



SIGACHI INDUSTRIES LIMITED

CIN : L24110TG1989PLC009497

To

Date: June 05, 2025

The Manager BSE Limited P. J. Towers, Dalal Street Mumbai-400001 (BSE Scrip Code: 543389)	The Manager National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai- 400051 (NSE Symbol: SIGACHI)
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Dear Sir/Madam,

Sub: Transcript of the Earnings Call for Q4 FY 2024-25 Results

Unit: Sigachi Industries Limited

In continuation to our letter dated May 30, 2025 audio recording of Q4 FY 2024-25 earnings call, please find attached herewith the transcript of the earnings call held on Friday, May 30, 2025, 4:30 PM IST. The same is also available on the company's website at www.sigachi.com.

Request you to kindly take the same on record.

Thanking You,

Yours faithfully

For Sigachi Industries Limited

Vivek Kumar

Company Secretary & Compliance Officer



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**“Sigachi Industries Limited
Q4 & FY’25 Earnings Conference Call”
May 30, 2025**



MANAGEMENT: **MR. AMIT RAJ SINHA – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – SIGACHI INDUSTRIES
LIMITED**
**MR. O. SUBBARAMI REDDY – CHIEF FINANCIAL
OFFICER – SIGACHI INDUSTRIES LIMITED**
**MR. VIVEK KUMAR – COMPANY SECRETARY AND
COMPLIANCE OFFICER – SIGACHI INDUSTRIES
LIMITED**

MODERATOR: **MS. RIDDHI SHAH – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Sigachi Industries Limited Q4 and FY '25 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participant lines will be in 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Riddi Shah from Go India Advisors. Thank you, and over to you, ma'am.

Riddi Shah: Thank you, Sejal. Good afternoon, everybody, and welcome to Sigachi Industries Limited Earnings conference call to discuss Q4 and FY '25 results. We have on the call Mr. Amit Raj Sinha, Managing Director and Chief Executive Officer; and Mr. O. Subbarami Reddy, Chief Financial Officer; and Mr. Vivek Kumar, Company Secretary and Compliance Officer. We must remind you that the discussion on today's call may include certain forward-looking statements and must be, therefore, viewed in conjunction with the risk that the company faces.

May I now request Mr. Amit Raj Sinha to take us through the company's business outlook and performance, subsequently to which we will open the floor for Q&A. Thank you, and over to you, sir.

Amit Raj Sinha: Thank you, Riddhi. Good afternoon, ladies and gentlemen. Welcome to Sigachi Industries Limited Q4 FY '25 Earnings Call. The financial results and the investor presentation have been uploaded to the stock exchange. FY '25 was a year of steady progress as we focused on strengthening our core, enhancing execution and laying a strong foundation for sustainable growth.

We saw robust demand across domestic and international markets, supported by a quality-led manufacturing and customer-centric approach. While the global MCC market is growing at a 5-year CAGR of 6.5%, Sigachi has delivered a 5-year CAGR of 26.47%, a testament of our differentiated capabilities and sharp execution. In our core MCC business, FY '25 revenue grew by 23.89% with volumes up of 29.57%.

Our newly commissioned 7,000 metric ton per annum plant capacity is operating at 68% utilization, expected to scale near full capacity by FY '26. Our O&M service business also progressed well, adding Adani Solar as a key client. This vertical has now evolved into a stable, scalable revenue stream. Trimax, our API arm made solid progress on scale-up and regulatory preparedness. We applied for 4 CEP certifications, and we have secured CEP certification for Metformin HCL making our entry into the regulated markets in Europe.

Our R&D efforts are being consolidated throughout the development of -- with the state-of-the-art R&D center at Hyderabad, which will bring in our API development, analytical research and other innovation under one roof, enabling greater synergy and speed in product development. In addition, Sigachi has entered into a JV with Respilon to co-develop next-generation drug

delivery formats using their proprietary NUENEX nanofiber platform. Strategically, we received the environmental clearance for our planned CCS facility at Dahej-2 SEZ, further supporting our scale-up ambitions and diversifying efforts.

Looking ahead, we are confident of sustaining healthy revenue growth in FY '26, driven by strong demand, improved utilization and global expansion. Margins are expected to remain stable, supported by operational efficiencies and a strong product mix. Our priorities remain focused to deepen the core, diversify into high-growth areas, scale innovation and deliver long-term stakeholder value.

With that, now I invite our CFO, Mr. Reddy, to take you through the financial performance. Over to you, Reddy, sir.

Subbarami Reddy:

Thank you, sir. Good evening, everyone. Let me brief you on the financial performance for Q4 FY 2025 and the full fiscal year. Q4 FY 2025 financial performance. Total operating income during Q4 rose by 23.15% year-on-year, reaching INR128 crores. EBITDA expanded significantly, increasing by 74.84% year-on-year to INR28.5 crores, reflecting an EBITDA margin of 22.31%.

Net profit surged by 7.28% year-on-year to INR16.2 crores, translating into a PAT margin of 12.63%. Revenue from the MCC segment grew steadily, increasing by 55.08% year-on-year to INR121.32 crores. The operations and maintenance segment contributed INR10.76 crores, making a growth of 17.9% compared to the same quarter last year.

