INDIA PESTICIDES LIMITED

An ISO 9001:2015, 14001:2015, 45001:2018 and 10002:2018 Company
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To

The Manager, Listing Department **BSE Limited** P. J. Towers, Dalal Street, Mumbai-400001 **Scrip Code: 543311** **ISIN: INE0D6701023**	The Manager, Listing & Compliance Department **National Stock Exchange of India Ltd.** Exchange Plaza, Plot no. C/1, G Block, Bandra- Kurla Complex, Mumbai-400051 **Symbol: IPL**

Dear Sir/ Ma'am,

Sub: Transcript of the Earnings Call for the quarter and year ended March 31, 2023.

Pursuant to Regulation 30(6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of the transcript of the Analyst/Investors Call on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and year ended 31st March, 2023, held on Thursday, June 01, 2023.

The transcript of the earnings call is also available on the Company's website at https://www.indiapesticideslimited.com/InvestorRelations.php

Kindly take the above on record.

Thanking you

Yours faithfully,
For India Pesticides Limited

AJEET PANDEY — Digitally signed by AJEET PANDEY
Date: 2023.06.08 17:51:07 +05'30'

INDIA PESTICIDES LIMITED Aishbagh Lucknow-226004 Water Works Road

(AJEET PANDEY)
Company Secretary and Compliance Officer
Membership No.: A42500

"INDIA PESTICIDES LIMITED

Q4 FY23 Earnings Conference Call"

June 01, 2023

MANAGEMENT: **MR. ANAND SWARUP AGARWAL – CHAIRMAN – INDIA PESTICIDES LIMITED**
MR. DHEERAJ KUMAR JAIN – CHIEF EXECUTIVE OFFICER – INDIA PESTICIDES LIMITED
MR. SATYA PRAKASH GUPTA – CHIEF FINANCIAL OFFICER – INDIA PESTICIDES LIMITED

MODERATOR: **MR. TEJAS SONAWANE – DOLAT CAPITAL MARKETS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the India Pesticides Limited Q4 FY23 Earnings Conference Call hosted by Dolat Capital. 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Tejas Sonawane from Dolat Capital. Thank you, and over to you, sir.

Tejas Sonawane: Thank you, Darwin. Good afternoon, everyone. On behalf of Dolat Capital, I would like to thank the management of India Pesticides Limited for giving us the opportunity to host their Q4 FY23 Earnings call. From the management team, we have with us today, Mr. Anand Swarup Agarwal, Chairman; Mr. D.K. Jain, Chief Executive Officer and Satya Prakash Gupta, Chief Financial Officer. Without further ado, I would like to hand over the call to the management for their opening remarks, post which, we'll open the forum for the Q&A session. Thank you, and over to you, sir.

A.S. Agarwal: Okay. Thank you, Mr. Tejas. Starting up on a positive note, I would like to share a significant milestone that IPL achieved during the quarter. Our newly launched herbicide technical product received TEQ certification in the European Union. We also obtained registration for one of our thiocarbamate products in the U.S.A. This greatly goes towards increasing our export revenue potential. Despite significant market challenges due to increased supply from China, IPL delivered a 23.2% growth in revenue in FY23. The reducing profit margins was a result of sudden decline in raw material prices compounded with high inventory costs, which made it difficult for us to fully transfer the increased cost to the customer.

This is something which we are aggressively tracking and we will improve in the times to come. Our primary focus is towards R&D and introducing new products in the market for the Hamirpur plant. Our recently launched products are receiving positive response from the market, have contributed robust increasing our top line. For our shareholders, we are pleased to announce a dividend of Rs. 0.75 per equity share on the face value of Rs. 1 for FY23 as part of our renewed commitment to provide returns to our shareholders.

For future, we remained committed to improving our product mix while increasing and improving our production capabilities. India Pesticides, as we said, has always been working towards providing better solution to farmers and improving the livelihood. We strongly believe in the bright future of Indian agriculture and Indian farmers. The company remains optimistic about the growth prospects of our business and believe that these initiatives will help us to continue to deliver sustainable and profitable growth. Thank you. Now I will hand over for further presentation to Mr. D.K. Jain, our CEO.

