

31st May, 2018

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

Dear Sir,

**Sub : TRANSCRIPT OF THE INVESTORS / ANALYSTS CON CALL held on
24th May, 2018**

**Ref : Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015 – Schedule III PART A**

We enclose herewith the transcript of the Investors / Analysts Conference call held on
24th May, 2018 at 4.00 P.M.

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 Q4 FY2018
and Full Year FY2018 Results Conference Call”

May 24, 2018



ANALYST: MR. JIGAR JANI - EDELWEISS BROKING LIMITED

MANAGEMENT: **MR. RAJESH RATHI - DEPUTY MANAGING DIRECTOR -
SUDARSHAN CHEMICALS INDUSTRIES LIMITED
MR. VIVEK THAKUR – CHIEF FINANCIAL OFFICER -
SUDARSHAN CHEMICALS INDUSTRIES LIMITED
MR. AMEY ATHALYE – SENIOR MANAGER – BUSINESS
ANALYTICS - SUDARSHAN CHEMICALS INDUSTRIES
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Sudarshan Chemical Industries Limited Q4 FY2018 and Full Year FY2018 Results Conference Call hosted by Edelweiss Broking Limited. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing “*” and then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jigar Jani from Edelweiss. Thank you and over to you Sir!

Jigar Jani: Good afternoon ladies and gentlemen. On behalf of Edelweiss Broking, I welcome all the participants who have logged in for the Q4 FY2018 and full year FY2018 conference call of Sudarshan Chemical Industries Limited. From the management team, we have Mr. Rajesh Rath - Deputy Managing Director, Mr. Vivek Thakur – CFO and Mr. Amey Athalye – Senior Manager – Business Analytics. I would like to thank the management for giving us the opportunity to host this conference call and now I would like to hand over the call to Mr. Rajesh Rath for his opening remarks and a review of the quarterly and the annual results after which we will open the floor for Q&A. Please go ahead Sir.

Rajesh Rath: Good evening everyone. Thank you so much for joining the call. I am slide #8 and Amey is going to give a brief highlights for the year.

Amey Athalye: The Sudarshan consolidated revenue including all the divisions and subsidiaries have now reached 1675 Crores. Pigment, which is the flagship segment for Sudarshan Group that has grown by 17% Y-o-Y, in the last conference call we have indicated about the raw material increase which was coming in due to various China related factor; however, despite that since we have been able to pass on majority of the increase to customer. The operating profit, EBITDA has been maintained at about 15%. Some of the good work in terms of the corporate social responsibility, which we have been doing at Roha and Mahad, we recently received India’s CSR Award and total CSR spent for the last year is about 19 million. There are some other recognitions which also our worth mentioning is in terms of the socially responsible exporter and the award for innovative recruitment by World HRD Congress.

The other highlight being the dividend for FY2017-2018 total year is Rs.3.5 per share. We have also done in terms of the environment side where we have been able to reduce utility consumption and thereby lowering overall carbon emission and the savings of about 57 million during the year.

From our financial side, company received credit rating upgrade during the last year and short-term debt rating for the company now at IND A1+. There has been major focus in terms of the research and development and after the inauguration of the redesigned and modernized R&D center at Sutarwadi, the spend on R&D has also increased and we have been able to launch about 15 new products during the last year.

Now moving to the next slide in terms of the quarterly financial update, I am on slide #10. The total income for the current year Q4 is now 3842 million. The operating profit is about 560 million and PBT of 312 million. One point to mention is that this is now pertaining to majorly the pigment business and one more segment. The agrochemical business of the company is now kind of identified for the prospective buyer and this has been moved into discontinuing operations as per the Ind-AS 105 requirement so that portion of revenue and profitability is reported separately as a separate line item.

Moving to the next slide, so in terms of the quarterly growth the total income growth is 31%. Q4 last year was about 2930 million and this has reached 3842 million in the Q4, this is from the continuing operations and EBITDA and PBT growth are about 68% and 44% compared to Q4 of last year.

Rajesh Rathi: I think the quarter as expected the quarter has done better than our expectations and the growth has been fairly moving both in terms of sales and in terms of EBITDA margin.

Amey Athalye: A brief on annual financials, I am on slide #12. The current year total income is about 1320 Crores. The EBITDA margin is 14.9% and PBT of 9.6%.

