

15th February, 2017

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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 : TRANSCRIPT OF THE INVESTORS / ANALYSTS CON CALL held on
10th February, 2017**

**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
10th February, 2017 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

**“Sudarshan Chemical Industries Limited Q3 FY17
Earnings Conference Call”**

February 10, 2017

SUDARSHAN



**MANAGEMENT: MR. RAJESH RATHI – DEPUTY MANAGING DIRECTOR,
SUDARSHAN CHEMICAL INDUSTRIES LIMITED
MR. VIVEK THAKUR – ACTING CFO, SUDARSHAN
CHEMICAL INDUSTRIES LIMITED**

MODERATOR: MR. JIGAR JANI – EDELWEISS BROKING LIMITED

Moderator: Ladies and Gentlemen, good day and welcome to the Sudarshan Chemical Industries Limited Q3 FY17 Earnings Conference Call hosted by Edelweiss Broking Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing '*' and then '0' on your touchtone phone. 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 Limited, I welcome all participations logged in for the Q3 FY17 Conference Call of Sudarshan Chemical Industries Limited. From the management team, we have Mr. Rajesh Rathi – Deputy Managing Director; Mr. Vivek Thakur who is the acting CFO on the call. I would like to thank the management for giving us the opportunity to host this conference call and now would like to hand over the call to Mr. Rajesh Rathi for his opening remarks on the results, after which we will open the floor for Q&A. Please go ahead, Sir.

Rajesh Rathi: Thank you so much Mr. Jigar Jani. As usual for people who have joined the call for the first time, I will give you a brief introduction and then get into the financial results. We just concluded our board meeting today at 1.30, and the results are uploaded on the BSE and NSE stock exchange.

We manufacture pigments, effect pigments and agrochemicals, 90% of our business is in pigments and we are the largest pigment producer in India with a 35% market share . We are about the fifth largest pigment producer in the world now. If you look at our area of growth in the last seven years, we have from a non-existing player become the fifth largest player. We have all government approvals to make large investments for a Brownfield expansion, cutting edge technology, and we have a dedicated R&D center which in the last seven years has launched more than 100 new products. We have the best in class R&D professionals.

If you look at our global presence, we have offices in Europe, North America, China and soon offices will open in Mexico and Brazil. The office includes sales teams, complete back office, stocking points so that we are able to service all requirements in a very short time to our customers. Our two manufacturing plants are located in Roha and Mahad in the district of Raigad in Maharashtra, both have enough land for future expansion.

Our R&D site is located at Sutarwadi , Pune about 25 kilometers away from Pune. At the R&D site, we have more than 50 scientists, but as a part of R&D, we have more than 75 people working with us, we have a global export panel for competency enhancement, we follow design of experiments, stage kit processes and again we have the best-in-class infrastructure in our R&D. As we speak, our R&D is being upgraded currently to the next level.

If you look at the financial trend of the last five years, our PBDIT CAGR has been 17% and the sales CAGR has been up 13%. Our export of about 90% is from our pigment business and

10% is agro, and if you look at the split of the pigment business about 51% is domestic and 49% is exports. On Sudarshan's culture, our higher purpose is growing together with our stakeholders.

Our vision is to become the fourth largest pigment producer in the world, vision to be a world class in all formats, infrastructure, people processes, and a global color solution provider with an innovative and a vibrant culture.

We have five strong values which are well kind of assimilated within the organization, seva, surplus service to our stakeholder, Courage, commitment and passion, respect, and trust.

