SUDARSHAN
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16th November, 2026

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

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 Friday, 6th November, 2026, after announcement of the Unaudited Financial Results (Stand-alone and Consolidated) for the quarter and half year ended 30th September, 2026.

The said transcript is also uploaded on the website of the Company at www.sudarshan.com.

Kindly take the same on record.

Thanking You,
Yours Faithfully,
For Sudarshan Chemical Industries Limited

AMIT VILAS DESHPANDE
Digitally signed by AMIT VILAS DESHPANDE
Date: 2026.11.16 18:22:27 +05'30'

Amit Deshpande
General Counsel and Company Secretary

Encl: As above.

"Sudarshan Chemical Industries Limited

Q2 FY27 Earnings Conference Call"

November 06, 2026

MANAGEMENT: **MR. RAJESH RATHI – CHAIRMAN AND MANAGING DIRECTOR**
MR. NILKANTH NATU – CHIEF FINANCIAL OFFICER
MR. AMEY ATHALYE – VICE PRESIDENT, FINANCE

MODERATOR: **MR. ROHIT NAGRAJ – 360 ONE CAPITAL MARKET PRIVATE LIMITED**

Moderator: Thanks everyone for joining in. So on this auspicious occasion of Dhanteras, we wish everyone a Shubh Dhanteras and Diwali. We welcome you to Sudarshan Chemical Industries Limited Q2 FY27 Earnings Conference Call. From the management's side we have Mr. Rajesh Rathi, Chairman and MD; Mr. Nilkanth Natu, CFO, and Mr. Amey Athalye, Vice President Finance. .

I would like to hand over the call to Rajesh sir for his opening remarks, post which we will have a Q&A session. Thanks, and over to you, sir.

Rajesh Rathi: Thank you. Thank you, 360 ONE Capital Market Research, and Rohit Nagraj, for hosting our investor call. Happy Dhanteras, to you all. We just declared the results today, and I'm very glad that we had a good quarter, and very glad to present the results to you all.

As all of you all are aware, we've integrated entities, Clariant, Heubach legacy, and Sudarshan legacy. And today, we are ONE Sudarshan, one of the most value-adding pigment player rooted in customer centricity, innovation, and agility.

So to give you an integration update, as we had mentioned last time that we've been focusing on innovation, and this is just the start, and we are doing several areas where we are working on heavy metal-free dyes, bringing in new innovation to high-end industries like cell phones and digital inks. We are working on recycled plastics, colors for recycled plastics, agro and our innovation update has been very good.

The second important aspect has been that there was a toll manufacturing agreement with Clariant for manufacturing aluminum dyes, and we've acquired this manufacturing. We have signed definitive agreements to get this manufacturing business, and we expect to close this early next year.

On the VP4, we sold one of the raw materials which we were producing. A small amount of that raw material was used by us, but otherwise, that majorly the raw material was going to one of our customers, and we sold this business to the customer. We've closed this deal on November 2nd, 2026 at a value of EUR75.8 million, and we've received all the funds, and all the closing activities have been successfully completed.

From a value capture perspective, we continue to focus on deriving value capture reducing costs. As ONE Sudarshan integration, one of the important aspects has been the culture and system integrations. System-wise, we were using four SAPs. We were using 130 different applications. We are integrating these into one, and we'll have one system going live. We've gone live on wave one, which includes Sudarshan legacy and Heubach India legacy.

And on the other aspects, we are making good progress, and I will talk a little more as we go ahead. As I spoke about innovation to all of you all, we've launched several products into cosmetic, cell phone industries, and also recycled plastics. As I mentioned, this is just one sign to show you all that we've reopened the innovation pipeline..

In terms of aluminum dye business, as I mentioned, this business serves consumer goods and architectural coatings. And the manufacturing, we had a toll manufacturing agreement, which we have signed definitive agreements to get this business, get this manufacturing site. VP4, as I mentioned, we have closed the deal, and we have received EUR75.8 million, which we will be used to reduce the debt of the company.

Talking about the performance of the company now. Generally, if you see, the overall U.S. housing and European construction are still weak. And the Masterbatch, because of the volatility in oil prices and hence the polymer prices, the Masterbatch demand has been very volatile. This has been one of the areas of external challenges for us, I would call headwinds for us to kind of look at this. But some of the indicators have been positive.

European manufacturing index has moved positively, and certain raw material prices have stabilized. We expect signs of demand uptake towards Q4, maybe not right away. And retaining some of the volumes.