Moving to the next slide, which highlights the overall increase in PBT for the entire company as a whole, you will see a substantial improvement in terms of the H2 of current year compared to last year H2, so there has been 59% increase in the profit before tax.

On overall basis for 12-months there is an increase in PBT by 7%. From the key ratios, debt equity ratio now is at 0.8 current ratio is 1.32 and EPS is also at about at 12.40.

Focusing more in terms of the pigment global sales, here again if you see the second half of the current year has been showing a good growth, the division has recorded 28% increase in the H2 compared to previous year and for the fiscal year FY2018 the growth has been 17%.

Now the highlights from the business during the quarter are, we are seeing demand improving in the India and Europe markets. In terms of the specific raw material price increases in the organic chemistry, we see some action still continuing now; however, we have been able to pass on the majority of the customers through selling price increases. In the Q4, we have commissioned wind turbine which will further help in reduction in the carbon footprint for the organization as well as bringing down the power cost, which would start from Q1 onwards.

Rajesh Rathi: I think from a business development initiatives all our geographies we are able to get new product approvals also we are able to penetrate into the market better so we are looking forward to a strong year ahead.

The customer price, further tightened that since there are so many raw material price increases, we further tightened our processes to ensure that we are able to pass on these increases so that we

are able to maintain profitability, also there is a proposed capex plan of 250 Crores this year for this was part of the 1000 Crore expansion plan which we will be executing.

Thank you very much. This was from our side and we will be more than happy to answer any questions.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Ashwini Agarwal from Ashmore. Please go ahead.

Ashwini Agarwal: Congratulations, very good set of numbers. Sir couple of questions I had. What is the capex that was executed over the last financial year ended in March 2018?

Vivek Thakur: We did about 90 Crores of capex last year, which included various things such as wind turbine, green energy, certain capacity expansion projects so overall we have done about 90 Crores.

Ashwini Agarwal: Okay and so the revenue increase, so when you say that the global pigment sales in the Q4 grew significantly is that driven by exports, is that India can you give me some colour between how exports grew versus how India grew on the pigment side?

Rajesh Rathi: I think both grew, I think India had a very strong quarter this month and specially also compared to last year, I think post demonetisation India was very subdued, I think there was a pick up post GST also so India grew very well, so both have been almost equal growth.

Ashwini Agarwal: Okay. You have I mean if I look out over the next 12 to 36 months, the kind of growth that we have seen over the last 12 months, which you say 17%-18% including a weak first half and a strong-ish second half is that an achievable kind of a revenue growth in pigments over the next three years or so?

Rajesh Rathi: I think, we have put in lot of initiatives to strengthen our growth and partly that was delivered in the H2; however, we must take into account that the H2 of the previous year was a very weak one too, so taking for India taking into account that we should see a good growth this year.

Ashwini Agarwal: Thank you so much. Congratulations once again. I will come back with more questions.

Moderator: Thank you. The next question is from the line of Pavan Kumar from Unifi Capital. Please go ahead.

Pavan Kumar: Sir firstly I wanted to understand the subsidiaries performance in the sense your consolidated performance seems to have gone down by minus 4 Crores this particular year as against some 11 Crores contribution to profit this year so what has happened overall?

Vivek Thakur: This year was the first year for us to Ind-AS transition so all subsidiaries and the holding company has transitioned to Ind-AS. Ind-AS there are certain implications under the expected credit loss model for the subsidiaries particularly on the receivable side so therefore there are

more provisioning requirement under Ind-AS which has kind of impacted the financials at a subsidiary level. Having said that, this is a provisioning. This is not a loss / write off. As per the Ind-AS provision restricted provisioning norms are applicable and hence this year's numbers are looking slightly worse than last year.

Pavan Kumar: Any indicative number of what might have been the quantum of provisioning?

Vivek Thakur: It is about 14-15 Crores.

Pavan Kumar: And you think this is recoverable?

Vivek Thakur: Yes, business is taking best efforts to recover it.

Pavan Kumar: Okay, but why does it get actually provisioned Sir in the sense since these dues have not been collected since six months eight months, is there any particular period because of which this is getting classified for provisioning?