Coming to the quarterly results, our sales were almost flat. We just grew by 1%. The domestic sales were mainly impacted due to demonetization, we saw a large slow down in the paint industry and some of the distributors in the EVA and rubber industry. Also some of our distributors had cash flows issues and hence the buying was restricted. We see this trend improving and next quarter looks better. Our EBITDA margins are higher by 4%, basically because of various initiatives again to control costs, however, our net profit is down due to increase in depreciation and fixed asset. As such, usually the Q3 quarter is the weakest quarter, not taking into account the special issues which we have faced, but if you look at even every Q3 quarter is our lowest quarter mainly because it is a post-Diwali scenario where demand for paints is subdued, all the painting has already happened before Diwali in terms of buying, in printing inks, food products, etc. before Diwali everyone stocks up, so from that perspective domestic is the weakest demand. In terms of overseas, it is a year ending for most of the customers, so they want to keep low inventories and then Christmas people are off at least 10-15 days. Given the scenario, Q3 is our worst quarter in the year and that is the seasonality of it. I do not think from a business perspective, we should be concerned, in fact we have really done well in spite of these issues in the Indian market and some of the African markets where currency was an issue.

If you look at the nine-month financials, our sales has increased globally by 7% and our gross margins are up by about 0.5% and PBT level profits are up by about 41%. From that perspective, the nine months have been quite good.

Vivek Thakur:

The ratios have been healthy, so debt-equity ratio has improved compared to last year from 0.96, it is now 0.89. Interest coverage ratio has been substantially better, current ratio is also good and EPS has been at 10.16 as against 7.18 last year, so there has been overall improvement. Ratios have been very healthy.

Rajesh Rathi:

From a business highlight perspective, we have been successful in commissioning a cogenplant at Roha plant of 8.24 megawatt capacity, this makes us self-reliant totally for the power and steam and would also take care of all our future expansion. It has good capacities. It will reduce our power cost and make us more competitive, and if we do have some excess capacity here, we will try and find as to whether we can utilize this for the Mahad plant. As I mentioned always that we are very focused on networking capital and if you see the trend, in

the last three years, we have reduced our networking capital from 36% to almost 24%. This year we are down to 22%. The focus on working capital continues and we also have taken up a large project to improve our planning cycles. In terms of our business outlook, as I mentioned last quarter it is the most challenging quarter and in spite of that and several difficulties we have been able to maintain our sales. We already see a recovery in the domestic market post-demonetization. We expect improvement in demand from overseas geographies. The total CAPEX expected by the current year is about 1500 million, that is the update on the quarter, and Mr. Jani I would hand over.

Moderator: Thank you, Sir. Ladies and Gentlemen, we will now begin the question and answer session. The first question is from the line of Vikrant Kashyap from Kedia Securities. Please go ahead.

Vikrant Kashyap: Sir, we have seen kind of muted growth in pigments volume for last two quarters, is there any specific reason, last quarter also if you compare YOY basis, we have seen pigment growth has been muted, so do we see the kind of loss we have seen in this quarter, will we be able to cover in Q4?

Rajesh Rathi: I would say that Q4 performance is expected to be better, however, we will not be able to make up for the past nine months, but Q4 compared to corresponding Q4 of the previous year, we should see much better results. As I mentioned, we faced a lot of several challenges, however, our prospective outlook on business for the next quarter and the next year is very good. I think these were some aberrations which I described, the quarter before we saw a soft demand in coatings market in Europe, we had issues in Nigeria, Egypt, Saudi where we have substantial sales, so given these limitations though we grew in other markets like Asia etc., those got nullified by these negative numbers.

Vikrant Kashyap: In Quarter-4, we are expecting good overseas demand?

Rajesh Rathi: Yes.

Vikrant Kashyap: How has been the scenario in China, they have shut down some of their plants and they have put norms for pollution control, so is the scenario ongoing or the factory has started coming up?

Rajesh Rathi: Sir, I think from a perspective of China, their pollution norms have been tightened but several of the companies have upgraded their effluent treatment plants, several have moved away from cities, so there have been off and on shut downs, but overall I would not say that the capacities have dropped but it has become a more level playing field for us because they have the same cost like us now.

Vikrant Kashyap: Thank you, Sir.

Rajesh Rathi: Thank you for your patience with us and I am sure next quarter you would see better results.