In terms of the pigment performance, Mr. Natu will take us through the details, but how we have organized this is Legacy Sudarshan, Acquired Group, and the pigment total global business.

Mr. Natu will highlight some of the areas and performances.

Nilkanth Natu: Thank you. For the quarter 2 financial year '27, the quarter under review, the Legacy Sudarshan pigment business revenue from operation is at INR821 crores compared to INR730 crores Q1 of FY27 and INR651 crores of the last year.

The EBITDA is at INR128 crores for the quarter under review, and the EBITDA percentage is at 15.6%. For the Acquired Group, the quarter under review shows the consistent performance in terms of the revenue. The revenue is at INR1,962 crores and with INR112 crores EBITDA for the quarter.

Total pigment global business for the quarter shows the revenue of INR2,695 crores and with the business EBITDA of INR242 crores compared to last year, same quarter of INR2,327 crores of revenue and with INR90 crores of the EBITDA. It shows a good upswing compared to the last year Q2.

This is a bridge between the business EBITDA and the reported EBITDA for the Acquired Group. The business EBITDA is at INR112 crores, and there has been the inventorized overhead from increase in the stock, which is of INR22 crores. The reported EBITDA for the quarter for Acquired Group is at INR134 crores.

This is a pigment performance for the first half of the financial year. Just to take couple of key numbers, revenue from operation for Legacy Sudarshan business is at INR1,551 crores, shows the growth of 26%. Business EBITDA is at INR255 crores compared with INR172 crores last year. The percentage is at 16.5% for the first half of the year.

Acquired Group revenue for the first half of the year is at INR3,935 crores, with business EBITDA of INR240 crores, and the EBITDA percentage is at 6.1% compared with the last year of INR3,565 crores of the revenue and INR70 crores of the EBITDA, which was at 2%.

The RIECO performance for the 2Q FY27, the revenue from operation is at INR47 crores. Company is facing execution challenge due to the supply chain bottleneck, which is internal. For the first two quarters, we had seen the performance subdue. The EBITDA for the quarter is negative INR3 crores. For first half of the year, the revenue is at INR85 crores with negative EBITDA of INR13 crores, vis-a-vis the last year of INR111 crores of the revenue and the INR6 crores of EBITDA.

One of the reasons for this performance also is execution challenge, as I mentioned, which has reflected in the revenue. Two late-stage projects have seen the cost overrun, which has been fully accounted during the quarter. This is ONE Sudarshan performance, and ONE Sudarshan performance includes the RIECO performance as well.

Legacy Sudarshan includes RIECO performance. The key number is revenue from operation is at INR868 crores versus INR712 crores of the last year. The business EBITDA is INR126 crores compared with the INR91 crores of Q2 last year and INR118 crores of Q1 FY27. No change in the Acquired Group numbers.

For the half yearly performance of ONE Sudarshan, including RIECO, the Legacy Sudarshan business revenue is at INR1,636 crores versus INR1,340 crores revenue last year, H1, growth of 22%. The business EBITDA is at INR243 crores versus INR178 crores last year, shows the healthy improvement in the EBITDA. No change in the Acquired Group for H1.

In terms of the financial ratios, the earnings per share for first half of the year is 26.2, which is before exceptional expenses. Return on Capital Employed is at 22.6%. Net debt to equity shows healthy ratio of 0.2. Net debt is at INR580 crores. Net working capital is at 25.3%. The key balance sheet ratios show significant improvement. One of the areas where management will be further focusing on is on the net working capital efficiencies to drive in the coming quarters.

Rajesh Rathi: I think, just to kind of caution that this is without the money received from the VP4 sale.

Nilkanth Natu: Yes.

Rajesh Rathi: So that's not included in this, right? You want to...

Nilkanth Natu: Yes. So this INR580 crores net debt number is the position as of September end. We have closed VP4 deal, and the funds has been received on 2nd November. This particular amount which we have received is not included in the net debt.

Rajesh Rathi: Thank you. In terms of the outlook, I think Sudarshan has completed a strong H1 with healthier profitable and momentum, as one of the largest global pigment platforms backed by a very broad technology depth and a global footprint that supports supply resilience. With this, given the external situation is very challenging, we are cautiously navigating a challenging market

environment given the geopolitical uncertainties, the raw material costs, the logistic cost increases.

But at the same time, we are winning back trust of our customers and some of the lost sales. So, once the external environment improves, I think we should have a better revenue growth too. The third focus remains the SAP integration, a major challenge before us, and we expect to complete this by mid-next year. We want to reaffirm strongly our guidance for the Acquired Group, EUR 700 million and EUR 35 million of EBITDA. Thank you.

