"Sudarshan Chemical Industries Limited Earnings Call for Q1 FY2027 Financial Results"

August 14, 2026

Management: Mr. Rajesh Rathi – Chairman & Managing Director
Mr. Amitabha Mukhopadhyay – Non-Executive and Non-Independent Director
Mr. Nilkanth Natu – Chief Financial Officer
Mr. Amey Athalye – Vice President, Finance

Moderator: Thank you. Ladies and gentlemen, good day and welcome to Sudarshan Chemical Industries Limited earnings call for Q1 FY2027 Financial Results. Please note 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. Please note that this conference is being recorded. With that, I hand over the call to Mr. Ranjit Cirumalla from IIFL Capital. Thank you and over to you.

Ranjit Cirumalla: Thank you, Swapnil. Good morning, everyone. Ranjit Cirumalla here from IIFL Capital. We are pleased to host the conference call with the management of Sudarshan Chemical Industries Limited to discuss earnings performance, followed by an interactive Q&A session post declaration of its Q1 FY2027 results. From the management, we have with us today Mr. Rajesh Rathi, Chairman and Managing Director; Mr. Amitabha Mukhopadhyay, Non-Independent, Non-Executive Director; Mr. Nilkanth Natu, Chief Financial Officer; and Mr. Amey Athalye, Vice President Finance. I now request Mr. Rathi to begin the proceedings. Thank you and over to you, Sir!

Rajesh Rathi: Thank you, IIFL Capital and Ranjit for hosting us. It is a pleasure and thank you all for spending your valuable time in joining this call. I am truly excited to share our journey with you. Giving a small introduction to people who have joined the first time on the call giving you some background. More than 18 months ago, March 2025, Sudarshan kind of merged their business with Clariant and Heubach together to form one of the most value creating pigment leaders rooted in customer centricity, agility and innovation and this new entity would really create a new benchmark for the color industry. In total, just to give you a footprint now globally we have 19 manufacturing sites in 11 countries in five continents. We have more than 1600 products, more than 4000 global customers;, turnover close to EUR 1 billion and we are on the way to really boost our EBITDA. If you see our plants, our plants are very well spread across the globe, but the most competitive advantage for Sudarshan against any other player is that 55% to 60% of our assets are based in Asia and that is a big competitive advantage for us. We also are very proud of our technical marketing centers and again this provides us to provide a differentiated solution to our customers.

Before I actually go on to the Q1 performance, I wanted to give you a flavor on how the integration is going and what gives us the confidence that it has really 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 two to three years ago, our sales were in the tune of about Rs.2000 Crores with EBITDA in the range of Rs.200 Crores to Rs.250 Crores and a net debt of about Rs.800 to 900 Crores with peak at, Rs.922 Crores. Today, what we are, we are almost four times the revenue, four times our EBITDA and our net debt is reduced by 60%. What we aspire to be is really seven times of what our EBITDA was in 2023 and also reach a debt-free level and that is our aspiration going forward. So just to remind you, when we took over this business, this business was driven by silos, regions, and there was no unified culture or a unified approach. What we feel very proud that we have created is one Sudarshan culture, one aim, one goal for every one of us to work together. 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. If you look at finance, HR, legal, IT, and supply chain, there were very big critical gaps and we have been able to get very good talent now and set up a very good organization structure and again that gives us a great confidence to boost our governance and our performance. There were complete lack of harmonized reporting systems. We are still working on more than four different SAPs and 130 different applications, so this adds to a lot of complexity and very difficult to get any financial information on this. What we are moving towards, we have set up a very good interim MIS, and are moving towards an advanced One SAP project, we call it Project Integra and we expect to go live with our integrated system and reducing a lot of complexities in this financial year.

When we started looking at the business, the EBITDA was almost zero, today we have registered a strong EBITDA in Q1 of the acquired group of Rs.146 Crores in Q1 and feel very happy and satisfied with this performance. There were big cash flow issues and very high debt in the books when we acquired the business. Very glad to tell you that we have already been able to reduce the debt from the peak when we took over the business it was at Rs.922 Crores and we have brought this down in less than 18 months to Rs.531 Crores and this journey will continue. So some of the priorities which we have kind of looked at, customer centricity have been at the core and we have been expanding or developing our products and our technical marketing is doing a great job and product management with great partnership with our customers which makes a big difference. We have now set up a world class customer service organization to ensure that the customer service is topnotch. In terms of value capture or cost reduction, this has been a continuous focus and one of the most important areas along with customer centricity, which we have been driving and today's performance, which we see, is majorly backed by this initiative. In terms of the org and operating model, we have set up a global capability center in Pune. We are also ensuring that we build center of excellence in this global capability center. One culture, I described this what we are doing and we have also set up second global headquarters. I spoke about SAP and I think we are very happy that we would be going ahead and completing Project Integra or the One SAP project in this financial year.