- Moderator:** Thank you. The next question is from the line of Lalit Kumar from MCA. Please go ahead.
- Lalit Kumar:** What is the debt as on date because whatever I see as on March 31 seems to be about 310 crores, so can you just throw some light on the debt as on date?
- Vivek Thakur:** Debt has been stable. There has been slight change because of increase in capital employed, but more or less that is stable and that is why the debt equity ratio has also slightly come down.
- Lalit Kumar:** How is the working capital cycle looking, because in the presentation there is a buildup on the receivables ?
- Vivek Thakur:** Working capital, there has been an overall improvement but because of the demonetization, there has been some pressure on receivables, but that is not much and it is a temporary thing.
- Lalit Kumar:** So we are back to normal, right from January in the last one month?
- Vivek Thakur:** Yeah, we are back to normal.
- Moderator:** Thank you. The next question is from the line of Girish Pathak from Goldman Sachs. Please go ahead.
- Girish Pathak:** What is the CAPEX outlet for FY18?
- Rajesh Rathi:** For FY18, the board is going to approve the budget in the month of March, but we do not see a major outlay from a perspective of already CAPEX being completed and we have enough capacities to kind of grow for our next year's budget, so we are all ready for the growth for next year, at least the first half of next year we do not see any major outlays of CAPEX.
- Girish Pathak:** What is the capacity utilization now?
- Rajesh Rathi:** On overall basis, it will be about 80-85%.
- Girish Pathak:** What percentage of revenues come from Nigeria, Egypt and Saudi?
- Rajesh Rathi:** Data is not in the public domain and we are concerned about this getting to our competitors, so from a perspective of that, we did see a fall down but we are ensuring that those revenues are compensated in other markets and our endeavor is to grow in those markets by this March end to become at least growth neutral, no de-growth.
- Girish Pathak:** 1000 crore brownfield CAPEX that you talked about, the large CAPEX that we will start putting up from FY19?
- Rajesh Rathi:** Sir, what I was saying is we have all government approvals to do a brownfield project in Roha for 1000 crores, but we will be going in a peaceful manner. The first phase of 150 crores, we have already completed. We will see the response of market, we will reach a sensible

utilization and then kind of go back. Every incremental capacity we put up, we want to ensure that our ROC improves, it does not deteriorate and our margins improve, so that is the endeavor, so we are not going to be in a rush to do the CAPEX, we are very cautious about it at the same time we are quite gung ho on the response from the market.

- Vivek Thakur:** Just to add to Mr. Rathi, the CAPEX of this year is phase-I of the 1000 crore.
- Moderator:** Thank you. The next question is from the line of Rusmik Oza from Kotak Securities. Please go ahead.
- Rusmik Oza:** My question is regarding the pigment prices, can you just give us some understanding of how the pigment prices have behaved in the last quarter vis-à-vis YOY and Q4 and probably in this quarter how will they be?
- Rajesh Rathi:** Pigment prices have been quite stable. There have been no abnormal increase in raw materials and hence pigment prices have been quite stable. When I say this, there have been exceptions where there have been slight increases and we have been able to pass those onto the market.
- Rusmik Oza:** Is there any scope for better realization or a better demand on the yellow pigment side especially from China going forward?
- Rajesh Rathi:** I do not know what the background of the question is, but I do not see why yellow pigment should, China also produces yellow pigments. In China, what we are doing is we are going with our entire high-performance pigments, red, yellow everything and including phthalocyanines and we are selling there.
- Rusmik Oza:** My last question is this cogen we have set up of 8.24 megawatts, can you quantify the savings we will have in terms of amount in the next fiscal year, because of capital usage?
- Rajesh Rathi:** Again, it is the CAPEX of 35 crores and we expect the power cost to be reduced by 50%.
- Moderator:** Thank you. The next question is from the line of Kartik Mehta from Canara Robecco. Please go ahead.
- Kartik Mehta:** Just to highlight on the power saving side, can you quantify that what sort of power cost we incur on a full year basis, generally?
- Vivek Thakur:** Power cost would be available in the annual report.
- Kartik Mehta:** You mean to say that 50% is the saving you are?
- Vivek Thakur:** Overall, on power it is electricity then we have coal consumption, then we have DG, so there are various types of power and fuel, overall I think if I am not mistaken it is about 50 crore expense in a year.

