

November 20, 2025

To,

Listing Department,
The BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001.
Scrip: 524774

Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1
G Block, Bandra Kurla Complex,
Bandra East, Mumbai 400050.
Symbol: NGLFINE

Sub: Transcript of concall with Investors held on 18th November, 2025

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we wish to inform you that the Company participated in the Investors Conference Call on Tuesday, 18th November, 2025, enclosed herewith please find transcript of earnings conference call on unaudited Financial Results for the Quarter and half year ended on 30th September, 2025. No unpublished price sensitive information was shared/discussed in the meeting. Please note that this was a group meet.

Kindly take the same on your record.

Thanking you,

Yours faithfully,
For NGL Fine-Chem Limited

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SATISH
PEDNEKAR

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PALLAVI SATISH
PEDNEKAR
Date: 2025.11.20 16:06:27
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Pallavi Pednekar
Company Secretary & Compliance Officer
Membership No: A33498

Encl: As Above.



“NGL Fine-Chem Limited
Q2 and H1 FY '26 Earnings Conference Call”
November 18, 2025



MANAGEMENT: **MR. RAHUL NACHANE – MANAGING DIRECTOR – NGL FINE-CHEM LIMITED**
MR. RAJESH LAWANDE – WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER – NGL FINE-CHEM LIMITED

MODERATOR: **MR. ABHISHEK MEHRA – TIL ADVISORS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the NGL Fine-Chem Limited Q2 and H1 FY '26 Earnings Conference Call. 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. Abhishek Mehra. Thank you, and over to you, sir.

Abhishek Mehra: Thank you, Bhumika. Good morning, everyone, and thank you for joining this Q2 and H1 FY '26 Earnings Conference Call of NGL Fine-Chem Limited. The results and investor update have been uploaded on the stock exchanges. To take us through the results of the quarter and answer your questions, we have with us today, Mr. Rahul Nachane, Managing Director; and Mr. Rajesh Lawande, Whole-Time Director and Chief Financial Officer.

We'll be starting the call with a brief overview of the financial performance, which will then be followed by the Q&A session. I would like to remind you that everything said in this call, reflecting any outlook for the future, which can be construed as a forward-looking statement, must be viewed in conjunction with the uncertainties and the risks that the company faces. These uncertainties and risks are included, but not limited to what we've mentioned in our annual reports. With that said, I'll now hand over the call to Mr. Rahul. Over to you, sir.

Rahul Nachane: Thank you, Abhishek. Good day, and a warm welcome to all our investors and stakeholders joining us today. Thank you for your continued trust and support as we review the Q2 and H1 FY '26 financial and operational performance of NGL Fine-Chem Limited.

I will begin by setting the context for this call. The company has witnessed a steady and broad-based recovery in demand across its product portfolio. We are optimistic about this upward trend, which has shown consistent strength. This recovery is complemented by our disciplined capital expenditure program, which remains firmly on track. The ongoing investments are nearing completion and are expected to unlock significant growth potential.

Now turning to our financial performance in detail. For Q2 FY '26, the revenue from operations touched INR120.26 crores, marking a 28.64% increase compared to INR93.48 crores in Q2 FY '25. This represents a strong year-on-year growth, reflecting improved market conditions. EBITDA for the quarter was INR17.16 crores, up 48.43% from INR11.56 crores in the same quarter last year. The EBITDA margin expanded by 373 basis points to 14.27% compared with 10.54% in Q2 FY '25. Profit after tax was INR9.63 crores in Q2 FY '26, slightly below the INR9.81 crores reported in the corresponding quarter of the previous year.

Looking at the half year results, the revenue from operations stood at INR224.44 crores in H1 FY '26, a 21.82% increase from INR184.24 crores in H1 FY '25. EBITDA for the half year increased from INR20.91 crores in H1 FY '25 to INR28.13 crores in H1 FY '26, demonstrating a 34.54% growth. The profit after tax was INR18.87 crores for H1 FY '26, marginally lower

than INR19.03 crores recorded in H1 FY '25. Operationally, in response to strong demand, we resumed outsourcing during the quarter to ensure timely delivery and continued meeting customer requirements efficiently. Our ongoing capital projects remain on track for completion by Q4 FY '26 with commissioning scheduled for Q1 FY '27.

The first clean room under Phase 1 is already being used for manufacturing validation batches, which is a critical step towards regulatory approvals. We successfully submitted our first API registration to the U.S. FDA in September 2025. We anticipate regulatory audits to begin in the second quarter of the next financial year with commercial production expected to commence in the latter half of FY '27, assuming successful audit outcomes.