Coming now actually to the Q1 numbers, first I think looking at a little bit of the Middle East crisis, as you all are aware, we are not very different to face these issues. We have faced energy cost spikes everywhere in Europe, in India, substantially where our substantial assets are based. We have seen increase in raw material costs, logistic costs have increased, but more importantly this whole logistic cycle has increased by two weeks and because of so many uncertainties, many customers across industry have been kind of delaying their purchases, they do not want to create stocks, etc., from that perspective and that kind of has been one of the areas. What we have done to address each of them is our procurement has ensured that we have enough safety stocks so that the continuity of business is there, at the same time supply chain is ensuring that we have the right inventory at the right place so that we do not overstock and have high-cost inventories. Our logistics, we had to increase some of our inventories in our subsidiaries because the longer logistic times and sales, we are working very closely with customers to ensure that we deliver the best solution.

If you look at our Q1 performance, the Q1 performance has been very robust. There are three areas one is first, the first four columns talk about legacy Sudarshan. Then the blue-shaded column talks about the acquired group and last column talks about the pigment as global and that has just been very happy to share that now the numbers, what we have delivered looks solid and we are now confident that we can continue building on this journey. Legacy Sudarshan, you see a good increase in sales. I would say we should be able to continue a performance of in the region of 12% to 13% in that work mark figure from that perspective. In terms of acquired group, given all the geopolitical situation, we have still been able to grow by 5%. The good part is if you look at the reported and business EBITDA, we have been able to do a very good job in the acquired group. We have grown the business EBITDA from Rs.65 Crores to Rs.128 Crores and of course the reported EBITDA from Rs.78 Crores to Rs.146 Crores and as one Sudarshan delivered EBITDA for the pigment business of Rs.275 Crores. Now, I will request Mr. Natu to provide details on the financial performance

Nilkanth Natu: Thank you Mr. Rathi. As Mr. Rathi has mentioned, we started this year with a strong Q1 with a revenue of Rs.2600 plus Crores and with a business EBITDA of Rs.257 Crores. As we mentioned in the couple of quarters earlier, we started reporting the business EBITDA and just to remind, the business EBITDA is the operating profit from the actual sales without the impact of any inventory changes. So reported EBITDA for the acquired group for the quarter under consideration is Rs.146 Crores and the inventoried overhead impact due to increase in inventory is Rs.18 Crores and so the EBITDA number is Rs.128 Crores. For the RIECO business, we had one of the tough quarters to start with. The revenue from operations is at Rs. 38 Crores and we had faced challenges in the execution due to delays in the customer side readiness and also in some sites due to the subcontracting manpower availability and this reduction in the revenue has led to the EBITDA drop. As we mentioned earlier, we are in the transformation journey for the RIECO business. We remain confident about the business and recovery in the coming quarters. This slide gives the business performance for One Sudarshan, including RIECO business.

So just to recapture the key numbers, the revenue from operations is Rs.2642 Crores with the business EBITDA of Rs.247 Crores and the reported EBITDA of Rs.266 Crores for the quarter under review showing around 60% plus growth year-on-year and 5% in terms of the revenue. In terms of the key financial ratios for One Sudarshan, we are in a very healthy situation as far as the balance sheet is concerned. The earnings per share for the quarter, which is not annualized is Rs.12.3 per share, return on capital employed is at 22.7% and which is a very strong number; however, just to mention here the return on capital employed number reported is based on the annualized number. We have a strong quarter to start with and we expect the year to be also better subject to the seasonality, which we normally see in Q3.

As far as the net debt number is concerned, we are at Rs.531 Crores and that gives us a good leverage ratio of 0.2 in terms of the debt-to-equity and net working capital on annualized number is at 23.6%. So, overall on the balance sheet and the key ratios, the performance is good and shows the solid position on the balance sheet.