D.K. Jain: Thank you, sir. Good afternoon, ladies and gentlemen. I thank you for taking out time to join this Earnings Call for Q4 FY23.

FY23 has demonstrated the resilience of our product offerings and business model, showcasing the unwavering commitment of our team to driving growth. Despite several macroeconomic challenges across the globe, we remained very consistent in delivering sustainable top line throughout the year.

Our expertise in advanced process chemistry, manufacturing process efficiency and backward integration strategies has positioned our company at the forefront of the industry. Major headwinds still remain because of the continual downward trend of the technical offering from China, which we feel should stabilize in another 1 or 2 quarters. Furthermore, our R&D competencies have enabled us to enhance our existing products and explore new areas with significant growth potential.

With steadfast focus on research, the company achieved notable success and established its own niche in the agrochemical industry. Apart from product development, we are also working towards process enhancements that lead to cost savings and efficiencies for the company. We take great pride in being a 'Make in India' company, promoting the domestic development and production of agrochemicals. Our cutting-edge plants and accredited labs are on par with global standards, supporting our commitment to indigenous innovation.

During FY23, we have launched 14 products, which include 10 formulations, 3 technicals and 1 very important intermediate. We have successfully expanded our installed capacity by 2,500 metric tons to 24,000 metric tons per year. Our expansion projects under the subsidiary at Hamirpur plant is progressing as planned and we will be able to commence the operation of the first plant by Q4 FY24.

Our unwavering commitment to delivering sustainable long-term growth remains steadfast. At the core of our strategy is a strong focus on research and development, driving continuous innovation in both our products and processes. Through our dedicated R&D effort, we strive to develop cutting solution that not only enhance our product portfolio, but also continue to sustainable practices in the industry.

We are happy to inform you that we have received NABL accreditation for our QC lab, thus strengthening our analytical capability and confidence. During this year, we have received CIB registration for 6 technicals and almost about 100 formulation registrations thereby increasing our overall portfolio of registrations.

We are also working on specialty chemicals like stabilizers, additives, Biocides and fluorocompounds and intermediate for our wholly owned subsidiary, Shalvis Specialties Limited. Our R&D team has cracked a few promising molecules in this field. Our international registrations are going on, the data generation and subsequent registration procedures in EU, U.S., U.K. and South Asian countries.

Recently, we received U.S. registration for our thiocarbamate herbicides. Above all, collaboration with the Japanese multinational is in final stage. We had multiple visits by Japanese team exclusively for IPL and for an important intermediate.

With this I would like to pass on to Mr. S.P. Gupta, our CFO, to walk us through our FY23 financial highlights.

S.P. Gupta: Thank you, sir. Good afternoon, ladies and gentlemen, and thank you for joining the India Pesticides Conference Call to discuss Q4 FY23 results. Taking you through the financial highlights for the quarter and for the year. On quarterly performance, total revenue for Q4 FY23 INR 201 crores as compared to INR 180 crores in Q4 FY22, showing a growth of 10%. For FY23, total revenue of INR 898 crores is almost 23% higher as compared to FY22. We registered an EBITDA of INR 45 crores, with EBITDA margin of 22.4% in Q4 FY23.

For full year, the EBITDA stands at INR 210 crores with EBITDA margin of 23.4%. The net profit for the quarter stood at INR 30 crores and for FY23 at INR 143 crores. PAT margin for Q4 and FY23 14.9% and 15.9%, respectively. In FY23, our revenue for our exports stood at INR 480 crores as compared to INR 330 crores in FY23. And domestic revenue stood at INR 402 crores as compared to INR 379 crores in FY22. Revenue from technical and formulation stood at INR 704 crores, and INR 178 crores, respectively.

The International business performed relatively well, with export sales growth up 45% for the year. During FY23, we invested INR 68 crores in capex for expansion of Sandila plant and increased capacity by 2,500 MT during FY23, increasing our overall technical capacity to 24,000 tons. We plan to do INR 50 crores capex at Sandila unit and INR 60 crores capex in our Wholly Owned Subsidiary Shalvis Specialities Limited in FY24. We have invested in recent years in backward integration of our products and introduce new technical to reduce dependence on our existing molecule.

We are confident that these investments will yield a desire result in coming years. With this, we would be happy to take your questions. Thank you.

