

24th February, 2025

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001
Scrip Code – 506655
Scrip Code NCDs - 974058

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051
Scrip Symbol - SUDARSCHEM

Dear Sir / Madam,

Sub : Transcript of Analysts / Institutional Investors Conference Call

We are enclosing herewith transcript of the conference call with Analysts / Institutional Investors, which took place on Monday, 17th February, 2025, after announcement of the Unaudited Financial Results (Stand-alone and Consolidated) for the quarter and nine months ended 31st December, 2024.

The said transcript is also uploaded on the website of the Company.

Kindly take the same on record.

Thanking You,
Yours Faithfully,
For SUDARSHAN CHEMICAL INDUSTRIES LIMITED

MANDAR VELANKAR
GENERAL COUNSEL AND COMPANY SECRETARY

Encl. As above.



**“Sudarshan Chemical Industries Limited Q3 & 9
Months FY25 Earnings Conference Call”**

February 17, 2025



**RAJESH RATHI: MR. RAJESH RATHI - MANAGING DIRECTOR,
SUDARSHAN CHEMICAL INDUSTRIES LIMITED
MR. NILKANTH NATU - CHIEF FINANCIAL OFFICER,
SUDARSHAN CHEMICAL INDUSTRIES LIMITED
MR. AMEY ATHALYE - GENERAL MANAGER, FINANCE,
SUDARSHAN CHEMICAL INDUSTRIES LIMITED
MODERATOR: MR. SANJESH JAIN - ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to Sudarshan Chemical Industries Limited Q3 and 9 months FY25 Earnings Conference Call hosted by ICICI Securities.

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 an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanjesh Jain from ICICI Securities. Thank you and over to you, sir.

Sanjesh Jain: Thanks, Manav. Good afternoon, everyone. Thank you for joining on Sudarshan Chemical Industries Limited Q3 and nine-month FY25 Results Conference Call.

We have Sudarshan Chemical Management on call represented by Mr. Rajesh Rathi – Managing Director; Mr. Nilkanth Natu – Chief Financial Officer; Mr. Amey Athalye – General Manager, Finance.

I would like to invite Mr. Nilkanth Natu to initiate with the opening remark, post which we will have a Q&A session. Over to you, Nilkanthji. Thank you.

Nilkanth Natu: Thank you, ICICI Securities and Sanjesh Jain for hosting our earnings call. Good afternoon ladies and gentlemen. Welcome to Sudarshan's Q3 FY25 Earnings Conference Call. Our Investor Presentation has been uploaded on the Stock Exchange for your ready reference.

During the call, we could make forward-looking statements. These statements consider the environment as we see as of today and carry risk and uncertainties that could cause our actual results to differ from those expressed in today's call. We do not undertake to update you, update any forward-looking statement made on this call.

Now taking you to the financial highlights on the quarterly performance:

On a consolidated basis for the quarter, total income from operations stood at Rs. 666 crore as compared to Rs.566 crore for the same period last year, the growth of 18%. EBITDA for the quarter stood at Rs.79 crore as compared to Rs.62 crore in Q3 FY24. EBITDA margin stood at 11.9% as compared to 10.9% over the same period last year.

On the 9-months performance:

The total income from operations for the 9 months ended December 24, stood at Rs.1,996 crore vs. Rs.1,775 crore in the same period last year, reflecting a healthy growth of 12%. EBITDA for the period at Rs. 254 crore vs Rs. 197 crore last year and EBITDA margin is at 12.7% versus 11.1% over same period last year.

Now going into the details of our Pigment Business:

For Q3FY25, income from operations stood at Rs. 601 crore as compared to Rs. 521 crore for the same period last year, growth of 15% year on year. This is the 8th consecutive quarter of sales growth on a year-on-year basis. Seasonally Q2 is always strong quarter while post festive India demand and calendar yearend at the international geographies has translated into the softer Q3. The EBITDA from the pigment business has been Rs. 79 crore as Rs. 69 crore in Q3FY24. During the quarter, the export sales stood at Rs. 315 crore as compared to Rs. 244 crore, higher by around 29% year on year.

During the quarter, we have seen healthy growth from the couple of large regions in the market. The export market continues to grow with the share of pie increased at 52% in Q3FY25 vs 47% in the previous year. India's sale for the quarter is at Rs. 286 crore higher by 3% as compared to Rs. 278 crore in the same period last year due to the muted demand from the coating segment.