Vivek Thakur: So Ind-AS in a way the deviation is the Ind-AS was following the incurred loss model so when there is an assessment from the management that a particular due is not receivable or there is a doubt about that that time the provisioning was done. So however under the current norms as soon as you record a sale even if the sale is a very recent one, you look at a historical numbers how the ageing is moving and accordingly required to do a provision even on the recent sales, so the expected loss model is kind of moving away from incurred loss to expected credit loss.

Pavan Kumar: Okay. Total amount of receivables could be on a subsidiary side right now?

Vivek Thakur: I do not have the number right now of the subsidiary alone, but on a consolidated level, numbers are in publication.

Pavan Kumar: We just wanted to doubtful receivables, so doubtful receivables will be 14 Crores for which you have provisioned that is it right?

Vivek Thakur: Yes, that is right.

Pavan Kumar: Okay and what would be the volume and price led the breakup for the growth that you have shown this quarter Sir as against last year?

Amey Athalye: Volume growth will be about 15%-16% and this year for the quarter or for the year?

Pavan Kumar: For the year and for the quarter?

Amey Athalye: I will just mention both the numbers. For the quarter volume growth is about 25% and the balance is coming from the price. And for the year the volume growth is about 14%

Pavan Kumar: Okay, and India and export markets both grew by around 20%-25% or how does it work?

- Amey Athalye:** India grew about 18% and exports about 16-odd% for the year.
- Pavan Kumar:** I will get back to the queue Sir. Thanks.
- Moderator:** Thank you. The next question is from the line of Somnath Paul an Individual Investor. Please go ahead.
- Somnath Paul:** Sir you had mentioned that we had been able to pass on the increase in raw material prices, can you give us some idea of how long does it take for the prices to be passed on?
- Rajesh Rathi:** As a general rule we have a quarterly price mechanism so generally we cannot decide prices on a quarterly basis, so it does take but in exceptional cases we would pass it on a month basis too.
- Somnath Paul:** Okay, so overall on sales basis how would be a rough breakup of that, I mean quarterly pricing and the monthly pricing mechanism when the ballpark figure?
- Rajesh Rathi:** No. There is no breakup. I am saying in exceptional cases wherever there was disruption in raw material supplies or there is a huge increase, which we are seeing now so that cycle has to be quicker, otherwise the normal cycle would be a quarterly cycle.
- Somnath Paul:** Sir one quick question, how much can we see the EBITDA margins go to, I mean going forward given into consideration the current pricing?
- Rajesh Rathi:** We are not giving forward projections but it should be a healthy growth because of our several initiatives within the company reduce cost, improved pricing etc.,
- Somnath Paul:** Okay we see that in spite of the crude increasing right?
- Rajesh Rathi:** Yes.
- Somnath Paul:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sagar Arya from White Oak Capital. Please go ahead.
- Sagar Arya:** Couple of questions from my side. So firstly out of the 1000 Crores capex spend that we had how much have we spent already?
- Rajesh Rathi:** Approximately 300 Crores.
- Sagar Arya:** So and this year we are trying to spend 250 Crores on top would that be correct?
- Rajesh Rathi:** Yes.

- Sagar Arya:** So remember in one of your concalls you had mentioned that the approximate asset turnover for the new capex would be 4x so does it mean a potential revenue of 2000 Crores on the capex which includes 250 Crores as well?
- Rajesh Rathi:** So 250 multiplied by 4 would give you about 1000 Crores.
- Sagar Arya:** But the 300 Crores that you spent already has the effect of that already coming into revenue?
- Rajesh Rathi:** Yes, some has come in and some is yet to come.
- Sagar Arya:** And so all of this 250 Crores is being spend on high performance pigment?
- Rajesh Rathi:** It is all specialty pigments.
- Sagar Arya:** Okay so the mix to specialty pigments and going forward the capex we see some improvement in margins as well in the next year?
- Rajesh Rathi:** Yes.
- Sagar Arya:** Sir there was also this effect pigment that you were discussing in one of the automotive client is there any update on that?
- Rajesh Rathi:** High performance FX, a quite a few go into the automotive and we have several approvals in automotive industry.
- Sagar Arya:** So you have approvals already but have you started supplying to them?
- Rajesh Rathi:** Yes.
- Sagar Arya:** Okay. And can you give us an approximate number of how much is coming from this sector, pigment?
- Rajesh Rathi:** We do not do assumes right now, from a competitive information perspective right now.
- Sagar Arya:** Okay. Last question Sir what are the utilization levels currently?
- Rajesh Rathi:** Approximately utilization levels will be about 85%.
- Sagar Arya:** Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Pavan Kumar from Unifi Capital. Please go ahead.
- Pavan Kumar:** Sir why is the other income part of it negative this quarter?

