



# SIGACHI INDUSTRIES LIMITED

CIN: L24110TG1989PLC009497

AN EXCiPACT GMP, ISO 9001:2015 & FSSC 22000 CERTIFIED COMPANY



To,

Date: 27.11.2023

<b>The Manager</b> <b>BSE Limited</b> <b>P. J. Towers, Dalal Street</b> <b>Mumbai-400001</b> <b>(BSE Scrip Code: 543389)</b>	<b>The Manager,</b> <b>NSE Limited,</b> <b>Exchange Plaza, Bandra Kurla Complex,</b> <b>Bandra (E), Mumbai- 400051.</b> <b>(NSE Symbol: SIGACHI)</b>
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Dear Sir/Madam

**Sub: Transcript of the Earnings Call for Q2 FY 2023-24 Results held on 15.11.2023**

**Unit: Sigachi Industries Limited**

In continuation to our letter dated 16.11.2023, audio recording of Q2 FY 23-24 earnings call, please find attached herewith the transcript of the earnings call held on Wednesday, November 15, 2023, at 4:00 PM IST. The same is also available on the company's website at [www.sigachi.com](http://www.sigachi.com).

This is for the information and record of the exchanges.

Thanking You,

Yours faithfully

**For Sigachi Industries Limited**

**Shreya Mitra**

**Company Secretary and Compliance Officer**

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**Sigachi Industries Limited**  
**Q2 & H1 FY24 Conference Call**  
**November 15, 2023**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q2 FY24 conference call of Sigachi Industries Limited.

As a reminder, all participants' 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 this conference call, please signal an operator by pressing "\*" and then "0" on your touch-tone phone. I now hand the conference over to Mr. Amit Thakkar from Valorem Advisors. Over to you, sir.

**Amit Thakkar:** Good evening everyone and a very warm welcome to you all. My name is Amit Thakkar from Valorem Advisors. We represent the investor relations of Sigachi Industries Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the second quarter and the first half of financial year 2024.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and the financial quarter under review.

Now, I would like to introduce you to the management participating in today's earnings conference call and give it over to them for their opening remarks. We have with us Mr. Amit Raj Sinha – Managing Director & Chief Executive Officer and Mr. O. S. Reddy – Chief Financial Officer. I will now hand it over to Mr. Amit for his opening remarks. Over to you, sir.

**Amit Raj Sinha:** A very good evening everybody. It's a pleasure to welcome you to the earnings conference call for the second quarter and first half of the financial year 2024. In the interest of some of the people who are new to the company, let me first start by giving a brief overview of the company, after which Mr. O S Reddy, our CFO, will brief you on the financial performance for the quarter under review. Sigachi was incorporated in the year 1989. Today, we are one of the leading manufacturers of microcrystalline cellulose in the world. Our company manufactures high-quality cellulose-based excipients which predominantly find usage in the pharmaceutical supplement and the food industry. The company has created a niche in manufacturing highly

innovative pre-formulated excipients and 60+ widely used excipients of international quality standards apart from giving customized solutions. From our state of the art R&D facility, we ensure continuous innovation to efficiently meet evolving customer demands. We have 2 manufacturing facilities in Gujarat and two in Telangana from where we ensure supply chain reliability for our customers across the globe. Our total capacities for these facilities are more than 13,800 tonnes per annum, which we are further enhancing by ongoing CapEx to approximately 21,000 metric tons per annum. We also have an API unit in Karnataka which has been acquired a few months back. The process of integration is on. We at Sigachi have a global sales & distribution network and are exporting to more than 60 countries across Asia, Australia, the American continent, Europe, and the Middle East.

Now, I request our CFO to give you a brief on the financial performance after which I will give you the operational highlights for the quarter. Over to you, Mr. O. S. Reddy.

**O. S. Reddy:**

Good evening, everyone. Let me first brief you on the financial performance for the Q2 of the financial year 2024. The operating income for the quarter was around Rs. 99 crores, representing an increase of about 20.2% year on year. EBITDA reported was Rs. 21 crores, an increase of approximately 31.2% year on year, and the EBITDA margin stood at 21.57%. Net profit reported was around Rs. 15 crores, an increase of 11% year on year while the PAT margin percentage was 15.22%. For the H1 of the financial year 2024, the operating income stood at approximately Rs. 184 crores, which was a significant increase of 14.4% year on year. The operating EBITDA stood at Rs. 37.8 crores, seeing a growth of approx. 16% year on year. EBITDA margins were 20.55%. Net profit stood at Rs. 26 crores, which de-grew by 1.5% while the PAT margin stood at 14.14%. Now, I hand over the call back to our MD to give you the operational highlights. Over to you, sir.