Moderator: The first question is from the line of Rahul Jain from Credence Wealth.

Rahul Jain: Congratulations for a good set of numbers in a very challenging environment. Sir, first of all, you have mentioned in your initial remarks as well as the press release about the carry forward inventory, which was at high cost. So 2 things related to that, are we done now with the high inventory which we had in this quarter, is that completely done? And typically, what would have been the loss on this inventory or the other way to put if not for high-cost inventory, what will be our steady state now gross margin? That is my question number one.

S.P. Gupta: The high-cost inventory continues since last 4-5 months. In our last call in February, we thought that what we are buying in February, it is at lowest price. But price has corrected further say 10% to 12% in February to May. So we still have high cost inventory. We were earlier thinking that this is the lowest price, but because of increased supply from China, the prices have reduced in the last 3 months. So, we are still carrying the high cost inventory bought in fourth quarter of FY-23.

A.S. Agarwal: But we are quite focused that we will use this quarter, maybe half of the second quarter.

Rahul Jain: Okay. Sir, in previous interaction, you had mentioned that most of the products are where we are China is not a big competition for us. So when you talk about the price decrease in these products, are we talking about the product prices changing on the raw material sizes?

S.P. Gupta: The new products, we have launched they are import substitute from China. In that product, we have high-cost inventory and increased competition from China. Our existing product does not have much competition from China.

Rahul Jain: Okay. And sir, so the reason for a very high inventory on the closing March. So, we have inventories roughly to about INR 225 crores as compared to INR 140 crores last year. what exactly this we can relate to?

S.P. Gupta: Actually, the company had started making some products, which are targeted to Indian market and Kharif season, and we started our plan in July last year. So, we are building up inventory in anticipation of sales in the first and second quarter. So, our inventory level has increased.

Rahul Jain: Okay. So, with regards to the new products introduced in FY23, what was the contribution in FY23? And what can we expect the contribution of the same in the next FY24 and FY25?

Satya Gupta: This contribution was around INR 120 crores in this FY23, and we are expecting turnover of INR 175 crores in FY24.

Rahul Jain: Sure. And FY25 could go up to?

S.P. Gupta: It will go up to more than INR 200 crores.

Rahul Jain: Sure. But with regards to the capex, which we have completed in last 2 years, we have almost done roughly about INR 130 -140 crores of capex at our existing site. So typically, as we speak today at the current prices, what can be the peak revenue with the existing capex completed up to 31st March '23. And in what time can we reach that peak sales?

S.P. Gupta: It will be between 2.25 to 2.5, peak revenue potential will be around INR 300-350 crores.

Rahul Jain: Okay. So, net-net, we will be doing around INR 1,100-1,200 crores from current plant.

Satya Gupta: Yes, yes. Definitely.

Rahul Jain: And sir, we had an understanding that the existing plant, there we do not have much space for the expansion. But you have mentioned that we are doing further INR 50 crores of capex at the existing site. So this could be related to?

D.K. Jain: No, this is again related to the existing site only sir. Actually, we found some space, we bought a small piece of land last year adjacent to our present plant and with this and a little augmentation, we are able to put up 2 more blocks. So for that, we will be doing the capex at the existing site because that will be faster and the revenue income would be faster from this site. That is why we decided to go at the existing site and remaining, they are going as scheduled at our new site.

Rahul Jain: This existing site, the capex of INR 50 crores or 2 blocks would be completed in how much time?

D.K. Jain: This year, we will be completing. This year, maybe latest by November, December.

Rahul Jain: Sure. And this will be for existing molecules or new molecules? Or are these specific dedicated block?

D.K. Jain: This will be dedicated block for new molecules. And we will be adding few infrastructure facilities there. Because we would be requiring some energy, some boiler augmentation is required and some chilling system is required and one evaporator system is required so that utility structure would be requiring in addition to this. So, this capital expenditure of INR 50 crores includes all these things.

Rahul Jain: Sure. Last 2 things, sir. One, you have mentioned about registration of thiocarbamate in U.S.A. So have the supply started, commercial supply started? If not, in what time frame, and what can be the potential sales of this particular product?