Specialty pigments sales stood at Rs.416 crore as compared to Rs.358 crore for the previous year same quarter 16% year on year higher. Non-specialty sales for the quarter stood at Rs.186 crore which was higher by 14% as compared to the same period last year. Gross margin of the pigments business for the quarter has remained flat to 45.2% as against 45.5% for the same period last year. In YTD FY25, the total income from operations for the Pigment business stood at Rs.1,850 crore vs. Rs.1,579 crore in the same period last year, a growth of 17%. In EBITDA for the 9 months at Rs.274 crore vs. 200 crore last year and EBITDA margin is at 14.8% versus 12.7% over the same period last year, thereby increase of 210 bps. The export has grown from Rs. 765 crore to Rs. 977 crore with the growth of 28% while the domestic sales have grown from Rs. 816 crore to Rs. 873 crore with the growth of 7%

Now coming to the balance sheet:

The balance sheet of the company continues to remain healthy. The net debt of the company has reduced to Rs. 362 crore in Q3FY25 compared to Rs. 434 crore of the last year Q3. The reduction in debt has resulted in improving leverage ratio to 0.3x in Q3 as compared to 0.4x in Q3 of the last year. The working capital cycle continues to be managed efficiently. Cash conversion cycle is lower by 4 days to 80 days in Q3FY25 and remain in the same range during the year.

Now coming to the Engineering business:

Rieco performance for the quarter compared to H1FY25 has shown improvement due to the execution excellence and control on the cost. The revenue for the quarter is at Rs. 65 crore compared to Rs. 45 crore last year, increase of 44%. EBITDA for the Q3FY25 is at breakeven compared to the negative EBITDA of Rs. 7 crore same period last year. We have initiated the transformation project to turn around Rieco business into sustainable profitable business and we expect this turnaround will be visible and will benefit of the same is expected over next 18 months to 24 months.

I would also like to update you on the status of the acquisition transaction:

Post Q3FY25, we have completed equity fundraising via qualified institutional placement and preferential allotments. Despite challenging secondary market, the QIP order book demand was healthy and we take this opportunity to thank our investors for their confidence in Sudarshan growth story. Equity financing raised along with the debt financing will be used towards the proposed acquisition of Heubach Global Pigment business. We have received all the antitrust approvals and we are making constructive progress to consummate this transaction by March 25. The company has incurred the acquisition and integration related cost of Rs. 41.9 crore in the current year and the same is being presented as an exceptional cost in the profitability statement.

To summarize:

We are confident in our growth journey and are committed to deliver long-term value to our stakeholders.

With this, we now open the floor for question-and-answer session. In this Q&A session, we request everyone to restrict the questions related to Q3FY25 financial performance. Thank you.

Moderator:

Thank you so much, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets only while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Rohit Nagraj from B&K Securities. Please go ahead.

Rohit Nagraj:

Thanks for the opportunity. First question is on the financials. So if I look at the pigment segment sequential EBIT as well as other engineering of the Rieco segment EBIT, both have improved QoQ. However, we have seen that the EBITDA and EBIT, which is in the reported consolidated numbers, it has declined sequentially by about 16% and 27%. Could you just help us with why this anomaly is there?

Nilkanth Natu:

Rohit, can you please repeat your question once again?

Rohit Nagraj:

Yes, in the segmental revenues, if I look at the EBIT of Pigment as well as the other segment, sequentially that is Q-on-Q, from 2Q to 3Q, it has improved. The Pigment segment, EBIT has improved by almost 27%, while the other segment losses have reduced. But if I look at the EBITDA for Q2 and Q3, there is a decline. So just wanted a little more understanding why it has happened. Or even the EBIT has also declined. And if I consider the exceptional item, I will show that it is below EBIT.

