



# SUDARSHAN

## Sudarshan Reports Second Quarter Results

Revenues grow 12% Y-o-Y to Rs. 303 crore

EBITDA higher by 11% Y-o-Y to Rs. 36 crore

PAT up 60% Y-o-Y at Rs. 16.4 crore

**Pune, November 19, 2014:** Sudarshan Chemical Industries Limited (Sudarshan), a leading manufacturer of Pigments & Pesticides in India, announced its Unaudited Financial Results on 14<sup>th</sup> November, 2014 for the second quarter and half year ended September 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 owns some well-regarded brands in the industry. The Company has a diverse employee base of over 1,000 personnel.

## Financial Highlights: Standalone

### Q2FY15

- Total income stood at Rs. 302.96 crore, up by 11.7% compared to Rs. 271.11 crore in Q2FY14. Pigments segment was the key contributor to the performance. Traction in revenues was driven by exports which increased by 13.9% while domestic markets sales expanded by 10.1% during the quarter.
- EBITDA stood at Rs. 35.65 crore in Q2FY15 against Rs. 32.20 crore in Q2FY14. EBITDA margin was 11.8%.
- PBT was Rs. 23.45 crore, higher by 71.4% compared to Rs. 13.68 crore in Q2FY14.
- PAT grew by 60.1% to Rs. 16.44 crore in Q2FY15 against Rs. 10.27 crore in Q2FY14.
- EPS for the quarter ending September 30, 2014 stands at Rs. 23.75 compared to Rs. 14.83 in Q2FY14.

## H1FY15

- Total income was Rs. 570.21 crore, higher by 10.4% compared to Rs. 516.58 crore in H1FY14.
- EBITDA stood at Rs. 64.14 crore compared to Rs. 62.91 crore in H1FY14.
- PBT stood at Rs. 39.63 crore in H1FY15, up by 42.1% compared to Rs. 27.89 crore in H1FY14.
- PAT was higher by 32.3% at Rs. 28.02 crore in H1FY15 against Rs. 21.18 crore in H1FY14.
- EPS for the half year ended September 30, 2014 stands at Rs. 40.47 compared to Rs. 30.60 in H1FY14.

## Operating Highlights for the quarter ended 30<sup>th</sup> September, 2014

Revenues from Pigments and Agro Chemicals grew by 12.2% and 9.1% respectively.

- Demand driven across industries led to growth of 12.2% in Pigments due to a turnaround in the macroeconomic environment and owing to the festival season.
- Sales from Agro Chemicals continued to do well contributing 13.0% of total revenues at Rs. 39.45 crore, 9.1% higher against Q2FY14.
- Export revenues grew by 13.9% largely driven by strong demand for pigments and better penetration in countries of operation.
- Based on end user industries, there was strong demand for products catering to the coatings, inks and plastics industries

## Other Corporate Developments

- Subject to necessary approvals, effective from 1<sup>st</sup> October, 2014, Sudarshan has acquired 100% equity shares of RIECO Industries Ltd. and the Industrial Mixers business of Rath Vessels & Systems Pvt. Ltd.
- Based on valuation exercise conducted by Ernst & Young, the Board of Sudarshan has fixed the consideration for acquisition of 100% Equity Shares of RIECO Industries at Rs. 16 Crore and the consideration for purchase of Industrial Mixers of Rath Vessels & Systems at Rs. 2.5 Crore.
- Both these acquisitions are expected to add value to Sudarshan through RIECO and Rath Vessels & Systems. viz.
  - In house technology with potential for scaling up
  - Potential to increase Exports
  - Familiarity with the business as common promoters
  - Some Common Customers
- RIECO Industries Ltd. is an engineering, procurement and construction (EPC) Company owned by the Rath V Family. The Company was established in 1975 and has been in business for the past 39 years. The Company manufactures Pneumatic Control Industrial Systems, Size Reduction and Pollution Control Equipments. RIECO Industries' Head Office is located in Pune with branch offices in Mumbai, Delhi, Chennai and Kolkata. The factory and warehousing facilities are located at

Alandi, Pune. The Company has a total strength of 161 employees out of which 128 are technical and 33 are commercial. Total turnover for the year ended March 31, 2014 stood at approximately Rs. 90 crore. Some of the Company's marquee clients include JSW Steel, TATA Steel, ThyssenKrupp Industries, P&G, AlfaLaval, Hindalco Industries, National Aluminium and JSW Ispat to name a few.

- Rathi Vessels & Systems Pvt. Ltd. is owned by the Rathi Family and has been in the business for the past 6 years. The Company manufactures industrial mixers for various applications. The Company has successfully executed 2,500 orders with over 1,000 installations across 350 customers. Some of its key clients are Hindustan Unilever, BASF, Dow Chemicals, Asian Paint, L&T, Reliance Industries, etc. The Company has a total strength of 50 employees out of which 39 are technical and 11 are commercial. Total turnover during the year ended March 31, 2014 stood at approximately Rs. 33 crore
- Sudarshan has decided to restructure its operations in a bid to become globally competitive and achieve its goal of becoming the fourth largest pigment player in the world. The Company has taken a transformational approach for increasing competitive strength by initiating a scientific study on manpower productivity and working capital to achieve global standards.