FY 2025 financial performance. Building on the momentum throughout the year, the company's full year operating income reached INR500 crores, representing a 25.42% increase over FY '24. EBITDA grew by 46.21% to INR112 crores with a margin improving to 22.38%. Net profit stood at INR70.5 crores, up 23.25% year-on-year with a PAT margin of 14.09%.

The MCC segment demonstrated robust growth for the year with revenue increasing by 35.75% from INR302 crores in FY '24 to INR409 crores in FY '25. The O&M segment recorded a revenue growth of 17.66%, reaching INR41 crores for the year. The API segment contributed INR29 crores to the revenue in FY 2025.

That concludes my remarks. Now we can open the floor for the question and answers, please.

Moderator:

Thank you very much. The first question is from the line of Satyam from Profit Market Securities. Please go ahead.

Satyam:

Congratulations on good set of numbers. I have a few questions, sir. First is, what is the revenue outlook over the next 2 to 3 years? And what are the key growth drivers for, along with that, what will additional capex be required to sustain the company's growth trajectory? And how do you plan to fund it further?

- Amit Raj Sinha:** So Satyam, our revenue outlook continues to be driven by the fact that we will deliver more than 25% growth over the next 2 to 3 years. The core drivers would continue to be our excipients and over the next 1 year and the second year, it will add up also as API and O&M. In terms of funding requirements, of course, to add in capacities, there would be funds -- we would need funding requirements. We really haven't consolidated how much it would be and the way in which we'll be fundraising. They are yet to be kind of finalized and shared.
- Satyam:** Okay. I have one more question. What is the sustainable EBITDA margin in the company targeting? And what are the factors we'll be driving for the same?
- Subbarami Reddy:** EBITDA margins, the present EBITDA margins are sustainable. Even steadily, it may increase further. We are expecting around hope it will be beyond 25%.
- Satyam:** Okay. And under O&M model where Sigachi operates third-party plants, are there penalty provision in case of accidents or losses? If so, can you provide a ballpark estimates and potential liability for the same?
- Subbarami Reddy:** For this one, so far nothing is there such kind of thing. And for any thing, insurance is there to cover any unfortunate events. But as of now, we have not faced any such kind of events.
- Moderator:** The next question is from the line of Shubham Sehgal from SiMPL.
- Shubham Sehgal:** Yes. My first question is on our MCC segment. So as you've guided for 20%, 25% growth. So I wanted to ask, so like how are we exactly going to achieve that? Because currently, if you see, we did like volumes of around 19,100 tons and we have capacity of 21,700 tons. So I mean, that could -- even if we operate at 100% capacity, that would give us only 14% volume growth. And the rest maybe could come by the realization growth, but still 25% growth without adding more capacity, how do you think we'll achieve that? And along with that, also if you could provide the current pricing of MCC?
- Subbarami Reddy:** Thank you, Shubham. The current pricing of MCC is INR214.3 per kg. And for your question, the existing capacity, the present utilization is 19,100. And we have a capacity of 21,000 MTPA, but gradually, this can be increased up to 25,000 by augmentation, by debottlenecking, Wherever is ideal time, we'll reduce and then we'll infuse small capex equipment like a reactor or blender or dryer kind of thing. And then slowly, we can enhance it to up to 25,000 metric tons.
- And also, the increase in revenue is possible because of better sales mix. we are focusing to increase special grade products and co-processed excipients, wherein the margins are on higher side, the revenue also will increase, the margins also will increase.
- With that, there is a possibility to increase the revenue steadily, we can grow at 25% growth, And also CCS expansion also is in place. And in the Dahej2, already our project received environmental clearances /approval and other expansion plans also are there, so that this expansion plan is a continuous process, and we ensure that this growth is sustainable.

- Shubham Sehgal:** So just a clarification, so you mentioned that without any major capex, we can still increase our capacity to 25,000. Is that what you're saying?
- Subbarami Reddy:** Yes
- Shubham Sehgal:** Okay. And so -- but like is that planned during this year? Because I mean -- so are we going to do that this year, like increasing our capacity?
- Subbarami Reddy:** Once it reaches optimum level, slowly, we'll increase. Right now the capacities are available, and we are not increasing further right now.
- Shubham Sehgal:** Okay. So -- but in this year, we have not planned any major capex. Only we can increase our capacity by debottlenecking, that is what you mean, right?
- Subbarami Reddy:** Yes,. Anyway, CCS project is in progress, we have started. We are working on it.
- Shubham Sehgal:** But -- so CCS, when do we expect the plant to commercialize?
- Amit Raj Sinha:** In another 18 months. So if we kind of just add it up, October '26, we will be commissioning our plant.
- Shubham Sehgal:** Okay. Got it. So for this year, the MCC outlook remains the same, and we can increase our capacity, right? Another question I had was on the gross margin. So like this quarter, we did around 60% gross margin. So like going forward, what do you think would be the sustaining gross margins and the 60% was it achieved because of, as you said, like we are changing the mix of the products?
- Subbarami Reddy:** Yes, that's always there, changing the mix of the products as well as other segments like O&M, other business segments also there. That is possible. More or less, small variations would be there, but we'll achieve.
- Moderator:** The next question is from the line of Amresh Kumar from Geosphere Capital.
- Amresh Kumar:** Sir, I just wanted to understand who are we taking this market share from because of our much more significant growth compared to the market?
- Amit Raj Sinha:** So Mr. Amresh Kumar, if I put it this way, that there are 2 aspects to it. One is the new product development, wherein our customers develop new products and they are launched into the market, and we participate in the new product development for their excipient or their MCC requirements. And the other part is that we capture market from our competitors. So it's a holistic mix of both of these. With some customers, it is more to do with the new product development wherein the success comes in quickly and we enhance volumes. And on certain customers or certain regions, we have where the new product development is rather slow. So there, we have business coming in from competition.