Nilkanth Natu: Thank you, Rajesh.

Moderator: Thanks. Request participants to ask only two questions per participant, and raise your hand, and we will let you speak. So, Anith, yes you can go ahead.

Anith: Yes, I hope I am audible?

Nilkanth Natu: Yes.

Nitesh Dhoot: Hi, team. Good evening, and congratulations on a good set of numbers. My first question is, sir, how much of this improvement coming through on the revenue side is from volumes, and how much is because of the price pass-throughs? And related one is, have we been able to gain back some of our lost market share during the previous Heubach insolvency period, or it is still underway?

Rajesh Rathi: I would like to divide your question. When you look at Sudarshan Legacy sales, there were three aspects,. As we were going live on SAP, from a Sudarshan perspective, we had requested customers to buy material and keep, as during the 1st October week, we were going live. So certain sales got booked in September, of which in a normal course of business could have been October.

The second business, of course, there is a volume growth, and I would divide it into half and half between price and volume , given this other factor not being there, and the rest is all good. On the Acquired Group, we have some volume growth, muted volume growth, but rest is all price increase.

And we have been able to gain business and trust of all our global key accounts, and several of the businesses are coming back to us. But of course, this is an ongoing process, but we are well on that track.

Nilesh Dhoot: Sure, sir. My next question is on the EBITDA guidance for the Acquired Group. So, EUR35 million is what you had guided for full year. I think we are already 2/3 done, but we still haven't upgraded our FY27 guidance. So, any particular reason for being conservative here? Are we looking at a probably weak quarter ahead, repeat of Q3 last year, or what really is the reason? I mean, a light question to this would be that the VP4 sale, where we are having to give up EBITDA, is that also getting accounted for in this retained guidance?

Rajesh Rathi: In the retained guidance, we've taken that into account, that the VP4 sale is gone. I think Q3 last year was quite a subdued quarter. We don't expect such a subdued quarter this quarter, but we are tending cautiously because this is the first normal two, three quarter, which we are going to experience as we have acquired this business. Hence, we are keeping the guidance as today.

Nilesh Dhoot: All right. Just a connected question to this, just a clarification, not a question exactly, but your captive use for this VP4, I mean, it was mentioned as 5% earlier, but your November deck, I mean, your current presentation says it is about 10%. What is the correct number there? If you could just clarify.

Rajesh Rathi: So, Nitesh, it is between 5%-10%, I think a very low amount depending on the demand situation. I mean, the matter of fact is it is quite low, right? In the single digit.

Nilesh Dhoot: Got it. Sure. Sure, sir.

Moderator: Hello. Next question, Sanjesh, you can go ahead.

Sanjesh: Okay. Thank you. Thanks for unmuting. Good afternoon, sir. Thanks for taking my question. First question again on the revenue growth. How are we looking in terms of product portfolio on the R&D side, the pipeline of product, and what gives us the confidence that we will be able to accelerate growth, say, in CY27?

Rajesh Rathi: Sanjesh-ji, I think as we've explained, we have a very broad portfolio of products. What we are doing is we are leveraging our technical marketing and innovation teams to work very closely with customers to come up, and I just gave you a glimpse of some of our new launches which we've just done.

This gives a flavor of how the engine has started moving forward. What gives us the confidence is, I think, given the external situation normalizes and the demand returns, I think we've been able to win back a lot of trust with the customers. This will give us some room of growth coming forward.

Sanjesh: But can you help us understand geographically, because now we are a global player. Which are the geographies where we are seeing attraction, where we are working very closely with the technical team? What kind of the application are we looking at, where we are seeing early sign of deal wins and new contracts or any inquiries coming in?

Rajesh Rathi: Sanjesh-ji, one area we were working on is lost business, s. These were global key accounts who are mainly based in Europe and U.S.. They have a global presence, but I think the majority of and they have a global demand, but I think their key contacts are based there. This is one area where we have worked very closely together. This is across industries, but I would say the main industries which is giving us this demand is coatings and digital inks.

Sanjesh: Coatings and

Rajesh Rathi: Digital inks.

Sanjesh: Digital inks. Okay. What are the areas where we have lost the sales during this transition, and which are the players who have gained, and what gives us confidence that the customers will come back?

Rajesh Rathi: We lost business across industries. It is not a concentrated portfolio where one or two suppliers have gained in. It has been a loss across. What gives us the confidence is we have already seen some of this business come back. It is not just talk now. We are seeing some of the business come back. I think to the fullest extent would take some time to build that up.