- Nilkanth Natu:** So Rohit, if I see the segmental revenue which is given as a part of our notes, correct? Now if I break this down between the pigment and the engineering business, yes you are correct, the engineering business, the revenue sequentially has grown to Rs. 65 crore from Rs. 36 crore and as far as the EBIT is concerned, it is negative Rs. 1 crore compared to negative Rs. 11 crore in Q2. So there is a sequential, there is improvement. As far as the pigment results are concerned in terms of the EBIT, the revenue, as we mentioned, has come down to Rs. 601 crore. And this has been reflected in our EBIT segment result, which is at around Rs. 48 crore compared to Rs. 74 crore. And that is getting translated into EBITDA, Rohit.
- Rohit Nagraj:** Correct, segment EBIT was Rs. 38 crores, if I am not wrong, in Q2 and this quarter it is Rs. 48 crores, if I remember right. However, if you look at the EBIT on the consolidated reported numbers, it has come down sequentially, even the EBITDA has also come down sequentially. Just in terms of the EBIT, considering on a QOQ basis in the segmental reporting, it has improved, but on the consolidated basis, it has declined. So I just wanted to have your perspective.
- Amey Athalye:** You are comparing standalone results versus consolidated results?
- Rohit Nagraj:** I think it is consolidated only. Maybe otherwise I will take it offline.
- Amey Athalye:** Okay.
- Rohit Nagraj:** The second question in terms of individual consumer or user segments, how has the demand been during this quarter? Whether we have seen improvement or deceleration just from coatings, polymers and etc. ?
- Rajesh Rathi:** I think if you look at the two markets in India, in India we have seen Q3 is generally a softer quarter in general for the whole business. In terms of Q3, especially on the coating side, we have seen softer demand, also inventory destocking has taken place. That's why Q3, in coatings we saw a weaker demand. In terms of overseas, I think our new products are getting good traction and we are able to gain good share there. That's been the general.
- Rohit Nagraj:** Yes, and other polymers as well as the polymers etc. segment?
- Rajesh Rathi:** I think those have been fairly good. They have been doing okay.
- Rohit Nagraj:** Okay, and both in domestic as well as international markets?
- Rajesh Rathi:** Yes.
- Rohit Nagraj:** Fair enough. I will get back in the queue. Thank you.
- Moderator:** Thank you. We have our next question from the line of Ankur Periwal from Axis Capital. Please go ahead.

- Ankur Periwal:** Thanks for the opportunity. First question on the pigments business. So if I look at our gross margin, and I am referring to slide #11 on the presentation. So if I look at pigments business, the gross margin has sort of dipped on a quarter-on-quarter basis, and there is a decline in the EBITDA margin as well. While I understand that one should not look at this business on a sequential basis, but the upward trajectory in margin that we were seeing in first half. In the second half, we are largely flattish on a year-on-year basis in terms of gross margin. Any specific reason to highlight here?
- Rajesh Rathi:** Ankurji, generally our business has taken an upswing where the product mix change has helped us improve our gross margins which used to be probably in the 43 range and below, which is now moving north of 45. I think we should be now in the range of 45 plus in the times ahead due to a product mix change. Obviously quarter on quarter, things will keep changing depending on what's the product mix, which customers have bought, etc., and how this has panned out, So I wouldn't be too concerned on the gross margin area. On the EBITDA bit, of course, few things we had to add in some extra resources to plan for the new growth which is coming up and also a few expenses which we had to incur also on the extra bit and generally December is also annual plant maintenance which we look at, which there is an extra, we had some extra costs and last year the annual shutdown came into January. So that's a little bit of a difference.
- Ankur Periwal:** Sure, Rajeshji, that's helpful. Just on the revenue breakup, and you rightly when you mentioned that gross margin now should be more 45% plus versus 43% plus historically, this is largely led by the product mix, higher proportion of specialty revenue versus the non-specialty?
- Rajesh Rathi:** Yes, sir. Absolutely. And the new molecules which we have launched, our whole strategy was to change the product mix
- Ankur Periwal:** So, this ramp up is led by the new products that we, the new CAPEX, the new products that we had commissioned?
- Rajesh Rathi:** Yes, sir.
- Ankur Periwal:** Okay. Sir, in the first half, we were seeing deflationary trend and hence volumetric growth was higher than the pigment revenue growth. Is that trend continuing in Q3 as well or we have largely caught up and now volumetric growth will be lower or at par to the revenue growth?
- Rajesh Rathi:** So I think we have caught up and I think they are in line now.
- Ankur Periwal:** Okay, fair enough. And just lastly, if you may highlight some initiatives that we have taken from a Heubach side. More at Sudarshan's and in terms of ramping up the software aspects, the manpower, the distribution network, etc. especially in European market? Thank you.
- Nilkanth Natu:** Hi Ankur, can you please repeat the question?

