aether
elementally innovative

November 4, 2023

Ref. No.: **AIL/SE/76/2023-24**

To,

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400001, MH.

Scrip Code: **543534**

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (E),
Mumbai-400051, MH.

Symbol: **AETHER**

Dear Madam / Sir,

Subject: Transcript of the Earning Conference Call

In accordance with Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Transcript of the Earning Conference Call scheduled on Tuesday, October 31, 2023, on the financial performance of the Company for the Second Quarter and First Half Year of Financial Year 2023-24 ended on September 30, 2023, is enclosed herewith.

We request you to kindly take the information on your records.

Thank you.

For Aether Industries Limited

Chitrarth Rajan Parghi
Company Secretary & Compliance Officer
Mem. No.: F12563

AETHER INDUSTRIES LIMITED SURAT

Encl.: As attached

CHITRARTH RAJAN PARGHI
Digitally signed by CHITRARTH RAJAN PARGHI
Date: 2023.11.04 16:29:18 +05'30'

Aether Industries Limited
Registered Office: Plot No. 8203, GIDC Sachin, Surat-394230, Gujarat, India.
Phone: +91-261-6603000 || **Email:** info@aether.co.in || **Web:** www.aether.co.in II **CIN:** L24100GJ2013PLC073434
Factory: Plot No. 8203, Beside Shakti Distillery, Near Rajkamal Chokdi, Road No. 8, Sachin GIDC, Sachin, Surat-394230, Gujarat, India.

"Aether Industries Limited
Q2 FY24 Earnings Conference Call"

October 31, 2023

MANAGEMENT:	**DR. AMAN DESAI – PROMOTER & WHOLE-TIME DIRECTOR, AETHER INDUSTRIES LIMITED**
	MR. ROHAN DESAI – PROMOTER & WHOLE-TIME DIRECTOR, AETHER INDUSTRIES LIMITED
	MR. FAIZ NAGARIYA – CHIEF FINANCIAL OFFICER, AETHER INDUSTRIES LIMITED
	MS. SHUBHANGI DESAI – EXECUTIVE IR, AETHER INDUSTRIES LIMITED
MODERATOR:	**MR. NILESH GHUGE – HDFC SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Aether Industries Q2 FY24 Earnings Conference Call hosted by HDFC 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. Nilesh Ghuge from HDFC Securities Limited. Thank you and over to you, sir.

Nilesh Ghuge: Thank you, Yusuf. Good afternoon all. On behalf of HDFC Securities, I welcome everyone to this Aether Industries Conference Call to discuss the Results for the Quarter Ended September 2023.

From Aether Industries, we have with us today Dr. Aman Desai - Promoter and Whole-Time Director; Mr. Rohan Desai - Promoter and Whole-Time Director; Mr. Faiz Nagariya - Chief Financial Officer and Ms. Shubhangi Desai - Executive IR.

Without further ado, I will now hand over the floor to Ms. Shubhangi Desai to begin with the earning call for Q2 FY24. Over to you, Shubhangi.

Shubhangi Desai: Good evening, everyone, and thank you, Nilesh for the brief introduction. Today on October 31, 2023, our Board has approved The Financial Results for the 2nd Quarter and Half Year Ended on September 30, 2023, and we have released the same to the stock exchanges as well as updated the same on our website. Please note that this conference call is being recorded and the transcript of the same will be made available on the website of Aether Industries Limited and exchanges. Please also note that the audio of the conference call is the copyright material of Aether Industries Limited and cannot be copied, rebroadcasted or attributed in press or media without specific and written consent of the Company.

Let me draw your attention to the fact that on this call, our discussion will include certain forward-looking statements which are predictions, projections or other estimates about future events. These estimates reflect management's current expectations on future performance of the Company. Please note that these estimates involve several risks and uncertainties that could cause our actual results to differ materially from what is expressed or implied. Aether Industries Limited or its officials do not undertake any obligation to publicly update any forward-looking statements whether as a result of future events or otherwise.

Mr. Rohan Desai will begin by sharing Aether's business outlook, then Mr. Faiz Nagariya will cover the financial highlights for the period under review and Dr. Aman Desai will share the ongoing expansions and strategy of the Company going ahead.