The addition of this regulatory market capacity is expected to contribute significantly to both future sales growth and an acceleration in profitability due to the higher margin typical of such markets. Looking ahead, we are optimistic about the sustained recovery in demand and the potential unlocked by our capital investments. The nearing completion of our expansion projects positions NGL to capitalize on new opportunities in regulated markets, which should drive faster growth and improved returns.

We remain vigilant as we navigate a competitive landscape, but are confident that our strategy and operational execution will support the next leg of our growth journey. With these prepared remarks, I now invite your thoughts and your questions. We can take questions now.

Moderator: Thank you very much. The first question comes from the line of Rahul Jain from Credence Wealth. Please go ahead.

Rahul Jain: Sir, congratulations on a good set of numbers in a very tough environment. So a couple of questions. First question, sir, you have mentioned in your initial commentary as well as the presentation about improvement on the demand across regions and various customers, it looks to be a broad-based recovery. So just to understand, typically, where this growth is coming from? Is it from certain markets, certain types of customers?

I understand that Asia Pacific has done much better and also the Indian market, the sales numbers show much better improvement compared to the other markets as per your presentation. So just to understand, sir, this growth and also whether are we increasingly taking more market share? Or is the overall market improving to understand that also?

Sir, second question is with regards to the approvals. You just mentioned in your initial comments about the first approval, which you have triggered in U.S. in September '25. So if you could share some more details on the various CEPs and DMFs, which we have already got in Europe? And how do we see the sales from Europe in the current as they started going up? And do you expect further in this quarter 3, quarter 4 and the coming year FY '27 with regards to the regulatory European customers who are buying only for Europe and not just -- for both the continents?

Rahul Nachane: Yes. Thank you for your question, Rahul. We have seen an improvement in demand occurring across markets and more so specifically in India and Asia, as you correctly pointed out. We see that there is a growth in demand currently.

And your second question was whether we are taking market share. So it's too early for me to say whether the market share is taken or its demand growth. But there is definitely a growth in demand in the market. And our increased numbers are not really due to taking away market share from some competitors, but due to the overall improvement in demand.

Now having said that, this is the first quarter where we've seen such healthy growth after close to about 10 quarters of flat movement. So we are a little cautiously optimistic right now. We hope that this should continue for at least a few quarters, to know for sure that sustained growth is back in the market.

With regard to the U.S. filing, we have not received any approval as yet. We have just filed our first registration in September this year. We have got a sponsor customer who will apply to the U.S. FDA to trigger an audit. We expect the audit to get triggered sometime in the second half of calendar year '26.

Currently, we have about 3 CEPs already granted in Europe and 5 ASMFs. We have applied for a grant of further 3 CEPs in Europe, which are currently under process and 3 more ASMFs are being filed separately. This has not led to immediate advantage to us in terms of sales. We expect sales to emerge from this in the next year, but the strongest growth would come when the U.S. registration also is granted because a number of customers look for a common supplier for both the U.S. and EU markets. I hope that answers your question.

Rahul Jain: Just a follow-up. So with regards to the Europe plan in the previous call, you had mentioned that we were looking at sales of roughly INR30 crores in the current year from the EU sale and then further ramp up as we move forward. So this year, we stick to that number of around INR30 crores, which is in that from existing...

Rahul Nachane: That's right. We expect to have those sales.

Rahul Jain: And how do you feel that it could ramp up in the next year, FY '27?

Rahul Nachane: It's still too early because we don't have any forecast for next year yet. Most of the customers are preparing their budgets. So I'm unable to comment on that right now.

Rahul Jain: Sure. One last question, sir. With regards to your top line, INR120 crores, which you have done and you have mentioned that we have done some amount of outsourcing also in the current quarter. So just to understand, as we speak today, the current capacity of the existing plant on an annual basis should be around now what -- with the kind of outsourcing should we take it as INR500 crores or at what level do we take that number?

Rahul Nachane: It's a little difficult to define -- for us to define the capacity in terms of the sales top line. The reason being that in this industry, the more backward integrated you get, the more manufacturing

steps we carry out in-house. And if we are just doing a one-step product, we can probably do much more volume. So it becomes a little difficult for us to address that. But currently, roughly between 15% to 20% of our production is outsourced. The rest is all in-sourced by us.

Moderator: The next question comes from the line of Ishan Thakkar from Fort Capital.

Ishan Thakkar: Congrats on a good set of numbers. Sir, as you highlighted the U.S. market, how is the market currently performing? And how much is the U.S. currently sourcing from China? And which APIs are we targeting in the initial phase for the U.S. market? And how big could be U.S. market opportunity become over the next 6 to 7 years?