- Ankur Periwai:** So Natuji, just wanted your thoughts on the investments that we would have done in the company more on the software aspects, which is let's say from a technical manpower perspective, marketing distribution strength and how do you plan to ramp it up?
- Nilkanth Natu:** So obviously, sir, given the current scenario, I think today we are still operating on an arms-length basis and once we close the target, but we have been doing preparation for the integrated structure. So where we have looked at, we have rehired some of the technical area folks and we are preparing post day one to really have a customer centric technocrat organization. So a lot of preparation and investments have gone into that. But of course, post day one we can activate this.
- Ankur Periwai:** Sure, just one follow up. As I see, you have highlighted that by March, we should be able to consummate this transaction. By what time frame can we look at you ramping up Heubach's business? They are into operational losses right now. So how quickly we can see a recovery there? Any broad timelines will be great.
- Rajesh Rathi:** So it's very difficult to talk about it now because of the antitrust issues, even we don't have full transparency on the business. So I think we will at least require, once everything is closed, we will need some time to introspect and come up. We have very high level, but we need to go into depth, look at finer numbers, etc. to come up with the detail turnaround strategy. But I am quite confident that year one itself we should be able to at least deliver positive results.
- Ankur Periwai:** Great, sir. That's it for my side. Thank you and all the best. Thank you.
- Rajesh Rathi:** Thank you.
- Moderator:** Thank you. A reminder to all participants, you may press '*' and '1' to ask a question. We'll move on to the next question from the line of Mr. Sanjesh from ICICI securities. Please go ahead.
- Sanjesh Jain:** Good afternoon, sir. Thanks for taking my question. First question on the mix and margin. The impression was that as the export grows, that will have a positive impact on the gross profit margin in the pigment business. In this quarter exports have done well versus domestic. But we see a gross margin slightly deteriorating. Any particular reason you want to use, I know you said that there is some product mix changes and sequentially it's difficult to call out, but just broader understanding from a trend perspective as the export grows, the margin should improve, right?
- Rajesh Rathi:** No, I think absolutely like we said with the product mix change we should be north of 45. And that's the area where we want to kind of focus our area and that's where we will continue to deliver the growth.
- Sanjesh Jain:** Got it. From the new product perspective, can you help us understand in the current scenario with the ramp-up in the CAPEX which we completed last year, how have we seen the contribution of new product growing in the overall business for Sudarshan?

- Nilkanth Natu:** Sanjesh, so as we as we mentioned earlier the revenue ramp up from CAPEX projects which were commissioned till FY23 is progressing as expected. We had earlier guided the market that the entire revenue ramp up from this particular project will take 3 to 4 years' time. We are at the midpoint of this particular projection period. Whatever the target which we have set in for this particular new CAPEX utilization and currently what ramp up we are getting are in line and that is also if you can see that there is a slight tilt which is also happening between specialty and non-specialty pigment revenue due to that ramp up which is happening. So we see a good progress, good acceptance from the customer and we are on target as we mentioned earlier to take this wrap up between three to four years period. We are just in the middle of this projection period. Thank you.
- Sanjesh Jain:** No, that's very clear, but from a new product which got introduced with this new clients, where are the contributions today?
- Rajesh Rathi:** So I think that's what Mr. Natu tried to describe. I think we are right on track on delivering those products, which we had said that three to four years we should be able to fully utilize the capacities. And we are right on track on delivering those numbers. And that's where you see the material margin change coming in to.
- Sanjesh Jain:** Got. Next on the CAPEX front, any CAPEX guidance you want to share for FY26?
- Rajesh Rathi:** No, right now I don't think we will have any major CAPEXs. as an integrated company, we will present sometime once the day one happens, the new budgets, etc., to the board, but we don't see any major CAPEXs happening next year.
- Sanjesh Jain:** Got it. And now that Rieco is showing the benefit of the transformation what we have been speaking in last three quarters, how should we see Rieco performance going into FY26?
- Rajesh Rathi:** Full benefit of the, this should look, it should be at least 18 months where you see the benefit. I think as a standalone unit, we want to see good growth and a sustainable EBITDA of 10% plus in that business. And that's what we want to deliver through this transformation.
- Sanjesh Jain:** Got it. And when we say good growth, do we mean 20% plus or?
- Rajesh Rathi:** Like I said, sir, we don't give forward-looking statements, but I think the transformation will entail that. So we want to see how we could grow that business healthy. I think more important is the EBITDA growth, the ROCE, Working capital control. And then of course, some strategic initiatives on top-line growth too So all this is getting executed together now.
- Sanjesh Jain:** Right. Last question on the domestic pigment business. This quarter appears to be unusually soft. You did mention that coating had a drag, but if I look at the paint company's results from the volume perspective it's still doing better because I think for us plastics are doing growth as usual. I assume it means 8%-10%. So just plus 3% growth in overall domestic business means that in

coating business on a YOY basis, we have declined. I don't think paint companies numbers, whatever they have been reported there declining Where are we missing?

