

17th August, 2016

DCS – Listing,
BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building, P.J.Towers,
Dalal Street, P.J.Towers,
Mumbai 4000 001

Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor,
Plot No.C/1,G Block,
Bandra Kurla Complex,Bandra (East),
Mumbai 400 051

Dear Sir,

Sub : Live Interview with Dy.MD on ET NOW news channel

We attach herewith the details of the live interview given by Mr.Rajesh B.Rathi, Dy. Managing Director to ET NOW on 16th August, 2016 as received from the News Channel today.

Kindly take the above on record and further arrange to publish the same in your website for the information of our shareholders, investors and public at large.

Thank you.

Yours truly,

For Sudarshan Chemical Industries Limited



P.S.Raghavan
Company Secretary

Encl : As above



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SUDARSHAN CHEMICAL INDUSTRIES LIMITED

MR.R.B.RATHI, DY,MANAGING DIRECTOR'S LIVE INTERVIEW WITH
ET - NOW ON TUESDAY, 16TH AUGUST, 2016

Sudarshan's PAT is up 73 per cent, EBITDA is also up by 37 per cent. Are your numbers looking stronger because of operational efficiency or is this because of other income and tax rates?

The improvement in our profitability has been a well planned strategic activity going on in the company for the last two years. We have had several strategic initiatives under the balance score card to improve our return on capital employed and EBIT margins. To name a few of the initiatives, one is strategic sourcing and becoming a insider in China for sourcing. The second major initiative has been in manufacturing efficiencies and cost reductions. Sales increase in our international markets is the third initiative. We are still not satisfied with the sales numbers which we have achieved in Q1. So all these along with a very tight control on fixed costs has been the secret behind our Q1 performance.

Your margin performance improved quite a bit this quarter to 17 per cent versus 14 per cent. Do you see this momentum continuing and is there a possibility that your annual margin numbers could actually look much better than what you have done in first quarter?

We would be introducing several new products in the market. Our aim is that 15 per cent to 20 per cent of our sales should come from our new products in next one to two year. We are already a dominant player in India and the Middle East market, but we want to majorly increase our market share in international markets because that is where 90 per cent or more of the market is. So this is going to create a lot of excitement in the company.

More importantly, I think every employee in Sudarshan desires to make this company a global, world class company. Our vision is to reach the fourth position. We expect to maintain our performance of the first quarter.

You have a dominant 35 per cent domestic market share and are seeing the tilt towards high margin pigment products with sharpening focus in Europe and North America. What kind of market share do you hope to target in those regions?

In the next two to three years, we look at having at least 10 per cent market share in those continents. Not just those continents but South America and Asia are also very important markets for us. Asia is growing tremendously and I think we should be doing very well there too.



How much have you already invested from your proposed capex and how much do you plan to invest in this year?

The Board has sanctioned about Rs 170 crore of investment for this year. One thing that we have learnt is how to implement capital expenditure, capital investments within three to four months. So in order to help our return on capital employed, we wait for our capacity utilisations to reach about 90 per cent and that is where we meet the investments. We are also making investments to improve our manufacturing efficiencies and lower our costs.

You have a large land bank which is valued anywhere between Rs 250 to 300 crore. Will that land bank be used for capex or are you looking at monetising it?

The Board is looking at this currently. We have not planned it. Our growth plans are irrespective of this and the capex which we want to invest is irrespective of the land bank.

You are looking at expansion of your business, so there is a capital requirement. You can raise money through an equity offering or can look inwards and try and monetise the land bank that is sitting on your books. Can you highlight where the thought process is tilting in this regard?

There are several legal and compliance issues which the Board is dealing with. The Board is looking at the time lines. We still do not have a clear guideline when all the legal issues would get solved.

Talking about your capacity expansion, a lot of people are saying that the Roha capacity augmentation would be a big kicker. When will the full benefit of that come on stream? Will it take another two years or will it happen by FY18 and what would that do to your turnover?

We are looking at acquiring the fourth position in the next two to three years. Everything is going to be organic growth and we are looking at major investments in our Roha plant. We have lot of free land there, we have the necessary government permissions. So our strategy is that we make the next set of investments when we reach a capacity utilisation of 90 per cent.

Where do you think your return ratios, especially return on capital and equity will stabilise in FY17 and FY18?

As seen in the first quarter, we have already had a major improvement in our return on capital employed and this trend should continue. Our two major objectives are to improve ROC and EBIT margins. So we see this trend to be sustainable.



You have aspirations to become the fourth largest chemical company in the world, correct?

We want to become the fourth largest pigment company in the world.

The fourth largest pigment company in the world has a turnover of about Rs 3,900 crore. How soon will you reach there?

The fourth largest pigment company does not have a turnover of Rs 3,900 crore. Our estimates say it would be about \$220 to \$240 million.

So when will you become the fourth largest pigment company?

The company would desire to become fourth largest in this year only. But I think that we would reach there in next two years.