Rahul Nachane: Yes, there are no published data by which I can tell you how much China is supplying to the U.S. The data is a little unclear when it comes to veterinary products. But for us, I can tell you that the farm animal market is fairly large in the U.S. and that is where our strength is and it presents a great opportunity. We have built our entire strategy based on the fact that we should be able to generate a good amount of business going forward with the U.S. and EU registrations, both have to go hand-in-hand. It presents a great opportunity going forward.

Ishan Thakkar: Okay. And we often say that China is leading manufacturer and we compete with them. So however, China is also our one of the largest export destinations. So could you shed some light on that?

Rahul Nachane: So manufacture a total of 35 products and China is a market for us probably for about 7 to 8 products. In the rest of the products, we are competitors.

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

Dhwanil Desai: Congratulations for a very strong set of numbers. Sir, my first question is we are currently doing INR120 crores run rate, and you're saying that the demand across the board is very strong. And we are already doing 15%, 20% outsourcing. So in terms of capacity, let's say, if the demand remains buoyant, how -- what are we doing to ensure that we are able to grow in unregulated markets before the regulated part kicks in? That's my first question.

Second question, sir, you indicated that the first API filing, which has happened for U.S. market, there is a sponsor customers. So is it fair to assume that most of the filings that we do for regulated markets will have some kind of a commitment or underlying contract for offtake. So if you can elaborate on that. Third question, sir, is -- I'm putting all questions together, if that's okay, right?

Rahul Nachane: Yes, that will be the best.

Dhwanil Desai: Yes. So third question is, sir, we have seen a decent improvement in gross margin this quarter despite realization being under pressure. And so -- but below the gross margin, the costs have gone up. So one, is it because of the new plant coming up, the incremental cost have come in? And second part is when Phase 2 will get eventually capitalized in Q4, so what kind of incremental cost that we see coming through the P&L and the impact of same on the margin?

And last question, sir, on the fluralaner, I think the fluralaner, you had indicated that 10, 12 guys in India were kind of manufacturing and we are the only guys who are manufacturing the API. So update on that from Indian perspective as well as the global perspective, how that product we are planning to scale up or where we are on that product?

Rahul Nachane:

Right. Your first question was our ability to grow in the unregulated markets and how we will meet the capacity for that. So what we have done is we have tied up for outsourcing of our products, key intermediates with different vendors. And we have adequate clean room areas to manufacture the finished product. So we are outsourcing intermediates and focusing on the API output by ensuring that the clean room areas are fully occupied, and we are able to meet all the requirement from our existing plants plus the outsourcing.

With regard to commitment from U.S. customers, no customer will commit to us unless and until we have got the registration because their ability to buy starts only after the registration is effective. So we are in discussions with different customers. We have a sponsor customer ready for our first filing, but the commitments will come only subsequently. So we expect actual marketing tie-ups to commence probably in 2027 onwards.

Our gross margins are better though with lower realizations currently. We have had an increase in the cost with the new plant going on stream, but it's a very small plant with just one small pilot clean room, which we have commissioned. No great significant expense has gone through the P&L on account of this new plant. With regard to the new plant, which we will commission next year, we expect opex to be in the range of about INR1.2 crores per month to INR1.5 crores. And that's the impact it will have on the P&L.

With regard to fluralaner, the launch -- commercial launch has taken place in May this year after the expiry of the patent in March 2025. Customers have already launched the product. Everybody is now waiting to see how the market reacts. For us, we have been able to market this product both in the domestic market and the export market. And it's definitely one of our star products with a good growth rate in the current year. We are fairly optimistic of this product.

Dhwanil Desai:

Okay. And I know one, just 1 follow-up. So as fluralaner still remains on the patent and we are just strongly supplying to sample quantity, right?

Rahul Nachane:

Yes. That is only for developmental purposes. That patent expires in 2027.

Moderator:

The next question comes from the line of Ankit Gupta from Bamboo Capital.

Ankit Gupta:

Congratulations for a good set of numbers after a long time. Sir, my first question was on the demand -- was on the competitive scenario part. So demand side, you highlighted that demand has been pretty buoyant. If you can talk about how is the competitive dynamics currently in the market in India as well as from the Chinese players? That was the first question.

The second question was on -- you spoke about our operating costs being around INR1.2 crores to INR1.5 crores per month from the new plant. If you can also share like how much will be the depreciation for the new plant for FY '27? And on the new plant itself, do you expect we can

achieve EBITDA breakeven in FY '27 or FY '28 only, we should see some -- the new plant breaking even?