- Kartik Mehta:** So half of that would be saved with this?
- Vivek Thakur:** Not entirely, only on the electricity and that too on Roha site.
- Kartik Mehta:** In terms of demand slow down in the domestic market due to demonetization, I just wanted to understand that out of the total domestic pigment supply, what would be the industrial mix of the revenue between coatings and other segments?
- Rajesh Rathi:** This information is not in the public domain, but we have three major segments , one is printing inks, coatings and plastics.
- Kartik Mehta:** Because paint companies have reported subdued volume growth, so largely coating should be heavy in your overall pie of the domestic business which is probably one of the reasons for subdued domestic number?
- Rajesh Rathi:** We were hit actually from all sides, one was as you rightly mentioned coatings was subdued, second is from a plastic side, in the month of November we did see a dip. Everywhere, everyone was in a flux as to how the money cycle would kind of work out including we supply into Eva rubber slipper manufacturers where again the working capital cycle was getting affected, so we have to be very cautious and ensure that our money is safe.
- Kartik Mehta:** You said that third quarter is generally weakest quarter out of the four quarters, and I have noticed that the Q2 and Q4 is generally very strong for you?
- Rajesh Rathi:** Yes Sir, absolutely.
- Kartik Mehta:** We did roughly last year substantial part in Q4 as well, so are we going to see flattish sort of given still the sluggishness of the problem in the African countries still there are some problems or you are going to see normalization in terms of growth in the fourth quarter?
- Rajesh Rathi:** We do feel, like I was mentioning it is not going to be as subdued as the nine months. We do see lot of things which are moving well and our whole attempt is to see how we can drive growth in the Q4 quarter.
- Moderator:** Thank you. The next question is from the line of Chetan Thakkar from ASK Investments. Please go ahead.
- Chetan Thakkar:** Just wanted to know the volume growth number for the pigment segment for nine month versus previous nine month?
- Rajesh Rathi:** This number is not in the public domain.
- Chetan Thakkar:** Any qualitative assessment if you can give and what can be a sustainable number going forward for the next two-three years in terms of volume growth?

- Rajesh Rathi:** Sir, first thing is I would say that it should be pretty similar to the value growth. The second guidance would be that I would just say that the nine months were very subdued. We do not expect the next three years to be in the same manner.
- Moderator:** Thank you. The next question is from the line of Sushant Kanodia from ICICI Securities. Please go ahead.
- Sushant Kanodia:** What are the major raw materials for us because as per our understanding it is either to be benzene, phenol or naphthalene-based products, so what is the main raw material for us?
- Vivek Thakur:** Major raw material consumed are also there in the annual report, key raw material have been listed there, some of them are acids, lead metal, litharge, CPC.
- Rajesh Rathi:** Basically, naphthalene-based derivatives, benzene-based derivatives.
- Sushant Kanodia:** What portion of it is linked to the crude price because of this bump up in crude, so does it affect us in any way or is it complete pass through to us?
- Rajesh Rathi:** I think one area is that we are far ahead in the value chain from a crude oil perspective and there are not so many, probably 20-25% of our portfolio may be directly linked to the crude oil, rest is not directly linked.
- Sushant Kanodia:** The 25% is passed through for us right through the customs on immediate basis?
- Rajesh Rathi:** It is generally on a quarterly basis.
- Sushant Kanodia:** What is the current installed capacity for us as of date in tonnage if you can specify?
- Rajesh Rathi:** It is not there, again not part of the public domain information, Sir.
- Sushant Kanodia:** Lastly, do we have an ETP plant installed at our premises at both the plants?
- Rajesh Rathi:** Yes Sir, absolutely we have the best-in-class ETP plant where we treat all our effluent. In fact, our effluent is monitored online by MPCB, Maharashtra Pollution Control Board, and our record has been so good that we have been given permission directly to discharge our effluent into the main MIDC pipeline which goes to the sea bypassing the CETP, common effluent treatment plant.
- Sushant Kanodia:** Lastly, on a sustainable basis for next three years, FY18-19 what kind of top line or bottom line growth can we foresee for the company?
- Rajesh Rathi:** As I mentioned I do not want to give numbers, but we feel we should be growing well on both counts.
- Sushant Kanodia:** Roughly is upwards of 15% doable for us?