D.K. Jain: Sir, this product potential is about INR 50 crores. So, first year, we would be doing maybe around INR 15 crores. And gradually, it will be increasing year-by-year. And first sale, we expect to do this by August.

Rahul Jain: Okay. Sure. And you spoke about collaborating with the Japanese a MNC for specialized intermediate. Could you share some more details on the same in terms of what exactly we are trying to do, what kind of tie-up it is? And is it like we will have a dedicated block to manufacture for this MNC?

D.K. Jain: This is an intermediate, required probably for pharma. And Japanese team is very excited. We have got some synergies with this product. And we had multiple visits from them. Recently delegate of 5 Japanese people, had come exclusively for IPL. They came from

Tokyo and visited us and they went back. So, we are quite confident that we should be able to do this, and will have a long-term arrangement with them.

Moderator: The next question is from the line of Viddhi Dedhia from Axanoun Fund Investment.

Viddhi Dedhia: My first question was regarding research and development expenses, sir, what is the percentage of revenue spend we are incurring?

S.P. Gupta: We are incurring around INR 12 crores per annum in our R&D.

Viddhi Dedhia: So in terms of percentage, how much does percentage of revenue?

S.P. Gupta: It will be around 1.25%, but certain expenses, we are not including in this say our manpower expenses, we are not including in this. Only R&D and chemicals, we are including in this.

Viddhi Dedhia: Okay. And sir, how do we sustain such higher margins in the off-patent business and looking at the current scenario?

D.K. Jain: No, madam, actually we have long-term arrangements with our major customers. And that is based on a formula of conversion cost plus raw material costs. And we work out every 3 months based on the raw materials what would be the new cost, like that we keep on maintaining. But still we are not able to pass on the full price differential because of the increased cost of fuel and manpower, general maintenance, that is sometimes difficult, but raw material differential mostly, we are able to pass on for these long-term supplies.

Viddhi Dedhia: Okay. And sir, considering government proposal to ban certain pesticides, it includes Captan and Ziram So, what is our plan regarding this? Because and also what is the percentage of these 2 products in our revenue share?

D.K. Jain: Madam, first of all, these 27 pesticides which were under consideration by the government. They have banned only 3 products from these and all the remaining 24, they have allowed to be used. Only 3 compounds, they are banned. That decision has already come, which we are not producing these 3 chemicals, Our 2 products, Captan and Ziram, they are still intact. There's no problem on that count.

Viddhi Dedhia: And sir, the last one, any updates on the pending cases related to misbranding of product?

S.P. Gupta: They are being settled. Number of cases has declined in recent years. Earlier, I think there were 9 cases and 2 cases had decided in company's favor.

Viddhi Dedhia: Okay. And these were related to formulation?

S.P. Gupta: Yes. All formulations.

Moderator: The next question is from the line of Swarnashish Chatterjee from Asterisk Capital.

Swarnashish Chatterjee: My first question is regarding what is the channel inventory of formulation product in domestic and international market? And when our high-cost inventory will be flashed out maybe by Q1 or Q2. Can we go back to 50% gross margin?

S.P. Gupta: See, we are selling formulation only 20% of our entire sales and channel inventory is not very much in case of formulation sales or formulated products. And our high cost inventory will be definitely be used in Q1 and Q2 of this year.

Swarnashish Chatterjee: So after that, can we go back to 50% gross margin?

S.P. Gupta: 50% gross margin in current environment seems difficult. Currently, we are at around 46% gross margin. Currently, there is a lot of destocking and increased supply from China. In current environment, 50% gross margin seems difficult.

Swarnashish Chatterjee: Okay. And my last question is where we are dominant, say, Captan or Folpet and say, Adama is our client, and he wants to switch. So what would be stopping him. Is it our backward integration, which is giving us efficiency or cost leadership or quality of product or Adama has, will we have a gestation period to register the new technical from a new supplier. What is stopping our formulation partners for, switching suppliers?

D.K. Jain: First of all, Adama is a major producer of both these products. That's what I want to tell you first. They are like big brother to us. And though they have been buying some quantities from us, but they are not the major customers for these products from us. Our major customers are different than this. And we are mostly backward integrated. Even when compared to Adamas, we are more backward integrated in these products than anybody else. We are starting basically from chlorine. And even the other intermediates also, we started from a very basic stage, which even Adama is not doing.