Sanjesh: One last question from my side before I come back on the queue. We are trying to be a more cost-competitive player, working on the innovation of the European player and having the learnings of India cost structure. Are we trying to place ourself as a value play or an innovation play when we go to the customer?

Rajesh Rathi: I think there are two parts. I think one is bringing innovation to the customer is the important part of bringing back the energy back in the relationship. The matter of fact was that we had a very high fixed cost which we needed to shed and which would improve our performance. These are the two aspects.

Sanjesh: Are we taking cost as a play?

Rajesh Rathi: Sorry?

Sanjesh: Are we taking cost as a play to win back the customers now that-

Rajesh Rathi: No, I can't.

Sanjesh: We can play around with it?

Rajesh Rathi: I don't think that's our saying that our drive towards the customer saying that we are cheap and buy from us. I think some areas where we are not cost-competitive at all, we're trying to reduce our costs. I think the cost plays more to improve our own performance.

Sanjesh: Okay.

Rajesh Rathi: Then gain market share.

Sanjesh: Got it, sir. Got it. Very helpful. Thanks for answering all those questions, and best of luck for the coming quarters, and Happy Diwali, sir.

Rajesh Rathi: Thank you, sir. Same to you.

Sanjesh: Thank you, sir.

Moderator: Next question is from Viraj Mahadevia. Hi, Viraj, you can go ahead.

Viraj Mahadevia: Hi, Mr. Rathi. Congratulations on the transformation journey of the group. A couple of questions from my side. One is, in your current results, you announced a INR74 crores employee restructuring in Germany. Can you give us a little bit of more detail around that? What does that entail? Is it largely plant labor headcount? What are the other kind of costs? And how much will be the annual savings coming out of this restructuring exercise?

Rajesh Rathi: Thank you, Viraj-ji, and I think this is related to the earlier announcement which we had made regarding reducing the headcount in Europe.

Viraj Mahadevia: Right.

Rajesh Rathi: These are mainly related to all the support functions. Not the direct manufacturing functions.

Viraj Mahadevia: Okay.

Rajesh Rathi: The savings should be similar or slightly a higher amount than this per annum.

Viraj Mahadevia: Fantastic. That will start reflecting in Q3 itself?

Rajesh Rathi: No, no. It will take one year because the agreement is by this financial year-end, by then people will go away.

Viraj Mahadevia: Understood.

Rajesh Rathi: Start going away.

Viraj Mahadevia: Understood, sir.

Rajesh Rathi: Gradually come in over the next 1.5 year, sir.

Viraj Mahadevia: Excellent. My next question is, if I look at the group now after the VP4 divestment, your net debt as of last quarter was 500-odd crores. You sold this business for INR800 crores-INR850 crores. You are acquiring a small business potentially for CHF7 million. So you should be meaningfully net cash by the year-end.

Given that the steady build in the business and the operation synergies, the business should be generating cash flows, meaningful cash flows in 2027 and especially in 2028. Given the lack of future capex investments, given that now you have a global footprint in all these plants, has the promoter group considered doing company buybacks given the low promoter shareholding and the attractive share performance in terms of value?

Rajesh Rathi: Viraj-ji, I think not the promoter group, but I think as a board, we are looking at-

Viraj Mahadevia: As a board, yes.

Rajesh Rathi: As a Board, we are looking at all options and what makes sense. But more importantly, I think the board is also trying to look at saying that, how are we going to use this cash so that we are able to give a better return to our shareholders, right, for the future?

And so that thinking, apparently, we were first waiting that the full transformation is completed and then we start thinking about it. But the board has been pushing us to actively look at the right usage for the cash for the future. We will, probably in a year's time, we will have a full-fledged plan on how we will actively look at this too.

Viraj Mahadevia: Understood. Thank you very much. I will get back in the queue.

Rajesh Rathi: Thank you, Viraj.

Moderator: Next question is from Love Gupta. Love, you can go ahead.

Love Gupta: Thank you for the opportunity. I just wanted to ask, have we considered a merger with Sudarshan Colorants so we can simplify our corporate structure instead of having two listed entities operate as one and do away with the minority interest as well?

Rajesh Rathi: So, Gupta, I think there are several aspects which the board is looking at. But given that there are too many moving parts, I think we will come back to this in some time. Currently, I think we are looking at how to improve our operations, how to integrate our systems, and then look at some of the structural changes.

Love Gupta: Got it.

