INDIA PESTICIDES LIMITED

An ISO 9001:2015, 14001:2015, 45001:2018 and 10002:2018 Company
CIN No. L24112 UP1984PLC006894
GSTIN- 09AAACI3591D1ZO

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Date: 12.11.2024

To The Manager, Listing Department **BSE Limited** P. J. Towers, Dalal Street, Mumbai-400001 **Scrip Code: 543311** **ISIN: INE0D6701023**	To 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 & half-year ended September 30, 2024.

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 Un-audited Standalone and Consolidated Financial Results of the Company for the quarter & half-year ended September 30, 2024, held on Friday, November 08, 2024.

The transcript of the earnings call is also available on the Company's website at www.indiapesticideslimited.com

Kindly take the above on your record.

Thanking you

Yours faithfully,
For India Pesticides Limited
Narendra Dev Nath Ojha
Digitally signed by Narendra Dev Nath Ojha
Date: 2024.11.12 16:29:16 +05'30'

INDIA PESTICIDES LIMITED
Aishbagh Lucknow-226004
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(Narendra Dev Nath Ojha)
Company Secretary and Compliance Officer
Membership No.: F12283

Encl.: As Above

“India Pesticides Limited Q2 FY25 Earnings Conference Call”

November 08, 2024

MANAGEMENT: **MR. ANAND SWARUP AGARWAL – DIRECTOR - INDIA PESTICIDES LIMITED**
MR. D.K. JAIN – THE CHIEF EXECUTIVE OFFICER - INDIA PESTICIDES LIMITED
MR. S.P. GUPTA – THE CHIEF FINANCIAL OFFICER - INDIA PESTICIDES LIMITED

MODERATOR: **MR. KRUSHNA PAREKH – DOLAT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to India Pesticides Q2 FY25 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 any assistance during the call, please signal an operator by pressing "*", star, then zero on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Krushna Parekh from Dolat Capital. Thank you and over to you, sir.

Krushna Parekh: Thank you, Shifa. 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 Q2 FY25 Earnings Conference Call.

From the management team we have with us. Mr. Anand Swarup Agarwal – Director; Mr. D.K. Jain – the Chief Executive Officer; and Mr. S.P. Gupta – the Chief Financial Officer.

Without further ado, I would like to hand over the call to the Management for their Opening Remarks, post which we will open the forum for a Q&A session. Thank you and over to you, sir.

Anand Swarup Agarwal: Thank you, Mr. Krushna Parekh. Good afternoon, ladies and gentlemen. I hope you and your family are staying safe and healthy. I take the pleasure of welcoming you all for the Q2 FY25 Earning Conference Call of India Pesticides. I hope you all had the chance to look at the financial statements and earnings presentation uploaded on the exchanges and our website.

We continued our growth momentum in the second quarter of FY25 and achieved revenue growth of 13.6%, driven by increased volumes. This growth was further supported by favorable agriculture conditions, including above average monsoon rain fall, and higher crop sowing, which positively impacted our demand.

Despite global industry challenges, including subdued demand and pricing pressures, we delivered a robust performance marked by significant margin expansion across our key metrics. These improvements in margin highlights the effectiveness of our focus on operational efficiencies, high quality niche products, and disciplined cost management, which together enabled us to enhance profitability even in a challenging market environment.

Our expansion initiatives are progressing as planned, strengthening our core capabilities and advancing infrastructure to support the production of specialty products. Looking ahead, we are focused on growth through expanding our customer base and enhancing our capabilities.

Committed to continued R&D and innovation, we are building a robust pipeline of products to meet evolving customer needs and maintain our competitive edge. Driven by our commitment to customer satisfaction, operational excellence and social responsibilities, we are prepared to navigate uncertainties and emerge stronger than by unwavering support of our stockholders.

Looking ahead at FY25, we aim to do Capex of Rs. 110 crores, combining both IPL and SSL. SSL is Shalvis Specialty Chemicals. Furthermore, we are poised to grow by expanding our customer base and strengthening capabilities. We are committed to leveraging consistent research and development of us, driving innovation and choosing new opportunities to fortify our market position.

Despite industry challenges, we are confident in navigating them with our robust pipeline of innovative products and increased market presence, ensuring we meet the evolving needs of our customers and maintain our competitive edge.

Thank you. Now, I will hand over the further presentation to Mr. Jain. Thank you very much.