Moderator: The next question is from the line of Sharadh Ratnakumar from Eila Consulting Private Limited.

Sharadh Ratnakumar: My first question was regarding our Sandila capex that we've incurred over the last 2 years. I think the understanding was around INR 140 crores of capex to get the capacity up to around 27,500 to 28,000 in terms of technicals. But if we see now, I think we've already spent around INR 150 crores and the capacity is around 24,000. Is there any cost overrun? Or how do we reconcile this?

D.K. Jain: There was a slight cost over and that is, of course, there. And apart from this, the products, which introduced later on were of high value and low volume. That is why the volume-wise, it has not increased, but value-wise, it will remain intact. That is because one of the products which we have recently launched that is a very high-value product of almost $45 to $50 per kg. So the volume would not be so much of that molecule. But the revenue-wise, it will give the more or less same revenue.

Sharadh Ratnakumar: Okay, sir. Sir, the other question was regarding the overall scenario with respect to the market, the high-cost inventory on our books, and I think also on every other peers' books. So, what I wanted to understand is while as clear as 50% plus gross margin guidance in this market seems difficult, can we expect the Q4 FY23 gross margins to continue? Or given the nature of the market, do we expect further correction. If you can just give some guidance along those lines?

D.K. Jain: Sir, we feel that first 2 quarters, this quarter and next quarter would be around these levels, what we have reported. And later on, we feel that it should work out better. Because it's still very difficult for us to give a very correct guidance because of the situation presently the whole industry is going through, everybody is having little problems in terms of the high-cost inventories as well as the supplies from China. So the situation, we feel that it should stabilize maximum in 1 or 2 quarters.

Sharadh Ratnakumar: Right, sir. Sir, and one more thing on this inventory thing. So I remember even in the last call, you had mentioned that we will be building inventory for sale during the Kharif season. I just wanted to understand from an operational perspective, once we start building this inventory, won't we start placing it in the market maybe by March, April and May itself and how has the response in the market been so far along those lines?

D.K. Jain: Though we have built up the inventories to be sold in April, May and June. And we are getting inquiries and we are placing in the market. But still, what is happening with buyers, they are adopting a wait and watch approach. Because of the continuous variation in the market prices, everybody wants to wait and watch. That is the situation. Everyone is facing the same difficulty.

Moderator: The next question is from the line of Yogesh Tiwari from Arihant Capital Markets.

Yogesh Tiwari: Sir, my first question is with regards to Slide #11. So, we see that our fixed asset turnover has declined over the last 2 years from 5.5 to about 3.6x. Apart from the capex which we adding, are there any other factors as well, like any change in product mix or something like that?

D.K. Jain: Sir, our asset turnover earlier were slightly more. But with the recent investment with the recent cost, we had estimated a lesser turnover of about 2.25 to 2.5x. and we feel that we should be able to get in this range, and we are working on that only.

Yogesh Tiwari: Sir, once all the plants get stabilized and reached optimum utilization, we will reach an asset turnover of about 2.5x, correct?

D.K. Jain: Yes.

Yogesh Tiwari: And what was the reason for 5.5x about 2 years ago? What is the change like?

D.K. Jain: These are old plants and old land building, everything cost was at that time was less. That is why we achieved a higher turnover. But with the recent machinery and plant, the material what we are adding the cost of machinery is high to the overall plant cost is increasing. That is why slightly less return.

Yogesh Tiwari: Sure, sir. So going forward, like 2.5x, we can assume as the turnover.

D.K. Jain: Yes.

Yogesh Tiwari: And sir, second on the pricing so like prices have declined. So within the segment, like if I compare herbicides with insecticides and fungicides, which would be the most affected segment with respect to price decline and demand?

D.K. Jain: All the segments are more or less in the similar stage. The overall scenario is like this only now.

Yogesh Tiwari: So, all will be falling in a similar range and demand is also like standard for all the products for all the segments?

D.K. Jain: Yes. Demand, I think, last year, it was okay. But this year, I think it will be slightly more or less in the same range.