- Amresh Kumar:** Got it, sir. And if we -- if I have to break it down between new products and taking market share, can you break it down? Or is it not possible?
- Amit Raj Sinha:** No, no. I think it will be a bit of a challenge because it is product-wise, we have 60 different grades of cellulose. So it's product-wise, region-wise. And there are certain regions where we have distributors. Distributors have kind of 26, 27 customers within their fold. Each customer has a certain range of old product and new products coming in. So it will be rather complicated. The good part is we are giving 25% growth.
- Amresh Kumar:** Got it. Okay. And is there any way to understand what would be our market share since we are the leading manufacturers in India?
- Amit Raj Sinha:** So market share in cellulose-based excipients are primarily driven by the capacities of the manufacturers. So I would put it this way that the biggest -- the #1 player has capacities well above 100,000 tons. And currently, our capacities are hovering around 21,000 tons, 22,000 tons.
- Moderator:** The next question is from the line of Dinesh Kulkarni from Finsight.
- Dinesh Kulkarni:** A really good set of numbers. Sir, as you mentioned, we are expected to grow at around 25%. But I'd like to know like how do you think the capacity of the company in terms of production would increase over the next 2, 3 years? And will that reflect in the revenues as well? Because if we see the volume growth for MCC is around 30%, but the revenue growth total is 25%. So there is some gap of 4%, 5% there. So will this remain in this range? Or what do you expect here?
- Subbarami Reddy:** Mr. Dinesh, going forward, it will increase. Now we have surplus capacity, we just wanted to penetrate it. But going forward, the margins will increase. When the selling price increases, margin increase and then revenue also will increase.
- Dinesh Kulkarni:** So because I can see 4% to 5% growth in the per kg value. So will this continue? Is what -- is key important?
- Subbarami Reddy:** Yes, yes. It will continue, even it will be better because of the favourable sales mix
- Dinesh Kulkarni:** That's great. Sir, one last point from me. Sir, like in the last few con calls, you had mentioned there is some issues with the receivables from some of the foreign customers. Has that been resolved right now? Or like you would expect it to continue?
- Subbarami Reddy:** Yes, it is resolved. We have received almost 90% of that amount, that 10% is that. That is also it's going to come. There is no other issue, only country issue, allocation of foreign currency, that's all.
- Moderator:** The next question is from the line of Himanshu from Pinpoint Asset Management.

- Himanshu:** Congratulations on a steady set of numbers. Sir, firstly, I would like to understand what is the update on our CCS offering? And when are we achieved to commercialize that?
- Amit Raj Sinha:** That -- the environmental clearance has been obtained. And just 5 minutes back, I did speak about commercializing or commissioning the plant in October '26.
- Himanshu:** October '26?
- Amit Raj Sinha:** Yes.
- Himanshu:** Sir, I would like to also understand CCS as a product as well, sir, what kind of market size do we have in India? And are there any possible something on technical know-how that we need on the product to ramp up and scale?
- Amit Raj Sinha:** So Himanshu, we don't really need any technical know-how. The technical know-how is already available with Sigachi. So that's not really a challenge. And that is how we have designed the plant, submitted the EC application and kind of got the whole project report ready for execution. So I don't see that. Now in terms of market size, I would say it's the CCS market or the disintegrant market is usually 1/10 or 1/8 of the overall cellulose market size.
- So if there is a customer who is kind of selling 100 kilos of cellulose, ideally, the same customer would need approximately 10 to 12, 13 kilos of disintegrant. That's the usual ratio in terms of market capacities and consumptions.
- Himanshu:** Understood, sir. And sir, in terms of licenses because it's obviously a pharma excipient. So what kind of licensing do we need? And do we also need to get this facility as well as approved by the FDA?
- Amit Raj Sinha:** Of course, FDA approval will be there. All that will take its due course, and it will be on track. That's not really a challenge because it is repetitive for Sigachi. We have been having so many excipient approvals, so many facilities approval from the FDA. So I don't see that as a challenge.
- Himanshu:** Okay. So you will be able to ramp up the facility as soon as we have our production line set up?
- Amit Raj Sinha:** Absolutely.
- Moderator:** The next question is from the line of Nitin Gandhi from Inoquest Advisors Private Limited.
- Nitin Gandhi:** Just continuing the same CCS question. Out of INR90 crores, how is the capex going to get incurred and what's the funding pattern? And what's the normal at current prices, asset turnover expected? If you can share that, it will be helpful.
- Subbarami Reddy:** Yes. This -- around INR90 crores, capex is required for this. And asset turnover initially onetime and gradually, it will increase up to 3 to 4x.
- Nitin Gandhi:** That's post API integration?