Rajesh Rathi: So I think I think there were two points. I think like I said, there was a de-stocking effect because they had taken a lot of in Q2 they had taken in more inventories, and which were lying at inventories at that and that's where we saw the de-stocking effect. Already in this quarter we are seeing a good gain back so I don't think there's any business loss, I think quarter-on-quarter this adjustments are happening on the basis. We are not losing any market share. we are not losing any market share but that's what I think he is looking at.

Sanjesh Jain: Just one last question. Are we also supplier for the new entrant in the pigment business so that we maintain the market share?

Rajesh Rathi: Absolutely.

Sanjesh Jain: Got it. Very clear. Thank you. Thanks for answering all those questions patiently. And best of luck for the coming quarters. Thank you.

Rajesh Rathi: Thank you, Sanjesh.

Moderator: Thank you. We have our next question from the line of Rajakumar Vaidyanathan from RK Investments. Please go ahead.

Rajakumar Vaidyanathan: Good evening. Thanks for the opportunity. Sir, the question is on the government push for this mono material flexible packaging, particularly when it comes to plastics, to make the plastics recyclable. There are some guidelines given in terms of reduced usage of carbon black and also usage of, I mean, we should not use the strong colored pigments and so on and so forth. So I just want to know what is the long-term impact of these initiatives on our business?

Rajesh Rathi: So we are studying the regulation and the impact, but our preliminary analysis shows that we should not have much impact because the segment we serve is not very strong and we are coming up with some solutions there. So, but our complete plan is not in place and we will share our plan as soon as we are ready. But we don't see a major impact on us.

Rajakumar Vaidyanathan: Okay. And second thing, so what is the scenario on the raw material inflation with the rupee depreciating? Are we seeing an escalation in costs or the material costs are still benign?

Nilkanth Natu: Hi Rajkumar. So we are the net exporter and with this rupee depreciation we have done the simulation analysis. The current impacts of the depreciation is not that material.

Rajakumar Vaidyanathan: Okay. And lastly, with respect to this Heubach acquisition, I just want to know, will we get the benefit of the whatever brought forward losses or we are only just acquiring the businesses?

Nilkanth Natu: Sir, your last line was not very clear. Can you please repeat?

Rajakumar Vaidyanathan: Sir, the question is, will we get the tax benefit of whatever losses this Heubach group has incurred in the past? Because when we turn around and make profit, will we be able to leverage the tax losses?

Nilkanth Natu: So sir, as we mentioned that this particular deal is a combination of asset deal as well as the share purchase deal. So wherever there is an asset purchase deal, those losses will not be available to the purchaser. So that will not be significant for us.

Rajakumar Vaidyanathan: Okay, thank you.

Moderator: Thank you. We have our next question from the line of Vishesh Dhoka from Nuvama Wealth. Please go ahead.

Vishesh Dhoka: Good evening, sir. Thanks for the opportunity. This is Arjit Joshi from Nuvama. Sir, I just wish to get some clarification regarding the capital structure. I think beyond the Rs. 1,180 crores of acquisition cost, we are also expecting roughly 900,000 crores of refurbishments and legal costs, maybe some revamps required in the assets of Heubach. All put together, I think that number was coming somewhere between Rs. 2,000 crores to Rs. 2200 odd crores. And since we have closed the QIP at roughly Rs. 800 crores, the balance at Rs. 1,600 odd crores will be fully funded through debt? So that is the only question that I had, rather what kind of debt levels will we be settling at over the next two to three years? Thank you.

Nilkanth Natu: So I think we also have some preference shares issued. So the equity raise is about Rs. 1,100 crores and the balance will be raised through debt.

Vishesh Dhoka: Okay, so with the existing roughly Rs. 350 odd crores of debt, another thousand odd incrementally. So 1,300-1,400 would be a good number, just for modeling purpose. Would that be a right assumption?

Nilkanth Natu: Yes, so we are hoping that we don't need all the money right now immediately, but we are keeping all the lines open, but directionally you're right.

Vishesh Dhoka: Sure, sir, thank you. Thanks and all the best.