- Rajesh Rathi:** Forex right?
- Vivek Thakur:** You are referring to the operative income and non-operative income so operating income includes the export incentive that we receive, last year if you remember there was some income pertaining to prior year, which was booked in the last year, this year we have just booked the income pertaining to current year and hence the number is not comparable, as far as other income is concerned, the forex gains and losses gets classified, yes, so the forex income has come down this year because of the volatility in Euro as well as Dollar.
- Pavan Kumar:** Okay and just the small clarification on the subsidiary's performance, so when these receivables get classified as doubtful, is my understanding right if I would say that in past those parties to which these receivables belong have defaulted but currently we are expecting them to pay on time and so that is how this gets classified for provisioning?
- Vivek Thakur:** No as the receivable falls into a new aging bucket as the aging bucket gets older accordingly the provisioning keeps on increasing, if someone has not paid last quarter therefore 90 days gets added to aging overdue and hence the provisioning increases as a percentage and as a policy we have followed that any debt beyond a two year period is provided 100% so we are following a very strict provisioning norms and as I explained earlier also even the new sale, which is the money for which is not yet due also gets provided under the Ind-AS at a lower percentage. So you are right, when you say that money has not come but it is just a provision, we are trying on our best basis to realise the money and when the money comes that time there will be a positive impact to the P&L.
- Pavan Kumar:** But is it one party or two parties how does it work Sir?
- Vivek Thakur:** It is not parties specific it is aging bucket specific so it is a mix of multiple parties.
- Pavan Kumar:** What could be your capacity utilization right now or whatever we have commissioned until now?
- Vivek Thakur:** As Mr. Rathi mentioned capacity utilization is about 85% currently and some of the new lines, which are recently implemented, they are getting ramped up.
- Pavan Kumar:** Okay and out of this 250 Crores of capex that we are expected to do in FY2019 what is the kind of revenues we can generate using that 250 Crores of capex and when is expected to be commissioned?
- Rajesh Rathi:** We are using the 250 Crores some for our EBITDA margin improvements, so we are backward integrating so that will not give the revenue increase but this results into savings and improvement in EBITDA margins and balance obviously will give you a four times turnover.
- Pavan Kumar:** Okay, but can we assume saying it will add some another 300 Crores of revenue whenever it comes online, atleast not 300, 400 Crores of revenue?
- Rajesh Rathi:** Yes.

- Pavan Kumar:** I will get back in the queue Sir. Thanks.
- Moderator:** Thank you. The next question is from the line of Dheeresh Pathak from Goldman Sachs Asset Management. Please go ahead.
- Dheeresh Pathak:** Thank you. Sir you mentioned 14% volume growth for the pigment division but the profitability growth has been flat, so we have seen volume growth but we have not seen segment profit growth for the full year?
- Rajesh Rathi:** I think there were two accounts one was that the first six months, the year before last a year before that was an extremely high growth of H1 high profitability because the raw materials are very low and we did not have to pass on those decreases to the customers, that is why in the first half H1 if you see when we had declared H1 results we have negative 16% growth right and there was a very little volume increase, H2 because of the good volume increase volume expansion we seen a good growth in EBITDA and that is how on an overall level, so we more than made up the negative 16% of the H1 in the next quarter.
- Dheeresh Pathak:** But going forward you feel volume growth and profitability growth should be in line?
- Rajesh Rathi:** Yes.
- Dheeresh Pathak:** There is some restatement we have done for the pigment also right, I am seeing previous numbers is been changed, so there is agchem business has shown discontinued but why is there a reclassification or restatement of the pigment division number?
- Vivek Thakur:** So you are comparing with the last year number?
- Dheeresh Pathak:** December number which we have reported last year it has been changed?
- Vivek Thakur:** Yes, so as mentioned previously we transitioned to Ind-AS and Ind-AS allows for certain GAAP adjustment to be done till the end of the year so in the last quarter there was few adjustments which were done this quarter we have identified new GAAP adjustment and have given the effect of that in the last quarter number. So if you look at the number the numbers have not changed drastically but yes, there is slight adjustment to the number because of the GAAP adjustment pertaining to Ind-AS.
- Dheeresh Pathak:** Pigment related numbers have changed for December quarter it was 40 Crore earlier, pigment profit now it is 34 Crores so is it related to the same provisioning for receivables?
- Vivek Thakur:** No not that, since the agro is now being classified under the discontinuing operations, so lot of cost, which was common cost and which was kept unallocated because it was not pertaining to a specific division, now since the agro is classified under discontinuing operations lot of unallocated cost is absorbed by the pigment division, so that is the change which we have done.