D. K. Jain: Thank you, sir. Good afternoon, ladies and gentlemen. Welcome to Earnings Conference Call of India Pesticides for Q2 FY25.

I am pleased to report that India Pesticides Limited has continued its strong trajectory in the second quarter of FY25. Our total revenue for Q2 reached Rs.234 crores, making a 13.6% Y-o-Y increase, with a sequential growth of 4.5%. This was achieved amidst ongoing global challenges, underscoring our resilience and strategic focus on high quality products. Our EBITDA grew by 25.2% to Rs.39 crores, improving our EBITDA margins to 16.6%. Additionally, our net profit reached Rs.26 crores, a 32.9% increase from last year, reinforcing the effectiveness of our cost management and operational efficiencies.

This quarter, we benefited from favorable agricultural conditions, including higher than average monsoon and increased crop sowing, which drove demand across our product portfolio. Our margins expanded significantly, a statement to our commitment to operational excellence and disciplined cost management. As we grow, we remain focused on enhancing profitability through innovations in our product lineup and targeted cost optimization.

We achieved significant progress in strategic initiatives, particularly with the successful commissioning of our intermediate plant, a vital step in backward integration for one of our core fungicides. This facility was developed using our indigenous R&D technology, allowing us to reduce reliance on imports and further streamline our supply chain. In alignment with our Make in India vision, this initiative strengthens our manufacturing independence and supports domestic growth.

Our capacity expansion plans are on track with the total plant Capex of Rs. 110 crores for FY25. This investment will boost our infrastructure, particularly at our Sandila and Hamirpur facilities. We are enhancing capacity utilization and advancing production capabilities for specialty products. Additionally, the expansion of our customer base continues with a growing presence in regulated markets and over 25 countries worldwide.

Our robust R&D capabilities remain a cornerstone for our success. We are continuously expanding our product portfolio to meet evolving market demands and reinforce our position as a leader in agrochemical technical manufacturing.

Sustainability is a guiding principle at IPL. Through our ESG initiatives, we have made strides in waste management and promoting renewable energy solutions in local communities. We are also dedicated to supporting the farming community through skill development and knowledge sharing programs, contributing to the growth of Indian agriculture. I extend my heartfelt gratitude to our dedicated team for their hard work and to our valued stakeholders for their unwavering trust and support. As we move forward, we are committed to maintaining our growth momentum, fostering innovation, and creating sustainable value for all our stakeholders. Together, we will continue to navigate challenges and seize the opportunities that lie ahead.

With this, I would like to pass the call to S. P. Gupta – CFO, to walk us through our Q2 FY25 Financial Highlights. Thank you.

S. P. Gupta: Thank you, sir. Good afternoon, ladies and gentlemen. And thank you for joining the India Pesticides Limited Conference call to discuss Q2 and H1 FY25 Results.

Taking you through the Financial Highlights for the quarter.

Total revenue for Q2 FY25 was Rs.234 crores, as compared to Rs.206 crores in Q2 FY24, showing an increase of 14% on Y-o-Y and 5% on Q-o-Q. We registered quarterly EBITDA of Rs.39 crores, with 17% EBITDA margin, as compared to 15% EBITDA achieved in the same period last year. Net profit for the quarter stood at Rs.26 crores, an increase of 32% on Y-o-Y.

On geographical split, the domestic market contributed Rs.155 crores and export contribution were Rs.74 crores to the revenue. The Domestic market is in good shape, primarily driven by good sowing of crops in Kharif season. Technical and formulations sales for Q2 FY25 is Rs.131 crores and Rs.98 crores respectively.

Now, moving on to half yearly performance, Revenue for H1 FY25 stood at Rs.458 crores, an increase of 11%. Revenue from domestic market was Rs.297 crores and export revenue was Rs.151 crores. EBITDA in H1 FY25 stood at Rs.71 crores as compared to Rs.57 crores achieved in the same period last year. EBITDA increase was due to higher gross profit achieved on account of improved efficiency, and stable raw material prices. The company is planning to fund this Capex plan with internal accruals. And during H1 FY25, the company incurred a Capex of Rs.20 crores. Our cash and cash equivalents at the end of Q2 were Rs.127 crores.

With this, we would be happy to take your questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have first question from the line of Ankit Gupta from Bamboo Capital. Please proceed.