Now, I shall hand over the call to Mr. Rohan Desai for his opening remarks. Over to you, Mr. Rohan.

Rohan Desai: Thank you, Shubhangi. Good evening and warm welcome to everyone. I hope everybody is doing well and I am pleased to connect with you all to discuss the performance of our Company for the 2nd Quarter of current Financial Year 2024.

The inventory destocking in agrochemical sector has reduced and we are seeing orders coming back for our products from the customers in this sector. We see the trend improving in the agrochemical sector, which we had anticipated few before few quarters.

The specialty chemical business has enabled us to withstand the challenges faced by the sector and we have witnessed recovery in the overall business with improved margins aided by the reduction in the raw material prices. The average selling price has been at the similar levels in quarter 2 as it was in quarter 1 which is approximately Rs. 1,600 per kilo.

We expect a revival of business with China dumping reducing on month-on-month basis. With respect to the China dumping story, we have seen a depreciation in Chinese currencies, which is helping Chinese manufacturers. Also, incentives and subsidies provided by the Chinese government are also helping the Chinese manufacturers for the exports and these incentive subsidies as a percentage has increased several times in the calendar year of 2023.

Coming to the Aether's business segment, we are seeing contribution of 66% of the total topline from large scale manufacturing, 18% from contractual / exclusive manufacturing and 15% from contract research and manufacturing services business model during the half year of financial year 2024. Our exports accounted for 34% and our domestic sales accounted for 66%.

With that, I will conclude speaking and I would request our CFO, Faiz Nagariya to touch upon the financial highlights for the period under review.

Faiz Nagariya: Thank you, Rohan, and good evening everybody. I am glad to present the Financial Results of Aether Industries Limited for Q2 and H1 of Financial Year '24. The total revenue of the Company stood at Rs. 3,431 million in half year Financial Year '24 as against Rs. 3,127 million in half year Financial Year '23, resulting in an EBITDA of INR 1,085 million in half year 24 as against INR 919 million in half year Financial Year '23 which is the growth of 18% in the comparing period. The EBITDA margin stood at 32% in HFY24 as against 29% in HFY23. The

PAT amounted to INR 680 million in half Financial Year '24 as against INR 578 million in half Financial Year '23, which is also a result of growth in 18% of the PAT in the comparing period. The PAT margin stood at 20% in half financial year 24 as against 18% in half Financial Year '23.

Now, the comparison between the Q2 of current financial year and Q2 of last financial year, the revenue of the Company stood at INR 1,793 million in the Q2 of Financial Year '24 as against Rs. 1,466 million in Q2 of Financial Year '23, resulting in EBITDA of Rs. 612 million in Q2 of Financial Year '24 as against Rs. 433 million in Q2 of Financial Year '23 which is the huge growth of 41% in the comparing periods. The EBITDA margin stood at 34% in Q2 of Financial Year '24 as against 30% in Q2 of Financial Year '23. The PAT has also increased and it is Rs. 378 million in Q2 of Financial Year '24 as against INR 272 million in the Q2 of Financial Year '23, resulting in an overall growth, again a good one 39% in the comparing period. The PAT margin stood at 21% in Q2 of Financial Year '24 against 19% of Q2 of finance year 23.

The debtor cycle of the Company still stays, but we have been able to bring down the debtors marginally from 145 days as on 31st March 23 to 139 days as on September 30, 2023 and we are continuously working on this and expect to improve the ratios much better by end of Financial Year '24. Our inventory days have increased more due to demand from agrochemical customers which came back and for the delivery of this material to be done in Q3 and Q4 of Financial Year '24 and hence the raw material was procured and also the production in process has been high. The overall raw material inventory has been 5 months only. The increase in inventory days is attributable to Site-IV, which will be up and running in the last quarter of Financial Year '24 for which the validation quantities are being manufactured to be dispatched in Q3 and Q4 of Financial Year '24.

Now, I would request Dr. Aman Desai to share updates on Aether's ongoing expansion plan and strategies going forward.

Aman Desai: Thank you, Faiz for the financial highlights. Good evening, everybody and I hope this finds everybody doing well. I will speak today about our strategies specifically our CAPEX and expansion plans going forward.

