



Ami Organics Limited

CIN No. : L24100GJ2007PLC051093

Registered Office :- Plot No. 440/4, 5 & 6, Road No. 82/A, G.I.D.C. Sachin, Surat - 394230, Dist. Surat, Gujarat, India.

August 21, 2023

To,
The Corporate Relations Department,
BSE LIMITED,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai- 400 001

To,
The Listing Department
National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor, Plot no. C-1,
G-Block, Bandra Kurla Complex,
Mumbai -400051

Scrip Code: 543349

NSE Symbol: AMIORG

Dear Sir/Madam,

Subject: Transcript of Earnings Call for Q1 FY24 financial results held on August 11, 2023

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we hereby enclose the transcript of the Earnings conference call held on August 11, 2023 post announcement of financial results for the first quarter ended June 30, 2023.

The same will also be available at the website of Company at www.amiorganics.com

This is for your information and records.

Yours faithfully,
For, **AMI ORGANICS LIMITED**



CS Ekta Kumari Srivastava
Company Secretary & Compliance Officer

Encl: As Above



Info@amiorganics.com



www.amiorganics.com



+91 72279 77744 / 75730 15366



“AMI Organics Q1FY24 Earnings Call”

August 11, 2023

MANAGEMENT: MR. NARESH PATEL - CHAIRMAN AND MANAGING
DIRECTOR

MR. BHAVIN SHAH – CHIEF FINANCIAL OFFICER

MODERATOR: MR. PRASHANT NAIR - AMBIT CAPITAL

Moderator: Ladies and gentlemen, good day, and welcome to AMI Organics Limited Q1FY24 Earnings Conference Call hosted by Ambit Capital.

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 * then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prashant Nair from Ambit Capital. Thank you and over to you, sir.

Prashant Nair: Thank you, Yusuf. Good evening, everyone. I am Prashant Nair from Ambit Capital. I welcome you to the Q1FY24 earnings conference call of AMI Organics.

From the management we have with us, Mr. Naresh Patel – Chairman and Managing Director, and Mr. Bhavin Shah – CFO.

I will now hand over the call to Mr. Bhavin Shah for opening comments. Over to you, Bhavin.

Bhavin Shah: Thank you, Prashant. Good evening, everyone. We are pleased to welcome you all to our earnings conference call to discuss Q1FY24 Financial results

Please note that a copy of our disclosure is available on the Investor section of our website as well as on the stock exchanges. Please do note that anything said on this call that reflects our outlook toward the future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risk that the company faces.

The conference call is being recorded and the transcript along with the audio of the same will be made available on the website of company and exchanges. Please also note that the audio of the conference call is the copyright material of AMI Organics and cannot be copied, rebroadcasted, or attributed in press or media without the specific and written consent of the company.

With that, I would like to hand over the floor to our CMD – Mr. Naresh Patel for his opening statement. Over to you, sir.

Naresh Patel: Thank you, Bhavin. Thank you, Prashant bhai. Good evening, everyone. I hope you all are doing well. A warm welcome to our Q1FY24 Earnings Conference Call.

Before I discuss the business performance of the company, I will take a couple of minutes to discuss some important economic and industry trends. Global economies are grappling with

inflation except for China, which is experiencing deflation, which has led to reduced internal demand and pricing pressure. The oversupply issue in China's manufacturing sector has compelled them to export excess production worldwide. As a result, solvent and key raw material prices were decreased, along with lower costs of pharmaceutical and agrochemical intermediates. So, the supply-side situation has improved significantly, and I anticipate demand-side challenges to normalize in the future, which will bring about a balance as the current state of the chemical industry is transient and with the prospect for recovery ahead.

Coming to the performance of AMI Organics during the quarter:

As you all know, Q1 has historically been a weak quarter for us. Our revenue from operations for the quarter was Rs. 132 crores, which is 9% growth over Q1FY23. I'm extremely pleased that we have been able to deliver sustained growth during the quarter on the back of the deflationary pricing environment in the chemical industry. I will let Bhavin discuss the numbers in detail later.