Ankit Gupta: So, if we look at the performance of the technical segment of the company, it seems that there has been a Y-o-Y decline in the revenues. So, if you can comment on the overall situation on the technical side. Even in our CNBC interview we highlighted that our volumes have grown by 35%. So, if we can bifurcate it between formulation and the technical sales volume, that will be helpful. So, that was my first question.

S. P. Gupta: Our formulation volumes, they have increased by around 40% and technical volumes they have grown slightly less. Our local turnover, domestic as well as export turnover has increased from last year.

D. K. Jain: There is no decline.

S. P. Gupta: There is no decline as such in this quarter as compared to Q2 last year.

Ankit Gupta: So, I think we have reported around technical sales of Rs.137 crores in Q2 of this year, how much was it in Q2 of last year?

S. P. Gupta: Last year it was around Rs.139 crores.

Ankit Gupta: So, almost flat is what we can say?

S. P. Gupta: Yes, flat, it has not declined.

Ankit Gupta: So, volume growth is how much in technical?

S. P. Gupta: Volume growth in technical will be around 30%.

Ankit Gupta: So, there has been a significant decline in the prices?

S. P. Gupta: Yes, prices had declined on an average, on blended basis, around 19% to 20%.

Ankit Gupta: If you can talk about how is the situation currently in our key geographies, in exports? And also if you can talk about the pricing pressure that we see, as you are saying that the price decline continued. Are we near to the end of the price decline or the pricing pressure from China continues even in this quarter?

D.K Jain: Pricing pressure from China still continues because they are trying to dump the material as much as possible at unreasonable prices. But we are also well equipped now to take on the Chinese competition. We are working continuously on the innovation of our products to reduce the overall cost. That is why we are able to maintain and there is almost a 30% growth in the volume of technicals because of these efforts. And this, we will continue to do.

Ankit Gupta: And how is the demand scenario in our key markets?

D.K Jain: Our key market demand is there, of course, for some products seasonal demand would be there, and for some products the demand is quite good.

Ankit Gupta: And how has been our performance in some of our key products like Captan, Folpet and all, if you can talk about it? Have we seen a growth there also?

D.K Jain: Captan, we are doing reasonably good, and Folpet also it is going as per our planned production capacities.

Ankit Gupta: Sir, I think both these products have very limited competition, even from China. I think there was not much competition in this product. So, has there been some new entrant in China which has also started manufacturing these products?

D.K Jain: That's what we keep on hearing that some new companies has also started, but their presence is not significant. China is slightly confusing, many a times there could be a trader, which becomes very difficult to understand whether he's a real manufacturer or not. But we keep on hearing that, but they are not very critical.

Ankit Gupta: So, how much has been the decline in prices of these products, say Captan, Folpet and other top products?

D.K Jain: They have also declined almost 15%. But similarly, there has been reduction in the raw metal prices also.

Ankit Gupta: Sir, post Hamirpur, as you had said in your CNBC interview that the Hamirpur plant will commence operations in Q1 FY26. So, post it starts operation, how much revenue can we expect that full utilization from our existing facility and Hamirpur coming in, like at let's say, optimal capacity utilization of 80%, 85%, if the prices of the technicals do not increase from here on and remain at this level?

D.K Jain: Yes. See, our revenues from our existing plant, we expect an increase of about 15% to 20%. And from our Hamirpur facility, next year we feel that we should be able to get around Rs.50 crores, Rs.60 crores. Because one product we will be starting in first quarter of FY26 and second product will be in the next quarter. So, second quarter revenues will not be full, but first quarter revenue I think we should be able to get in next FY26.

Ankit Gupta: And at full capacity utilization, let's say, if not FY27 or FY28, how much can Hamirpur plant contribute to, like how much revenue can it generate?

D.K Jain: Ultimately, we would be spending another Rs.200 crores - Rs.300 crores in our Hamirpur facility, because we will be building this facility block by block. So, initially we have planned two blocks, similarly we will keep on adding. And we feel that there is a scope of adding almost 10, 11 blocks. So, the total capacity, maybe after three years or four years we should be able to generate almost about Rs.700 crores, Rs.800 crores. But that is when it gets full.

Ankit Gupta: So, any plans to start construction of third and fourth block in Hamirpur? Or we will first stabilize these two blocks and then move on to construction of the other blocks?