- Rajesh Rathi:** Sir, I still want to keep my job, Company Secretary is staring at me.
- Moderator:** Thank you. We have a follow-on question from the line of Ruskim Oza from Kotak Securities. Please go ahead.
- Ruskim Oza:** Sir, just to understand this CAPEX for FY17 is 150 crore out of which 35 crores is towards the cogen plant, so balance 115 crores without quantifying can you just tell us how much is the capacity gone up in terms of percentage?
- Rajesh Rathi:** Actually, out of the money spent so far, 75 crores is going towards plant and machinery. The rest, like you mentioned, 35 crores has gone to cogen. There is a large R&D investment, effluent treatment plant upgrade investment, and given this CAPEX, our capacity should increase by about 17.5%.
- Ruskim Oza:** I am just trying to understand this 17% is already reflected as of now or it will be available going forward?
- Rajesh Rathi:** It will be available going forward.
- Ruskim Oza:** For FY18, you are saying?
- Rajesh Rathi:** Yes, Sir.
- Ruskim Oza:** What could be the peak capacity utilization, Sir, you mentioned earlier that you were working at 80-85% utilization is that peak or is there scope for that to go up to 90% plus?
- Rajesh Rathi:** We are planning that it goes up, that is how we are planning the whole thing
- Moderator:** Thank you. The next question is from the line of Jigar Jani from Edelweiss. Please go ahead.
- Jigar Jani:** Just one thing, do you see any improvement on a sequential basis in the Egypt and Nigeria market in terms of dollar availability which was hurting us last quarter and do we basically see some improvement again in the Saudi markets considering oil has slightly gone up from previous bottoms and do you see the economy there slightly picking up?
- Rajesh Rathi:** There are two strategies we are using in those markets. What we are doing is within Africa, we are looking at other markets where we can get more sales, second attempt is at least to off set the decline in some of the areas , so that at least we can get at a neutral growth level instead of a decline, so we expect by this March end to achieve both these areas.
- Jigar Jani:** Just one last question, regarding our 17.5% capacity increase so whether this will be available from Q1 of next year, we are planning a four-month CAPEX cycle?
- Rajesh Rathi:** Yes, Sir.

- Jigar Jani:** Do we have any firm commitments to utilize this capacity as of now from customers?
- Rajesh Rathi:** Yes, Sir, we do have some firm commitments.
- Moderator:** Thank you. The next question is from the line of Aniket Valsangkaifrom Photon. Please go ahead.
- Aniket Valsangkai:** I wanted to know that the new product that we are planning to launch, how will these products affect the margins like the EBITDA margins?
- Rajesh Rathi:** All our new products, we are ensuring that the EBITDA margins give higher results than the current product portfolio because all our new products are into the specialty areas and it should help improve our margins.
- Aniket Valsangkai:** It will not affect any of the current sales, right?
- Rajesh Rathi:** No, it is not cannibalizing our sales.
- Aniket Valsangkai:** Any guidance on how much percentage to sales these products will add or what would be the percentage breakup in sales for these new products?
- Rajesh Rathi:** Sir, again right now it is not in the public domain information.
- Aniket Valsangkai:** Just one last question, for the CAPEX to come in, it takes around four months?
- Rajesh Rathi:** Yes, Sir.
- Moderator:** Thank you. The next question is from the line of Chetan Thakkar from ASKInvestments. Please go ahead.
- Chetan Thakkar:** Sir, just wanted to get a sense on where have we reached in terms of the approval process for the automotive high-performance pigments?
- Rajesh Rathi:** We have started the relationships in some customer on one product basis, in some customers on a two product basis. We expect in the next year for this relationship to kind of grow in to several products.
- Chetan Thakkar:** What has been the total investment in plant and machinery for HPP?
- Rajesh Rathi:** We do not bifurcate that from our perspective of ensuring that the information remains confidential.
- Chetan Thakkar:** The plants largely would be the same or they are separate plants on which separate batches have to be run for HPP?