Moderator: Next question is from Manjeet Buaria. Manjeet, you can go ahead.

Manjeet Buaria: Hi. Thank you for taking my questions. Sir, the first question was, under the previous private equity ownership, were there any key business areas was there really under-invested in the business over a span of three, four years in which we look to now correct? If you could give some colour on what they were?

Rajesh Rathi: Can you repeat your question, sir? I didn't follow you.

Manjeet Buaria: No, I was checking, before we acquired the business, global business, it was private equity owned, right? So I wanted to understand, were there any business areas where they were under-invested?

Rajesh Rathi: I think Heubach was, yes, by private equity. I think there were several concern issues and learnings for us that I think the integration between the two entities had not happened. There were several, not that, but before that also, I think the investment in innovation, etcetera, had stopped, and technical investments in the business had stopped, which we have rewired. There was also a lot of overhead, which we've tried to reduce and streamline the org structure.

Manjeet Buaria: Okay. In the current org structure, sir, in the key leadership roles for the acquired group, do we have to refill many of these roles? Have those people left, or you have seen reasonable continuity in the positions where you wanted it to be that group?

Rajesh Rathi: What we've done is, sir, we've integrated the organization into a functional organization across legacies. We've ensured that we have a lean structure, but the competency is not lost. Exactly as per our design, we've been able to reduce a lot of overhead and fact from that perspective.

Manjeet Buaria: No, sure, sir. I understand the excess sort of people not being there. I was asking more in terms of the people you wanted to retain in leadership roles. Do you have to take them from India, or do you have to hire for those roles, or the people who are there or erstwhile organization, they've continued with us?

Rajesh Rathi: We worked on a meritocracy basis. We have a functional organization, and whether the functional head sits in India, Europe, US, is irrelevant, but I think we've chosen the best. From that perspective, and we've been able to retain most of the critical talent. We've also done some rehiring in some areas. But I think all in all, the org structure is quite well set, sir.

Manjeet Buaria: Got it. Sir, and one last question. In the Q1 presentation, you had given a FY29 aspiration on revenues and EBITDA. The EBITDA there implied about close to 12% EBITDA margin. I just wanted to understand the bridge between the current 9% levels to that 12%. Will that heavy lifting be done by the acquired group EBITDA, or is there scope within India as well to improve the EBITDA from where they already are in our Legacy Sudarshan business? Thank you.

Rajesh Rathi: I think most of the improvement, Manjeet, came from the acquired group. Of course, there is some scope within the Legacy Sudarshan business also to improve, but most of the improvement came from the legacy.

Manjeet Buaria: Sir, I talked about the forward-going, where you had given FY29 vision you had.

Rajesh Rathi: Yes. I am talking about that only, sir.

Manjeet Buaria: Okay. Got it. Thank you, sir. Thank you so much.

Moderator: Hello, Archit. You can go ahead.

Archit: Yes, thanks. Good evening, everybody, and first of all, wishing you all a very happy Diwali and Dhanteras. Sir, I just have one question. When we had made the acquisition at Heubach, and we were speaking quite a lot about value capture initiatives, and you have elaborated that in the presentation also.

But I think some of the areas that we were discussing last time around was shifting commodities to low-cost regions, sourcing optimization, backward integration, SAP integration. I think these were some of the key areas that we spoke of. And I guess at a business EBITDA level, we have done quite well. On margins, I think we are at about 6%, 6.5%.

From the time of acquisition till now, if you could help us, what are the things that we have been able to achieve on capturing the value, and what would be the things that are still pending for us to reach that EUR90 million to EUR100 million mark that we are planning over the next three to four years? That would be helpful, sir. Thank you.

Rajesh Rathi: Thank you. Great question, Archit. Firstly, I think what we've worked on is, as you mentioned, this has been our number one set of our priorities was to win back trust with our customers.

The second part was to get value capture and reduce costs. I think some of the areas which we've been able to reduce costs are first on the org structure build. We've done a lot of work and reduced costs there.

Second is manufacturing cost reduction. So we've really worked across, whether it's yield improvements, throughput improvements, utility costs and reductions across our sites. The third has been purchase cost reduction, looking at more global buying, looking at Asia-based buying globally. These are some of the areas we've been able to achieve. The third is IT integration. IT integration had two phases.

One is, of course, cost reduction, but also looking at how we are able to reduce our costs. As I mentioned, the transactions which we are doing today are four transactions. We have four SAPs. Consolidating them into one. These are some of the aspects which we've been able to do well.