- Dheeresh Pathak:** When you said like on a consolidated basis your receivable days used to be like 90 days now what is it that is leading to a provisioning of 15 Crores in the subsidiary can you just explain what was the receivables days at the subsidiary level and why is it leading to this large amount of provisioning?
- Vivek Thakur:** This we have multiple subsidiaries, overseas subsidiaries and Indian subsidiaries. One of our Indian subsidiary, which operates into engineering business, which is a non-core subsidiary their growth is linked to capacity expansion, which customers do so they are linked to the capex cycle of industry so basically, there is some stickiness in the payment from the customer in form of retentions etc., so the large expected credit loss provisioning has been done in that particular subsidiary, on a pigment level which is the core business not much of provisioning has happened.
- Dheeresh Pathak:** If we look at the subsidiary balance sheet like as of March 31, 2017 what were the receivables in absolute amount and what are the receivables now as of March 31, 2018?
- Vivek Thakur:** So there is 14 Crores provisioning under the expected credit loss model, which has been done on the subsidiary.
- Dheeresh Pathak:** No that I understood. You took a provisioning on the P&L I am asking on the balance sheet as of March 31, 2018 this subsidiary which has because of which you have taken the hit on the P&L on the balance sheet what is the receivable number absolute amount as of March 31, 2018 and what was that number as of March 31, 2017?
- Vivek Thakur:** We can just check the numbers and come back to you.
- Dheeresh Pathak:** Okay. And last question on 250 Crores you said some is backward integration some is new sales so what is the exact split of the capex?
- Rajesh Rathi:** So currently we were formulating the plans and the capex is getting fine-tuned I think by next quarterly call we should have a complete view on the split.
- Dheeresh Pathak:** Any outlook in terms of volume growth for next year can it be like high teens, or more than that or single digit what you are seeing right now in the business?
- Rajesh Rathi:** So I think we should see a healthy volume growth currently we do not give guidance on the exact numbers but we look at a positive growth.
- Dheeresh Pathak:** It is better than FY2018 for full year?
- Rajesh Rathi:** It should yes, I mean we do not give guidance like I said.
- Dheeresh Pathak:** I am not going to hold you for it I am just saying based on what you are seeing right now obviously it leads to the year.
- Rajesh Rathi:** Yes.

Dheeresh Pathak: Thank you so much.

Moderator: Thank you. The next question is from the line of Chetan Thakkar from ASK Investment Managers. Please go ahead.

Chetan Thakkar: Good evening Sir. Sir just wanted the breakup for other income in terms of what is the forex loss this quarter because of which it has done negative?

Rajesh Rathi: Sorry can you repeat that?

Chetan Thakkar: Sir the forex loss in other income what is that number because of which the other income is negative?

Vivek Thakur: The MEIS income which was booked in last financial year and which pertain to FY2015-2016 was about Rs.10 Crore and forex income which has kind of gone down this year on a full year basis is 12 Crores.

Chetan Thakkar: And for the quarter Sir?

Vivek Thakur: For the quarter, I think the number is 5.7 Crores let me just confirm it to you. Overall forex is 12 Crores.

Chetan Thakkar: That was for the full year Sir right?

Vivek Thakur: That was for the Q4 and 3 Crores of MEIS income only for the quarter on a full year basis the number is 8.5 Crores and 10 Crores.

Rajesh Rathi: Forex income 8.5 Crores and MEIS 10 Crores.

Chetan Thakkar: 10 Crores loss?

Vivek Thakur: Ten Crores less MEIS income 2015-2016 related than last year so that obviously is nonrecurring.

Chetan Thakkar: And the forex loss for full year is 10 Crores?