Our strategies and CAPEX plans for our Greenfield manufacturing Sites 3++, Site-IV and Site-V have been advancing well as previously announced and laid out. We continue to advance our CAPEX plans on all fronts in an aggressive manner. CAPEX on Site-III+ and 3++ is underway as planned with the machineries and equipment being procured and all the regulatory approvals been applied for already. Upon commercialization of the Site-III+ and 3++ production of 3-5 products in the fields of agrochemicals and pharmaceuticals has been planned. These Sites 3+

and 3++ are planned to be commissioned and operational by Q3 of fiscal year 2025. We expect the plant to be stabilized by Q1 of FY26.

CAPEX on our upcoming Site-IV is also progressing as planned with the ongoing civil work and procurement of equipment. With the commissioning to begin shortly, this Site-IV is expected to be operational by the end of this current financial year. This Site-IV will be initially dedicated entirely to contract/ exclusive manufacturing and the initial construction and plant direction is going to align with our strategic agreement recently announced with the leading oil field services Company based in the US. Secondary construction in near future on Site-IV will be towards the recently announced commercialization agreement with Saudi Aramco Technologies Company on the novel Converge polyols platform.

At manufacturing Site-V, we have applied for all the necessary regulatory approvals along with beginning the fencing and the initial civil work. Planning towards Site-V is accelerating now. This is the Panoli site with the vision of a massive industrial estate with more than 16 production blocks, each production block to be ground +4 structures with more than 500 reactors combined in the 15 production blocks. This Site-V will incorporate global best practices towards sustainability, carbon neutrality, and renewable energy-based resources. This Site-V will also be designed and built well above global engineering technology and safety design standards and will represent the ultimate face of Aether's production capabilities and will be a milestone step in Aether's transition to a major global specialty chemical manufacturer.

We continue to make significant investments towards R&D. R&D expenses for the first half of fiscal year 24 stood at Indian Rs. 273 million i.e. 8% of our total revenues for the first half of fiscal year 24. The strength of R&D team grew from 262 in Q1 fiscal year 24 to 270 in Q2 fiscal year 24. Our major expansion project of the new pilot plant at the land which was procured on long lease is in full momentum with ongoing procurement of equipment along with the corresponding commissioning activities. These pilot plant expansions builds upon what is already, in all probability, the largest pilot plant in the world. We have further initiated an additional expansion of our R&D infrastructure with a brand new R&D center to be built over the next 1-2 years to complement our existing R&D center. Needless to say, such aggressive expansion of R&D and pilot client footprints, which are the workhorses of our CRAMS business model is firmly on the backing of numerous inquiries and additional tie ups with the top echelon of global innovators across the industry spectrum. Various contracts are in the pipeline for this and these are being executed as we speak.

We are in process of further enhancing our technical team by employing CXO level people, the announcement of which we will be doing in the next quarters to come. These additions will add significant value to our Company's core competencies and capabilities, and we will be able to accelerate our vision of being a leading global specialty chemical manufacturer.

The fundamental base of Aether remains strong and uniquely positioned and we continue to augment this base with our aggressive expansion in infrastructure across R&D, pilot plant and production by attracting and retaining the best scientific and engineering minds globally through our 3 different business models of large scale manufacturing, exclusive or contract manufacturing, and CRAMS and with our focus on competencies and capabilities applicable across the industry spectrum.

So, with that, thank you all for your time and attention today and back to you, Shubhangi.

Shubhangi Desai: Thank you, Dr. Aman. We shall now request the moderator to open the forum for question and answer.

Moderator: Thank you very much. We will now begin the question and answer session. First question is from the line of Vipraw Srivastava from Incred Capital. Please go ahead.

Vipraw Srivastava: I had a couple of questions, just want to understand that has the newer product portfolio wherein you have launched molecules like for Dolutegravir and all that, have they started contributing to topline or it will happen later in this financial year?

Management : Yes, they have started contributing to their topline.

Vipraw Srivastava: So, just want to understand, then why is the average selling price not going up? I mean they have a higher realization, right compared to the existing portfolio?

Management : Yes, because all the overall product portfolio has seen a decrease of approximately 25% in terms of the selling price. So, you are not seeing that average going up, rather it is stable and releasing, but this approximately reduced from 2 quarters, it has reduced by Rs. 100 approximately.