The IT integration is still in progress, but we've made considerable progress in these areas. What we've not done so far is any backward integration, right? We want to kick start some of the backward integration projects. The second is use of artificial intelligence or AI in the business. This is the second leg which we've not still kind of leveraged. So, we still have a lot of scope still in purchase manufacturing, but these are some of the additional levers to kind of reach the target margins.

Archit: Right, sir. Sir, these are the initiatives. Would that help in like a 300, 400 basis points swing on margins? Since we are at, let's say, 6%, 6.5%, and I think at EUR90 million to EUR100 million, we would reach near about 9% to 10%. Would backward integration and implementation of AI, if these are the two larger areas we are targeting, would that facilitate that 300 bps swing? Or would there be anything else with regards to some more optimization on sourcing or product mix or something like that?

Management: Yes. Absolutely, sir. I think these things would, as I mentioned, there is still manufacturing and procurement more work to be done. In addition to that, the backward and this integration, but we are also hoping that we are able to bring back some business and get operational leverage. We should be able to get one or two percentage of EBITDA from there. So I think all these we should be able to kind of bridge this margin.

Archit: Sure, sir. Just one last bit if I can squeeze in. The production mix that we are planning, the commoditized ones into places like India, has that completely been done or that is also left to a certain bit?

Rajesh Rathi: So the production has been moved, sir, but I don't think we've got the full mileage. We've not been able to still fully commercialize those businesses. So that's a scope where we can win some.

Archit: Right, sir. Great. Thanks a lot for answering all the questions, sir and again wishing you a very Happy Diwali. Thank you.

Rajesh Rathi: Same to you, sir.

Moderator: Hi, Niharika, you can go ahead.

Niharika: Hello?

Rajesh Rathi: Yes, ma'am.

Moderator: Yes, you can go ahead.

Niharika: Yes. So I understand that much of the EBITDA margin improvement will come from the Heubach business. We have seen improvement already in last couple of quarters. Just want to understand what is the kind of levers which would drive further improvement in margins. That is first. And is there any operational or structural issue which the Heubach business is still facing? And my second question is on the inventory destocking. So has the overhang reduced or is still residual destocking pending? Is there any other further negative surprises on this front?

Rajesh Rathi: Ma'am, the first question, I had two parts. I did not understand the second part of the question.

Niharika: Sir it was related to what would be the levers that would drive Heubach business EBITDA margin improvement?

Rajesh Rathi: Yes. So I think as I mentioned, ma'am, I think there are two aspects. One is a strong value capture in operations, purchase, organization structure, kind of streamlining that and further leveraging some of the backward integration. There is a lot of IP on backward integration and use of AI. These are the levers which would give us a lot of value capture initiatives. Plus, we are hoping that we are able to drive some EBITDA growth from growth too. So, a small amount from there, right? These are the levers which will help us improve our performance.

Niharika: Okay. Understood. My second question was on inventory destocking. So, what is the current status right now?

Rajesh Rathi: From the customers.

Niharika: Yes.

Rajesh Rathi: From the customers' bit, I think the destocking is over and I am hoping that it is over because it cannot be forever and ever. But we do not see a destocking impact now coming in. In fact, it is the high inventory scenario. So customers are buying only when there is a requirement. They are not stocking up enough, but of course there is a general external geopolitical uncertainty which keeps the demand and hence the demand is mute.

Niharika: Okay. And if I could just squeeze in one more. So the global pigments industry is growing at roughly 3% to 4% annually and in the last time, the guidance for Sudarshan was given for 9% till FY29 and we know this kind of slowdown that you just spoke about in Europe and U.S. in the automotive and decorative paints industry. What gives us confidence that Sudarshan would be able to beat the global pigment industry growth rate?

Rajesh Rathi: I think the first is, our thesis was that we will be able to win back some of the businesses which we've lost. That will give us some growth. That is first aspect. But given that, I mean, our aspiration to grow EBITDA, like I said, two-third of the aspiration, two-third of it comes more from internal cost reduction. Maybe one-third of the EBITDA growth comes from driving sales up from that perspective.

Niharika: Yes, but just one thing how will, I mean, I understand the drivers that you spoke about, but 3% to 4% and us growing by 9%, do you think there is a lot of divergence there?

Rajesh Rathi: No, I think I just mentioned that we've lost a lot of sales and we want to regain the sales, and that's where the growth would come in.

Niharika: Understood. Okay. Thank you.

Moderator: Hello, Rohit sir, you may go ahead.