**Amit Raj Sinha:**

On the operational front the overall revenue in H1 experienced a robust YoY growth of 13.37%, escalating from INR 164.61 crores to INR 186.62 crores. The price of MCC exhibited a modest YoY growth of 1.07%, advancing from 208.55/Kg to 210.8/Kg in H1 FY24 compared to H1 FY23. The quantity of MCC demonstrated a notable YoY growth of 3.63%, increasing from 7051 MT to 7307 MT in H1 FY24 compared to H1 FY23. Sale of products increased to INR 166.46 Cr from previous corresponding Half Year H1 FY23 of INR 149.95 crores. Company is constantly thriving to improve upon its R&D capabilities and cost-effective manufacturing processes and thereby remain as a manufacturer of choice with highest quality standards. Our focus is on high margin yielding product mix and cost-effective manufacturing processes, effective management of inventory would result in an increase of EBITDA and Profitability in coming quarters. That's it from my side.

**Moderator:**

We'll now begin the question & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Rajesh Jain from NV Investments. Please go ahead.

**Rajesh Jain:** Sir, my first question is on the employee costs that have gone up on the standalone basis. Is it due to the O&M part of the job that we do or is it for any other reasons?

**O. S. Reddy:** This is on the account of it's a combination. O&M it is increasing. O&M mainly on manpower-based services are being provided. That's why our O&M is increasing. That is one of the factors. And also, we have OTC and generics are there. Those are also mostly manpower based because we don't have a manufacturing facility. We are getting manufactured our required medicines, these were outsourced. And the next major element is manpower costs of sales teams. Because of these things, it is increased. And going forward, it may come down a little.

**Rajesh Jain:** Compared to Q1 also, Q1 we were around Rs. 12.8 crores and Q2 is Rs. 14.73 crores. Any particular thing why this has again gone up so much?

**O. S. Reddy:** That is mainly one of these two factors.

**Rajesh Jain:** You are trying to say that this Rs. 14 crores per quarter is what is a steady state employee cost going forward?

**O. S. Reddy:** Yes, but going forward from the 4th quarter onwards, it will be stabilizing.

**Amit Raj Sinha:** I would just like to additionally add here Mr. Rajesh Jain that the newly acquired API facility, of course, comes in with a certain level of employee cost and there we are still working on seeing what is the best product portfolio mix to have a stable ongoing revenue. So, you will see that in terms of absolute numbers, there might be a slight increase beyond even Rs. 14.72 crores because all the 3 months, the acquired facility was not in our books. It has only come in later. I would say that this in absolute terms would go up slightly, but overall I believe, the sales would increase and in percentage terms, this will drop at a later quarter.

**Rajesh Jain:** As per my idea, this API business is under a subsidiary, right?

**Amit Raj Sinha:** Yes, that's right.

**Rajesh Jain:** I was asking for the standalone, not for the consolidated. Consolidated I can understand that this new API business also would have added the employee. Actually what I am not able to understand now is.... I am asking you whatever you said, the converse of that. In the sense, the consolidated margins are better, improved, whereas standalone has gone down. Does it mean that in your API business margins are better than the standalone?

**Amit Raj Sinha:** No, it's not that we only have API business as our subsidiary. We also have our subsidiary in Sigachi MENA in the Middle East and Sigachi US. Sigachi US has been doing fairly well because there are certain demands which have picked up and certain stocks which have been cleared

out and at our customers' end. So, most stocks have been in use. I believe the prime reason for the consolidated figure to be better is on account of the subsidiaries doing well. And among the subsidiaries, I would put it at Sigachi US.

**Rajesh Jain:** So, that is the main reason, not the API one?

**Amit Raj Sinha:** API, of course, has a contribution, but I would say it is not really the main backbone.

**Rajesh Jain:** So, I think you had given us a target of around Rs. 60 crores during the current year in the API business. I thought the difference between consolidated and the standalone is only the API where it was showing Rs. 20 crores. Is it possible to share with us what the quarterly sales for the API business is?

**O. S. Reddy:** Only 1st August onwards, the API has become our subsidiary. And August and September both put together around Rs. 7.5 crores top line is there and not contributed much.