Coming to the business segments, the Pharmaceutical Intermediates business grew by 5% during Q1 FY24. The slower growth was due to sluggish demand in the export market, which was balanced by robust traction in the domestic market. This is a reflection of our diverse portfolio, which always helps us guide through the difficult quarter.

Moving on to the Specialty Chemical business, we have been highlighting this throughout last year that our focus through the period was on streamlining operations, optimizing capacity, and upgrading processes which took its sweet time. As guided earlier, this year we will start seeing the fruits of these efforts. In fact, the results are visible in Q1 where the business has already picked up and our revenue from the Specialty Chemical business has jumped by 25% year-on-year to Rs. 27 crores. Now please understand this is in the backdrop of a very challenging environment that the industry is going through, and we are still able to deliver on this front. I would like to highlight here that we have sent validation samples to the customer for a new product during Q1 and we have now received commercial order for the same. I will disclose more about this product launch once we start commercial supply in the coming quarters. While the product will ramp up gradually, these will catalyse the Specialty Chemicals growth further. Overall, I believe we will see robust growth in Specialty Chemicals in FY24.

Coming to the electrolyte additives business, we are very close to signing contracts with a few customers and updates will be shared as and how we progress. What I can say is that size of this contract will be larger than what we had anticipated. I believe we will see the numbers coming in our books during our H2FY24.

On a concluding note, I believe even as the external environment remains challenging, we are confident in delivering strong 20% to 25% growth during the year.

With that, I request our CFO, Mr. Bhavin Shah to discuss the Financial Results with you. Over to you, Bhavin.

Bhavin Shah:

Thank you, Naresh bhai. Good evening, everyone. I would like to briefly touch upon the key performance highlights for the quarter ended 30th June 2023 and then we'll open the floor for question and answer.

I will begin with quarterly updates. Revenue from operations for the quarter was at Rs. 142 crores, up 8.7% as compared to Rs. 131 crores in Q1FY23. The gross profit for the quarter was at Rs. 63.7 crore, which was flat when compared to the same period last year. The gross margin for the quarter was at 44.8%. The lower gross margin was due to the change in product mix during the quarter. EBITDA for the quarter was at Rs. 25.2 crore, up 9.7% as compared to Rs. 22.9 crore in Q1FY23. EBITDA margins for the quarter were at 17.7% compared to 17.5% in Q1FY23. EBITDA margin grew by 20 basis points in Q1FY24 compared to the same period last year. The growth in EBITDA margin was somewhat suppressed on account of higher employee cost, which was driven by annual increments, performance bonuses as well as higher wages. Please note that as per government of Gujarat, increased the minimum wages of the workers by 25% for all categories of workers which has impacted the employee cost during the quarter.

PAT for the quarter was at Rs. 16.6 crore, up 12% on a Y-o-Y basis. The PAT margin for the quarter was at 11.7% as compared to 11.3% in Q1FY23. Export for the quarter was at 37%, whereas domestic business was at 63%.

I would like to highlight that the export business looks low during the quarter due to two main reasons. First, Naresh bhai has also alluded in his opening remarks that demand in the export market was sluggish in Q1 and second point is that one of the formulators changed their API supplier from overseas to India. Therefore, for those products, the supply was in domestic business during the quarter.

Coming to the balance sheet, we have net debt-free balance sheet with a net cash balance of around Rs. 28 crores as at 30th June 2023.

Before I conclude, I would like to highlight that Q1 is always weak for us, but I believe that we'll witness strong growth sequentially from Q2 onwards which will be coupled with an upward trajectory in EBITDA margin and therefore we are confident to deliver 20% to 25% growth with more than 21% EBITDA margin for the financial year 2024.

With this, I conclude my remarks and request the moderator to open the floor for a question-and-answer session. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Chirag Lodaya from Valuequest. Please go ahead.