Fourth question was on the -- was on the ramp up from regulated market. So as you said, we will get a significant scale up only -- even from Europe, only when we get registration in the U.S. So like how do you see things -- how do you see approvals coming from U.S. this year and next year? And how do you see the ramp-up from the regulated market funds for new -- new plant starts in, let's say, March, April of next year?

Rahul Nachane:

Yes. Thank you, Ankit. With regard to competitive dynamics, there are good 20 players, roughly about, I would say, between 15 and 20 manufacturers here in India, who are manufacturing veterinary products and probably double the number in China. We have found that in the last 3 years, the number of competitors in this market has grown because the market size has also grown and attractiveness was also better. There is an increased interest from different companies, which we see both here in India as well as in China.

With regard to depreciation for the new plant, I really don't have that number with me. I'm unable to give you an exact number. But I can sort of give you an estimate, which may or may not be perfect. I would say between INR6 crores and INR8 crores would be the full year depreciation - - additional depreciation next year, which will come from the expansion. EBITDA breakeven, we expect from the new plant in FY '28, not in FY '27 because -- FY '27 is going to be basically getting all registrations done for us.

And with regard to the EU and U.S. registrations and approvals, the scale of sales come when we have approvals in both the territories. There are some players who operate only in Europe and those are the ones we are currently targeting, and to whom we have already commenced sales. And there are companies who are doing sales both in EU as well as in the U.S. Those customer acquisitions will definitely take longer for us, which we expect in calendar year '27 or so.

Ankit Gupta:

Sure, sir. And sir, there's just one follow-up here. So this -- so basically, we also have customers who will just be focused on the EU markets. And when our new plant start, at least the ramp-up from those companies will start for some of the products.

Rahul Nachane:

That's right, yes.

Ankit Gupta:

And we have 3 CEPs and 4, 5, you said the other approvals?

Rahul Nachane:

5 ASMFs. Yes.

Ankit Gupta:

5 ASMFs. And we have filed for how many other new products from the...

Rahul Nachane:

3 more CEPs have been filed, and 3 more ASMFs are in the process of being filed by March next year.

- Ankit Gupta:** Okay. Just pardon me for my ignoring, but what is the difference between ASMFs and CEP? And how does the -- like will you be able to market ASMFs also across the Europe or it will be the country-specific?
- Rahul Nachane:** Yes. So CEP is a common registration across all of Europe. Once a CEP is granted, there is no need to go and do a registration in each country separately. CEP is granted only for those products, which are mentioned in the European Pharmacopoeia. If a product is not mentioned in the European Pharmacopoeia, we cannot apply for a CEP, then we have to go with a separate ASMF, Active Substance Master File and we have to file it in each European country separately. That's the difference between the CEP and ASMF. ASMF is registration in each country separately. CEP is one umbrella approval, which gives you access to the entire European market.
- Ankit Gupta:** Okay. Okay. Okay. All right. Okay. And like for 5 ASMF, we have -- we have filed across some major countries of Europe or we're still in the process of that?
- Rahul Nachane:** Sorry, I did not get that question.
- Ankit Gupta:** For the 5 ASMFs that we have got the approval for, have you filed in all the major countries? Or that's like that's still in the -- still work in process?
- Rahul Nachane:** So the filing is done along with the customer's requirement. For some APIS we have been filed in all countries, I think about 2 products we have done the filing in all. And for 3 products, we have done the filing in between 12 to 18 countries in Europe. So it depends on which market the customer is selling and to which countries. And based on that, we do the filing.
- Moderator:** The next question comes from the line of Akash Jain from MoneyCurves Analytics.
- Akash Jain:** Pardon, if my question is quite basic. But sir, I used to be following and we invested in this company earlier. So pre-2022, our margin profile was at 20% plus EBITDA margins. FY '23 onwards, obviously, there has been a significant decline. And I think in the con calls, you have been -- you have alluded to the reasons for some of them. But if I look at like -- the gross margin decline has been a little bit, but I think the -- even with 10% revenue growth, I think our cost base has gone up actually quite a lot and across the board, right?
- Manufacturing expenses have gone up, employee expenses have gone up, other expenses have gone up. So can you please help me understand, say, 10% revenue growth is still there and gross margin decline has been maybe 2%, 3%. But I think the other cost base has gone up quite a bit. So can you just maybe summarize what has really happened on the other cost side for us to have a significant decline in EBITDA margins over the last 3 years?
- Rahul Nachane:** Are you referring to EBITDA margin decline over the last 3 years or you're talking specifically of the current year?
- Akash Jain:** No, no. Last -- what is -- because the cost expense for all -- below gross margin has all gone up over the last 3 years, right? So we have seen a significant decline starting FY '23 onwards, which has not yet recovered much even when the gross margin decline has not been that significant.