- Subbarami Reddy:** This is of CCS.
- Nitin Gandhi:** But can you tell me how much would be spent in FY '26 or '27, CR-wise capex breakup, can you give -- is it going to be completely funded from internal or some borrowings will be required?
- Subbarami Reddy:** Already, we have raised funds in IPO, And remaining, we'll either through debt or some further issue.
- Nitin Gandhi:** How much debt would be required?
- Subbarami Reddy:** That is around INR60 crores, around INR55 crores.
- Nitin Gandhi:** Okay. And how much will be spent in the current year?
- Subbarami Reddy:** By October '26, we'll be completing. In this financial year, we'll spend maybe INR40 crores, INR50 crores.
- Nitin Gandhi:** Okay. And how much time does it take to reach optimal capacity utilization?
- Subbarami Reddy:** It will take 2 years.
- Nitin Gandhi:** 2 years. So maybe only '29, you will be able to reach INR90 crores turnover for the first year and thereafter. Okay. And when you say this 1/8 is a requirement as compared to MCC, but usage and application is the same by the end user or they will -- or is it like some substitute for MCC or they are -- can you share some thoughts on that?
- Amit Raj Sinha:** So the application is for the formulations of oral solid dosage forms, which are tablets or capsules. However, the MCC acts as a binder, whereas a CCS acts as a disintegrant. So MCC puts the tablet together, whereas the CCS breaks up the tablet inside the body. So they are technically complementary and both of them have to be there in the drug.
- Moderator:** The next question is from the line of Ankur Sawaria who is an individual investor.
- Ankur Sawaria:** Sir, my question is regarding the preferential allotment. You said that you have not received about INR68 crores from some of the allottees. So what happened about -- regarding the 25% that they might have been -- they might have given at the time of allotment, sir? Have you accounted that for in the balance sheet?
- Subbarami Reddy:** Yes, we have counted. But only thing is that forfeited -- that amount has been forfeited and we didn't allot any shares for that.
- Ankur Sawaria:** How much was that was forfeited?
- Subbarami Reddy:** That is around INR25 crores, just give me a minute. Yes, it is INR25 crores, around that.

- Ankur Sawaria:** So under which head have we accounted that for in our balance sheet that we presented today?
- Subbarami Reddy:** under Capital Reserve, we cannot consider in P&L.
- Ankur Sawaria:** We'll not consider that in P&L, but we have no disclosures as to where is that money shown in our cash flow as well?
- Subbarami Reddy:** Yes, that is there in capital reserve.
- Ankur Sawaria:** Capital reserve?
- Subbarami Reddy:** Yes, obviously, that is a capital reserve. In reserves only, that is there.
- Ankur Sawaria:** And sir, one thing more that usually, whatever I've seen other companies, they continuously give their disclosures regarding as and when who have been allotted the warrants and as and when the company receives the money from the allottee. There are disclosures that are given. But I have seen that for Sigachi, there was not a single disclosure given as to when was the warrant converted to the share and to whom it was given and who has not given the funds?
- Subbarami Reddy:** Yes. Disclosue was already given and we have submitted details in 4 tranches. In 4 tranches, the allotment took place. For each allotment, we have filed the required filings, we have filed with ROC, that is a public document to whom we have allotted also, it is given.
- Moderator:** The next question is from the line of Rohan Patel from Total Capital.
- Rohan Patel:** Just that you have guided that we are targeting a revenue growth of 25% CAGR for next 2 to 3 years. That takes us to, say, in 3 years to INR1,000 crores of revenue. So can you just give us a broad breakup like how the revenue mix would be amongst MCC, CCS, API and operational management?
- Subbarami Reddy:** Yes. Thank you. This -- as of now, it is O&M is -- operational maintenance is around 9%, it's there. But going forward, there may be an increase in the same share. But at the same time, API also, it will increase. But exactly the ratios, we cannot, but it will grow on an average, may be not less than 25%.
- Already, we gave the contribution. MCC is around 86% is there as of now. and operations and management, consistently, it is 9% is there, but it will pick up momentum. And API also, it will pick up momentum. And MCC also, is growing, but MCC share, it may come down because drastic increase in API and O&M. But overall, we hope we'll maintain not less than 25% growth.
- Rohan Patel:** Okay. So the majority of growth will be coming from the API and O&M. Basically, they will be growing faster?
- Subbarami Reddy:** Yes.