Rajesh Rathi: Thank you. On looking at the outlook, I think, as we mentioned, we have entered FY2027 with a strong profitability momentum and a growing conviction in its long-term position as one of the largest global pigment platforms, backed by a very broad technology depth and a global manufacturing footprint. I think this kind of sets up on the stage. We also feel much better in control of our global business now and it has set up a very strong foundation for us. On our ongoing, mid-term basis, we have to navigate the challenging market environment given the current geopolitical situation and we will do that with all prudence. Our priorities still remain very strongly embedded for the year. Value capture remains very, very important, our cost reduction still remains a very important driver, which will drive our profitability growth. We want to ensure that we are able to release some cash also from the working capital in the remaining year. SAP and GCC again remain a very important priority for us. We feel very confident to deliver the numbers, which we had stated and we have given a turnover guidance of Eur 700 million and EBITDA of EUR 35 million for the acquired group . Though the Q1 performance has been much stronger, currently we are not revising our guidelines given the geopolitical situation. We want to do a wait and watch situation and come back to and reconsider this after Q1. Thank you very much..

Moderator: Thank you so much, Sir. Ladies and gentlemen, we will now begin with the question-and-answer session. Anyone who wishes to ask a question may click on the raise hand icon from the participants tab on your screen. We request participants to restrict to two 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 a first question now. We have Sanjesh Jain of ICICI Securities. Sanjesh, please go ahead.

Sanjesh Jain: Good morning, Sir. Thanks for taking my questions. I got a few of them. First on the Q1 number, just wanted to understand the underlying growth because if I adjust for the currency depreciation because we now have a very large international business, which has a translation gain and the price increase because of the raw material inflation, it appears that this quarter at least the underlying volume has declined? In this backdrop, we are expecting a very solid growth over next two years, which is over 20% growth at the lower end of the guidance, now, what gives us the confidence that being a number one player we will grow at least 2 to 2.5x that of an industry growth rate while this quarter implies some decline in the volume? That is my first question.

Rajesh Rathi: Firstly, I think, great question. I would say that the inference that the volume as a decline may not be very accurate given a very broad spectrum of our product range. We sell our product range from €1 to €130 to €140, we are not able to kind of set that aside; however, given that we have seen a modest growth of 6% this quarter in spite of the geopolitical situation. We must remember that last year Q1 included a lot of sales from the March onwards when we have taken over the business because on the acquired entity we were doing live with some of the SAP areas, so the growth is better than that. What gives us confidence in delivering both growth and EBITDA, I would say, let me talk about first EBITDA. As I mentioned, it is a lot of value capture still coming in. We have not seen the full value capture into the numbers and that journey will continue and that is completely in our control. In terms of growing of the business, this is a business which has lost a lot of business and we are looking to recover the business, so we are not saying that we will try and grow completely out of line, etc., but there is a lot of scope where we can retain some of the lost business. The business was lost because of various reasons, lack of focus, the insolvency issues, etc. So, this gives us the confidence of why we would deliver robustly.

Sanjesh Jain: Got it, Sir. Sir one related question to this, you said that there is a lot of value yet to be captured. When you talk about the value these are the cost efficiency benefit and if it is then how much of this journey from 800 to 1400, 1500 will be led by the revenue growth and how much of it is the benefit of the value capturing that we are talking about?

Rajesh Rathi: I think the numbers are very clear. Substantially, this would come from cost reduction or value capture.

Sanjesh Jain: My second question is on the capex plan. We have a large capacity can you help us in terms of where are we in the utilization cycle and do we envisage any large capex requirement either from a product development category, new product or backward integration that we foresee in the next 12 to 18 months?

Rajesh Rathi: From a volume perspective, we do not need any new capex we have enough capacities to grow on the numbers which we have indicated; however, we are looking at some special initiative, either backward integration or special projects and these are determined by the ROI and if the return is good we are going to do this. We do not expect any substantial there would be some moderate capex.

Sanjesh Jain: Got it. One last question on the gross profit margin. This quarter we did probably one of the highest margins which is 54% how do we see gross profit margin and was there any benefit of lower inventory, which we were carrying, which may normalize going in next one to two quarter and what would be the impact if raw material prices start reversing again and there have already been approved prices which have fallen down substantially from the peak?

Rajesh Rathi: So actually, if you look at the business gross margins, the gross margin will not be that high. Now the gross margin movement from last quarter to this quarter on a basis will be about 2%, out of this 2% movement I would attribute this to kind of looking at some cost reduction areas, which have come in yields, in utilities, production, etc., and there is a very minor, I would say, one-off areas. So I would say that we should continue to be in the range of 50% plus of gross margin.

Sanjesh Jain: Thanks. Just one question to add here.

Moderator: Just a request, would you like to please rejoin the queue, if you have any follow-up.