D.K Jain: Sir, because we are planning all these expansion through our internal accruals, so we have planned two, three blocks per year. So, now presently we have finalized two blocks. One block is in very advanced stage of completion which will take another three, four months, because we have already ordered the equipment, some equipments have already been received at the site, and the infrastructure work is going on there. So, we expect it to be commissioned in the first quarter of FY26 and the next block will be commissioned in the second quarter of next year. And then by that time then we will finalize some more and then try to start work there, because we have our own R&D. Our R&D work has already been done, the pilot plant work is going on, and our design team, project engineering team is ready, so it will go to the project engineering. That will take two, three months to design the plant and then we will go on the floor.

Ankit Gupta: And last question on the formulation side, we have seen a very good jump in the formulation revenue in this quarter. So, if you can talk about, like we have also seen a lot of other formulation companies doing well, so if you can first talk about the industry, how the formulation industry is doing? And secondly for us, our formulation revenues have seen a very significant jump in the first half of this year. So, how do you see growth for this year and next year in the formulation segment?

D.K Jain: Formulation growth also would be similar, at least 20% per year. And India has been growing almost 9% to 10% per year overall consumption, because India at present consumes very small amount of agrochemicals per hectare. So, there is a lot of scope now as the farmers are getting more informed about the proper use of these chemicals, the overall usage will increase. So, we feel formulation business will increase at least 10% per year overall in India. And we keep on adding more products to our portfolio and we plan to have more than 20% increase every year.

Ankit Gupta: But sir, if you can talk about, are we expanding our field force and entering new geographies? And we are expanding our product basket, if you can talk about that on the formulation front?

D.K Jain: Sir, presently we are present in 15 states. We are expanding our footprint to other states also, and we are adding more products. Because our technical manufacturing of the recent past has been slightly domestic oriented, we are trying to get a big volume in the technicals what we produce.

Moderator: Thank you very much. We have next question from the line of Pradeep Rawat from Yogya Capital. Please proceed with the question, sir.

Pradeep Rawat: Sir, I have a question regarding the pricing trend. So, can you just highlight on the pricing trend from the first quarter to second quarter?

S.P Gupta: From first quarter, prices had declined nominally. First quarter also there was a decline as compared to first quarter of last year. They have declined slightly, but raw material cost also declined on a similar range.

Pradeep Rawat: And post second quarter, what have been the raw material and selling prices trends?

S.P Gupta: They are around the similar level. What was prevailing at the end of second quarter, they have stabilized raw material as well as finished goods prices.

Pradeep Rawat: And can you also highlight what is the current inventory days?

S.P Gupta: Current inventory there is around 150 days, our inventory levels are slightly higher. Since we have decided to build up stocks with few herbicides technical to be sold in the next Kharif season.

Moderator: Thank you. We will take next question from the line of Dhwanil Desai from Turtle Capital. Please proceed, sir.

Dhwanil Desai: Sir, my first question is, you have seen a very decent improvement in gross margin this quarter Q-o-Q. So, is this because of the increased formulation component or is it because of the raw material prices that have come down or the product mix, if you can give some sense to that? And whether we are going forward for the next half how should we look at the gross margin?

S.P Gupta: The rise in EBITDA margin is because of our improved efficiency, and there is no inventory loss. You must be aware, last year in this quarter prices of raw material declined significantly, so we had to take inventory loss. Now, we have not taken any inventory loss, raw material they have stabilized at a lower level, and improvement due to scale of our operation as well as improved yield, it has contributed to our improved EBITDA label.

Dhwanil Desai: I was referring to the gross margin, which is our revenue minus the cost of raw material, there we are seeing a significant improvement. So, you are saying, one part is, you have not taken any inventory write-off this quarter or this first half. And anything else that you want to point out to, whether it is the product mix or the formulation has a higher gross margin, and hence the contribution of that is higher this quarter? So, anything else other than inventory loss?

S.P Gupta: Formulation has slightly less gross margin, because of this there is no inventory loss as well as improved efficiency in our technical products. Our R&D is doing a lot of work. We have done some backward integration projects for our technicals. This has contributed for improved gross profit.

Dhwanil Desai: Is this number something which we intend to continue to get for next half year if the prices remain at the same level on the technical side, is that how we should look at it?

S.P Gupta: Yes, this will be in the similar range.

