

Sudarshan Chemicals

14 August 2026

Operator: Ladies and gentlemen, good day and welcome to Sudarshan Chemical Industries Ltd. earnings call for the Q1 FY27 financial results. Please note that all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Please note that this conference is being recorded. With that, I hand over the call to Mr. Ranjit Chirumalla from IIFL Capital. Thank you, and over to you.

Ranjit Chirumalla – IIFL Capital: Thank you, Swapnil. Good morning, everyone. Ranjit Chirumalla here from IIFL Capital. We are pleased to host the conference call with the management of Sudarshan Chemical Industries Ltd. to discuss the earnings performance, followed by an interactive Q&A session after the declaration of its Q1 FY27 results. From the management, we have with us today Mr. Rajesh Rathi, Chairman and Managing Director; Mr. Amitabh Mukhopadhyay, Non-independent Non-executive Director; Mr. Nilkanth Natu, Chief Financial Officer; and Mr. Amey Athale, Vice President Finance. I now request Mr. Rathi to begin the proceedings. Thank you, and over to you, sir.

Rajesh Rathi – Chairman & MD: Thank you, IIFL Capital and Ranjit, for hosting us. It is a pleasure, and I thank you all for sparing your valuable time and joining this call. I am truly excited to share our journey with you.

For those who have joined the call for the first time, I will provide some background. More than 18 months ago, in March 25, Sudarshan merged its business with Clariant, with the erstwhile Clariant and Heubach businesses coming together to form one of the most value-creating pigment leaders, rooted in customer centricity, agility, and innovation. This new entity would create a new benchmark for the color industry.

To give you a sense of our footprint, globally we now have 19 manufacturing sites, including 11 in 11 countries across five continents. We have more than 1,600 products, more than 4,000 global customers, and a turnover close to 1 billion. We are also on the way to significantly improving our EBITDA. Our plants are very well spread across the globe, but the most competitive advantage for Sudarshan against any other player is that 50–60% of our assets are based in Asia. That is a significant competitive advantage for us, and this represents the spread of our global manufacturing footprint.

We are also very proud of our technical marketing centers. These centers enable us to provide differentiated solutions to our customers.

Before I move to the Q1 performance, I wanted to give you some perspective on how the integration is progressing and what gives us the confidence that it has laid down a very strong foundation. It has been a remarkable transformation journey for Sudarshan, and I have been blessed to lead this journey.

If you go back 2–3 years, our sales were approximately 2,000 crores, with EBITDA in the range of 200–250 crores and net debt of approximately 800 crores, reaching a peak of around 950–1,000 crores. Today, we are almost four times the revenue, four times the EBITDA, and our net debt has been reduced by 60%. What we aspire to be is seven times what our EBITDA was in 2023, and we also aspire to reach a debt-free level. That is our aspiration going forward.

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When we took over this business, it was driven by silos and regions, and there was no unified culture or unified approach. We are very proud that we have created a One Sudarshan culture, with one aim and one goal for everyone to work towards.

We are very happy and proud to say that we have opened our second global headquarters in Frankfurt. There were critical gaps in the leadership pipeline. In Finance, HR, Legal, IT, and Supply Chain, there were significant gaps, and we have been able to acquire very good talent and establish a strong organizational structure. This gives us great confidence in strengthening our governance and performance.

There was a complete lack of harmonized reporting systems. We were working, and are still working, on more than four different SAP systems and 130 different applications. This adds a lot of complexity and makes it very difficult to obtain financial information. We have established a good interim MIS, but we are moving towards an advanced One SAP project. We are well advanced with the One SAP project, which we call Project Integra, and we expect to go live with the integrated system and reduce a lot of complexity during this financial year.

When we started looking at the business, the EBITDA was almost zero. Today, we have registered a strong EBITDA of 146 crores in Q1 for the acquired group, and we feel very happy and satisfied with this performance.

There were significant cash flow issues and very high debt on the books when we acquired the business. I am very pleased to tell you that we have already been able to reduce the debt to 5- from the peak when we took over the business. The peak was 922 crores, and we have brought this down in less than 18 months to 531 crores. This journey will continue.