Vipraw Srivastava: Just one more question, so your agreement with Otsuka for MEP so last year according to the annual report, the volumes which we did was 560 metric ton, so we should see a significant improvement from this, right for this year because we are also manufacturing for Otsuka?

Management : Yes, the volumes will increase on gradual basis. There are two molecules which are maintaining, one was mentioned in the RHP and the other was not mentioned in the RHP, so both have started contributing. In the Q2 we have dispatched certain quantities already and as they are migrating from the existing in-house manufacturing capabilities, it is taking slightly more time for the approvals, but it is going on very well and we expect this to fully migrate by the end of 2025.

Vipraw Srivastava: And last question, so for Bifenthrin and Methoxyfenozide, these faced some pricing pressures in last quarter, so has the situation improved or how is it faring up these two molecules?

Management: The Bifenthrin is still facing pricing pressure, especially because of the Chinese aggressive dumping. In case of the Methoxyfenozide, the pricing has stabilized quite a bit and is on the upward trend currently.

Moderator: Thank you. Next question is from the line of Satadru Chakraborty from Chakraborty Family Office. Please go ahead.

Satadru Chakraborty: It is very hearty to see the margin profiles for one of the best and also finally some positive cash flow from ops, I just had two questions, so on the blended realization, we spoke earlier to the 1600 per kg and I believe last quarter crude prices were down and then Chinese antidumping was there, I believe you mentioned the antidumping still continues, but crude prices are now really high up, so I was very curious as to recheck some more light on what exactly is happening to your raw material and your finished product prices assuming that Chinese dumping continues for the rest of the year and if crude moves up or down by 10%-20%, are we saying that this is completely inelastic and we cannot really increase our realization or how do you look at it?

Management : So, it is too early to tell Mr. Chakraborty to comment on this. What we are seeing is that because of the Chinese currency devaluing and being at US dollar $1 is equal to 7.32 RMB right now which is fairly stable and not appreciating in any manner, we are still facing this problem and it will still continue that the pricing will still have a pressure in Q3 because it is the end of their financial year. The December is the financial year ending for Chinese. So, both that I believe the pricing will tend to change and there would be some appreciation of the prices which will happen. There are certain raw materials which have improved because of the crude going North, however, the prices of our competition and of our finished products are fairly stabilized now and bottomed out. So, I don't think it will reduce further in any ways but let us wait and see this quarter.

Satadru Chakraborty: My second question is really around the inventories, so I probably must say this, the receivables and payables picture looked very good, much better than the previous quarters, I think the inventory is stabilizing, but I heard on the commentary from Fiaz that the agrochemical customers are asking for more, so anything that you can add what exactly is causing this and when do we expect this to start clearing in the next 2 quarters or how are we looking at this in general?

Management : Yes, so in my commentary, as I said that in the first quarter agrochemicals was down and the orders were there, but they delayed the delivery. So, the manufacturing took place in the quarter 2 and the finished goods and the material in process is high in this quarter and in this third and fourth quarter, we will be supplying this quantity to this agrochemical customers, so we expect that the inventories will go down of course and then because it will be a continuous process of the purchase that are coming from them and we will be supplying them on a continuous basis.

So, we will not be required to hold more inventories and they will come down. Another reason is the Site-IV which is coming up is for which the validation quantities are being supplied from our Aether Industries and for that raw material is being procured and the quantities are being manufactured because in the third and fourth quarter, we have to send the validation quantities to the US based Oil & Gas Company.

Moderator: Thank you. Next question is from the line of Rohan Gupta from Nuvama. Please go ahead.

Rohan Gupta: Sir, first question is on your initial comment, you mentioned that you have started witnessing growth coming back from the agrochemical customers and quite confident in second-half, however, the contradictory statement like that you mentioned the Chinese dumping still continues and the pricing pressure will continue at least till year end, so if the inventories in the systems and the Chinese dumping continues and inventories are still at a high level, how we are expecting growth coming back from the customers in agrochemicals?

Management : Rohan, let me clarify, we are very small, our contribution of agro is lesser than pharma as of today and we are operating on exclusive manufacturing, contract manufacturing in the agrochemical space whereas we are operating on large scale manufacturing in pharmaceutical space. So, we have received this contract, so we are limiting the statement of the demand of agrochemical coming back for Aether basically, not for the whole world or rest of the people around. So, we have received that orders and we are just communicating that and the contracts from that has to be delivered in the next 2 quarters. So, that is the reason why we have said this statement.