Chirag Lodaya: My first question was on intermediate business. We grew around 5% and growth in this challenging environment etc., you already alluded to that. If you can just help us understand, what exactly led to this, is it more volume pressure, pricing pressure you are seeing or increasing competitive intensity in some of your products? Some color on that would be helpful.

Naresh Patel: So, the current market scenario is like this where the pharmaceutical market is a little bit growing, gaining traction, and is moving faster, against the other pharmaceutical API market worldwide. Our major business is in Europe for the regulated market and the generic market is based in Asia and mainly in India. Because of the current price decremental of the key raw material and because one of our customers has also started manufacturing in India, our domestic sales increased and overall, our domestic sale margin is 2% to 3% lower than our exports, so that has also directly impacted our margin. Whereas growth point of view, because the raw material price goes down, our topline is also decreasing as domestic is always spot basis. So, on the current raw material price, we have to take an order. So, this is the reason why it is a little bit on the lower side of growth compared to what we are expecting.

Chirag Lodaya: If I look at the remainder of this financial year, we are still confident of achieving 20%-25% growth. So from where are we driving this confidence, is it new product addition that will drive the growth or the existing product you will see a much better ramp-up in coming quarters?

Naresh Patel: The beauty of AMI Organics product distribution is that we have a versatile distribution. It is not impacting any product going down or any customer going down. So, one more thing is that there are a few products for which we have done validation and approvals in the last three years. Now it's becoming mature. We are expecting the order of that in Q2, Q3 and Q4. So that will bring us the new growth in our business. The current business is also having visibility which gives us confidence that we can still manage the 20%-25% and that is also one of the reasons that rather than giving a fixed number, we have given this range because we are expecting there will be a price pressure on the top line and that's how we have changed our guideline last quarter to about 20%-25%.

Chirag Lodaya: And sir this change in the mix which we have seen towards export versus domestic, is this going to continue for the remaining year or this was one off which has happened?

Naresh Patel: No, it will be changed back to normalization because of few of our long-term contract customer has shifted the production from H1 to H2 and that is the reason why our export was a little bit lower in Q1, but from H2, they will be incremental. So that will go back to our normal 60:40 or 55:45 like that.

Chirag Lodaya: On electrolyte, you have mentioned that we are very close to signing of the contract and the contract size would also be much larger than earlier anticipated. So, in this context, what kind of readiness do we have as we need to create capacities and it will also have some lead time? So, if you can throw some color on the kind of capacities we need to create and the kind of CAPEX it will incur?

Naresh Patel: So basically, right from the beginning, we are always saying that it is not part of our guideline and that was a statement we always stuck to. We were targeting IRA of the US liquid market and now we got it in these last two months, we had a very good development in that area. A large order customer is expected to visit our facility to place a large order and once it is done, then we will go for the large volume agreement, and we will start the supply. Regarding the capacity, yes, we need to have a larger capacity. Once we start, initially we start with a lower demand, and then slowly it will be picked up to the larger and for that, we may have to pick up additional capacity, which will be dedicated for the manufacturing side.

Chirag Lodaya: What could be the quantum of CAPEX?

Naresh Patel: It's very sensitive in terms of information and all. Hence, I'm not right now disclosing the fees, but as the time comes, we will give you all the information related to CAPEX, quantum, and all sets of future guidelines for the business.

Chirag Lodaya: Other expense was quite low in this quarter. What could be the reason for the same?

Bhavin Shah: In other expenses, as we have more domestic supply, we are able to save on export logistics. Also, we have changed the fuel at Jhagadia from A4 to Coal, which has given us some benefits as well as we were able to save something on our effluent treatment cost as well. Cumulatively, all this is giving us a better other expense.

Moderator: Thank you. The next question is from the line of Nilesh Ghuge from HDFC Securities. Please go ahead.

Nilesh Ghuge: My first question is about our Fermion contract. As per our presentation that commercial production is expected to start from Q4FY24. And correct me if I'm wrong. So we have contracts for three products, right, sir? And so out of these three products, how many products we are planning to launch from Q4 and what kind of revenue do you envisage from these contracts? Any color on this?