- Rohan Patel:** Okay. So talking about API, like you are entering regulated markets. So do you expect that we are expecting in API?. So what kind of EBITDA margins are you targeting?
- Subbarami Reddy:** We are targeting around 25% EBITDA margins, even higher side also,
- Rohan Patel:** Okay. And can you give us a rough idea, throw light on it, like how would be our sales mix by market -- by regulated market, rest of the market in API, like would all of the API sales would be coming from regulated market?
- Amit Raj Sinha:** Ultimately, it is. Of course, gradually, we intend to build up to the regulated market, Rohan. But in the initial when the regulatory approvals are not in hand, we would want to sell it to certain nonregulated markets as well and of course, domestic. So it will be a mix. Initially higher in the nonregulated, but gradually, as we get our approvals for products, we would have higher percentage going into the regulated markets.
- Rohan Patel:** Okay. And can you like give us an idea about like what are the major molecules that we are focusing on to start with and how we want that to change over like next 3 to 4 years as we approach regulated markets?
- Amit Raj Sinha:** So at this moment, Rohan, we are primarily looking at Pregabalin. We are looking at Metformin. We are looking at Minoxidil, Retinovit, Meclizine and Sitagliptin. Sitagliptin also is there, but probably -- I'm just looking at certain molecules where we are looking to get into the regulated markets on an ASAP basis.
- Moderator:** The next question is from the line of Aryan Sarda from Chhatisgarh Investments Limited.
- Aryan Sarda:** Yes, sir. I can see that Promoter pledging is at 44%. Earlier, it was 23%. So I just wanted to know the reasoning behind that.
- Subbarami Reddy:** Yes. The entire pledge proceeds were utilized for investing in preferential equity shares only, Only, when the price was on lower side, number of shares were pledged on higher side. Now we can arrange to release some shares to reduce the pledge percentage, but we have not taken that action.
- Aryan Sarda:** So you plan on reducing it in the future?
- Subbarami Reddy:** Yes. Right now, there is no requirement. Okay, let us see, we can reduce. We can ask them to release some shares. But all the proceeds invested into the company only.
- Moderator:** The next question is from the line of Garima from Carsil Limited.
- Garima:** Yes. So my first question is, what is the revenue contributed from your top 5 and top 10 customers?

- Subbarami Reddy:** Yes. Top 5 customers, it is around 43%. Top 10 is around 60% revenue. And we have around 350 customers in this year itself. Even all put together, it may be beyond 500 customers,
- Garima:** Okay.
- Subbarami Reddy:** 43.98 is first 5 and 10% is around 60%. 10 customers are around 60%, top 10.
- Garima:** One more question. As you enter regulated market, do you expect APIs to contribute meaningfully to revenues? And also what EBITDA margins are targeted for this segment?
- Subbarami Reddy:** Yes. The targeted EBITDA margin is 25.
- Garima:** Okay. And what about APIs?
- Subbarami Reddy:** Now we have Sitagliptin is there and Pregabalin, Meclizine. There are different products we can add some other products which are in the pipeline, we are in the process of filing. When wherever there is a good market and pricing is there, we just wanted to enter that.
- Garima:** Just last question. Who are the expected customers for the CCS plant?
- Subbarami Reddy:** For CCS, all our existing MCC customers, they will take as already call told 1/8 or 1/10 of their MCC requirement would be there for CCS. They may take it from us once our CCS plant is ready.
- Moderator:** The next question is from the line of Saket Kapoor from Kapoor & Company.
- Saket Kapoor:** Sir, firstly, as you alluded to 25% growth for the coming 2 years, how should be then the O&M business growth be factored in, that has a higher CAGR. And in addition to that, any new plants we have added from the existing customers? And what should be the revenue contribution for the coming year? What should be the pipeline exactly? We were at INR41 crores for the last year. So where should things be -- if you could just give some color on the same?
- Subbarami Reddy:** Yes. O&M segment, there is a very good opportunity there this year. This year we are expecting around INR75 crores..
- Saket Kapoor:** Doubling of the same from INR41 crores, sir?
- Subbarami Reddy:** Yes. Earlier already, we have seen from 9 to 13, 13 to 26 and 26 to 35, 35 to 41 in FY '25, This year, FY '26 in our projections are around 75 crores, we have targeted for that, but let us see even we will reach or even we may exceed it also, just getting the contracts. If any good contract is awarded, then it will exceed also the target.
- Saket Kapoor:** No, sir, if you do from the existing customers that you are eying doubling of the same or...
- Amit Raj Sinha:** Yes, it is a mix. So naturally, wherever we are servicing our customers there, the chances or the opportunities to get in is much more because they have already experienced the Sigachi service.

Wherever else we are not really in a position to service our customers where we are yet to kind of break into the bid system, we are kind of pushing it so that we get into that system and we are able to service their complete group.

Saket Kapoor:

Yes, sir. And secondly, sir, when we look at the CWIP, last year, I think so we have made major investment. Last year, closing balance was INR96 crores. And in the plant and machinery for the last 2 years, we have already spent closer to INR120 crores. So what kind of increase in the asset turnover is expected from this? And majority of this fund, which are the assets that we have built over a period of time that will contribute to the top line and bottom line?

Subbarami Reddy:

Yes, Mr. Kapoor. that the majority of the investment invested for the expansion at Dahej and Jhagadia, which is as a result of which from 14,000 metric tons capacity to 21,000 metric tons that has been increased. And asset turn, it will gradually increase, now recently, we have completed the expansion. And then last quarter, we have seen there is a growth. And the previous quarter also, we have seen a little growth in the volume consumption as well as the revenue growth. And slowly, it will -- asset turnover will give up to 3 to 4x.

Moderator:

The next question is from the line of Munjal Shah, who is an individual investor.