Some of the priorities that we have focused on include customer centricity, which has been at the core of our strategy. We have been expanding and co-developing products, and our technical marketing and product management teams are doing a great job in partnership with our customers. This makes a significant difference.

We have now established a world-class customer service organization to ensure that customer service is of the highest quality. In terms of value capture and cost reduction, this has been a continuous focus and one of the most important areas, along with customer centricity, that we have been driving. The performance that we are seeing today is largely supported by this initiative.

In terms of the organization and operating model, we have established a global capability center in Pune. We are also ensuring that we build centers of excellence within this global capability center.

I have described what we are doing in terms of One Culture, and we have also established our second global headquarters. I spoke about SAP, and we are very happy that we will proceed with and complete Project Integra, or the One SAP project, during this financial year.

Coming now to the Q1 numbers, I will first discuss the Middle East crisis. As you are all aware, we have not been immune to these issues. We have faced spikes in energy costs across Europe and India, where a substantial portion of our assets is based. We have seen a substantial increase in raw material costs. Logistics costs have increased somewhat, but more importantly, the entire logistics

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cycle has increased by 2 weeks.

Because of so many uncertainties, many customers across industries have been delaying their purchases. They do not want to build up stocks, and that has been one of the issues from that perspective.

To address each of these issues, our procurement team has ensured that we have sufficient safety stock so that business continuity is maintained. At the same time, the supply chain team is ensuring that we have the right inventory in the right place, so that we do not overstock and carry high-cost inventories.

In logistics, we had to increase some of our inventories in our subsidiaries because of the longer logistics times. On sales, we are working very closely with customers to ensure that we deliver the best solution.

If you look at our Q1 performance, it has been very robust. There are three areas shown here. The first four columns represent legacy Sudarshan, the blue-shaded column represents the acquired group, and the final column represents Pigments Global. We are very happy to share that the numbers we have delivered now look solid, and we are confident that we can continue building on this journey.

For legacy Sudarshan, you can see a good increase in sales. I would say that we should be able to continue our performance at approximately 12–13% in terms of volume from that perspective.

For the acquired group, despite the geopolitical situation, we have still been able to grow by 5%. The positive aspect is that, if you look at the reported EBITDA and business EBITDA, we have done a very good job in the acquired group. We have grown business EBITDA from 65 crores to 128 crores and reported EBITDA from 78 crores to 146 crores. One Sudarshan delivered EBITDA of 275 crores for the pigment business. Mr. Natu, would you like to add anything?

Nilkanth Natu – CFO: Yes, sir. Thank you, Mr. Rathi. As Mr. Rathi mentioned, we started this year with a strong Q1, with revenue of 2,600-plus crores and business EBITDA of 257 crores.

As we mentioned in the previous couple of quarters, we started reporting business EBITDA. To remind you, business EBITDA is the operating profit from actual sales without the impact of any inventory changes.

Reported EBITDA for the acquired group for the quarter under consideration is 146 crores, and the inventorized overhead impact due to the increase in inventory is 18 crores. Therefore, the business EBITDA number is 128 crores.

Rajesh Rathi – Chairman & MD: For the Heubach business, we had one of the toughest quarters to start with. Revenue from operations was 38 crores, and we faced execution challenges due to delays in customer site readiness and, at some sites, the availability of subcontracted manpower. This reduction in revenue led to a decline in EBITDA.

As we mentioned earlier, we are on a transformation journey for the Heubach business. We remain confident about the business and its recovery in the coming quarters.

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This slide gives the business performance for Heubach Sudarshan, including the Heubach business. To recap the key numbers, revenue from operations was 2,642 crores, with business EBITDA of 247 crores and reported EBITDA of 266 crores for the quarter under review. This represents more than 60% growth year-on-year and 5% growth in revenue.

In terms of the key financial ratios for Heubach Sudarshan, we are in a very healthy position as far as the balance sheet is concerned. Earnings per share for the quarter, which is not annualized, was Rs.12.3 per share. Return on capital was 22.7%, which is a very strong number. However, I would like to mention that the reported return on capital employed is based on the annualized number.