Dhwanil Desai: Sir, second question is, I think we gave one notification yesterday to the exchanges saying that one of the technical products has got the European approval. So, if you can talk a bit about how large this product can be for the Europe market? And you know any timelines around that? Are we planning to commercialize it from Hamirpur plant or you can commercialize from the existing setup?

D.K Jain: We have received the technical equivalence for one of our insecticides. This is a niche insecticide and in Europe it is already registered with other companies also. We are already producing this product for our domestic consumption. So, we would be selling this product to our European customers whenever they require, and the procedure is that after we get the equivalence, we have to give the letter of access and a letter of supply to these customers who they will apply in the authorities there and they will get permission that they can buy from us. So, it will take another two to three months of time before they can buy from us.

Dhwanil Desai: And how large that can be for the European market? We already have some soft commitment from customers on that product or we still have to kind of pitch this product to the customers?

D.K Jain: We have, some customers have shown great interest in this product. And they say that they would be buying from us. But the volumes they have not yet indicated. But maybe during one or two months we will be meeting them. Then the total volumes and the price, etc., everything will be worked out. But they have already shown commitment that they would be sourcing it from us.

Dhwanil Desai: Can you name the product?

D.K Jain: It is an insecticide, sir.

Moderator: Thank you very much. We have next question from the line of Viraj from SIMPL. Please go ahead.

Viraj: Yes. So, can you give us concept of volume growth in technicals, or the technical sales, how much of growth is coming from old molecules and what kind of growth we are seeing in terms of new molecules?

S. P. Gupta: Growth in individual molecules, old molecules we have achieved higher growth this time, and even for newer molecules we have achieved more than 10% growth. But for older molecules we have achieved slightly higher growth.

Viraj: Second question is, if I look at your commentary here, you said that the RM prices have kind of stabilized. And whatever fall in RM pressures we are seeing, we have passed on in terms of the end product prices in technical to the market. But when I look at in terms of the gross margin or the contribution margin for us, it's still much lower than what it used to before the supply impact of last one, one and a half year. So, just trying to understand what factors you think you need to see for the gross margin to normalize?

D. K. Jain: Sir, the market price, our selling price is driven by the existing market prices. And if we are able to produce at a lower cost, it will add to our margins better. And what we need, we have to pass on to the customer the raw material. Suppose if the raw material costs are reducing, of course customers are also well aware now, they are well educated, so they would certainly ask for the reduction in the price. So, that we need to do, keeping our margins more or less intact.

Viraj: No, I understand. What I am trying to ask is, so last one, one and a half year we would have seen the impact of inventory provision, sales sector and whatnot, but all of those impacts are now behind us. Now we are seeing an environment where RM is low and RM prices are stable, and whatever gain we are earning in terms of the low RM prices, we are sharing with the end customer. But the spread which we used to earn on products earlier, it seems we are no longer earning that spread despite a stable RM environment. So, just trying to understand what factors you need to see for it to normalize?

S.P Gupta: Actually, firstly, the demand in export market has declined, our share in export was around 50%, now it has come down to say 37%, 38%, and there has been excess supply from some countries. So, the pricing environment in international market, it's slightly subdued. So, this has resulted in overall gross profit margin reduction across the industry. It is not our company's issue, it is across the industry. In the export market there is excess supply from some countries, and inventory levels were also higher there. So, there is demand and the pricing environment is subdued there.

Viraj: And going forward, in terms of the major molecules for us, if you can give some more color, which molecules we are seeing some recovery I think in terms of prices and demand, and in which molecules do you see the pain still?

S.P Gupta: Our main molecules, technical molecules are under herbicide and fungicide. Both are seeing, a good volume recovery. Pricing, which we have already told you, there is a decline across the molecule, and even raw material prices have also declined.

Moderator: Thank you very much. We will take the next question from the line of Damodar Balija from DB Investment. Please go ahead.

Damodar Balija: First thing, I want some clarification on Hamirpur plant. One, you said you are planning to add two blocks will get commissioned next financial year and keep on adding two blocks every year. So, my first question is, what could be the capacity of each of these blocks?

D. K. Jain: Sir, each of the block will have a particular product, with some particular product in mind we would be putting up the block. And the capacity will depend upon the size of the product. For example, the first block what we are constructing now, it is 300 tonnes per annum capacity, and similarly second block is also 300 tonnes per annum capacity. So, that depends upon the product what we choose and how much volume we feel that we should be able to sell in the market, depending upon the overall market size of the product.