## 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 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 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. 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 pesticide plant is located in 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 Roha, Dist. Raigad and Ambadvet, Amrablevadi, Tal. Mulshi, Dist, Pune.

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.

## For further information, please contact:

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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 Chemicals 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

Sudarshan Chem.Ind.Ltd.

## Profit and Loss Analysis- Figures in Rs. Crore

| Revenues                            | Q2FY15        | Q2FY14        | % Change     | H1FY15        | H1FY14        | % Change     |
|-------------------------------------|---------------|---------------|--------------|---------------|---------------|--------------|
| Pigments                            | 263.52        | 234.95        | 12.2%        | 494.58        | 450.44        | 9.8%         |
| Agro Chemicals                      | 39.44         | 36.16         | 9.1%         | 75.63         | 66.15         | 14.3%        |
| <b>Total Income from Operations</b> | <b>302.96</b> | <b>271.11</b> | <b>11.7%</b> | <b>570.21</b> | <b>516.58</b> | <b>10.4%</b> |

| Revenue Mix | Q2FY15 | Q2FY14 | % Change | H1FY15 | H1FY14 | % Change |
|-------------|--------|--------|----------|--------|--------|----------|
| Domestic    | 172.28 | 156.37 | 10.2%    | 329.79 | 303.07 | 8.8%     |
| Export      | 130.68 | 114.74 | 13.9%    | 240.42 | 213.51 | 12.6%    |

| Expenses          | Q2FY15 | Q2FY14 | % Change | H1FY15 | H1FY14 | % Change |
|-------------------|--------|--------|----------|--------|--------|----------|
| Raw Material Cost | 184.15 | 156.81 | 17.4%    | 352.45 | 300.88 | 17.1%    |
| Employee Cost     | 19.75  | 16.99  | 16.3%    | 38.22  | 33.83  | 13.0%    |
| Other expenses    | 63.41  | 65.12  | -2.6%    | 115.39 | 118.97 | -3.0%    |

| Expenses as a % of Revenues | Q2FY15 | Q2FY14 | bps Change | H1FY15 | H1FY14 | bps Change |
|-----------------------------|--------|--------|------------|--------|--------|------------|
| Raw Material Cost           | 60.8%  | 57.8%  | 300        | 61.8%  | 58.2%  | 360        |
| Employee Cost               | 6.5%   | 6.3%   | 20         | 6.7%   | 6.5%   | 20         |
| Other expenses              | 20.9%  | 24.0%  | -301       | 20.2%  | 23.0%  | -280       |

| Depreciation& Interest | Q2FY15 | Q2FY14 | % Change | H1FY15 | H1FY14 | % Change |
|------------------------|--------|--------|----------|--------|--------|----------|
| Depreciation           | 9.97   | 8.78   | 13.6%    | 19.67  | 17.41  | 13.0%    |
| Interest               | 6.85   | 8.85   | -22.6%   | 18.29  | 18.71  | -2.2%    |

| Profitability | Q2FY15 | Q2FY14 | % Change | H1FY15 | H1FY14 | % Change |
|---------------|--------|--------|----------|--------|--------|----------|
| EBITDA        | 35.65  | 32.20  | 10.7%    | 64.14  | 62.91  | 2.0%     |
| Margin        | 11.8   | 11.9   |          | 11.2   | 12.2   |          |
| PBT           | 23.45  | 13.68  | 71.4%    | 39.63  | 27.89  | 42.1%    |
| PAT           | 16.44  | 10.27  | 60.1%    | 28.02  | 21.18  | 32.3%    |
| EPS           | 23.75  | 14.83  | 60.1%    | 40.47  | 30.60  | 32.3%    |

## Statement of Financial Position

| Equity and Liabilities | Sep 30, 2014 | Mar 31, 2014 |
|------------------------|--------------|--------------|
| Shareholders' Equity   | 330.30       | 303.36       |
| ST + LT Debt           | 321.50       | 323.85       |
| Creditors              | 168.72       | 107.71       |

- Debt / Equity during the quarter and half year ended September 30, 2014 stood at 1.30.
- The Company has also raised External Commercial Borrowings (ECB) of US\$ 13 million at competitive rate. The benefits of this borrowing is visible in lower finance costs

| Assets       | Sep 30, 2014 | Mar 31, 2014 |
|--------------|--------------|--------------|
| Fixed Assets | 311.26       | 322.02       |
| Cash         | 21.26        | 12.13        |
| Debtors      | 287.00       | 264.55       |

| Capital Employed               | Sep 30, 2014 | Mar 31, 2014 |
|--------------------------------|--------------|--------------|
| Capital Employed in Operations | 681.54       | 685.67       |