Vivek Thakur: 8.5 Crores.

Chetan Thakkar: Sir on the backward integration capex what is the data period that is being built in terms of the savings that you will achieve?

Rajesh Rathi: Approximately 3.5 years.

Chetan Thakkar: Thank you so much.

- Moderator:** Thank you. The next question is a follow up from the line of Ashwini Agarwal from Ashmore. Please go ahead.
- Ashwini Agarwal:** Thanks once again. How do you see the depreciation of the rupee has an impact on your business I mean is it a net positive or the cost inflation on imported raw materials or crude related raw materials kind of offset what you see on the revenue side, how do you see it on revenues and margins depreciation of the rupee?
- Rajesh Rathi:** I think we are a net exporter so from that perspective it is positive.
- Vivek Thakur:** It is positive for us. Depreciation is positive and the current forex policy, which we follow, wherein we atleast hedge 90% of the exposure, in view of the expected depreciation we are reviewing that policy. Just looking at the possibility of keeping some more open position so that we can hedge at an appropriate level.
- Ashwini Agarwal:** Okay and is there a sensitivity that you have done in the past that every percentage rupee movement against the USD gives you ten-basis twenty basis points EBITDA pickup, anything along those lines?
- Rajesh Rathi:** So we have those numbers but they are not readily on top of the head, we will look at that again.
- Ashwini Agarwal:** If I look at your slide #10 which had the financials for the quarterly so there the 384 Crores number for the quarter versus 293 Crores these are comparable right, so the 293 is also 'x' the agrochemical trading business?
- Vivek Thakur:** Yes, these are only for the continuing operations.
- Ashwini Agarwal:** These are comparable numbers.
- Vivek Thakur:** Yes.
- Ashwini Agarwal:** And how large was the agrochemical trading business in terms of revenues on a full year basis?
- Vivek Thakur:** Overall agro I think it is 115 Crore of which part is manufacturing and part is trading. It is about 50:50.
- Ashwini Agarwal:** And both are being sold or being earmarked for being sold or only being trading business?
- Rajesh Rathi:** I think the board is reviewing both the entire options right now we do not have clarity.
- Ashwini Agarwal:** Thank you so much.
- Moderator:** Thank you. The next question is a follow up from the line of Pavan Kumar from Unifi Capital. Please go ahead.

- Pavan Kumar:** Sir how much of our raw material procurement is from China are we seeing the inflationary trends there and if there are do we have the flexibility to raise prices, how great is it?
- Rajesh Rathi:** I think currently both in India also there are lot of problems in Gujarat from an environment perspective and China, so both aspects have problem. I think and that is why availability has been an issue, volumes are from that perspective getting the raw materials on time and we have seen a lot of increase in prices.
- Pavan Kumar:** Okay. So but is it like the demand whatever is there in the system presently we cannot meet the entire demand, any such kind of situation right now?
- Rajesh Rathi:** Yes, there is part of it, which we are not able to meet but we see this temporary. We should be able to cover but there is part of a demand we are not able to meet today.
- Pavan Kumar:** Okay and that is why you are going into backward integration?
- Rajesh Rathi:** No. That I think we still see this is a short-term issue. It would not be long term backward integration is more of a strategic area we want to look at getting strategic advantage.
- Pavan Kumar:** So if the market grows by say another 20% this year do we have the capacity to actually meet the demand without taking the new capex, because I am assuming the capex will come very late?
- Rajesh Rathi:** Yes, you are absolutely right.
- Pavan Kumar:** FY2019 lately the capex will commissioned right?
- Rajesh Rathi:** Yes, so we are already prepared for this year growth capex.
- Pavan Kumar:** Okay and Sir just small thing, recheck out the numbers you said FY2018 the volume growth was 14% so in India you said 18% and export 16% the numbers do not tally exactly, so what is the reason.
- Rajesh Rathi:** Those are the value growth.
- Pavan Kumar:** Okay. Can you give the volume growth for India and exports separately if it is possible?
- Rajesh Rathi:** We do not have those numbers readily available right now.
- Pavan Kumar:** Okay fine Sir, thank you.
- Moderator:** Thank you. We take the next question from the line of Jigar Jani from Edelweiss Broking Limited.