So clearly, the decline also come from rest of the expenses going up. So I'm just trying to understand broadly what has really led to this kind of increase in cost base over the last 3 years? And continues to be the case right now also.

Rahul Nachane: We have been probably through these questions earlier, and I don't really have data ready on that, but I can tell you what's happened in the current half year, if that is okay with you. Current half year, we have seen our cost of outsourcing go up by close to something like 30% because a large quantum has been outsourced.

Plant upkeep costs in terms of maintenance has seen an increase because we were preparing the plants -- upgrading the plants in terms of preparedness for audits by customers. And salaries cost has gone up by about 15% because of onboarding of the team for the new plant, which we commissioned. So these are the 3 main factors which have increased our costs.

Moderator: The next question comes from the line of Rohit from iThought PMS.

Rohit: Congratulations on a very decent number in a very tough environment. So Rahul, just a few clarifications. Some of the questions have been already asked. So can you mention that -- so you mentioned that we've already started the process for filing in U.S. as well. So -- and the real pickup will happen once we get that because those customers buy from the same source. So when do you see that pickup happening? I mean, sorry, when do you see that registration process getting completed and how long is that process? Because I think first is just -- this is the first filing in the U.S. that you've done, right? And please correct me if I'm wrong there.

Rahul Nachane: Yes. So this is the first filing we have done. Typical history has shown that a best case scenario takes a U.S. filing to actual audit in about 12 to 15 months, worst-case scenario can be even longer. But we believe that we should be able to trigger an audit within this 12- to 15-month period from filing, that is the schedule we are going forward with. And we expect this to be triggered in the second half of next year..

Rohit: So Rahul, just from that perspective, so how many -- so like you said, you have 3 CEPs filed for -- you have 3 CEPs approved and 5 ASMFs. So now with the U.S. also, you will have the same portfolio first or it will be more specific products like you filed one and it will be -- once you get this approval and then you'll file the second one, how is it going to be?

Rahul Nachane: So the first priority is to file for the same products for which we have registration in the EU, so that we can offer customers a single supply with registrations in both the markets. We have got a total of 15 products, which are in the pipeline for which validation batches are being done. Out of that validation for 3 products is already completed. The fourth one is going on right now. By December next year, we hope to complete 15 validations.

Rohit: Right. So for the -- once that the validation batches have been completed, is it possible to sell those products to the market?

- Rahul Nachane:** We have to apply -- submit the VMF to U.S. FDA. Once the U.S. FDA visit the site and if it approves the site, only then are we able to sell it. Otherwise, we are not able to sell it. We need audit and approval from U.S. FDA.
- Rohit:** Right. No, I was asking in EU, for the products where the validation batches is done, can we start selling them before triggering the audit or we will have to wait from the EU GMP authorities?
- Rahul Nachane:** We have already started selling in the EU. And in fact, we have given a guidance that we are hoping for up to INR30 crores revenue to come from the EU in the current fiscal year. .
- Rohit:** Got it. Okay. Sorry, maybe I missed that. Sorry. Okay. And in terms of -- so you mentioned that you expect to breakeven from the new plant in FY '28. So what are -- so in terms of additional cost before depreciation and interest, what are the additional costs and what kind of ramp-up are you seeing in FY '27, just to understand that from the new plant? What kind of capacity utilization or what kind of broad top line you can achieve and what kind of loss you are seeing?
- Rahul Nachane:** We don't see any significant capacity utilization coming from this plant in FY '27, very frankly, because the plant will start producing significantly only after getting approval from the U.S. FDA. That having said, if we have got capacity, we will not keep it idle. We will start manufacturing for some of our better markets like Brazil, Latin America and those will start manufacturing from this facility. So it's not going to be idle. Tthe last thing on our minds to keep capacity, sitting idle. So we'll start definitely using it. What percentage we'll start using, I'm unable to just give you off the cuff right now.
- Rohit:** Got it. Got it. And Rahul, just one more question on the recovery. So you mentioned in your opening remarks that the recovery has been broad-based. You also mentioned that competition is still pretty much there. So like in terms of improvement in margins, so should we see that the margins from -- like we get about 14% EBITDA margin this quarter. So do you see that this to be like the base now and sort of -- will improve as sort of better products come in and sales from EU, et cetera, go up and as we go along. But -- or do you see that because competition is still not abating, the margins can still fluctuate here and there a bit?
- Rahul Nachane:** Yes. So we are hopeful of improving margins. Right now, we have seen a recovery of demand. We need to be a little cautious about it and see that this recovery is a longer-term recovery, not just a short-term recovery. With this recovery coming, margins should improve just because of the scale of activities going up. We don't see any gross margin improvement as such. But with the scale of activity up, we hope that we should be back to our EBITDA -- targeted EBITDA rate of between 15% and 18%.
- Rohit:** Got it. And like October and November have been like recovery is continuing that what you're seeing -- what you saw in Q2?
- Rahul Nachane:** Yes. Currently, the growth is quite strong, yes.