Sanjesh Jain: I will come back in the queue. Thank you, Sir. Thank you for answering all the questions and best of luck for the coming quarter.

Moderator: Thank you, Sanjesh. We will take our next question now. Before that just to remind all the participants please restrict to two questions each and then return to the queue for a followup. We have Ankur Periwal of Axis Capital. Ankur, please unmute your microphone. Yes. Please go ahead.

Ankur Periwal: Thanks for the opportunity and congratulations on good set of numbers. First question is on the guidance. Now, while we are building in 5% to let us 7% sort of a revenue CAGR depending upon the range that we are looking at over the next let us say two to three years how much of this will be volume and how much of this will be value? Value could be here, more premiumization, etc., and related question on the margin side the synergy benefits of the value capture that you mentioned is still pending, over what timelines are you going to achieve that, is it 2028 only or probably it will sort of flow through in 2029 also?

Rajesh Rathi: As I described, our product portfolio is very complex now. Like we have said, we sell our product which is €1 and we sell our product which is €130, so cost looking at either value growth or volume growth, will not, it is important that we grow and the growth is profitable. The growth should not hamper our gross margin and that is what we are really focused on here so that is the first area. The second is the value capture will be continuous, we will be delivering more value capture in terms of FY2027-FY2028, major portion will be FY2027-FY2028, some will be, of course, some of the 2028 value capture will also flow into the 2029.

Ankur Periwal: Sure, Sir. Thanks for that and a second question on the balance sheet side on the debt repayment. What are our plans on the debt repayment side, given that, a lot of debt also sits on the global side and, secondly, on RIECO, earlier, we had plans to hive off that business, any revised thoughts on the same? Thanks.

Amitabha Mukhopadhyay : The acquisition debt what we had availed, very small part of it we have prepaid and we will be repaying some of the loan. As our net debt position is improving as visible in the presentation, we think we will be able to accelerate the payment of the acquisition debt. On RIECO, the first quarter, we had faced certain execution challenges primarily because some of the subcontractors have faced difficulty with labor availability. We expect the things to normalize from the current quarter onwards. We are confident that before the year end it will be posting a positive number that is the work that we are trying to do.

Rajesh Rathi: Summary is that a transformation of RIECO will continue and we will continue to see how we can get the better numbers.

Ankur Periwal: Sure. Thanks a lot and all the best.

Moderator: Thank you. We have our next question coming in from Rohit Nagraj of 360 One Capital. Rohit, please go ahead.

Rohit Nagraj: Again, on the guidance front, given that for FY2029 for the consolidated business we have significant improvement from FY2027 to FY2029 almost 16% to 17% CAGR at the higher end and on the EBITDA front also it is closer to doubling, on the EBITDA front do we expect that the acquired business will have margins of almost touching to double digits and historically have they anytime done that? Thank you.

Rajesh Rathi: Historically they did do double digits always consistently and as I described the journey to the earlier question was on the sales side we are looking at a lot of business regain and on the EBITDA side we are looking at a lot of value capture initiatives. For FY2029, we have been holding this from day one this is not a new guidance.

Rohit Nagraj: Right. Got that Sir. Sir second question is, in the last three to five months have we taken any material price increases and have they been completely absorbed, obviously there will be an element of the RM cost inflation, but we do not expect that the pricing should again correct and that may lead to some impact on the margins?

Rajesh Rathi: I did not follow your question, Rohit.

Rohit Nagraj: I will repeat it. Thank you. So in the last three to five months in our portfolio have we taken any price increases across our product portfolio, obviously there will be one element, which will be because of the input cost inflation and another element could be from the demand supply dynamics is it that these prices will sustain going forward or if the demand supply situation again gets impacted we will have to reverse a part of that? Thank you.

Rajesh Rathi: So most of our price increases right now have been only to pass on whatever cost increases we have experienced. In order to build a trusted customer we have been very particular not to take any advantage of the demand and supply situation, so if the raw material prices kind of soften, etc., oil prices soften etc., at that point we will only reverse some of the pricing.

Rohit Nagraj: Sure. Thanks a lot. All the best.

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

Nitesh Dhoot: Hi, team. Good morning and congratulations on a good set of numbers. My first question is if you could lay down the strategy behind acquiring the 70% stake in Sudarshan Colorants from the overseas subsidiaries what is the rationale behind that? Is it like any cash transfer that we are probably looking at from the parent to the European entities for any deleveraging purpose or what exactly is the thought process behind that?