Munjal Shah:

Congratulations for a good set of numbers. Amitji, I just wanted some light on API. So basically, looking at the Trimax numbers, the API revenue contribution has been INR29 crores this year. So sir, how are we planning to scale this up? Because the revenue, what I'm seeing is that from FY '24, the revenue was INR57 crores. And this year, the revenue has come down. So sir, if you can just give a road map on how are we planning to move ahead with the API segment?

Amit Raj Sinha:

Thank you, Mr. Shah. So what I'll tell you, in August '23, we acquired the facility. So then at that moment, after acquisition, there was a drive to take it up to full capacity and sell it in domestic, sell it to the intermediate distributors or traders as well.

Now gradually, what we realized was that we had the sales in FY '24, but we really didn't add up any reasonable margins. If you see the figures, we were negative. And towards the end of that year, when we kind of rethought the whole plan, we said we might as well let go business where there is minimum or low margins and focus and concentrate on better products, better markets, better customers.

And in doing so, we let go a lot of business which was technically meaningless. And that is the reason that you see that FY '24, we had a good top line, but we were bleeding. This year, we have had a much lesser top line, but we are positive. So our focus, you can see that there was a change in focus, which we did in the FY '25.

Munjal Shah:

Okay. So sir, just for the basis of bookkeeping, so if we have done INR29 crores of sales in API, sir, what has been our EBITDA?

- Subbarami Reddy:** EBITDA -- yes, it is around 20% second, I'll just give you the exact. Earlier last year, there was a bottom line negative. And this year, it is a positive.
- Munjal Shah:** Sir, basically, what I'm trying to see is, sir, we have been talking that on the API segment in the current year, firstly, we are planning to pushing for 9 CEPs for Europe, if I'm not wrong, right? So basis, the call you mentioned that out of the 4 CEPs, we have received approval for the Metformin HCL. Even you have -- you mentioned that you are segmenting your API sales so that we receive good margins. So I'm just trying to...
- Subbarami Reddy:** Yes, it is 20% is there, EBITDA 20% this year.
- Moderator:** The next question is from the line of Himanshu from Pinpoint Asset Management.
- Himanshu:** Sir, I want to understand that if I catch it correctly that we are doing -- we are expecting a 3 to 4x asset turn on the CCS plant, right?
- Subbarami Reddy:** Yes.
- Himanshu:** So for a INR90 crores plant, you could have achieved a peak revenue potential of INR300 crores to INR360 crores?
- Subbarami Reddy:** Yes. Over a period of time
- Himanshu:** Yes, yes. So sir, if I look at like FY '27, so because we are currently at blended, we are at 90% for MCC. And so that could lead to what maximum potential you could look at for revenues?
- Subbarami Reddy:** See, October '26, CCS revenues also are going to add up.
- Himanshu:** So you are looking at what -- after that 30%, 40% utilization in first year?
- Subbarami Reddy:** Yes. First year, it would be around 35%. Over a period of 2 to 3 years -- 2 years, we'll consume the total capacity. And after that, another 2 years, it will take to reach asset turn of 3x -- 3 or 4x.
- Himanshu:** Okay. Okay. So sir, on the MCC front, what we are currently at blended 90%. So we are looking at -- what maximum you can take up this to?
- Subbarami Reddy:** MCC. blended is around 90%, but that is -- once the revenue of CCS and API increases, it may change the mix of MCC segment or it will maintain more or less even around 80% to 85%. Because the mix of the portion of API and O&M will increase so that MCC share may come down a little.
- Himanshu:** Yes, sir. That I understand. But on just MCC revenue alone, so currently, capacity utilization is 90%. So what is the maximum utilization that we can take this to?
- Subbarami Reddy:** The current capacity utilization is around 85% is there, nearly in unit-wise, if you see around Dahej, 85% is there. And Jhagadia, it is 85.68% and Hyderabad, it is around 95% is there. And

this one in added capacities right now in capacities, if you see 19,100 is the current year capacities utilization, and we can go easily up to 21,000. From 21,000 onwards, we can augment and then we can increase the capacities up to 25,000. And also CCS capacities and one more -- even the further expansion also will take place in MCC.

Himanshu: So sir, we can assume like current maximum potential for this MCC, we have like around INR450 crores because we did INR410 crores from, let's say, INR409 crores from this year. So if a more 5% to 7% increase would lead to what INR450 crores, INR440 crores for MCC by FY '27?

Subbarami Reddy: Even more than that. FY '27, that is definitely, higher than that.

Himanshu: Yes. Just from MCC?

Subbarami Reddy: Yes, it is. Only MCC also, it will -- we can increase up to 25,000 metric tons per annum. with a small capex additions.

Moderator: The next follow-up question is from the line of Dinesh Kulkarni from Finsight.

Dinesh Kulkarni: My question is on the same line, sir. Can you just explain what would be our capacity, say, total capacity 3 years from now? Like I know we are doing a lot of capex, but from 21,000 to 25,000, can you just explain that progression?

Amit Raj Sinha: Dinesh, I'll tell you that. See, like the CFO explained, while we touch our installed capacity, the plant -- at the plant level, we are always debottlenecking to see how is it that we can augment capacity by a reasonable small capex. By adding in a dryer, by adding in a blender, by something like that, basic plant level activity. That is a very small capex. Now by this, we are looking to add up capacities to the tune of nearly 25,000.