- Rajesh Rathi:** They are absolutely separate plants.
- Moderator:** Thank you. The next question is from the line of Ranga Swamy who is an individual investor. Please go ahead.
- Ranga Swamy:** I am an individual investor and I have benefited from the Sudarshan investment right from Rs. 80 bucks to all the way to 400, so thank you it has been a big value creator and my question to you is regarding the CAPEX deployed for treatment for this quarter has gone up substantially in regard to the sales, so when we knew that there was sales drop going to happen, was there any proactive measures taken to reduce the capital deployed for pigments?
- Rajesh Rathi:** We did not want to go with the kneejerk reaction because we see a systematic demand building up and we are preparing for the growth for next year, so from that perspective we would not take any steps from that perspective.
- Ranga Swamy:** In that case, so would CAPEX deployment over the next quarter come down substantially since you have already deployed it in this past quarter, Q3?
- Vivek Thakur:** As Mr. Rathi mentioned, most of the CAPEX for the phase which we had got the approvals has already happened as far as last year was concerned. Next year, no major CAPEX is planned at least for next six months. We will review the demand how it pans out and based on that, we will take a call also after six months that is about two quarters from now.
- Ranga Swamy:** In terms of agrochemical business, is it planned to increase more revenue from that going forward, how about the profit margin compared to pigments?
- Rajesh Rathi:** Currently, we are very focused on the pigment business. In fact, in the last 10 years, we have been systematically reducing our agro business and focusing more on the pigment business because the kind of the chemistries we make and the market we were in had not great margins and the working capital cycle was very long, so our focus continues to be on the pigments .
- Ranga Swamy:** Finally, I wanted to ask if in India in terms of the ranking, are you the top three?
- Rajesh Rathi:** In India, we are number one and in the world we are number five.
- Moderator:** Thank you. We have a follow on question from the line of Jigar Jani from Edelweiss. Please go ahead.
- Jigar Jani:** Sir, again regarding agrochemicals, this quarter, we have seen margins decline substantially for the agrochemical space, any particular reason for that, I know sales have been down by 15%, but EBITDA margins have come in at 1% so have we changed any product mix or something like that?
- Rajesh Rathi:** Firstly, it is the seasonality. Generally for agro, Q1-Q2 are the major business quarters and Vivek Thakur is the expert on the agro, so he is going to answer.