Rohit: Thanks for the opportunity. Congrats on a strong Q2 and becoming debt-free within 2 years of acquisition. Sir my first question is we have monetized VP4. Are there any such more pieces which could be monetized at some point in time and will that add to, again, getting more into core and offsetting the non-core businesses? Thank you.

Rajesh Rathi: Hi, Rohit . I would say, I wish that there were more, but I do not think there are any such low-hanging fruits anymore from that perspective. So, I think this was our original thesis when we did the acquisition of getting this. But we had never anticipated that we would -- our anticipation on value was lower that time. But I think, given when we looked at in-depth numbers, , that is where I think we looked at VP4 from that perspective.

Rohit: Sure. Thank you. Second question, on Slide 10, we have provided the innovation and a new pipeline. In terms of, generally on a yearly basis, how many of such new products are we working on? And in terms of monetization of those products, what is usually the sales run rate that we look at when we are looking at these niche spaces? Thank you.

Rajesh Rathi: Rohit ji I think as I mentioned in my talk, I think this is re-energizing the organization and reaching the organization that we learn to kind of listen to customers, anticipate what are their unmet needs and go back to the market with innovations where customers feel excited to work with us. So this is an overall customer relationship management, which gives help to our existing business also. So, I think some of these new spaces take some time to click, but I think gives a good base for strengthening the relationship. And of course, these also help in improving the EBITDA, right? Because they are better margin products.

Rohit: Right. Got that, sir. Thanks a lot for answering all the questions and Diwali wishes to the entire team. Thank you.

Rajesh Rathi: Thank you, Rohit sir. Thank you so much.

Moderator: Hello, Pawan, you can go ahead.

Pawan: Thank you, sir. Thank you for the opportunity. Sir my first question is you have mentioned that now you are restarting your innovation pipeline. Would that have a material impact on expenses? Would there be a cost coming out of this?

Rajesh Rathi: The cost is already. The team is already part of it, so there is no additional cost.

Pawan: Okay. And sir my second question, like you are mentioning for Heubach, you are looking to recapture the lost business. So would you be gaining market share or is your gaining market share from competitor, or what is the scenario there?

Rajesh Rathi: Yes, we had lost market share, so we are going to regain that market share.

Pawan: Sir, what competitive edge we have vis-a-vis with our competitors there?

Rajesh Rathi: I think that was the very basis that customers had lost trust in us, and we have regained that trust, the relationship, ensuring that we serve them well, rebuild relationships, and the reliability with them.

Pawan: Okay. Sir, any other acquisition in mind, or maybe strengthening your backward integration, or maybe some pieces where still you need maybe some more acquisitions?

Rajesh Rathi: I think the north for backward integration, but I think the management and the Board kind of always keeps looking for opportunities, but nothing where it can expand our footprint. But I think nothing. At the right time, of course, if we do find, we will come and talk about it.

Pawan: Okay. Thank you, sir. Thank you for answering all the questions. Happy Diwali to everyone, sir. Thank you.

Rajesh Rathi: Thank you.

Moderator: Hello, Dhawan, you can go ahead with your question. Hello, Dhawan?

Dhawan: Hello, can you hear me?

Rajesh Rathi: Yes, we can hear you.

Moderator: Yes.

Dhawan: My question is, for the Heubach, I think earlier you mentioned that 2/3 of our operating margins improvement would be largely coming from the cost synergy, wherein you are planning to do some cost rationalization. By when can we see the improvement? Based on your assessment, how much we have already done the cost saving till now from the acquisition date?

Rajesh Rathi: Now, some of the improvements which you have seen in EBITDA is part of that value capture and/or cost reduction, right, already. As I mentioned, we will continue this journey from that aspect to keep improving our performance, right?

Dhawan: From employee cost and the other operational cost perspective, let's say, the employee is roughly INR1,500 crores, the annual run rate over there, and then the other cost is roughly INR2,000 crores. Both together is roughly INR3,500 crores kind of the cost. How much saving can we expect from these two things? By when can we expect this would be materialized in terms of the numbers?

Rajesh Rathi: As you can see our performance, we are already this year clocking towards EUR35 million of EBITDA. Going forward also, we have given the guidance. Most of this will come through the cost reduction on these areas which you have seen.

Dhawan: Okay. In terms of the sales that customers which the earlier company lost because of some reason. I think we are planning to acquire those customers. At what stage are we right now, and by when can we expect that sales to flow in the Heubach?