Naresh Patel: Let me correct that, first of all, let me correct that. We have a contract of one product. The other three are under approval and one, we are already supplying since the clinical trial. So only one, the final product contract we have, and then there are four intermediate goes in the final product out of that three we are developing. One is either they supplied or maybe some other indigenous company may be supplied to us. But the final product which we have done, the contract with them, it will be long term, 10 years contract with the Fermion.

Nilesh Ghuge: What will be the potential revenue in FY25?

Naresh Patel: Potential revenue, as per the agreement with them, we are not allowed to disclose the revenues. Similarly, what we have said about electrolytes because the company is very cautious about these figures. They don't allow us to disclose revenues and potentiality, but that will be sizeable

from Q4 and it will mature by FY25. We have already received the commercial orders for supplying in Q4.

Nilesh Ghuge: On our electrolyte additive business. I know that the ramp-up here also will be very gradual. So what kind of revenue do you envisage not just near term but 3 to 5-year perspective, I know that you are adding products also, but still, if you could throw some light on this?

Naresh Patel: The current development in the last 3-4 months, the current agreement and LOI signed etc, will be much bigger than what we are doing right now. I'm not guiding you. I'm not giving you any projections. But that would be as the expectation of the, we got the imports from some research, it will be much bigger than 2x or 3x bigger than what we are.

Nilesh Ghuge: What was the revenue of our Baba Fine Chem during this quarter? How much revenue did we report?

Bhavin Shah: We will disclose the number of Baba Fine Chem when we complete the transaction and merge it into our balance sheet.

Nilesh Ghuge: This quarter number consolidated number does not include the Baba Fine Chemical number.

Bhavin Shah: Yes, so this does not include Baba Fine Chem.

Moderator: Thank you. The next question is from the line of Sudarshan Padmanabhan from JM Financial PMS. Please go ahead.

Sudarshan Padmanabhan: If I split the business into two parts, the Gujarat Organics, and the core business, we have been seeing improvement in Gujarat Organics. So, what are the margins that we are working today with and where do we see the margins by the end of this quarter and probably in FY25?

Bhavin Shah: For specialty, the current margin is 11.1% and as we mentioned that will improve this margin by 50 to 100 basis points every quarter. We would like to take this margin up to 18%-19%, which is 3% to 4% lower than our peak pharma intermediate margin.

Sudarshan Padmanabhan: With respect to the pricing environments, what we are saying is I think in your opening remark, we talked about the deflationary environment. So, I am just trying to understand whether we are working on somewhat around EBITDA per KG basis or on EBITDA fixed margin basis. Just trying to understand whether, in a deflationary scenario, our absolute EBITDA outlook would change in any way.

Bhavin Shah: EBITDA margin is the net outcome of everything. Primarily, as you know that for our export business, we have a long-term contract and domestic business works on a spot basis. So, it is not a thumb rule, that will fix a fixed percentage of EBITDA. It will depend on the product-to-product, and it will change based on the long-term contract and agreement with the customer.

Sudarshan Padmanabhan: When we are talking about, this 20% to 25% growth, I mean it is quite heartening because your 9 months' growth should be at least 25%. Is it coming from your confidence on the Fermion contract which you are going to execute in the fourth quarter or is it more on some of the parts where you believe across the board, you're seeing a fair amount of growth coming in electrolytes, your base business in pharma intermediates as well as the Fermion contract, all the three put together?

Naresh Patel: Electrolyte business is not part of this growth, but yes, some portion is from the Fermion contract, portions where we we received approvals and formal commitment from the customer. Based on that, we are right now guiding 20%-25% growth. For the time being, it is not necessary to revise the growth because we have one confirmation and one book, sufficient projections to reach, we had a discussion with our customer. If something changed, we would upfront come to you and inform you. But for the time being, we are confident that we will reach 20%-25%.