We had a strong quarter to start with, and we expect the year to be better as well, subject to the seasonality that we normally see in Q3.

As far as net debt is concerned, we are at 531 crores, which gives us a good leverage ratio of 0.2 in terms of net debt to equity. Net working capital on an annualized basis is at 23.6%. Overall, in terms of the balance sheet and key ratios, the performance is good and shows the solid position of the balance sheet.

Management: Thank you, Rajesh. Looking at the outlook, as we mentioned, we have entered FY27 with strong profitability momentum and growing conviction in our long-term position as one of the largest global pigment platforms, backed by very broad technological depth and a global manufacturing footprint.

This sets the stage well. We also feel much more in control of our global business now, and it has established a very strong foundation for our growth.

In the ongoing medium-term period, we have to navigate through the challenging market environment given the current geopolitical situation, and we will do that with prudence. Our priorities remain strongly embedded for the year.

Value capture remains a very important priority. Cost reduction also remains a very important driver of growth and profitability growth. We want to ensure that we are able to release some cash from working capital during the remaining part of the year. SAP and the GCC also remain very important priorities for us.

We feel very confident about delivering the numbers that we stated earlier. Earlier in the year, we had given guidance of 700 million for the acquired group and 35 million EBITDA. Although the Q1 performance has been much stronger, we are currently not revising our guidance given the geopolitical situation. We want to adopt a wait-and-watch approach and revisit this after Q2. Thank you very much.

Operator: Team, can we begin the question-and-answer session now? Management team, can we begin the question-and-answer session?

Management: Yes, we can.

Operator: Thank you so much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may click on the raise-hand

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icon from the Participants tab on your screen. We request participants to restrict themselves to 2 questions each and then return to the queue for more questions. To rejoin the queue, you may click on the raise-hand icon again. We will wait for a few minutes until the question queue assembles.

We are taking our first question now from Sanjesh Jain of ICICI Securities. Sanjesh, please go ahead.

Sanjesh Jain – ICICI Securities: Good morning, sir. Thank you for taking my questions. I have a few of them.

First, on the Q1 numbers, I wanted to understand the underlying growth. If I adjust for currency depreciation, because we now have a very large international business that has a translation gain, and for the price increase due to raw material inflation, it appears that the underlying volume has declined this quarter.

In this backdrop, we are expecting very solid growth over the next 2 years, which is more than 20% growth at the lower end of the guidance. What gives us the confidence that, being the number one player, we will grow at least 2–2.5 times the industry growth rate, while this quarter implies some decline in volume? That is my first question.

Management: Sure. I think, firstly, the inference that volume has declined may not be very accurate, given the broad spectrum of our product range. We sell products ranging from 1 euro to 130–140 euros. We are not able to set that aside.

However, given that, we have seen modest growth of 6% this quarter despite the geopolitical situation.

We must remember that the Q1 of last year included a lot of sales from March onwards, when we had taken over the business, because, in the acquired entity, we were going live with some of the SAP areas. Therefore, the growth is better than that.

What gives us confidence in delivering growth and EBITDA? I would first talk about EBITDA. As I mentioned, a lot of value capture is still coming in. We have not yet seen the full value capture flowing into the numbers. That journey will continue, and it is completely within our control.

In terms of growing the business, this is a business that has lost a lot of business, and we are looking to recover it. We are not saying that we will try to grow completely out of line, but there is significant scope to regain some of the lost business.

The business was lost for various reasons, including lack of focus and insolvency issues. This gives us confidence that we will deliver robust numbers.

Sanjesh Jain – ICICI Securities: Understood, sir. I have one related question. You said that there is a lot of value yet to be captured. When you talk about value, are you referring to cost-efficiency benefits? If so, how much of the journey from 800 crores to 1,400–1,500 crores will be led by revenue growth, and how much will come from the value capture benefit that we are discussing?

Management: I think the numbers are very clear. A substantial portion would come from cost reduction or value capture.