**Rajesh Jain:** Are you confident of achieving Rs. 60 crores within this financial year?

**Amit Raj Sinha:** We are working towards it. Of course, there are certain integration issues, but we have given ourselves a stiff target of Rs. 60 crores and we are fairly confident that we would be able to get it on track.

**Rajesh Jain:** Just harping on the standalone margins, the margins are down mainly due to the employee cost being higher. Is that correct understanding?

**O. S. Reddy:** Yes, the major element is employee cost only.

**Amit Raj Sinha:** Employee cost having a higher contribution.

**Rajesh Jain:** The second is regarding your CapEx. What is the status of your MCC plant? And the CCS, what is the status of the approval?

**Amit Raj Sinha:** In terms of our MCC plant expansion, we are on track. By the end of this Q3, we should commence our commissioning activities. So, in the Q4, we will have sales which will be showing on the balance sheet. In terms of our CCS expansion, we are expecting to get the environmental clearance by December 2023. It was expected in November, but I believe that there is a slight delay in the committee. So, we are expecting that by December 2023, the environmental clearance for the site should be in hand for us, and thereafter, we will immediately commence the civil works for the site.

**Moderator:** The next question is from the line of Rahil Shah from Crown Capital Partners. Please go ahead.

**Rahil Shah:** With regards to the second half, how do you see it panning out? What kind of growth do you expect this year and next year along with your EBITDA margins? Any outlook you would like to share? What will lead to good growth? If you can share some highlights on that please.

**Amit Raj Sinha:** Mr. Shah, I would say that a 25% increase in the top line should be a fair bet for our excipient and the current running business. Over and above that if I club in the API business, that is an additional one. In terms of margin, I believe we should be comfortable on the positive side of 20% EBITDA all throughout.

**Rahil Shah:** Do you have the same expectations for the next year as well for FY25? How do you see the market? Any broad view?

**Amit Raj Sinha:** For FY25, I think it's still more than a quarter away. So, giving out expectations at this moment, I think, would be a bit too early. Probably in the next earnings calls, we should be able to give you the stretched budget of what we are looking at from our business.

**Rahil Shah:** In the previous question, I also asked what will drive the growth? How do you see this? Which particular segments or....?

**Amit Raj Sinha:** Broadly, the growth would be driven by our pharmaceutical vertical wherein our new capacities will come into force. Over and above that, the API division also should bring in a reasonable level of revenue. That should also drive our growth and contribute towards our overall business in the pharmaceutical vertical. So, it should all be pharma.

**Moderator:** The next question is from the line of Ankur, an individual investor. Please go ahead.

**Ankur:** You had given us guidance about the revenue of Rs. 400 crores for this year. Are you still giving the same guidance?

**Amit Raj Sinha:** Yes, Mr. Ankur. We continue to have that particular guidance.

**Ankur:** So, there would be an increase of about 40% revenue quarter on quarter. Is that correct, sir?

**Amit Raj Sinha:** 40% increase

**Ankur:** Yes, because, let's say if in case the guidance is for Rs. 400 crores, then for the next quarter, the revenue should be somewhere about Rs. 140 crores, the top line.

**Amit Raj Sinha:** I'm not sure.

**O. S. Reddy:** Yes, Mr. Ankur, this quarter we have crossed Rs. 100 crores. Next quarter, our API turnover also will be added and then MCC also will do better because our expanded capacities will come into force in the 4th quarter especially.

**Ankur:** That is what I was hesitant that since you said that earlier in the third quarter, we will get the revenue from the business, but now in case you are guiding for 4th quarter and Rs. 400 crores was top line minus Rs. 85 crores and Rs. 99 crores, so we will have to cover about Rs. 210 crores in the next 2 quarters. Is that still achievable, sir?

**O. S. Reddy:** Yes, it is achievable. In this quarter itself, we have reached Rs. 100 crores. In the third quarter, additionally we get API business and in the 4th quarter, additional capacities also will come into play. That's why that is easily achievable, we hope.

**Ankur:** One thing was that can you throw some light on the joint venture in MENA Sigachi region, what is that we want to achieve and what process do we have there?