Damodar Balija: So, based on whatever the current land that you have, can we put only 10 to 11 blocks only, or can we add more there in future, if it is required?

D. K. Jain: Yes, I think 10 to 12 blocks could easily be accommodated there, because the land is almost 25 acres of land, so 33% we have to leave for green field because the government regulation is there that 33% there should be greenery in the plant. So, what we get is actually 67% of the actual area. And in that, because we would be constructing plant for herbicide as well as fungicide, they need proper separation, because the contamination should not be there from herbicide to fungicide or insecticide. So, like that we have to plan. And we feel 10 to 12 blocks could be easily accommodated, if there will be space left then we can add some more also.

Damodar Balija: But in future, let's say down the line after three, four years, in case if the land additional is required, that is available readily there?

D. K. Jain: Additional land is available in that area because that is an industrial area. The additional land should be available. In the existing site in Sandila, for example, our adjacent land was available so we readily bought that, that is just 2.5 acres of land, but that is quite useful to us in our existing Sandila plant.

Damodar Balija: Sir, whatever the product that we are going to launch, let's say you are saying it will be block wise. Is it multi-purpose plant or is it product exclusive these blocks would be?

D. K. Jain: Primarily we construct these blocks for a particular product, but they are fungible. Suppose, for example, if we are not able to sell the product or there is some problem with the product, it gets banned or something, then we can switch over to another product. But normally, we avoid making two products in the same equipment because of contamination issue, because it requires a lot of energy and effort to decontaminate the plant from one product to another product.

Damodar Balija: Sir, in the last call you had said, one product you do not require the registration, whereas for the other product you have already applied for it and waiting for the registration. So, have these registrations already come?

D. K. Jain: This is for our existing facility at Sandila, we have already received the registration of that molecule, already received.

Damodar Balija: No, for Hamirpur I am asking, for whatever the two products you are planning for next financial year, we have received the registration?

D. K. Jain: One product we have already received, another product is only for export, that registration also we have received.

Damodar Balija: So, there will not be any more constraints to commercialize them during the next financial year?

D. K. Jain: Yes, sir.

Damodar Balija: Sir, for the Hamirpur plan total, what is the total capacity for which we have received the EC approval, sir?

D. K. Jain: EC approval of what we have received is almost about 30,000 tonnes per annum.

Damodar Balija: So, that means for future block there is no need to go back to EC for any approvals, right?

D. K. Jain: No, no, there is no need, there is no need to go back to EC approval. We have had a very wide range of products included in the EC, so that should work. But if we decide to go for production of some other molecules, apart from this list what we have already submitted, then we need to go to our local pollution people and we have to just certify that there is no increase in the pollution load and we are just changing the product mix, so they give us the approval.

Damodar Balija: Sir, there was a discussion with Japanese company for some tie up or so, so thereafter nothing we have heard, if you could give us the latest status of that.

D. K. Jain: No, that tie-up is already there, we have already signed an agreement, and they will be buying the product from us and they will be buying every year maybe in January, February I think, so they should come now. We have already scheduled a meeting this month with them.

Damodar Balija: So, how much revenue we can expect, sir?

D. K. Jain: Revenue is not very big, sir. I think it is about, overall revenue would be around Rs.20 crores. Once we start working with the Japanese company, they have confidence in us. There is always a future possibility of more number of products, and there is a very good scope. Because that company is a very big company, we expect good volumes and good products from them in the coming future.

Damodar Balija: The EBITDA margins would be in the range of 20% or so?

D. K. Jain: Margin would be, sir, slightly better than this.

Damodar Balija: It is better than 20%?

D. K. Jain: Yes.

Moderator: Thank you very much. We will take next question from the line of Pradeep Rawat from Yogya Capital. Please proceed with your question, sir.

Pradeep Rawat: Regarding my earlier question, you said that our inventory days are near 150 days. So, going forward, what kind of normalized inventory day are we assuming?

S.P Gupta: They will be in the range of 120 to 130 days by March.

Pradeep Rawat: So, in earlier years, like in 2020 and pre-COVID years, we have an inventory day of below 80 days. So, what could be the reason that we are having normalized inventory days of 120 and 130 now, as compared to 80 days earlier?