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Sanjesh Jain – ICICI Securities: Understood. My second question is on the capex plan. We have large capacity. Can you help us understand where we are in the utilization cycle, and whether we envisage any large capex requirement, either for product development, new products, or backward integration, over the next 12–18 months?

Management: From a volume perspective, we do not need any new capex. We have sufficient capacity to achieve the numbers we have indicated.

However, we are looking at some special initiatives, either backward integration or special projects, and these will be determined by the ROI. If the return is attractive, we will proceed with them. We do not expect anything substantial. There will be some moderate capex.

Sanjesh Jain – ICICI Securities: Understood. One last question on the gross profit margin. This quarter, we achieved probably one of the highest margins at 54%. How should we view the gross profit margin? Was there any benefit from lower inventory that we were carrying, which may normalize over the next 1–2 quarters? What would be the impact if raw material prices start reversing again, especially since crude prices have already fallen substantially from the peak?

Management: If you look at the business gross margins, the gross margin will not be that high. The movement in gross margin from the last quarter to this quarter on a like-for-like basis would be approximately 2%.

Of this 2% movement, I would attribute it to some cost-reduction areas that have come through in yields, utilities, production, and other areas. There are also some very minor one-off areas from that perspective.

I would say that we should continue to be in the range of 50% plus gross margin.

Sanjesh Jain – ICICI Securities: Thank you. Just one question to add here: in the last 1 year—

Operator: Sorry, Sanjesh, just a request. Would you please rejoin the queue if you have a follow-up? We have other participants.

Sanjesh Jain – ICICI Securities: That is fine. I will come back in the queue. Thank you for answering all the questions, and best of luck for the coming quarter. Thank you.

Operator: Thank you, Sanjesh. We will take our next question now. Before that, just to remind all participants, please restrict yourselves to 2 questions each and then return to the queue for a follow-up.

We have Ankur Periwal of Axis Capital. Ankur, please go ahead. Please unmute your microphone. Yes, please go ahead.

Ankur Periwal – Axis Capital: Hi, sir. Thank you for the opportunity. Am I audible?

Operator: Yes, we can hear you.

Ankur Periwal – Axis Capital: Great. Thank you for the opportunity, and congratulations on a good set of numbers.

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My first question is on the guidance. While we are building in a 5–7% revenue CAGR, depending on the range we are looking at, over the next 2–3 years, how much of this will be volume and how much will be value? Value here could include greater premiumization.

Related to the question on margins, the synergy benefits or value capture that you mentioned are still pending. Over what timeline are you going to achieve that? Will it be achieved only in FY28, or will it also flow through in FY29?

Management: That is a great question, Ankur. As I described, our product portfolio is now very complex. As I said, we sell a product that is priced at 1 euro and another product that is priced at 130 euros. Therefore, looking at whether growth will be value growth or volume growth is difficult. What is important is that we grow and that the growth is profitable.

The growth should not hamper our gross margin. That is what we are really focused on from that perspective.

The second point is that value capture will be continuous. We will deliver more value capture during FY27 and FY28, with the major portion coming in FY27 and FY28. Some of the value capture from FY28 will also flow into FY29.

Ankur Periwal – Axis Capital: Thank you for that. My second question is on the balance sheet and debt repayment. What are our plans on the debt repayment side, given that a lot of debt also sits on the global side? Secondly, on Rico, earlier we had plans to hive off that business. Are there any revised thoughts on the same? Thank you.

Management: On the debt part, we have partly repaid the acquisition debt that we had availed. A small part of it has been repaid, and we will repay some more of the loan. As our net debt position is improving, as is visible in the presentation, we think we will be able to accelerate repayment of the acquisition debt.

Management: On Rico, would you like to add something?

Management: On Rico, we faced certain execution challenges in the first quarter, primarily because some subcontractors faced difficulty with labor availability. We expect things to normalize from the current quarter onwards.

We are confident that Rico will be posting a positive number by the year-end. That is the work we are trying to do. In summary, Ankur, our transformation of Rico will continue, and we will continue to see how we can achieve better numbers here.

Ankur Periwal – Axis Capital: Thank you very much, Rajesh and Amitabha. All the best.