- Rohit:** Okay. And just last question, Rahul. So this registration that you are doing in these -- in EU and also now in Europe, what would be the rough approximate cost that you would have been taking in your P&L?
- Rahul Nachane:** In Europe, it's about EUR18,000 per product.
- Rohit:** EUR 18,000 per product, Okay. And U.S. would be how much, roughly?
- Rahul Nachane:** U.S., we have just done the filing right now. So still now, nothing is initiated. We have not determined the cost of internal resources, which we have put on each product separately because there's a team which is working on it. Analytical support comes from our existing plant. So that has not been costed. These are just fees which we have to allocate either to a consultant or to the regulator.
- Rohit:** Right. And finally, so we have about INR88 crores of debt on the balance sheet. So as we sort of finish the capex by end of this financial year, so where do you see this debt sort of peaking out at?
- Rahul Nachane:** So we have got a sanction for INR95 crores debt. We hope to not utilize this debt completely. We hope to curb it. Till now, we have, I think, used something like INR45 crores or so, INR46 crores, I think, out of INR134 crores, which we have already spent. Worst-case scenario is a max at INR95 crores, best scenario probably at around INR75 crores.
- Moderator:** The next question comes from the line of Keshav Garg from Counter Cyclical PMS.
- Keshav Garg:** Sir, please pardon my ignorance, I'm new to the company. I'm trying to understand, sir, that in FY '21, we did around INR260 crores revenue with a net block of around INR64 crores. Now sir, after this present capex, our net block will increase to something like INR230-or-so crores, so which is basically a fourfold increase from FY '21 net block. Sir, so is it fair to assume that our revenue also, once we are able to ramp up the new capacities to a full extent, can reach around INR100 crores top line at current realization?
- Rahul Nachane:** INR100 crores top line, we are already at INR100 crores top line.
- Keshav Garg:** Sorry, INR1,000 crores top line?
- Rahul Nachane:** Okay. So this does not go exactly as a multiple, the way you are putting it. The reason being that those are old plants, depreciated plants, and we have been doing brownfield expansions. This is a greenfield expansion. So the output we expect from this investment is in the range of about 1.7 to 2x. So INR1,000 crores seems to be a bit of a stretch from the existing investment.
- Keshav Garg:** Right, sir. Sir, so now like you mentioned that the demand is sustaining, so has some capacity gone out of the market, some players have shut like you mentioned that 15, 20 Indian players and double of that in China. So as the demand is now -- seems to be turning around. Sir, so I mean, firstly, has any capacity gone out of the market? And is there any further capacity that is in the pipeline? .