Rajesh Rathi: You are building the trust with the customers has given us rich dividends. We have already won back some of the businesses. As you may have seen our last year's performance in Q3, Q2 was quite muted, and we have already seen a positive trajectory from that perspective.

This process will continue building. Having that the geopolitical uncertainty as it improves and the external situation improve, I am sure this will give us also rich dividends, and we will be able to see the full benefits.

Dhawan: Sure, sir. Thank you. That is all from my side.

Rajesh Rathi: Thank you, sir.

Moderator: Hello, Nitesh, you can go ahead.

Nitesh: Yes, thank you. Thanks a lot for the follow-up. On the strategy side, sir, if you look at the aluminum dyes acquisition, so adding a Swiss site wherein while the value capture relies on footprint optimization. That is like acquiring something in Europe was not really on the cards, if I am correct.

Is this Swiss site a long-term plant there, or will the technology move to India? How will it play? Are any more acquisitions in Europe that we might be evaluating?

Rajesh Rathi: Nitesh, sorry, there was some technical challenge. You were not able to unmute. Can you hear me, Nitesh?

Nitesh: Yes, I can.

Rajesh Rathi: Yes, Nitesh, absolutely. I think this is a very niche business, Nitesh, where the product approvals are very prudent to the site. So very sensitive to where it is produced And for the business continuity, this was very important, right, to have these assets. This business was being toll manufactured. The business belonged to us, but this was toll manufactured, these products, by Clariant for us.

And Clariant, in the long term, didn't want to do this. And in order for us to continue the business, this was very important to maintain, get that site. Having said this, we do see a lot of opportunities in improving the cost base in that plant too, and we will definitely work on that.

Nitesh: Sure. That helps. Sir, just one last there. Management expected a further EUR15 million-EUR20 million inventory reduction coming through in FY2027. However, if we look at the inventory days, I mean, that has actually gone up in the first half, if we have to look at. And even on the absolute number, I think it's up by 25% over the 31st March. Any color on the inventory side here?

Rajesh Rathi: Nitesh, spot on. I think if you see our performance to H1 of 2026, we have improved our performance compared to H1. There are some seasonalities, , but given the current geopolitical situation, the lead times for raw materials have increased a lot. The lead times for finished good deliveries have increased a lot. More variation in demand.

All this has caused us to increase some of our inventories. Not exactly, not where we want to be, but given the situation, to manage this has been quite challenging, and that's where I think you've seen these increases. Having said that, compared to H1 last year, there is still an improvement in number of days, in definitely number of days. And that's it.

Nitesh: Sure. Thanks a lot, sir. I think I wish entire team a very Shubh Dhanteras and a happy Diwali. Thank you so much.

Rajesh Rathi: Thank you so much, man. Same to you.

Moderator: We'll take the last question from Viraj.

Viraj: Hi, Mr. Rathi. Thank you for taking my question again. Are there any unfunded pension liabilities from the Acquired Group of Heubach, or that is all been factored in into the deal consideration?

Rajesh Rathi: No. Yes, sir, everything. There is no unfunded. There are none.

Viraj: Excellent. The second one is, you talked about backward integration into India not having really kicked in, but are there spare capacities and technical capability to make a lot of these European products in India?

Rajesh Rathi: The products, some of these products are not still made by us. But the IP exists between the two legacies, and that is what we want to get the potential out. So, exploit that and get that. So, that is where it is. So, it is not like a transfer of a manufacturing asset, but it is, I think, creating new capacity, starting to produce some of these molecules.

Viraj: But the capacities are there. It is just transferring the skill set, is it or the setup?

Rajesh Rathi: No, we do not make these products there, sir, but we have the IP, so we can make them in the lab. We do not have physical assets on this.

Viraj: Okay.

Rajesh Rathi: We can make it in the lab. We have people who know the know-how. It is about putting actually metal on the ground in India for this.

Viraj: Oh, so you would have to increase capacities to make them in India?

Rajesh Rathi: Yes. Make an investment for that.

Viraj: Excellent. Thank you. All the very best, and happy Diwali.

Rajesh Rathi: Thank you, Viraj-ji. Thank you so much.

Moderator: Thanks, everyone. We hand over to the management for closing comments.

Nilkanth Natu: Thank you, Bhavin, for anchoring our call. Thank you, Rohit, for hosting our quarterly earnings call. Thank you, participants, for your time and interest in Sudarshan Chemical. We remain confident in the long-term prospect of our combined business, and we look forward engaging with you again in future. Wishing you all a very happy Diwali. Thank you.

Rajesh Rathi: Thank you.

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