Management: Thank you, sir.

Operator: Thank you. We have our next question from Rohit Nagaraj of 361 Capital. Rohit, please go ahead.

Rohit Nagaraj – 361 Capital: Again, unfortunately, this is on the guidance front. For FY29, for the consolidated business, we have a significant improvement from FY27 to FY29, with almost a

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16%–17% CAGR at the higher end. On the EBITDA front also, it is closer to doubling.

On the EBITDA front, do we expect the acquired business to have margins that almost touch double digits? Historically, have they ever achieved that? Thank you.

Management: Historically, they did achieve double-digit margins consistently. As I described in response to one of the earlier questions, on the sales side we are looking at regaining a lot of business. On the EBITDA side, we are looking at significant value capture, which will come in as we move ahead.

This FY29 guidance has been held by us from day one. It is not new guidance that we have come out with.

Rohit Nagaraj – 361 Capital: Understood, sir. My second question is: in the last 3–5 months, have we taken any material price increases, and have they been completely absorbed? There will obviously be an element of raw material cost inflation, but we do not expect pricing to correct again, which may have an impact on margins.

Management: Could you clarify? I did not follow your question, Rohit. Are you saying—

Rohit Nagaraj – 361 Capital: I will repeat it. In the last 3–5 months, have we taken any price increases across our product portfolio? There will obviously be one element due to input-cost inflation, and another element could come from demand–supply dynamics.

Will these prices sustain going forward, or, if the demand–supply situation is impacted again, will we have to reverse part of those increases? Thank you.

Management: Understood. Most of our price increases at present have only been to pass on the cost increases that we have experienced. We have been very particular about not taking advantage of the demand–supply situation in order to build trust with customers.

If raw material prices soften or oil prices soften, we would at that point reverse only some of the pricing.

Rohit Nagaraj – 361 Capital: Thank you very much, and all the best.

Operator: Thank you, Rohit. We will take our next question now. We have Nitesh Dhoot of Anand Rathi. Nitesh, please go ahead.

Nitesh Dhoot – Anand Rathi: Good morning, team, and congratulations on a good set of numbers.

My first question is whether you could explain the strategy behind acquiring the 70% stake in Sudarshan Colorants from the overseas subsidiaries. What is the rationale behind that? Is it a cash transfer that we are considering from the parent to the European entities for deleveraging purposes, or what exactly is the thought process?

Management: This decision was envisaged right at the beginning. At the time of the acquisition, we went for an indirect acquisition because of financing considerations. It was simpler to acquire the entity through its earlier holding structure.

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At that time itself, the plan was that eventually we would like to hold these shares directly from the ledger of Sudarshan Chemicals. We are now carrying out only an internal, within-group holding-structure rationalization that was planned earlier. There is nothing further to it, and we do not see this having any impact on the controlled business or anything else.

Nitesh Dhoot – Anand Rathi: All right, sir. My second question is regarding the notes to the consolidated financial results. Note number 9 states that, after June 30, a wholly owned subsidiary signed an agreement with an employee representative body for an employee restructuring program, and the impact has not been quantified.

Is that a European Works Council agreement? Does it mean that a restructuring charge will arise in Q2 or Q3? If that is the case, how much would that charge be, and is it included in your EBITDA guidance for FY27?

Management: As mentioned in the note, quantification was not possible at this time. By the end of Q2, we should have clarity on the quantification.

As of now, we cannot provide anything more than that because the numbers are still subject to change. By the next quarter, we will be able to provide more detail on this.

Nitesh Dhoot – Anand Rathi: All right, sir. No problem. Those were my questions. I wish you the best for the coming quarters.

Management: Thank you, sir.

Operator: Thank you, Nitesh. We have Archit Joshi of Nuvama with his question now. Archit, please unmute your microphone.

Archit Joshi – Nuvama: Good morning, everyone. Thank you for the opportunity.

Could you share your thoughts on the 4 key application areas that we serve from an industry perspective? What is your near-term outlook for demand in paints, packaging, plastics, inks, and some of the other specialty applications that we have started catering to, especially after the Heubach acquisition?