Rohan Gupta: So, our new product launches is primarily focused on agrochemicals and over next 3-4 quarters we were supposed to see multiple products coming in, do you see that any delays happening from your customers, any spillover in any of this product being catered to the customers, any delays?

Management: No, we don't anticipate any delays in either the new launches or in the existing contracts that we have and we also anticipate to be making a couple of announcements shortly in this upcoming quarter related to the Site-IV specifically and the launch of a couple of partnerships and a couple of programs that we are talking about.

Rohan Gupta: Just another question is on your average realization, though you mentioned it has roughly maintained at Rs. 1,600, however, on your old products it has come down by roughly 20% to 25%, it is just only the new high value-added product has contributed and maintained the realization at Rs. 1,600. Our business model is more related to the China supplies and the product, which are first time made in India, but definitely are facing the pricing pressure from China, so in our old product basket and if the realizations have come under pressure by 20%-

25%, is it in line with the cost coming down in the similar or there is a margin pressure on our existing or old product basket? Have we not seen these new product launches, do we expect that there would have been margin pressure otherwise?

Management : No, we are not seeing the margin being in pressure at the moment because the raw materials have also moved in the same direction. Also, this 25% is on blended products. That is the new launches and the old product portfolio. We have prepared a very detailed summary for the whole product analysis, and we can discuss this on an offline basis, which can showcase you that on the blended basis approximately 22% to 25% reduction has happened in terms of the selling prices.

Rohan Gupta: Rohan, if you can give some number, what was the volume growth for the quarter on Q-o-Q basis? Any indication on that?

Management : Rohan, the volume has approximately been at least same. It is the same as it was. It is the same it will because if you see the revenues have been on the same line and the quantity is also same because average price is same. There is very little increase, not so much increase also. There is no deduction as such. I was saying Q-o-Q.

Rohan Gupta: I was asking Q-o-Q only. Just one small clarification and I will come back in queue. There is a significant increase in employee cost, so any one-offs are there or it is a normal growth rate which we are expecting?

Management : There is a normal growth rate because when we are preparing the first quarter results at certain times, the annual increments and everything is pending. So, we do a kind of a provision and then there is actual increment which happens, then we have also done another ESOPS granted at the end of month of May. The impact has not come in the first quarter that much, so that has come in the 2nd Quarter more. That is one of the things and then other provisions which are increased because of the increment. So, this is the normal trend, there is no abnormality in that.

Moderator: Thank you. Next question is from the line of Rohit Ohri from Progressive Shares. Please go ahead.

Rohit Ohri: Sir, couple of questions, the first one being that if we see the gross margins have gradually moved from 48%-49% to around 50 to 53 kinds of range right now, do you anticipate that going forward you will reach around 55%-56% in the next 2-3 years?

Management : Yes, of course. That is our target and this is our benchmark for us and that is why when you heard Rohan and Aman speaking, the raw material price is also gone down along with the finished goods also and we anticipate that this will help us increase our margin going forward because the finished goods prices are now on the bottom and we see when the China dumping story and we would see a revival in the finished product prices also. So, we should increase from here.

Rohit Ohri: In terms of Aether and fluorination, if you would like to say something, I know that you are taking some baby steps, but if you would like to share if you are working towards some specialized chemistry over here in this domain for fluorination?

Management: You meant fluorination, right?

Rohit Ohri: Yes.

Management: So, our intention is to enter solely into metal fluoride with KF and the likes, and not to enter into HF or F2 and so we are very specific about which fluorination you would like to do as per our competencies and because it is a whole different world of fluorination and so we are very clear about what we will do and what we will not do.

Rohit Ohri: So, have you allocated, or it will go in Site-III++ or will it go in Site-V?

Management : No, it will go into Site-III++ as well as go into Site-V.

Rohit Ohri: Dr. Aman, currently we are at 8 x 8 by when do you think will be 10 x 10?

Management: It is work in progress. In fact, we have at least three more capabilities that we are working on right now in addition to fluorination and it is a constant endeavor on our end to expand this and also subtract this, take away things which are not contributing as much we do. It is a continuously running endeavor and it is a work in progress, yes.