- Vivek Thakur:** What we have seen in the agro business pest infestation has been low and hence demand for agrochemicals was low, in one of the leading molecule that we produce we saw some volume dip because of this. Generally in the north this is used, so there was a dip in that and we also started selling a new molecule which has a low margin that is basically from a volume point of view just for the recovery of fixed cost, so there has been a shift in the product mix and hence margin has been low. Also the seasonality in which Mr. Rathi mentioned, Quarter-3 is generally a low quarter and the revival is expected in the next.
- Jigar Jani:** What do we include in the other segment, is it mixers that we sell or?
- Rajesh Rathi:** The other segment is small business of ours in the environment management, the mixer business. The environment management, we kind of sell some chemicals, it is very small less than a 1%.
- Jigar Jani:** Sir, regarding our CAPEX plans, you recently mentioned that we had done an ETP upgradation for the CAPEX as a part of the total 150 crores, so do you foresee any significant requirement for investment in ETP while we are doing our 1000 crore CAPEX and how much down the line is it maybe one year or two year depending on how much capacities you are adding?
- Rajesh Rathi:** The ETP expansion proposal is being sanctioned, it is not been executed yet in the 150 crores, and we are looking out to see how the demand pans out and then start the expansion. We are looking at whether we can make improvements in the existing project, but we have got an approval from the board for the ETP expansion. This ETP expansion if everything goes well, we see that at least it should help us at least with 50-60% increase in our volume.
- Moderator:** Thank you. The next question is from the line of Sushant Kanodia from ICICI Securities. Please go ahead.
- Sushant Kanodia:** Who are your competitors domestically?
- Rajesh Rathi:** Domestic competitors are Clariant, Pidilite, then there are several medium and small manufacturers from the Gujarat belt.
- Sushant Kanodia:** If in high probability GST gets implemented this year itself, so do you see some transition happening from the unorganized segment to the organized segment in benefitting you?
- Rajesh Rathi:** I think the large, I would not say small and medium manufactures are in phthalocyanine area, which is not our core area of growth.
- Moderator:** Thank you. The next question is from the line of Srinath Sridhar from ICICI Securities. Please go ahead.
- Srinath Sridhar:** I wanted to know who your global competitors be?

- Rajesh Rathi:** Sir, number one would be BASF, BASF has also acquired CIBA so BASF and CIBA together, number two is Clariant, and number three would be Dainippon Chemicals or Sun Chemicals.
- Srinath Sridhar:** Okay, the DIC Corporation, Japan, since they are an investor, is there any technical transfer going forward in your performance pigments?
- Rajesh Rathi:** No, Sir, till 2004, we had a JV agreement with Dainippon Indian Chemicals where they owned equal stake in Sudarshan, and 2004 we mutually decided to exit, and they have decided to maintain some minor stake, however, they have no role in the management.
- Srinath Sridhar:** In the global market, what would be your market share?
- Rajesh Rathi:** It would be somewhere about 5-6%.
- Moderator:** Thank you. We have a follow-on question from the line of Ranga Swamy, an individual investor. Please go ahead.
- Ranga Swamy:** What are the new initiatives you are taking to increase the US and Europe markets, and the second question would be do you have a chief risk mitigation officer in terms of any business untoward incidents like demonetization which happened which is one-off case, but other risk mitigations that you have that may come up?
- Rajesh Rathi:** The board has a risk management committee and they do look at time and again the risk. We are looking at an ERM framework to address risks, so that is answering your question number two. Question number one is Europe and North America are our strategic markets, so we have several initiatives to look at how we can improve our sales there and a lot of management bandwidth time goes in there. Secondly, we do have an excellent team recruited there in the local markets. In the coming years, we should see good results coming from both these markets.
- Moderator:** Thank you. The next question is from the line of Jigar Jani from Edelweiss. Please go ahead.
- Jigar Jani:** Just one question from my side regarding the European and North American subsidiaries, I know you do not report consolidated numbers in quarterly results, but if you could give some color on how those markets are panning out, because they contribute substantial portion to our top line in terms of sales on a consol basis, how has the nine months been and any color on that would be very helpful?
- Rajesh Rathi:** If you look at our overall sales, it has not been very impressive, our growth, and definitely the expectation of the management is much higher, so in line with that I think there have been similar growth levels, however, I would not be disheartened looking at these because there are some areas which take longer time and we are doing all the right things taking corrective action to ensure that these things do get corrected.

Jigar Jani: I believe there are no more questions in the queue, so I would like to thank you for taking the time out and answering all our questions and I would also like to thank all the participants for attending the call.

Rajesh Rathi: Thank you so much, thank you every one.

Moderator: Thank you. Ladies and Gentlemen, on behalf of Edelweiss Broking Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.