Sudarshan Padmanabhan: One final question before I join the queue is a little bit more from a strategy perspective on Baba Fine Chem, not necessarily asking the numbers but since this capability can be extrapolated in terms of newer avenues of growth, one is when can we expect visible numbers to start flowing through? And number two, what is the kind of quantum in terms of jump that we can expect from this business over two to three years?

Naresh Patel: Numbers will start coming in from the end of Q2 and the jump we will see in FY25.

Sudarshan Padmanabhan: In terms of the magnitude of numbers, would it be quite substantial to our size? I mean, just qualitatively trying to understand.

Bhavin Shah: So right now, as we have not merged, we refrain to answer this question. But already we have mentioned what was last year's transactions and their growth rate.

Moderator: Thank you. The next question is from the line of Akul Broachwala from Ocean Dial Asset Management. Please go ahead.

Akul Broachwala: Two questions from my side. First on Ankleshwar CAPEX, so in terms of the contract with Fermion, can you probably share as to like how many lines or what proportion of the CAPEX that we're doing would be dedicated towards the Fermion contract? It's not looking for exact quantification, but qualitatively what portion of our capacity will get occupied because of that contract at Ankleshwar?

Naresh Patel: In Ankleshwar, we are within four blocks, out of that three are for manufacturing and one block for solvent recovery and hydrogenation. Out of these three main blocks, one block is dedicated to Fermion, and rest two blocks are available for our future products as well as some other customers with whom we are in talks right now with similar kinds of arrangements.

- Akul Broachwala:** Basically, the kind of products that we are going to launch would be similar to what we manufacture today, is that understanding correct?
- Naresh Patel:** The CO2 blocks we are waiting for our future product coming into the pipeline as well as the opportunity to have a contract like Fermion this weekend. We are in discussion with a few of the customers.
- Akul Broachwala:** In terms of CAPEX, are we progressing as per the timeline at Ankleshwar?
- Naresh Patel:** We are as per the timeline. There are certain delays because of the monsoon but we are expecting to catch it up in time.
- Akul Broachwala:** On your comment that the expectations from the electrolyte, the customers are sort of getting ready for a larger LOI. So like what has really changed, is it purely based on volumes, or do you expect that the realizations eventually will be much better than what we would have estimated earlier?
- Naresh Patel:** Earlier, we were talking with the electrolyte formulator, now end customers of the battery are interested and they are signing the contract. It's a three-party or four-party agreement, is happening and we are having long-term signing supply contracts. So that's how supply chain establishment was happening. So once everything will happen, then we will commercially start.
- Akul Broachwala:** Considering these factors, how much like from our Jhagadia 500 tons do you expect like you mentioned that we can expect revenues to kick in from FY24 itself? So, do you expect at least that 500 tons to be sold out this year?
- Naresh Patel:** Yes.
- Akul Broachwala:** Lastly just taking this question forward, we mentioned in our past calls that we are looking at a market share of 5% to 10%. So that would be roughly 10,000 to 15,000 tons. So like do you expect this initial phase of investment to sort of move forward? Or do you still expect that this would be the initial size of the capacity that you would be adding up?
- Naresh Patel:** There are several things involved in this. If we do, very honestly, I'm saying that the quantity which I'm looking for in the past, maybe it will be violated and maybe go off or maybe it will remain at that size. So currently we are waiting for so many things which have to be concluded.
- Moderator:** Thank you. The next question is from the line of Jason Soans from IDBI Capital. Please go ahead.
- Jason Soans:** What's your outlook on the Spec Chem business? I know you have invested a lot in flow chemistry into various chemicals such as Methyl Salicylate and other avenues as well. Just

wanted to understand from you on where you can see the specialty chemical business grow from here on?