Moderator: Thank you. A reminder to all participants, you may press '*' and '1' to ask a question. The next question is from the line of Rohit Nagraj from B&K Securities. Please go ahead.

Rohit Nagraj: Yes, thanks for the follow-up. And apologies for the previous question on the segmental front. I think there was some calculation error. So first question is on the Heubach. If all the approvals are in place by March, when do we see the consolidation happening in our financials from Heubach numbers?

- Nilkanth Natu:** Hi, Rohit. So as we mentioned that all the regulatory approvals and the antitrust approvals have been received. As far as the consolidation is concerned, the financials will get incorporated into Sudarshan India financials after day one.
- Rohit Nagraj:** So technically speaking the day one should be April 1?
- Nilkanth Natu:** So as we have indicated day one we are hoping in March exact date will be informed as soon as we are able to conclude on that.
- Rohit Nagraj:** Second question is again on the Heubach front. So on exceptional items, we have incorporated the legal or consulting charges. But beyond that, in standalone or consolidated entity, have we taken any new manpower in terms of spearheading the business? Is it already in place or once the consolidation is done then we will try to look at it given that hopefully the business on a broader front will be managed from India, although it may be having individual subsidiaries in individual countries. So just on a manpower front or from the management front, any cost which we have incurred till now or will there be incremental costs which will come post the day one? Thank you.
- Nilkanth Natu:** It's a process which is in process. I think our core manpower is in place, which we have already hired or are in the process of getting hired. And as we go through, we will be building the organization, but I don't see any substantial costs coming into play.
- Rohit Nagraj:** That's it from my side. Thank you and all the best.
- Moderator:** Thank you. Ladies and gentlemen, you may press '**' and '1' to ask a question. The next question is from the line of Devansh Jain from Neo Wealth and Asset Management. Please go ahead.
- Devansh Jain:** Good evening. I have few queries regarding the Heubach open offer. So what are the approvals required in the open offer and what is the expected timeline?
- Rajesh Rathi:** So basically, this open offer process will trigger in post-closing of the transaction. And the draft letter of offer will be subject to SEBI's approval.
- Devansh Jain:** And what are the approvals required? Are there any other approvals other than SEBI?
- Rajesh Rathi:** No, Stock Exchanges and SEBI.
- Devansh Jain:** So we are expecting the transaction to be closed in March '25 and then post that there will be DRHP which will be published?
- Rajesh Rathi:** Yes.
- Devansh Jain:** Okay, thank you.

- Moderator:** Thank you. Ladies and gentlemen, if you wish to ask a question, you may press ‘*’ and ‘1’ on touch telephone. We have our next question from the line of Nitesh Dhoot from Dolat Capital. Please go ahead.
- Nitesh Dhoot:** Thanks for the opportunity. My question is on the declining promoter stake or you can consider the declassification. So with this, is there a plan to transition the company towards a professionally managed entity and any changes in leadership, board composition or decision making processes due to the reduced promoter involvement?
- Rajesh Rathi:** I think as we go ahead, we are getting professionally managed and also we are strategic holders of our stock and that should continue, and I think we have a strong foothold. Going forward, of course, the board will look at how it should get reconstituted. Currently there is no such thought right now, but I think they will actively consider this in the next few board meetings.
- Nitesh Dhoot:** Thank you, sir, and all the best.
- Nilkanth Natu:** Thank you.
- Moderator:** Thank you. A reminder to all participants, if you wish to ask a question, you may press ‘*’ and ‘1’. The next question is a follow-up question from the line of Rohit Nagaraj from B&K Securities. Please go ahead.
- Rohit Nagaraj:** Thanks and follow-up. Just one clarification for the open offshore for Heubach colorants, once it goes through, to fund the open offer, will we need additional debt funding at the growth level beyond what we had currently considered in terms of the acquisition cost and the refurbishment of working capital expenses?
- Nilkanth Natu:** In our cash infusion, that was already taken into account.
- Rohit Nagaraj:** Okay, sure. Thanks a lot. Thanks for the clarification.
- Moderator:** Thank you. Ladies and gentlemen, that would be the last question for today and I now hand the conference over to the management for closing comments. Over to you, sir.
- Nilkanth Natu:** Thank you. Thank you, Mr. Sanjesh Jain and ICICI Securities and thank you participants for your time and interest in Sudarshan Chemicals. We remain confident in the long-term prospect of our business, and we look forward engaging with you again in future. Thank you.
- Moderator:** Thank you so much sir. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.
