



SUDARSHAN

Sudarshan Chemical Industries Reports First Quarter 2015 Results

Revenues grow 9% Y-o-Y to Rs. 267 crore

PAT up 6% Y-o-Y at Rs. 12 crore

Announces Stock Split Ratio of 1:5; Bonus Issue of 1:1

Pune, August 9, 2014: Sudarshan Chemical Industries Limited (Sudarshan), a leading manufacturer of Pigments & Pesticides in India, today announced its financial results for the first quarter ended June 30, 2014. Sudarshan's portfolio of products finds applications in various end user industries like Coatings, Plastics, Inks, Cosmetics, Automotive Coatings and Engineering Plastics. The Company has an international presence through its subsidiaries in North America, Europe and representative office in Shanghai and owns some well-regarded brands in the industry like Sudaperm, Sudafast, Sutathion, Sumidon, Bismark. Sudarshan's vision is to be amongst the top 4 pigment players in the world by 2015-16. The Company has a diverse employee base of over 1,000 personnel.

Recommendation by the Board:

Sub-division of shares:

- Subject to the approval of the shareholders, the Board has recommended that the stock be sub-divided in the ratio 1:5, i.e. 1 equity share of Face Value of Rs. 10 will be sub-divided into 5 equity shares of a Face Value of Rs. 2.

Bonus

- The Board has also recommended an issue of bonus equity shares in the ratio of 1:1 by capitalizing reserves. This means that 1 bonus equity share of a Face Value of Rs. 2 (post sub-division of shares) will be issued for every 1 fully paid-up equity shares of a Face Value of Rs. 2, subject to the approval of the members in the ensuing Extra-ordinary General Meeting.

Financial Highlights: Standalone

Q1FY15

- Total income stood at Rs. 267.25 crore, higher by 8.9% compared to Rs. 245.47 crore in Q1FY14. Exports contributed 41% of total revenues driven by rising demand from coatings, inks and plastics.
- EBITDA stood at Rs. 28.49 crore compared to Rs. 30.71 crore in Q1FY14.
- PBT was Rs. 16.18 crore in Q1FY15, up by 14.0% compared to Rs. 14.20 crore in Q1FY14.
- PAT was higher by 6.0% at Rs. 11.58 crore in Q1FY15 against Rs. 10.92 crore in Q1FY14.
- EPS for the quarter ending June 30, 2014 stands at Rs. 16.73 compared to Rs. 15.77 in Q1FY14.

Message to Shareholders

Commenting on the financial results, Mr. Pradeep R. Rathi, Vice Chairman & Managing Director, said,

"A delayed monsoon resulted in lower than anticipated demand during the quarter under review. We are now however witnessing renewed increase in demand from most end user industries. While India continues to be the dominant contributor to performance, we are seeing gradual improvement in contribution from our international subsidiaries. Sudarshan's brands are today recognized by customers worldwide for their superior quality and performance. We will maintain our three pronged focus of quality excellence, optimizing efficiencies and expanding product portfolio in line with our objective to rank amongst the top 4 pigment players across the globe."

Operating Highlights

Revenues from Pigments and Agro Chemicals grew by 7.2% and 20.7% respectively.

- Domestic revenues largely comprised sales from Effect and High performance pigments. Sales from agro chemicals, though a much smaller portion of sales, also did well.
- Export revenues grew by 11.1% largely driven by strong demand particularly from South East Asia and Europe for high performance pigments.
- Higher prices of raw materials impacted margins for the quarter under review.

Other Corporate Developments

- The Company purchased Reversionary Rights in respect land situated at 162 Wellesley Road, Pune - 411 001 for a consideration of Rs. 6.75 Crore from J M Rathi Trust (the Lessors) after requisite Legal approvals.
- In Q1 FY15, the Company availed External Commercial Borrowing towards re-finance of Capex Rupee Term Loans. Towards this, it incurred one-time costs of Rs. 282 Lacs (Previous Year : Rs. Nil) being processing fees for new loan and prepayment charges of loans being repaid, these expenses are included in Finance cost. The benefits of these borrowings will be visible in lower borrowing costs in the forthcoming quarters.

About Sudarshan:

Overview

The Company is one of the largest manufacturers of Pigments in India with more than 30% market share. Sudarshan manufactures an extensive range of Organic, Inorganic and Pearlescent pigments and dispersions catering to the Coatings, Plastics, Inks and Cosmetics Industries worldwide. Sudarshan's product portfolio includes recognized brands like Sudaperm, Sudafast, Sudacolor, Sumica and Sumicos. The Company's development focus is on high performance pigments mainly for automotive coatings and engineering plastics that are produced in state of the art manufacturing facilities.