Amitabha Mukhopadhyay: So, this decision that it was envisaged right at the beginning. At the time of acquisition, we have gone for indirect acquisition that is because of financing reason, it became simpler to acquire this entity through its earlier holding structure, but that time itself it was a plan that eventually we would like to hold these shares directly from Sudarshan Chemical and we are now just carrying on. It is only within the group holding structure rationalization, which was planned earlier itself. There is nothing further to that and we do not see this will have any impact on the business.

Nitesh Dhoot: Alright, Sir and my second one is, if you look at the notes to the consolidated financial results, note number nine that is after June 30, 2026 a wholly owned subsidiary signed an agreement with an employee representative body for an employee restructuring program and the impact has not been quantified, so is that a European Works Council deal and does it mean that a restructuring charge is coming up in Q2 or Q3 and if that is the case how much would that charge be and whether that is built in your EBITDA guidance for FY2027?

Amitabha Mukhopadhyay: As it was mentioned in the note, right now the quantification was not possible. By the end of Q2 I think we should have clarity on the quantification of this. As of now, we cannot provide anything more than that because the numbers are quite fluid, so by next quarter, we will be able to provide some more color.

Nitesh Dhoot: Alright, Sir. Thanks a lot for answering my question. I wish you the best for the coming quarters.

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

Archit Joshi: Good morning, gentlemen. Thanks a lot for the opportunity. Sir, if you can share your thoughts on the four key application areas industry wise that we cater to, your outlook on that from a near term perspective, how we are seeing demand and let us say paints, packaging, plastics, inks and some of the other specialty applications that you have started to cater to now, especially after the Heubach acquisition? So, your thoughts, Sir.

Rajesh Rathi: If you look at the coatings market, the current situation in US, both the decorative market, which is the house paint market and the automotive have been subdued and both in US and Europe perspective. If you look at plastics, this is probably short term, given the whole geopolitical situation there has been a substantial increase in polymer prices and that is where I think our customers are running, the whole value chain has tied up they do not want to keep high cost inventories and, there is a hand to mouth kind of supply situation and that is why you see the cycles in plastics. In printing inks, the volume driven printing ink has been a little bit on the decline market in general as a long-term trend given the digitalization, so the volume driven market has declined; however, some of the specialty markets where there are stringent regulations for packaging, etc., that market has been on that spectrum. We have kind of divided it into special applications, which is several applications there, which is agro, which is digital inks, etc., that market we are seeing very good growth.

Archit Joshi: Got it Sir. Sir my second one on the RM basket, prior to the acquisition a few important RM that we used to track as analysts like Beta-naphthol, 2B acid, 4B acid, firstly how are they placed in terms of the existing supply chain and after the acquisition how has your RM basket widened, which would be the critical raw materials that would be requiring now, let us say for the specialty pigments or even if we have broadened our azo pigment portfolio, so if you can share that would be really helpful? Thank you.

Rajesh Rathi: I think we look at various categories of raw materials. So the categories would not have changed, like for example, let us say benzene, toluene, acetic acid or analyte driven, nicotine driven benzene. So I think what a prosperous driven market or categories, but what has changed in our product mix, azo is good but I think high performance has grown substantially and our pigment dispersion business has grown substantially and that those categories then become more important.

Archit Joshi: Sure Sir, would the same RM be used for these azo and specialties would that be a fair assumption?

Rajesh Rathi: No, they are different.

Archit Joshi: So those are also certain special polymers or something that you would require, if you can name that will be really helpful to track the underlying RM?

Rajesh Rathi: It is like phosphorus driven category becomes important there and then there are very specific categories, which we can share with you offline later.

Archit Joshi: Sure that works Sir. Thanks and all the best for the coming quarters.

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

Rashmi Gohil: Good morning. Thanks for giving me this opportunity. Q1 revenue analyzes to roughly Rs.10,600 Crores, which is already above the top end of your Rs.9800 to Rs.10,200 Crores FY2027 guidance while business EBITDA margin 9.4% is running ahead of what Rs.800 Crores EBITDA, which implies on that revenue base, are you reaffirming FY2027 guidance as is, or is there upside bias and how much of this Q1 strength was one-off?

Rajesh Rathi: Madam, great question from your side, but as I mentioned that I think our results are solid, there are not many one offs, there may be a few areas, and that is why we are bringing out the business EBITDA from that perspective. However, as I said, given the current geopolitical situation, we want to do a wait-and-watch look at how Q2 comes out and hence we are not revising our guidelines currently. We will revisit this at end of Q2.