Yogesh Tiwari: Sure sir, lastly, on the macro front. So what would be your thoughts on effect of if there's El Nino effect on the monsoon, can the second half also get impacted?

D.K. Jain: Pardon, could you repeat your question, please?

Yogesh Tiwari: So, my question was basically in regard to the El Nino effect on monsoon. So, in a worst-case scenario, in case of an effective El Nino effect, can the second half of FY 24 can be affected, the demand can be affected also?

D.K. Jain: See, if there is a substantial difference in the monsoon because of this effect, there could be some overall effect on the overall demand. There could be there, sir. But exactly how much it is going to effect is difficult to tell. They have been made by various agencies. So some agency says the monsoon is going to be normal, some saying it is going to be deficit, some say it is going to be excessive. So, we have to wait and watch.

A.S. Agarwal: As on today, we don't take this as any problem. Yes. There was less infestation last year, but as on today, we are quite hopeful.

Yogesh Tiwari: Sure, sir. And sir, last question on the balance sheet. So, if I look at the other financial assets at a consolidated basis, on other financial assets, it has increased from about INR 4.9 crores to INR 41 crores. So what would be the reason for it?

S.P. Gupta: Actually, we have a lot of cash in our books. So, we have invested in FDR of around more than 1 year tenure. We were earning a very high interest rate. So, the incremental INR 35 crores is new FDR, tenure of more than 1 year.

Moderator: The next question is from the line of Dhwanil Desai from Turtle Capital.

Dhwanil Desai: Just 2 questions. Sir, this intermediate that we are talking about with the Japanese company, is it only for a single molecule? Or are we looking at a range of intermediates. That is one. And second, are we talking about this for patented products? Or is it for a generic one?

D.K. Jain: This is an intermediate, which is going to be used in a pharma product. And we are talking initially for this product. And they have shown interest in other products also. So as we get along, we would be discussing more products with them. It is not limited to this. But initially, we started with this one intermediate.

Dhwanil Desai: Okay. And is this for a generic product or a patent.

D.K. Jain: We do not know. The final product, they have not disclosed us.

Dhwanil Desai: Okay. Got it. And second, sir, you mentioned that with the capex that we have done so far, we can do around INR 1,200 crores revenue. So do you think that we will be able to utilize our full capacity or optimal capacity in a couple of years? How do you look at it? And this number that we are looking at INR 1,200 crores, is it at current realizations, which are at a very low level or you're looking at a more normalized numbers on realization for this INR 1,200 crores calculation.

D.K. Jain: The capacity utilization, what we are doing even today is reasonably well. We are having capacity utilization of about 70% to 75%, which we feel in agrochemical industry is quite reasonable. And the increased capacity also would be utilized in the same ratio. And the revenues, what we are thinking of is in the more or less with the existing price range and any increase in the prices that may increase the revenue. But the overall working capital etc., will also increase in that sale.

Dhwanil Desai: So, can we utilize, can we get to that number in a couple of years. Is that thinking current?

D.K. Jain: No, we should be able to get the INR 1,200 crores, we should be able to get sir, in the FY25, maximum.

Dhwanil Desai: So, a couple of years, FY24 and FY25. In 2 years, we will be able to do that.

Moderator: The next question is from the line of Viddhi Dedhia from Axanoun Fund Investment.

Viddhi Dedhia: Sir, basically, I wanted to know what is the percentage revenue coming from the technical Captan, Folpet, thiocarbamate, and Ziram.

S.P. Gupta: Individual product-wise, it will be very difficult to give, but our fungicide technical, they are contributing more than our herbicide technical.

Viddhi Dedhia: Sir, in case you can give me a rough percentage?

S.P. Gupta: Over Technical sales is around 80%, say, our total fungicide sales will be around 37% of our entire turnover of fungicide technical.

Viddhi Dedhia: I'm just repeating myself, basically, this is with regards to the government's proposal to ban certain pesticides. Is there any uncertainty with respect to coming to ban of Captan or Ziram in future?

D.K. Jain: No, I don't think there is any uncertainty or certainty about that because recently, they have done thorough evaluation. And after that, they have given this decision. So we feel that it should be valid for at least coming 10 years. There should not be any problem at all.

Viddhi Dedhia: Okay. And we'll have the same share of percentage kind of utilization and selling and everything.