- Jigar Jani:** Thanks for taking my question. Couple of clarification, Sir actually on the subsidiaries part would it be possible to share our subsidiary performance for European subsidiaries the revenues and the PAT number for the full year?
- Vivek Thakur:** We are both, so before the annual general meeting I think accounts for all the subsidiaries will be made available and that time we can share the whole financials, as of now the consolidated numbers, the breakup of that figure is may not be available.
- Jigar Jani:** Okay and Sir this receivable that we are talking about is from Rieco, which we have discontinued?
- Vivek Thakur:** Rieco is not discontinued. Prescient is reclassified and discontinuing the operations.
- Jigar Jani:** So this is from Prescient is it?
- Vivek Thakur:** No it is pertaining to the engineering business.
- Jigar Jani:** Okay so that was part of which?
- Vivek Thakur:** That is part of the other segment.
- Jigar Jani:** Sir this agrochemical sale when can we expected to like to materialize have you identified buyers or what is the plan for that?
- Rajesh Rathi:** I think Sir the board is looking at both these businesses and currently we are looking at what are the best options for the company.
- Jigar Jani:** Okay and just on the other income part, for this quarter the other income was negative 4 Crores so out of that the total forex loss was 12 Crores right for the quarter?
- Rajesh Rathi:** Yes.
- Jigar Jani:** Okay. Sir regarding this 250 Crores capex you mentioned the payback period was 3.5 years?
- Rajesh Rathi:** No Sir. I mentioned that, in that 250 Crores there is a part which is for backward integration which has a payback of about 3.5 years.
- Jigar Jani:** For the expansion of new lines how quickly can we ramp it up depending upon whatever business viability you see or visibility you see currently?
- Rajesh Rathi:** I think there are some technologies, which are being developed so it is a little bit of a on these few of these areas so it is not purely just a volume expansion. There are certain volume expansions on certain lines but there are also certain new technologies, new products which we are getting in, which Sudarshan has never made so those, we expect to answer your question by let us say Q4 we should complete quite a few of those.

- Jigar Jani:** Right and which expansion are in tie ups with our customers or we first expand and then go for a customer tie up how does it generally work?
- Rajesh Rathi:** There are two ways. The entire new products which we are getting we of course test markets from a pilot plant etc., first, but we do not expand only for those volumes as a customer entrusted we do more than that because otherwise there will be no growth, whereas there are other lines where we want more volume we ensure that we have volumes underwritten on the existing product and then we expand it.
- Jigar Jani:** Sir for the new products you would have some commitment or some interest and rest you would do more for growth is that what you are saying?
- Rajesh Rathi:** Sorry come again.
- Jigar Jani:** Sir for the new products that you would be putting lines for would you have any firm like some quantities or firm commitment that you would have?
- Rajesh Rathi:** Yes, there is scheme interacts, there is lot of products have been evaluated etc., so it is not a high risk.
- Jigar Jani:** Understood. Are there any other questions, Aniket?
- Moderator:** Yes Sir, we do have one in the queue. The next question is from the line of Ranjeet C from B&K Securities. Please go ahead.
- Ranjeet C:** Thanks for the opportunity. Just needed one more data point. Would it be possible for you to share the domestic and export mix for the quarter and the year ended?
- Amey Athalye:** So normally domestic and export business is pretty much even we have about 50% local business and 50% exports and that was the scenario in quarter?
- Ranjeet C:** Sir secondly on the volume growth front around 14% for the FY2018, could you give some more colour on which particular segment, I mean not looking at the quantitative one but qualitatively the different segments within our pigment phase which should have gone higher or lesser?
- Rajesh Rathi:** Specialty pigments are grown.
- Ranjeet C:** The user end markets for those would be?
- Rajesh Rathi:** Coatings, plastics, cosmetics.
- Ranjeet C:** None from the auto side?
- Rajesh Rathi:** The coatings include the automotive.

Ranjeet C: Thank you.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Jigar Jani for closing comments.

Jigar Jani: Thank you for all the participants for patiently waiting for the conference call today and sorry for the delay that was there at the start and I would also like to thank the management for taking their time out and answering all the questions and we look forward to next year results and performance from the company. Thank you Sir. Thank you everyone.

Rajesh Rathi: Thank you everyone. Thank you.

Moderator: Thank you. On behalf of Edelweiss Broking Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.