri, 8<sup>th</sup> Oct' 21

### OVERVIEW

- Sudarshan Chemical Industries Ltd manufactures colour and effect pigments. The company's pigment portfolio includes Organic and Inorganic Pigments, Effect Pigments, Agrochemicals, and other products.
- It manufactures Azos, Blue and Green, High-Performance Pigments, Effects, Pigment Preparations, and Inorganics pigments for various applications including coating, inks, plastics, cosmetics, fashion accessories, and automobiles

### BUSINESS STRATEGY

- Faster launch of new & innovative products, faster turnaround time on technical issues.
- Enhance Product Portfolio across Organic (especially HPPs and Inks), inorganic HPPs, Effect Pigments, Solvent Dyes
- Continued focus on decorative coatings and plastics, Additional focus on automotive coatings, industrial effects & cosmetics
- Expand global footprint to newer geographies, and gain market shares in US, EU.

### STRENGTHS

- Largest pigment producer in India. Exports to 85+ countries including Mexico, China, Japan,
- 2 Manufacturing plants in Mahad & Roha and a dedicated R&D center in the outskirts of Pune
- 50+ sales team 60+ channel partners 2,000+ global workforce

### COMPANIES PORTFOLIO

- Organic Pigments:** · Azo · Phthalo's · 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 of mineral compounds · 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 and cosmetics application

### BUSINESS HIGHLIGHTS

- The Company commissioned capex projects of ~₹ 600 crores which are crucial for our growth journey ahead.
- Company got a rating upgrade by one notch from A+ to AA
- Increase in Investment in solar power plant with capacity of 19.495 MWh power, & saved cost by ₹ 201 lakhs.

### SUMMARY OF FINANCIALS

- Revenue / turnover of SUDARSHAN CHEMICAL INDUSTRIES LTD. is Over INR.1500 crs
- Sales of the company has increased by 9 %
- EBITDA of the company has increased by 15.4 %
- PAT of the company has increased by 29 %
- Assets of the company has increased by 25 %

**Disclaimer:** The analysis is only for information purposes only. Please consult your financial advisor, agent, broker before acting on any information. We may or may not have positions in the stock. We would not be responsible for the profit/loss resulting from this analysis.

Growth Rates (Compound Annual)	1 Yr	3 Yr	5 Yr	10yr
Revenue %	9.6	12	5.7	9.8
Operating Income %	10	14	7.7	28.1
Earnings/Share %	-2.9	22.5	15.1	11.4
Dividends %	-	-	-	-
Book Value/Share %	23.8	19.1	19.3	12.8
Stock Total Return	47.2	24.9	13.7	25.9
Market +/-	19.4	12.8	3.4	16.8

Valuation Analysis	Current	5Yr Avg	Ind	Mkt.
Price/Earnings	31.5	27.4	49.7	15.2
Forward P/E	-	-	-	-
Price/Cash Flow	28.5	18	37.6	9.9
Price/Free Cash Flow	-	68.1	-	-
Dividend Yield %	0.9	1	0.5	2.8
Price/Book	6.3	5.9	10.6	2.1
Price/Sales	2.4	1.7	6.2	-

Profitability Analysis	Current	5Yr Avg	Ind.	Mkt.
Return on Equity %	-	24.5	21.5	15.4
Return on Asset %	-	8.6	12.8	5.6
Gross Margin %	41.2	39.3	40.1	-
Operating Margin %	10.5	10.5	17.7	-
Net Margin %	7.6	7.9	12.6	21.4
Inventory Turns	-	3	4	-
Fixed Asset Turns	-	2.9	2.5	-

Financial Position (INR)	03-20(Mil.)	03-21 (Mil.)
Cash	82	160
Inventories	4,107	4,116
Receivables	—	—
Current Assets	8,637	10,316
Fixed Assets	6,789	8,808
Intangibles	300	426
Total Assets	16,296	20,034
Payables	4,204	5,156
Short-Term Debt	2,736	3,060
Current Liabilities	7,344	8,593
Long-Term Debt	2,250	3,081
Total Liabilities	10,288	12,598
Total Equity	6,008	7,436

Source: Company filings & Analyst research