D.K. Jain: Yes, yes, certainly. It is, it will increase a bit. But it will remain there. No problem on that account at all.

Moderator: The next question is from the line of Rohit Nagraj from Centrum Broking Limited.

Rohit Nagraj: So, my first question is, we are planning to expand into stabilizer, additive products, fluoro specialties. Now this segment will be catering to different set of user industries. So what is the strategy that we are planning to make inroads through, say, marketing or business development into these new segments? And which would be these new segments that is concentrating for these products?

D.K. Jain: We would be normally selling these products for export only, mostly these products are being exported. And we already are having the connections with few of the companies who are interested in these products. And fluorochemicals, for example, agrochemical industry itself, there are lot of fluoro intermediates, which are being used nowadays. So, we are aiming a few of them, and we would be catering to agrochemical industry in this regard.

Rohit Nagraj: Right. Sir, just allied question to that. In terms of R&D or reaction synthesis capabilities, so how are we placed for entering into these new areas from an R&D perspective?

D.K. Jain: No, we are generating those capabilities, especially for fluorination arrangement, it requires some special arrangements. So that we are arranging to develop as a separate small branch in our R&D. And similarly, there are some vapor-phase reactions. So there also, we are making arrangements for some vapor-phase reactions. And recently, we started even the nitration and hydrogenation arrangement also. Like that, we are expanding our scope of operations. And we are recruiting people with experience so that we can take it smoothly.

Rohit Nagraj: And just one last question. In terms of the revenue potential, we indicated about INR 1,200 crores of revenues by FY25. Any understanding on the EBITDA margins that time given that the inventory situation will normalize, and we will also have better operational efficiencies on the newer capex that we have done.

D.K. Jain: Sir, it is too early to tell because we don't know how things are going to unfold. But we can say that at least we will be able to maintain the present margins. That much we can tell you.

Moderator: The next question is from the line of Yogansh Jeswani from Mittal Analytics.

Yogansh Jeswani: Sir, there is a mention about a product that we have started in U.S. thiocarbamate. So if you could tell us a little bit more about it. And overall, how much is the percentage of our exports to U.S. in the overall sales as of now. And how much it might change with this new product addition?

D.K. Jain: Sir, with this new addition. It is thiocarbamate herbicide, mostly used on rice and it has got good potential in U.S. as well as in Canada. And the registration has just now we received it through one of our customer collaborators with whom we have been working for the last 4 years. And we feel that they should give us in the first year about INR 15 crores. And gradually, it may go up to almost INR 50 crores.

Yogansh Jeswani: Because I think Europe is a bigger market for us. U.S., is this the first time we are entering?

D.K. Jain: We have middle market in Europe, presently, we are digging more in Europe. Slowly, we are trying to expand our operations even in the U.S., U.S. and Latin American countries.

Yogansh Jeswani: What I was trying to ask is currently, how much of our business is coming from U.S. even a ballpark figure would be of help.

S.P. Gupta: It will be around 3% of our turnover.

S.P. Gupta: Currently, it is in the range of INR 30 crores of export.

Yogansh Jeswani: Okay. So with this product, we have entered U.S. in a much better way and probably this will help us gain more market share and more add launch new products in U.S.

A.S. Agarwal: Yes. Apart from these products, we are also negotiating for other products, and they have shown interest in those products also.

Yogansh Jeswani: Okay. Understood, sir. And sir, one question on the inventory side. You did you mention about the inventory buildup is for Kharif. Could you also share how much of that inventory is for this particular product because I think there was one product to be launched for Kharif and how has been the pickup now that we are already in June. So how has been the pickup now?

S.P. Gupta: The inventory amount wise, the product inventory was around INR 45 crores in March. And demand is good, but everybody is in wait and watch mode. So it is buying in a small quantity. So we are quite hopeful by end of this Q1, majority of the inventory will be liquidated for that product.

Moderator: Ladies and gentlemen, that was our last question for today. I now hand the conference over to the management for closing comments. Over to you, sir.

D.K. Jain: Thank you very much, ladies and gentlemen. If you have any more questions, please do call us, we will be happy to answer your questions. Thank you very much for spending your valuable time to attend this investor call.

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