Rashmi Gohil: My next question is what is the phasing assumption for acquired group margin improvement through FY2027, is 6% to 7% the new steady state or is there a path back towards Sudarshan legacy like margins 15% plus?

Rajesh Rathi: For our guidance which we have been given, I do not think the guidance would be 15% but the area where we would want to look at how far the acquired group is in high single digits or low double digits.

Rashmi Gohil: Thank you so much. All the very best for the next upcoming quarters.

Moderator: Thank you, Rashmi. We will take our next question now. We have Gaatha Jain of Monomer Capital. Gaatha, please go ahead.

Gaatha Jain: Thank you so much for the opportunity. I am a little new to the Company, so my question might be very basic. I just wanted to understand the contract part of our business, how do we have the contract with our clients, is it like a long-term contract or a short-term contract and are we able to pass on the raw material prices in terms of contract?

Rajesh Rathi: With your questions it does not seem you are new to the Company I think great questions. I think our business is quite a repetitive business, so to change any of the pigments in the coating industry is a substantially long period and it will depend from customer-to-customer but it may take anywhere between one to two years and if it is automotive paint it would even take five years, so that way it is a sticky business. Generally what we like to do is we would love to negotiate quarterly prices with our customers and in a steady state of the business that business kind of flows in, but when there are these current ups and downs in the geopolitical and raw materials move, and costs move, we look at passing on those increases.

Gaatha Jain: Alright. Thank you so much. That is all from my side.

Moderator: Thank you, Gaatha. We have Pratham Kankariya of Quantum AMC Private Limited. Pratham, please unmute your microphone.

Pratham Kankariya: Thanks. Sir, just one question. So, India business has grown much faster, so in past you have mentioned that you would be transferring some products from the Germany base to India base, so is that the same effect which we are seeing in the India business?

Rajesh Rathi: There is some business which are intercompany businesses do, which we have gained from that perspective, so partially that is correct. Either we have been producing here and selling in and vice versa, so it does have that impact.

Pratham Kankariya: How should we see margins going forward assuming there might be some gain with the low cost inventory that we had on raw material basis?

Rajesh Rathi: As we described, at the One Sudarshan level, if you see both together there are not many one offs. Going forward we have already given the guidance of how we look forward to this.

Pratham Kankariya: Thanks.

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

Viraj Mahadevia: I am new to the Company but congratulations on an astute bit of deal making here with Heubach. Quick question, Sir. Before Heubach started its troubles a few years ago it used to be a billion euro topline business, Sudarshan more recently has done Rs.9000 Crores in topline, so the combination of the two do you see a more aggressive growth, revenue growth going forward as you can build effectively another Sudarshan out of this acquisition in terms of topline or are you being more selective and measured in your revenue growth because you are cutting off unprofitable some business or you have excessive China competition in certain product lines, can you give us some view around why the revenue growth will not be more aggressive in the next two to three years?

Rajesh Rathi: Great question, Sir. If you look at Heubach, Heubach was made of two companies that is Clariant and the Heubach business. That was integrated and you are right it was about EUR one billion , but I think as soon as the integration happened a lot of business was lost and that is where I think when we look at our projections what we are looking at is given our current market share it is difficult to grow beyond what the market size is going, but we have put in a lot of numbers here because we believe there is a substantial opportunity in capturing lost sales and that is where I think we are looking at it and I think from EBITDA perspective, also looking at how do we reduce costs and ensure that there are lean operations that is where I think we improve the EBITDA margins.

Viraj Mahadevia: Yes, Sir I agree on the cost side and the synergies and China plus one coming from India, but on the revenue side itself even if Heubach was doing Rs.5000 Crores equivalent of revenue after the acquisition that leaves substantial growth to potentially to recapture some of that lost business is that on the agenda because you should be able to grow your market share faster than the overall market?

Rajesh Rathi: Absolutely, Sir and that is where if you see a slide number nine, that is where I think we have done our projection on the investor deck from that perspective, where we said we could reach Rs.12,000 Crores plus.

Viraj Mahadevia: Great. Thank you very much.

Moderator: Thank you so much. Requesting participants to please click on the raise hand icon from the participants tab, if you wish to ask a question. Any participants? Alright. So, ladies and gentlemen we will take that as the last question. I will now hand it over back to the management team for their closing remarks. Over to you, management team.

Nilkanth Natu: Thank you. Thank you, Ranjit and IIFL Capital and thank you participants for joining our quarterly earnings call. We remain confident in our journey going ahead and looking forward to interacting with you in the coming quarters. Thank you.

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

*****