Rohit Ohri: My last question before I follow on into the queue, post the signing of the LOI we were working on some 2-3 products, and do you think that you will be able to launch them this year or will there be a spillover next year?

Management: This I am assuming you mean this by the oilfield services agreement that we made a couple of months ago and that is anticipated to be as I mentioned in my commentary that about 25% of Site-IV is being erected and commissioned currently exclusively for that particular customer scheduled to be launched by the last quarter of this fiscal year, so by January, February, March and we anticipate business revenues starting off, cautiously optimistic about being significant but starting off for sure in the last quarter of this fiscal year.

Rohit Ohri: But the issues related to the MENA region or tension or the conflict that has not affected the order which we were working on further, as you know approximate estimation of Rs. 300 crores of 1600 metric tons which we had kind of projected earlier?

Management : None and these are initial anticipated volumes only for the initial set of products. We hope that this partnership will be much deeper than that, but no impact from those events that are currently happening.

Moderator: Thank you. Next question is from the line of Rohit Nagraj from Centrum Broking. Please go ahead.

Rohit Nagraj: So, my first question is on the demand side, so earlier, Rohan explained that on the pharma front and agrochemicals front, we have firm orders from customers, so generally just a generic question, generally, how much of our quantities are contracted on a yearly basis for each of our segments where we have a relatively higher visibility? And are these calendar year contracts for 1 year or maybe more than 1 year or so?

Management: So, we have on the contractual exclusive manufacturing, we have multiyear contracts which take the minimum quantity uptake, there is no take off pay in that contract, however there is an indication that this much minimum quantities will be procured from Aether and that is how we run by it every year, we renegotiate the pricing based on the current trends of the raw materials and we take the orders and so we have that visibility on contractual exclusive manufacturing. On the large-scale manufacturing previous year, we had good visibility and order book, which we are currently not taking a big order from the customers because of the pricing changing quite drastically which then leads to renegotiation with the customers. So, currently, till the pricing of the raw material stabilizes and the finished product stabilizes, we are not taking long orders or do it. That is our idea where we are not taking huge hits on any kind of raw material inventory or in process inventory. So, that is the strategy which we are using right now, Rohit does that answer your question?

Rohit Nagraj: Yes, second question is, basically we have been hearing that on the industry side, there has been a pain in terms of the inventory destocking and all, however, you explained that we are having some orders at hand, but do you foresee that the inventory destocking or inventory issue may crop up if the customers are not able to release their inventory at their hand, which has been a problem from past several quarters, so any such indications that you are getting on the agrochemical side particularly?

Management: No, so we have limited products on the agrochemical side, and we are not seeing this kind of issue in our products. We are not speaking about general terms. General terms would be true because a lot of people are still giving a commentary on that issues are still on going and we do not deny that. We are just talking about our basket of products.

Moderator: Thank you. Next question is from the line of Chirag Shah from Dalal & Broacha. Please go ahead.

Chirag Shah: Now this was regarding the shareholding pattern, sir, do we have any timeline by which we need to comply with the minimum shareholding of 75%?

Management: Yes, we have time till May '25. So, we have still 1.5 years more to go. So, we have still some time to go for that.

Chirag Shah: So, by May 2025, we need to be at 75%, correct?

Management: Correct.

Moderator: Thank you. We have our next follow up question from the line of Vipraw Srivastava from Incred Capital. Please go ahead.

Vipraw Srivastava: I just had one follow up, so regarding the intermediate for Dolutegravir, so this drug by Gilead called BIKTARVY which is capturing market share in US, so are you guys seeing any drop off sales because of that has repeatedly losing market share or how is the market shaping up on the ground?

Management: We have seen a drop off 40% on the demand side, but that was well expected on this product.

Vipraw Srivastava: Drop off how much, please come again?

Management 40%.

Vipraw Srivastava: In price?

Management: Price is approximately 20%-25% lesser.

Vipraw Srivastava: So, let us say demand was 100 previously, now at 60, right?

Management: Yes.

Moderator: Thank you. Next question is from the line of Inderjeet Singh Bhatia from HDFC Securities. Please proceed.