Anand Swarup Agarwal: Earlier our pre-COVID days contribution for technical was around 80%, now it has come down to 68%, 69%. And we have also introduced many seasonal products for local markets, the local market season is slightly small. In the export market we are exporting to geographies across the world. So, entire year we used to export. Now the exports turnover has declined and our product mix has changed. So, we have to keep inventory level high to meet seasonal demand of these new products.

Pradeep Rawat: And my second question is regarding our Rs.110 crores Capex that we are projecting for FY25. So, can you segregate that Capex between Sandila and Hamirpur?

S.P Gupta: It was Rs.50 crores for Sandila and Rs.60 crores for Hamirpur projected Capex.

Pradeep Rawat: And what Capex we did for both the blocks for Hamirpur?

S.P Gupta: We have incurred only Rs.15 crores up to September, but in second half we will be incurring more since the equipment will be reaching our site.

Pradeep Rawat: So, what would be the total Capex for both the blocks?

S. P. Gupta: Both the blocks, see, the total Capex for both the blocks would be around Rs.40 crores to Rs.42 crores, and around Rs.25 crores to Rs.30 crores we have spent already on the infrastructure.

Pradeep Rawat: And what would be the revenue potential from both blocks?

D.K Jain: The revenue potential of both the blocks would be around Rs.70 crores, Rs.80 crores.

Moderator: Thank you very much. The management will be taking one last follow-up question from Damodar Balija from DB investment. Please proceed, sir.

Damodar Balija: Sir, this Rs.70 crores, Rs.80 crores revenues that you are saying is for Hamirpur plant two blocks?

D.K Jain: Yes.

Damodar Balija: The next question I have is about the Sandila plant. One is, we had acquired a small plot of land there, I think one or two acres. Now after completion of whatever the intermediate that you are planning, would you have some more spare capacity or is it all completely utilized?

D.K Jain: No, we will have some more space available which we would be utilizing for expanding our formulation setup, because formulation is growing, we need some more space for formulation because it requires a lot of space, packing and so many storage areas and different type of formulations are there. So, we are trying to expand our formulation setup a bit in Sandila.

Damodar Balija: So, now taking into account this the new capacity also, so what would be the total capacity of the Sandila plant now?

S.P Gupta: Sandila, our capacity for technical is around 22100 tonnes per annum, and formulation would be increasing there. So, that work is still going on. So, exact capacity, our foundation team would be able to tell us exactly, that number we have not yet finalized. But we have given that area for formulation expansion.

Damodar Balija: I agree. What is the current capacity of formulation there?

S.P Gupta: Around 3,000 tonnes are there and we may be expanding by say around 2,000 tonnes this year.

Damodar Balija: Sir, these 22,000 tonnes of the technical, what is the capacity utilization?

S.P Gupta: The capacity utilization will be around 60% to 65%.

Damodar Balija: That means when it is run at full utilization, peak utilization, how much revenue? I think sir had mentioned, I could not hear properly, how much revenues it can generate, only Sandila plant technical?

S.P Gupta: Our existing plant can generate revenue of Rs.1,100 crores, including formulation.

Damodar Balija: Including formulation, but you are excluding the new capacity that you are planning?

S.P Gupta: Yes.

Damodar Balija: Sir my last question is, yesterday in the CNBC interview, it was mentioned that there was a drop in prices by more than 25%. Is it Y-o-Y or Q-o-Q?

S.P Gupta: It is Y-o-Y, Y-o-Y there has been a drop in the prices.

Damodar Balija: So, you are not holding high price inventory other than this?

D.K Jain: No, no high price inventory, we are not holding that.

Damodar Balija: Sir had given 18% to 20% EBITDA margin for H2, so what gives him the confidence to achieve higher margins in the second half?

D.K Jain: As I said even on CNBC yesterday that we are focusing now on our process optimization. And that work our R&D team is doing continuously day in and day out, and we have achieved some success during this quarter. And in the coming quarter also we expect more news from them, that will give us a little more margins, and raw material prices remain same.

Moderator: Thank you very much. We will take that as a last question for the day, I now hand over the conference to management for closing comments.

D.K Jain: Thank you. Thank you everyone for their participation. For any further queries or clarification, please get in touch with our Investor Relations team, they can contact us again. Thank you very much and have a nice day.

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