Management: If you look at the coatings market, the current situation in the US has been subdued in both the decorative market, which is the house-paint market, and the automotive market. The same applies to the US and Europe from that perspective.

In plastics, given the geopolitical situation, which is probably a short-term issue, there has been a substantial increase in polymer prices. Our customers are running down the value chain, and the entire value chain has dried up. They do not want to carry high-cost inventories, and there is a hand-to-mouth supply situation. That is why you see cycles in plastics.

In printing inks, volume-driven printing ink has generally been a declining market as a long-term trend because of digitalization. The volume-driven market is declining there. However, some specialty markets, where there are stringent packaging regulations, have been growing.

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We have divided the special applications into several areas, including agro and digital inks. We are seeing very good growth expectations in that market.

Archit Joshi – Nuvama: Understood, sir. My second question is on the raw material basket. Before the acquisition, a few important raw materials that we used to track as analysts included Beta Naphthol, 2B Acid, and 4B Acid. First, how are they placed in terms of the existing supply chain? Second, after the acquisition, how has our raw material basket widened?

Which raw materials would be critical now for these specialty pigments, or if we have broadened our azo pigment portfolio? It would be helpful if you could share this. Thank you.

Management: We look at various categories of raw materials. The categories have not changed. For example, there are benzene- and toluene-driven categories, acetic-acid- or arylide-driven categories, diketene-driven categories, benzene- or phosphorus-driven markets or categories.

What has changed in our product mix is that high-performance pigments have grown substantially, and the pigment dispersion business has also grown substantially. Those categories have therefore become more important.

Archit Joshi – Nuvama: Would the same raw materials be used for these azo and specialty products? Would that be a fair assumption?

Management: No, they are different. They are different.

Archit Joshi – Nuvama: Are there also certain special polymers or other materials that you would require? If you could name them, that would be helpful for tracking the underlying raw materials.

Management: It is a category, sir. The phosphorus-driven category becomes important there, and there are also very specific categories that we can share with you offline, along with how the purchasing team tracks them.

Archit Joshi – Nuvama: That works, sir. Thank you, and all the best for the coming quarters.

Management: Thank you.

Operator: Thank you, Archit. We have Rashmi Gohil of Arihant Capital with a question. Rashmi, please go ahead.

Rashmi Gohil – Arihant Capital: Good morning. Thank you for giving me this opportunity.

Q1 revenue annualizes to roughly 10,600 crores, which is already above the top end of your 9,800–10,200 crores FY27 guidance. The business EBITDA margin of 9.4% is also ahead of the 800 crores of EBITDA implied on that revenue base.

Are you reaffirming FY27 guidance as it is, or is there an upside bias? How much of this Q1 strength was one-off versus sustainable?

Management: As I mentioned in my presentation, our results are solid. There are not many one-offs. There may be a few areas, which is why we have started reporting business EBITDA from that

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perspective.

However, as I said, given the current geopolitical situation, we want to adopt a wait-and-watch approach and see how Q2 develops. Therefore, we are not revising our guidance currently. We will revisit it at the end of Q2.

Rashmi Gohil – Arihant Capital: My next question is about the phasing assumption for acquired-group margin improvement through FY27. Is 6%–7% the new steady state, or is there a path back toward Sudarshan legacy-like margins of 15% or more?

Management: For the guidance that we have provided, I do not think the guidance would be 15%. The area we would want to target for the acquired group is high-single-digit or low-double-digit margins.

Rashmi Gohil – Arihant Capital: Thank you so much. All the very best for the upcoming quarters.

Management: Thank you.

Operator: Thank you, Rashmi. We will take our next question now. We have Gatha Jain of Monomark Capital. Gatha, please go ahead.

Gatha Jain – Monomark Capital: Thank you for the opportunity. I am relatively new to the company, so my question might be very basic.

I wanted to understand the contract aspect of our business. What kind of contracts do we have with our clients? Are they long-term or short-term contracts? Are we able to pass on raw material prices under these contracts?

Management: Your questions do not suggest that you are new to the company. They are very good questions.