Sudarshan also manufactures agrochemicals. Some of the well-known formulation brands are Sutathion, Sumidon, Bismark, Suchlor, Sufos, Tez and Quantum. All agro products have been well received in the Indian markets.

Global Presence

Sudarshan entered global markets in 2008 through its wholly-owned subsidiaries in North America, Europe and a Representative Office in Shanghai. It is preparing to open more sales offices in Asia Pacific and Latin America. Sudarshan has an extensive presence globally in the organic pigments market, with sales in over 60 countries worldwide. During the last decade, the Company has been aggressively expanding into international markets. It is our aspiration to establish Sudarshan as a leading brand, worldwide.

Sudarshan's subsidiaries in Europe and North America continue to aggressively tap new markets and key potential customers. We market our product portfolio via our own sales channels in India and the Indian sub-continent, the Middle East, Turkey, Africa, Latin America and Russia, serviced from our head office in Pune, India. About 73% of the total product range is exported to overseas markets. The customers are served through a distribution network operating in USA, Europe, South Africa, South America, Turkey, with sales representatives in USA and Europe. We have also setup warehouses in Europe and USA.

Manufacturing Plants

Sudarshan's manufacturing plants are located at Roha and Mahad, Dist. Raigad in the State of Maharashtra. Both plants manufacture various types of pigments. The Company's agro chemical plant is also located in same premises of Roha. Both Roha and Mahad plants have received the British Five Star Rating which is testimony to strenuous efforts taken by the Company to achieve operational excellence in Environment, Health and Safety.

Research and Development Centre

Recognizing the need for continuous development, Sudarshan has set up a dedicated well-equipped Research and Development Centre to develop cutting edge products to keep pace with evolving customer requirements. The R&D facilities are located at Ambadvet, Amrlevadi, Tal.Mulshi, Dist, Pune and at Roha, Dist. Raigad.

The certification of ISO 9001, ISO 14001 and OHSAS – ISO 18001 from BVQI is a testimony to the Company's commitment towards quality, safety and sustainable environment friendly approach. The Company's R&D laboratories are recognized by the Department of Scientific & Industrial Research (DSIR). Our labs are also ISO 17025:2001 certified by National Accreditation Board for Testing and Calibration Laboratories (NABL), Government of India and has received recognition for a further period of 4 years i.e. upto March 31, 2016 from the Ministry of Science & Technology, New Delhi.

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Safe Harbour

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. Sudarshan Chemical Industries Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Details to the Financial Results

Profit and Loss Analysis - Figures in Rs. Crore

Revenues	Q1FY15	Q1FY14	% Change
Pigments	231.06	215.49	7.2
Agro Chemicals	36.19	29.99	20.7
Total Income from Operations	267.25	245.47	8.9

Revenue Mix	Q1FY15	Q1FY14	% Change
Domestic	157.51	146.70	7.4
Export	109.74	98.77	11.1

- Pigments continues to be the main contributor to revenues. While sales of agro chemicals also continues to grow, the Company's main thrust will continue to be on Pigments.
- Domestic demand is seeing an improvement on the back of revival in the monsoon.

Expenses	Q1FY15	Q1FY14	% Change
Raw Material Cost	168.31	144.07	16.8
Employee Cost	18.47	16.85	9.6
Other expenses	51.98	53.85	(3.5)

Expenses as a % of Revenues	Q1FY15	Q1FY14	bps Change
Raw Material Cost	63.0%	58.7%	430
Employee Cost	6.9%	6.9%	5
Other expenses	19.4%	21.9%	(250)

Depreciation & Interest	Q1FY15	Q1FY14	% Change
Depreciation	9.70	8.63	12.4
Interest	11.44	9.86	16.0

- Raw material costs were higher on a YOY basis. In the near term it is anticipated that prices will continue to be volatile on the back of an uncertain global environment.
- The Company has a strong thrust on combating the impact of increasing input prices. It proposes to achieve this through a mix of enhanced manufacturing and operating efficiencies and also looking to share some of this burden with the end customer. Some results of this strategy are visible in the reduction in 'Other expenses' during the just concluded quarter.

Profitability	Q1FY15	Q1FY14	% Change
EBITDA	28.49	30.71	(7.2)
<i>Margin</i>	<i>10.7</i>	<i>12.5</i>	
PBT	16.18	14.20	14.0
PAT	11.58	10.92	6.0
EPS	16.73	15.77	6.1

- Factors including lesser than anticipated demand and higher raw material prices impacted profit margins.
- Higher one time financing costs as a result of earlier discussed raising of ECBs combined with higher depreciation charge in line with the revised depreciation rates mentioned in Schedule II of the Companies Act.