- Rahul Nachane:** We have not seen any capacity going out. All the existing competitors are still there. In the last 2 or 3 years, some more have also been added. So there is no decrease in capacity. As to new capacity being created, there is no forum which gives this information. We just come about it as and when the competitor comes in and starts offering the product in the market. So I am unable to give you any information on future capacity being created.
- Keshav Garg:** Right, sir. And sir, what will be the peak debt that we will require on our balance sheet for the capex as well as for additional working capital to ramp up, let's say, by FY '28 or FY '27?
- Rahul Nachane:** What -- I did not understand. What number -- what exactly are you looking for here?
- Keshav Garg:** The peak net debt that we will have to take to...
- Rahul Nachane:** As in the earlier question by Rohit, I said that the maximum debt -- long-term debt, which we hope to take for this project will be INR95 crores.
- Keshav Garg:** Sir, and what was the working capital?
- Rahul Nachane:** Currently, our working capital is around INR45 crores. We expect it to grow to about INR60 crores.
- Keshav Garg:** Okay. And sir, all these players that you mentioned our competitors, sir, we are selling at par. Do we have any edge over them in terms of cost of production or, let's say, integration or superior realization? So I mean, what I'm trying to understand is that -- where do we score above all the competitors that are there and that have come up recently?
- Rahul Nachane:** So we have got a fully integrated supply chain where we try to go to the key starting material for each of the products which we are manufacturing. So we are fully integrated for at least 60% of our products. For the balance 40%, which have been started in the last 2 or 3 years, we are in the process of setting up more integrated supply chains.
- So we try to bring a plus factor essentially by ensuring that we have a fully integrated chain and a good working chemistry. That's what brings margin for us. With regard to realizations, we are in a B2B business. No buyer gives a higher price just on reputation.
- Moderator:** The next question comes from the line of Shivan Sarvaiya from Humiviction Investment Advisers.
- Shivan Sarvaiya:** Sir, just one question on the opex front. Sir, you said that we've got -- we are expecting INR1.2 crores to INR1.5 crores of additional opex once the plant gets commissioned. This is per month. But sir, there would be some expenditure, as you alluded some time back that there is a team that works to file these CETs. There is a team that works to get these registrations done. Also, there would be certain expenditures for the new plant, which are being expensed through the P&L and not capitalized. That is what I believe.
- So sir, my question is, sir, first of all, is this understanding correct? And second is that if that is the case, then what part of our INR40 crores to INR45 crores of expenditure that we do on a

quarterly basis is attributable to this newer plant and these new activities that we are doing? So that's my question.

Rahul Nachane: I have not fully understood your question, but I'll just try to explain. And if you feel that there is some clarification required, please go ahead and ask me for it. What we do is that the team which we have for regulatory filings is doing the filing not only for the new plant, but also for our existing products and the existing plants.

So all the expenditure on such filings is not construed as a capex, but it is construed as an opex. So that gets fully charged to the P&L. What does not get charged to the P&L is things like interest, manpower costs directly associated with the setting up of the new plant, those get capitalized.

After the plant has become operational, the manpower, which is working on the validation batches, power and other costs are treated as revenue expenses and are not being capitalized. Whatever is with regard to the uncommissioned part of the plant only gets capitalized.

Shivan Sarvaiya: Right, sir. So then, sir, my question out here is that how much -- what is the quantum of that cost associated with the new plant that is being charged currently to the P&L account. That's what I was looking for.

Rahul Nachane: Right. So that data is not available separately, and we'll have to get that data.

Shivan Sarvaiya: Okay. Sir, as a shareholder, if I reach out to the CS team, could you help me with that?

Rahul Nachane: Yes, we will check on that, yes.

Moderator: The next question comes from the line of Ankit Minocha from Adezi Ventures Family Office.

Ankit Minocha: My first question is with regard to -- I mean you've been talking about a strong outlook maybe for H2 in terms of margins. But once the capacity comes in, in FY '27, do we have any kind of indications on what kind of the EBITDA margin range are we kind of looking at for the year FY '27?

Rahul Nachane: Ankit, we don't give guidance on these. So I'm unable to give you guidance on that right now.

Ankit Minocha: Okay. Okay. Sure. And secondly, just a general question on the industry. I mean, you started to see some strength in terms of demand. Other places, we are still seeing some kind of pricing pressure in certain places. So what is your general read on the API industry as such in your markets and regulated markets, what is the reason -- I mean, that the pricing pressure have kind of stayed on for as long as it is? And do we think that we might be moving on to a more sustained recovery overall for the industry?

Rahul Nachane: So the pricing pressure was created mainly by the supply-demand imbalance. Demand has been subdued for a significantly long time now. It first started with the inventory unwinding post-COVID. And then generally, demand has been muted in many markets. And supply has been strong with capacity being created. So this imbalance has resulted in low pricing. For pricing to

recover, we have to see a sustained growth in demand, which needs to last at least for a few quarters. And right now, we are just 1 quarter into it. So we have to wait and see how sustained this growth is and for how long it lasts before we can look at price recoveries.

Ankit Minocha: Okay. Sure. And finally, I mean, the regulated market foray is still a little far off, but still, I mean, if I was to ask you, once you get there, what is it that kind of gives you the right to win in those markets? How is it that you kind of plan to compete with the already established players in the regulated markets, say, being a comparatively smaller player? And yes, how is it that we plan to build those markets up?

Rahul Nachane: Our decision was taken when we reached out to customers whom we know and we are aware of. So out of the top 10 animal health companies, we are currently working with 5 of them, not in the U.S. market, but in other markets.

And they were receptive to the idea of having us in as a supplier for the U.S. market. And we have been speaking with other customers also in the meanwhile. So we see that there is a good response coming from customers over there, and they are in need of having a good reliable supplier. So there is an opportunity available for us.