Our business is quite repetitive. To change any of the pigments in the coatings industry requires a substantially long period. It depends on the customer, but it may take anywhere between 1–2 years. If it is automotive paint, it may take as long as 5 years.

In that way, it is a sticky business. Generally, we like to negotiate quarterly prices with our customers. In a steady state of the business, that business flows in. However, when there are ups and downs in the geopolitical situation and raw material prices and costs move, we look at passing on those increases.

Gatha Jain – Monomark Capital: All right, thank you very much. That is all from my side.

Operator: Thank you, Gatha. We have Pratham Kankaria of Quantum AMC. Pratham, please unmute your microphone.

Pratham Kankaria – Quantum AMC: Thank you. I have just one question. The India business has grown much faster. In the past, you mentioned that you would transfer some products from the Germany-based operations to the India-based operations. Is that the same effect that we are seeing in the India business?

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Management: There is some inter-company business as well that we have gained from that perspective. Therefore, partially, that is correct. We have either been producing here and selling there, or vice versa. That does have an impact.

Pratham Kankaria – Quantum AMC: Understood. How should we view margins going forward, assuming there might be some benefit from the low-cost inventory that we had on the raw material front?

Management: As we described, at the One Sudarshan level, if you look at both businesses together, there are not many one-offs. Going forward, we have already given the guidance for how we view this year.

Pratham Kankaria – Quantum AMC: Thank you.

Operator: Thank you, Pratham. We have Viraj Mahadevia of Moneygrow with his question now. Viraj, please unmute your microphone.

Viraj Mahadevia – Moneygrow: I am new to the company, but congratulations on an astute piece of deal-making with Heubach.

Before Heubach started facing difficulties a few years ago, it was a 1 billion euro top-line business. Sudarshan more recently achieved 9,000 crores in top-line. With the combination of the two, do you see more aggressive revenue growth going forward, as you build effectively another Sudarshan out of this acquisition in terms of top-line?

Or are you being more selective and measured in your revenue growth because you are exiting unprofitable businesses or facing excessive Chinese competition in certain product lines? Can you give us some view on why revenue growth will not be more aggressive over the next 2–3 years?

Management: That is a great question. Looking at Heubach, Heubach was made up of 2 companies, Clariant and the Heubach business.

Viraj Mahadevia – Moneygrow: Right.

Management: Those businesses were integrated, and you are right that the combined business was approximately 1 billion euros. However, as soon as the integration happened, a lot of business was lost.

When we look at our projections, given our current market share, it is difficult to grow beyond the size of the market. However, we have included significant numbers here because we believe there is a substantial opportunity to recapture lost sales.

From an EBITDA perspective, we are also looking at how we can reduce costs and ensure lean operations. That is how we will improve EBITDA margins.

Viraj Mahadevia – Moneygrow: I agree on the cost side, the synergies, and the China-plus-one opportunity coming from India. On the revenue side, even if Heubach was doing the equivalent of 5,000 crores in revenue after the acquisition, that leaves substantial potential to recapture some of the lost business.

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Is that on the agenda? You should be able to grow your market share faster than the overall market.

Management: Absolutely, sir. If you look at slide number 9, that is where we have presented our projections in the investor deck. We have stated that we could reach 12,000 crores plus from that perspective.

Viraj Mahadevia – Moneygrow: Understood. Thank you very much.

Management: Thank you, sir.

Operator: Thank you very much. We request participants to click on the raise-hand icon from the Participants tab if they wish to ask a question. Are there any participants? All right. Ladies and gentlemen, we will take that as the last question.

I will now hand the call back to the management team for their closing remarks. Over to you, management team.

Management: Thank you, Ranveer and IIFL Capital. Thank you to all the participants for joining the quarterly earnings call. We remain confident in our journey going forward and look forward to interacting with you in the coming quarter. Thank you.

Operator: Thank you very much. Ladies and gentlemen, as there are no further questions, on behalf of Sudarshan Chemical Industries Ltd., that concludes today's conference call. Thank you all for joining us. You may now click on the leave icon to exit the meeting. Thank you all for your participation.

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