While we do all this, we will be looking at the bigger picture, bigger market to see if there is a scope to add in more capacities, having a new plant wherein we could add more capacities. But that is subject to future lookout and thoughts. So maybe it is not at this moment, but we will look to see if there is scope for added capacities, we will bring in added capacities.

Dinesh Kulkarni: Okay. That sounds good, sir. Sir, last question from my end. As you mentioned, we are across different industries, right? So pharma and others. So is there any margin difference with respect to the products which you sell across these industries or it remains the same?

Amit Raj Sinha: So which -- we are primarily in pharma. If you look at our breakup, most of the revenues are coming in from the pharma industry itself.

Dinesh Kulkarni: Okay. So we are not catering to any other industries, right? I mean like there is scope, right? I mean I see there are other players into other industries as well, and there are -- so just I want to understand the thought process here. Like are we looking into getting into other industries apart pharma?

- Amit Raj Sinha:** So Dinesh, we keep exploring options, but we don't really get into it until we understand the complete 5 forces model of substitute the purchasing power of the customer and all that. So we keep exploring to see if the product has an application in a new industry, but we don't really jump in because the moment we jump in, somebody else is ready to take my position in the pharma industry, where my kind of leadership is already cemented. So I don't really let go my customers here. If at all, then we need to probably build up capacities to cater to that segment.
- Moderator:** The next question is from the line of Shubham Sehgal from SiMPL.
- Shubham Sehgal:** Yes. My first question was on our O&M segment. So first of all, did we add any new customers in Q4? And I heard that we are expecting to double the revenue this year for O&M. So that means that we would almost need to add like double the customers we have currently. So for that, do we have any pipeline as sort of now? Like are we in talks with more customers? Like can you just give more color on that?
- Amit Raj Sinha:** Shubham, I'll tell you, sale is a continuous process and so is business development. So there is always a sales pipeline. There are always potential customers. There is always a bidding process which is going on, negotiations going on. Sometimes we win, sometimes we don't win the bids. So there is never -- in any business, there is never an opportunity where we just sit down and say that this customer is good and we will not do anything more.
- Now in terms of increasing our O&M revenue by a reasonable percentage, we are targeting Middle East where the O&M is much deeply penetrated where the overall business model itself has O&M part of it. So we are looking to see how is it that we could kind of get into those business wherein we bid for it and we win it so that we are able to run those specific plants in the Middle East. That has been our focus, and that is what is going to drive a major portion of our growth in O&M.
- Shubham Sehgal:** So like how far are we along that line? Do we expect to -- I think as of now, we've not materialized anything in Middle East, right? So like could you just give any color on that? So how far are we there?
- Amit Raj Sinha:** So Shubham, until we don't cross the finish line, we are still not there. It is difficult to say how far we are. Yes, we are looking to finalize and have some businesses in the Middle East this year itself. But until we don't cross the finish line, we haven't yet completed.
- Shubham Sehgal:** Okay. And how is like the same outlook for the domestic market?
- Amit Raj Sinha:** Domestic market also, we have certain set of customers where we are having our bidding going on, discussions going on, negotiations going on. And as -- and when we bid, we will have a document brought out that we have won certain contracts, and this is what is the time line.
- Moderator:** The next question is from the line of Avnish Burman from Vaikarya Power Infrastructure Limited

Avnish Burman: Thanks for taking my question, I have 2. On the MCC, if you look at the last 3, 4 years, we have seen a steady increase in realization. Now I know this could be a part of price increases as well as product mix and I just wanted to segregate these two. So can you help me understand that if you -- for example, just for understanding, take, let's say, your largest SKU on the commodity side and the largest SKU on the niche side in MCC, what would be the price increase on an average every year that we've seen in the last few years?

Amit Raj Sinha: Avnish, it's a very complicated question. We have not done so much of an excise to see -- we see it customer by customer to see if there is an increase in raw material prices, we work to see that we pass it on to the customer. Sometimes the contract says that it is a CIF basis. So we have to encompass the ocean freight also in our costing. So there are a lot of components which really become part of our pricing. And the net which comes to us effective is after deductions of all those heads.

So it's very difficult. And a customer in a single consignment would invariably have different grades of MCC. So some of it would be priced probably at INR200 crores, some of it would be priced at INR270 crores, some of them much higher. So it's a big combination and breaking it up into a product mix and a price rise, I think, would probably have to go back to excel and see how is it that it breaks up over the last 2, 3 years.

Avnish Burman: Okay. So it's even hard to -- I just want to understand whether this is an industry where typically the customer is ready to give you like a 3%, 4%, 5% price hike every year? Or is this something that all the kind of EBITDA improvement happens by cost optimization and you are able to increase your realization only by product?

Amit Raj Sinha: So Avnish, this is a much better question to answer. This is an easier question to answer. I'll tell you, see, cost optimization is, of course, there in every industry. No industry has relaxed costing structures in place. So cost optimization is the way to go forward because competition is always waiting on the fence. There's no doubt on that. Now on the customer willingness to pay, it always comes down to what percentage of the expenditure is part of your product.