Inderjeet Singh Bhatia: Couple of questions from my side, first is if I look at the CRAMS contribution that has kind of come down, is it because products have kind of migrated out of CRAMS into more large-scale manufacturing or do you see there is some bit of softness in that business model?

Aman Desai: No, the levels have come down a little bit, but it is more or less the same and this is a solid business model. We are very upbeat and robust about this business model, and we anticipate quite a bit of additional projects and programs to be started here as well and so not at all concerned about this business model that they are very upbeat and very positive about this one.

Inderjeet Singh Bhatia: Second question is on this oil services kind of contract that we have, we expect full-fledged implementation next year, right?

Aman Desai: We expect full-fledged implementation in the next fiscal year, yes. In the last quarter of this fiscal year, we will be commissioning the plant and moving the plant and we are actually in the receipt and are carrying out the trial orders across the products right now as we speak and so the idea is to have reasonable transactions and revenues in the last quarter of this fiscal year, but definitely full-fledged in the next fiscal year, yes.

Inderjeet Singh Bhatia: So, Aman, since this is like an entry into a new segment, new industry for us, is there an expectation that this will lead to kind of more products from the same client which can come through in say FY25 later part? Or we are likely to see more customers from the same industry kind of approach us, which is also likely to kind of come through in the next 1-2 years?

Aman Desai: Most certainly yes for the first part of the question, so we expect to see addition. So, this was expected to be only the first 4 products or 3 products that we mentioned in the letter of interest with this particular customer and the intention and ongoing discussions already with this particular customer about additional products to be added to this basket and so as soon as in the fiscal year 25, we should be able to see additional products to be added. In terms of the second additional customer in this space that remains to be same, but this is one of the top most oil field services Company based in the US and we are very happy to be in a strategic, exclusive kind of arrangement contract manufacturing with this customer.

Moderator: Thank you. Next question is from the line of Dhruv Muchhal from HDFC AMC. Please go ahead.

Dhruv Muchhal: Just to clarify, you mentioned the realizations are down 25%, this is Y-o-Y basis, right, the whole business?

Management: Yes, Y-o-Y basis.

Dhruv Muchhal: So, if you are still doing 17%, so that is because all driven by volumes?

Management: Yes, it is all driven by volumes.

Dhruv Muchhal: And see about 50% of our business is pharma and you mentioned that probably, it is only agro which is more impacted in terms of, what we understand at least is impacted because of this inventory issue and all those things, but still the realization is about 25%, so it seems the pharma business is also seeing some reduction in terms of probably, I am not sure why, just trying to understand this, is this because of the crude price recorrection, also there is some higher intensity from Chinese even in the pharma segment?

Management: Yes, obviously, the dumping is happening across the industry spectrum, so pharma is also facing the same problem.

Dhruv Muchhal: So, it is not only inventory issue that we see in the agri, it is also because of new capacities are probably are not sure, they are getting more aggressive because of incentives and other things, Chinese?

Management: Yes.

Moderator: Thank you. We have our next follow up question from the line of Rohit Ohri from Progressive Shares. Please go ahead.

Rohit Ohri: In terms of the geographic break up, if we see we currently having around 66% from the domestic business, do you expect this to be maintained going forward or do you think that the domestic buy would be arrested here?

Management: No, moving forward, we would see more of export coming in and the pie will be again the same as 50:50, which was in the past.

Rohit Ohri: And in terms of developments for the businesses apart from Spain, Italy, Germany, are you looking at some Southeast Asian countries that comes from the annual report where you say that you are looking at Singapore, Malton, Norway and South Korea which have got really strong growth trajectory, so have you been able to kind of get some orders from these regions?

Management: Yes, so basically we are focusing on certain fields which involve Korea, Taiwan being powerhouses in those specific fields as well as the oil field services area that we are discussing and there is some presence in Singapore as well that we are currently evaluating and so there are two different sides of the industry spectrum, two different industry applications that we are currently evaluating which are located in these regions and very promising discussions going on. So, there is discussion going on, not significant business revenue transacted yet, but hopeful for it to initiate in the near future.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for the closing comments.

Shubhangi Desai: Thank you everyone for participating in the call. We hope that we have addressed almost all of your questions. If you still have any further questions, please feel free to reach out to us. Have a great day ahead. Thank you.

Moderator: Thank you. On behalf of HDFC Securities, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.