Naresh Patel: So my point of view is specialty chemical business has good potential, but currently it has a bit of pressure from the international market, maybe from China, especially from agrochemicals and some color chemicals with high pressure from China. The company, which is working on technology aggregation, future innovations, and commanding cost-effectiveness, will grow in that. AMI Organics is continuously working. We had converted our methyl salicylate process from base to continuous which has made us sustainable in this difficult period as well. Similarly in parabens also we are working with some innovative process which is bringing us a commanding position in parabens as well. And then we already introduced some new molecule segments like paint industries as well as some polymers, additives, and monomers, so that will bring us growth as well as our Specialty Chemical will be having a sustainable performance in the future.

Jason Soans: On the advanced intermediate business from a Chinese perspective, do you see the competitive intensity increasing, and probably that's why growth moderated there in this quarter to some extent, is that also a factor? I understand you mentioned other factors such as lower raw material prices and lower prices, sluggish growth as well. So is the increase in Chinese competitive intensity also one factor for the moderated growth?

Naresh Patel: For the overall pharmaceutical market, yes there are some issues from China, but particularly for AMI Organics, mostly of our products we are dominating in the market. The growth is a bit retarded because of the topline price revision that is in the current market size, but that will be going back to the normalizations because sooner or later it will be going to the normal prices because the current raw material price will be giving us an advantage to our topline, so it will be reduced, we will improve our margins.

Jason Soans: On Fermion contract, of course, you have bagged that and that's a milestone for you. Any more color on how you can probably expand to other intermediates and expand the scope of the contract there?

Naresh Patel: So, the Fermion contract is a long-term contract. It requires a lot of regulatory approvals, and a lot of validations and it is not a one-day job, it will take time. The customer has to make their APIs, they have to make formulations that have to be approved worldwide. So, it will take time. But whatever good thing is that we achieved the first contract, which is a very large contract, which is the end product which is in 4 intermediates. Out of that, one we already making, three we are supposed to be supplying sooner or later when we do the validation. So, it will be a great opportunity for AMI Organics to add this new molecule to the portfolio.

Moderator: Thank you. The next question is from the line of Rikin Shah from Omkara Capital. Please go ahead.

- Rikin Shah:** At this point, the Specialty Chemical business is geared more towards parabens and Methyl Salicylate which is not very high margin at this point. So going forward, where are we in our journey to add more products which are more value-added?
- Naresh Patel:** Definitely, we are working on that, but we can't stop the current product and wait for the new product to kick in. So phase-wise program we had made where we will phase out the old product with a low margin thereby introducing the new product with a high margin.
- Rikin Shah:** So I'm asking that, so that sort of a blurry timeline would also help, broad maybe if you can share?
- Naresh Patel:** We are saying that we want to go to 19% EBITDA margin that cannot be achieved with these two products. So we have a one or two years program where we do improvement in the profit margin of the current activity product and also introduce new high-margin products. And we can utilize our capacity as well as the incremental revenue and EBITDA margin.
- Rikin Shah:** So my next question is regarding the electrolyte part of it. So considering the Inflation Reduction Act which we have spoken about before by the US government, so with the new contracts in electrolytes, are we expecting better pricing than current VC prices?
- Naresh Patel:** See, the pricing in China is with the benefit of the sales tax benefit and that is \$7-\$9. But if you add them then their commercial price, if they have to export, they have to export at around \$10, \$12, \$13. So, we take the price which we want to have a better price. And then because of the customer which you we want to sell in the US or some the market in China, and they don't want from China. So that market we are targeting where we can get \$1 or \$2 better pricing than them.
- Moderator:** Thank you. The next question is from the line of Gagan Thareja from ASK Investment Manager. Please go ahead.
- Gagan Thareja:** On your sales, is it possible to understand year-on-year how much would prices have gone down and how much would volume have moved up in your sales? Tonnage moved up and the price went down, if you could split the sales growth into that?
- Naresh Patel:** It is a detailed question; we can give you one-on-one if you want. There are some products which are down. Because the number of products you told is 80-90 products, it's difficult to answer.
- Gagan Thareja:** But your input prices would also have corrected, key starting material prices have come down quite sharply. Is it possible to understand how much the KSM prices that you use would have come to now?
- Naresh Patel:** We import only very few percent 20%-28% total import, of all the total inventory. So that has not helped us. We do invest in a lot of our raw material in-house manufacturing and then we're losing out. So definitely there is some reduction there, but that reduction is the reduction of the

commodity price is much higher. So that's how we have to adjust our prices for this. But if you want, we can give you the details on that. I think Bhavin can add to it.