So if I look at the total formulators expenditure head, a major chunk of it goes to the API, nearly 60%, 70%, sometimes even higher than that goes to the API procurement or the API cost, which goes as part of solid oral dosages. A very small percentage to the tune of 5% to 6% of the formulators cost goes into excipients. Now in that 5%, whatever is the cost, in that 5%, if there is a 2% to 3% increase in the pricing, most often than not, customers pay it up because it doesn't hinder their manufacturing and production process.

Avnish Burman: Understood. This is clear. My second question is on -- again, I mean, you mentioned that the industry is growing at 6.5%. You're obviously growing at 20% plus. Clearly, there is a market share gain. I just want to understand in a little bit more detail, why are you gaining market share from the competition? Is it based on your cost structures being in India and hence, you're able to bid better in the contracts? And similarly, when it comes to like CCS, I mean, your customers would be buying CCS from some of the other players. So why would they shift to you?

- Amit Raj Sinha:** So it's again a mix, Avnish I did indicate to one of our other investors here in the same earnings call that it's a mix of old customer, old products, old customer, new products, new customer, new products. So if my old customer is there, old products, if those volumes continue to grow, we continue to supply them, of course, because our ingredient is part of their formula.
- So the old customer, while he is developing new formulas, he kind of in the formula, in the R&D, in the regulatory certification, he takes in our product to be filed in. So it becomes part of the new formula. So subsequently, over the next 10, 12 years, when the formula grows and the business scales up in whatever size, our product continues to grow in those formulas.
- Avnish Burman:** No, my question was more on the new products. How do you gain newer customers, like new customers...
- Amit Raj Sinha:** Yes. So when a customer is developing formulations, we are part of his formulations to be able to supply him the grade he needs so that he can tablet it in the best formula.
- Avnish Burman:** Okay. No, but that doesn't answer the question. Let's say, for example of CCS. How do you expect to gain market share from a guy who's already been there in the filing, who's already been supplying for so many years?
- Amit Raj Sinha:** So if somebody has already been supplying for so many years, naturally, price is the point where we jump in.
- Avnish Burman:** That's what I wanted to get to. So price is where you will basically have...
- Amit Raj Sinha:** So Avnish, there is always -- there has to be a benefit commercially.
- Avnish Burman:** Yes. Understood. Last question is on the tariff. So are you supplying your products to the U.S. And if yes, that whatever 10% tariff would be there or -- I don't know whether it's there or not. Is it absorbed by you? Or are your contracts FOB where you are able to pass it on entirely to the customer?
- Amit Raj Sinha:** So Avnish, right now, we have got some kind of change in volumes over the last quarter from the U.S. region, but it is our subsidiary itself in the U.S. who is kind of customer-facing. So we, at this moment, are not absorbing anything on whatever are the tariffs which are coming in.
- We are looking to see how the customers can absorb it because the moment I reach out, the customers are more than willing to push it on our back. So we have not really been forthcoming. So the customers are taking in the requirements. There is a change in certain volumes in the business in the Q4. But what we are looking to see is that if they are going to import it, we take the tariff, we take in the 10%, and we put it on their pricing.
- Moderator:** The last question is from the line of Munjal Shah, who is an individual investor.

- Munjal Shah:** Sir, can you just advise on what is the actual capacity for the API plant right now? And are we planning for any expansion there? And what is the utilization?
- Amit Raj Sinha:** Yes, Munjal. The capacity for the API plant is 100 KL. We had already documented that we will be looking at an additional capex for additional 150 KL totally adding up to 250 KL. Unfortunately, that capacity expansion has not yet commenced.
- Munjal Shah:** Okay. And sir, out of the 100 KL, what is the overall utilization average, if you can just share with us?
- Amit Raj Sinha:** So if I put it on a complete year basis, it would probably be around 35% to 40%.
- Munjal Shah:** Okay. And sir, one more question, if you can squeeze in. Sir, we have -- we are starting an R&D plan for the API segment. So any particular sort of like onco or any particular segment we are targeting for such R&D?
- Amit Raj Sinha:** No, we are only having a separate R&D. R&D was earlier there, but it was just an R&D, which was part of the manufacturing. We realized that the documentation and the CEP approvals would -- were taking a bit more time than anticipated.
- So we said we might as well have an R&D with focused people and team so that our documentary approvals and regulatory filings could be speeded up. No specific segment target at this moment. We have to kind of first look at those 9 CEPs, which we are supposed to be filing. And then subsequently, we look at other new molecules.
- Munjal Shah:** Okay. So we have currently filed 4 CEPs, and we'll be filing more 5 CEPs during this calendar year, correct?
- Amit Raj Sinha:** Yes, that's right.
- Munjal Shah:** Okay. Okay. And we are not targeting any specific therapeutic areas right now?
- Amit Raj Sinha:** Not at this moment, sir.
- Moderator:** As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.
- Amit Raj Sinha:** Yes. Thank you for joining our earnings call. We trust we were able to address your questions effectively and offer meaningful insights into our business and growth trajectory. As we move forward, our focus remains on driving operational excellence, strengthening our core and creating long-term value for all stakeholders. We are committed to delivering profitable growth and enhancing shareholder returns in a sustained manner.

For any additional queries or further information about the company, please feel free to contact our Investor Relations Manager at Go India Advisors. Wishing you a pleasant evening. Thank you.

Moderator:

Thank you. On behalf of Go India Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.