Moderator: The next question comes from the line of Naysar from Credent Asset Management.

Naysar Shah: Sir, you mentioned that in first half, the cost of outsourcing for you has gone up 30%. Is that correct?

Rahul Nachane: That is right. .

Naysar Shah: So despite this, your gross margins in first half has gone up by 100 basis points?

Rahul Nachane: Yes.

Naysar Shah: Okay. So we have seen some kind of price increase because last year was very bad from the price point of view. So you got some price increases or what has led to this increase despite cost of outsourcing going up?

Rahul Nachane: All other fixed costs get better absorbed with the increased top line. So that attributes the improvement in margin.

Naysar Shah: No, sir, I was asking more on gross margins?

Rahul Nachane: So what are you including in your gross margin?

Naysar Shah: The raw material costs.

Rahul Nachane: So what impact does outsourcing have on material costs? We give our jobworkers the raw material, and we pay them job work charges separately. So the material costs are not impacted.

Naysar Shah: The INR556 crores operating and manufacturing expenses.

Rahul Nachane: Yes, yes.

Naysar Shah: Okay. Okay. And sir, in first half, the top line was about 22%, out of that, how much would be the volume growth?

Rahul Nachane: I don't have data with me right now to give you. .

Naysar Shah: Okay. And sir...

Rahul Nachane: I can give you roughly that there is no great price recovery, which has taken place. On the export front, which is about 70% of the sales, we have a top line growth of probably about 3%, 3.5% on account of exchange fluctuation, probably 4%. The rest is all volume growth.

Naysar Shah: Okay. Okay. And sir, when your new plant starts in FY '27, let's say, maybe even '28 onwards, do we still have to outsource? Or do we have enough capacity so that we can manufacture everything in-house?

Rahul Nachane: So the plant is put up mainly for catering to the U.S. and EU market. We will also use it for catering to some higher-value areas like Latin America. But we would not like to use this plant for the rest of the world markets, which are lower margin ones. So there, if possible, we'll continue to outsource if we are falling short of capacity.

Naysar Shah: Okay. But, let's say, for developed market business, we would look to do anything in-house from the new plant?

Rahul Nachane: That is right, yes.

Naysar Shah: Okay. And sir, U.S. and Europe business will give you what kind of gross margin or how much gross margins higher than the existing business?

Rahul Nachane: Again, you're talking only in terms of material cost?

Naysar Shah: Yes, right.

Rahul Nachane: Yes. We expect that to be in the range of around 55% to 60%.

Naysar Shah: About 5% to 10% is higher than what you are currently making?

Rahul Nachane: Currently, right, yes.

Moderator: The last question for today's call comes from the line of Sai Ganesh from Square 64 Capital Advisors.

Sai Ganesh: I have one question from my side. In FY '25 in our other expense breakdown, processing charges have been double in absolute terms and increased from the historical range of 1.5 to 1.7 percentage of sales to 3.1%. What led to this sharp rise in FY '25? And from FY '26 onwards, what should we assume for processing charges more as a percentage to sales or in absolute terms?

Rahul Nachane: Which cost has gone up, you said?

Sai Ganesh: Processing charges.

Rahul Nachane: Yes.

Sai Ganesh: Yes, it has doubled from our FY '24 base from INR6 crores I think INR11 crores, which brought us has led to the sharp rise as a percentage to sales, it has gone up from 1.7% to 3.1%?

Rahul Nachane: Yes. Currently, we are outsourcing almost 15% to 20% of our production. There has been an increase in demand, which has taken place, and our capacity was falling short. So that is the reason why it's gone up because of increased outsourcing.

Sai Ganesh: Okay. Going forward from FY '27, can we assume that to be in the range of -- our historical range of 1.5% to 1.7% as a percentage to sales?

Rahul Nachane: That again depends. Actually, I just addressed that saying that we intend to use this new capacity only for the U.S., EU and higher-value markets, which exists in Latin America. We would not like to use this increased capacity for the ROW markets, which are lower-margin markets. So it depends on how the market is behaving. If we see increased demand coming in, we will still continue to outsource. So that might still be on the higher side.

Moderator: I would now like to hand the conference over to Mr. Rahul Nachane for closing comments.

Rahul Nachane: Thank you all for joining us today and for your continued trust in NGL Fine-Chem Limited. We remain committed to executing our strategy and delivering value in the quarters ahead. Thank you for your time, gentlemen, and have a good day.

Moderator: On behalf of NGL Fine-Chem Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.