Bhavin Shah: We can connect separately, and we can provide you with that.

Gagan Thareja: The final question is in the Fermion contract; another Indian Company is also being awarded a contract by Fermion. Just want to understand if it pertains to the same molecule, would you have any understanding of whether it pertains to the same molecule as the one that you are going to supply or is it a separate drug for which they'll be supplying?

Naresh Patel: Particularly, I don't know who has done the other contracts and legally I am not bound to talk about that. We got the contract, we got the orders, and we have sizable orders in our hand, and we will supply that product we take.

Gagan Thareja: When you guide for that the topline that you're giving 20% to 25%. Does it assume any improvement in the prices of the products that you are now selling, I understand that they are depressed currently and that's not a sustainable phenomenon. But are you already presuming any change in them when you give the guidance or are you presuming that irrespective of what the current prices are, if that sustains, you can still manage that growth?

Naresh Patel: I tried to give my honest answer on that because whatever the commitment and projected requirement from our customers, what we have on hand, with that we will be able to grow up to 20%-25% growth in our revenue. Suppression in the topline maybe is another fleeting phenomenon, maybe it will be settled down and then it will be going up definitely because raw material prices will not be remaining at this level, and in that case, we can have an advantage of that, but we had considered all the projected forecasts that we received, what are the others we have in our hand and which are the new products which are going to be launching this year. Based on that, we have given our projection of 20%-25% of the growth in FY24.

Gagan Thareja: On the pharmaceutical intermediate business, if I reference your last conference call, you indicated that in Q4 of last year, you exited at almost 23% margin if I remember it correctly and you indicated that for FY24, for the whole year you should be able to maintain that. I understand that things have changed, input prices have changed, and output prices have changed. But is it possible to sort of further break down your EBITDA or margin guidance and give us an indication of what you're looking for in terms of possible margins for this pharmaceutical piece specifically?

Bhavin Shah: For the quarter, it is 20.2% for pharma intermediate and it should improve from here on what we achieved last quarter was what is the best quarter for us. So, it should steadily improve from here. On a yearly basis, we should say that we should improve 50-100 basis points from last year.

- Gagan Thareja:** On the electrolyte business, I presume for the two products that you had earlier disclosed, you subsequently disclosed 2 more. But for the earlier two products, the prices have also moved and moved in a fairly volatile fashion. Given the current prevailing prices, would the margins on those products as and when the contracts are brought to fruition, would the margins compare and be like what you are being able to generate currently on an aggregate basis? Or would the margin profile there be very different from this?
- Naresh Patel:** No, the margin would be as we said our cost as equivalent as the Chinese cost. So the margin will be remaining as equivalent to or better than what we are doing right now.
- Gagan Thareja:** I'm sorry you were not very clear. Are you saying that the margins will be similar to what you're doing currently?
- Naresh Patel:** Yes, or better than that.
- Gagan Thareja:** If I recall correctly, in Q1 of last year, Bhavin Bhai you indicated there were 70 lakhs sort of a nonrecurring or a one-off expenditure in the other expenses if I refer to the commentary then. The numbers that you've currently given out are inclusive of that number in the other expenses.
- Bhavin Shah:** Yes. When you compare that so that one-off other expense of Q1 last year includes that number.
- Gagan Thareja:** Could you also give the FX variation, loss or gain for this quarter and for the comparable quarter last year?
- Bhavin Shah:** FX gain for the quarter is at 48 lakhs and it was negligible last year.
- Moderator:** Thank you. We'll take that as the last question. Thank you very much members of the management. Ladies and gentlemen, on behalf of Ambit Capital Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.

(This document has been edited for readability purpose)