**Amit Raj Sinha:** That's a very good question, Ankur. I think you have picked up the right one. The joint venture with our Saudi partner SNP (Saudi National Projects and Investments) is a very ambitious project with a very ambitious and good partner of Saudi. They are very renowned and a big partner to have in Saudi, primarily on account of the kind of network, clout, and connection they have in terms of getting the business from the Saudi government. Saudi, as we know, is very good in terms of pharmaceutical growth, primarily on account of a good population, and because of certain system changes which have been taking place, having a local company in Saudi is entitled for more business than an import. So, our prime objective is that we commence with a local entity there and gradually over a period of a couple of years work on seeing how we can establish ourselves as a manufacturing setup in the Saudi region. Once we have a manufacturing setup and we are making a certain line of products, maybe certain excipients or any ready-to-use formulations, these will become the first purchase option for every formulator in the Saudi region. And I think that should give us a very good advantage because the penetration at this moment there is very limited. With the JV being in place, I believe Saudi should come in as one of our substantial big regions for growth.

**Moderator:** The next follow-up question is from the line of Rajesh Jain from NV Investments. Please go ahead.

**Rajesh Jain:** Sir, I have 2 questions. The first one is regarding the food & nutrition segment. Is there any positive response we have got? Any customer we could enroll? Anything sir on that?

**Amit Raj Sinha:** We have been having a positive response from a certain set of customers in the African region, in the Middle East region, and in the Asia-Pacific region, and also in the US region. We are only working to see which way we can have better volumes at a fair margin. Right now, the volumes are lower, but we are working to see how we can have regular consignments of this transaction happening across these regions. These transactions are intermittent, and our objective is to see how we can have a regular monthly transaction. I'm sure you would appreciate, Rajesh, that we have distributors and even end customers across just about all the continents and the 60 countries that we export to. So, adding a new portfolio of products is not really a challenge.

However, getting the product approved from the end customer in their region, I think, does take time. Sometimes it does happen that samples don't clear the way it is supposed to be as per what the customer wants and then there is a second sample sent. Basically, I believe nutrition & food should come in as good growth over the next couple of months and definitely in the next financial year.

**Rajesh Jain:** Sir, I was under the impression that you are targeting more on the domestic customers, particularly the pharma. We have a lot of food & pharma companies in and around Hyderabad. So, I was under the impression that you are targeting more of that.

**Amit Raj Sinha:** No, we are not really targeting domestic customers in the food & nutrition. Of course, we have customers, but that's not really our focus. Our focus is to see how we can have bulk business across the continents from the distributors where we have relations already.

**Rajesh Jain:** This, as per you, would take another 6 months or so? Maybe from FY25, things would start showing some results in this segment?

**Amit Raj Sinha:** It would become more reasonable. It would not really be small intermittent volumes, it would be a fair volume, and we'll be happy about it.

**Rajesh Jain:** Having run so far, do you think the margins would be similar to the ones that we have existing for the MCC business?

**Amit Raj Sinha:** No, MCC business is a very niche product we have, sir. It would not be as per that because in MCC, there is a lot of value add we have. We have a variety of 60 different grades of pre-formulated excipients and basic excipients. The kind of value add I do to my customer in excipients is far more than what I do in terms of food & nutrition. So, I believe it will not be as much as what the MCC business commands. But I would say it is a supplementary product line to have because there are customers in the food part who consume cellulose ingredient as a dietary fiber and they also need nutritional ingredient for the label claims. There are label claims which go in as with added calcium, with added zinc. For all these label claims, they take in cellulose as a non-calorific dietary fiber and they also need to take in this. It's a very complimentary product for our distributors as well as the food end customers.

**Rajesh Jain:** Sir, if my understanding is correct, you would be using MCC in these products, right?

**Amit Raj Sinha:** Of course. There are combinations where MCC goes in as an ingredient into these forward-integrated formulas which go into food, which go into nutrition.

**Rajesh Jain:** Sir, my second question is regarding CCS. As of now, any other company is manufacturing this product in India?



**Amit Raj Sinha:** We have a company by the name of Gujarat Microwax manufacturing this product at Ahmedabad.

**Rajesh Jain:** Sir, is it the same as Accent Microcell Private Limited? Is it the same one?

**Amit Raj Sinha:** No, Accent Microcell is another company. Gujarat Microwax is a much bigger company and they have a joint venture with the world No. 2 in making excipients.

**Rajesh Jain:** You are saying that there are already manufacturers for this product also?

**Amit Raj Sinha:** Of course, there is a manufacturer because there is a demand for this product. It is but natural that there would be suppliers who would be making this product. What I speak of is that Gujarat Microwax is one among the predominant leaders for this product and is a very old player. I believe they are as old as Sigachi.

**Rajesh Jain:** What I meant to say is currently these 2 or 3, whatever the number of companies making this product, are they able to meet the demand or the CCS is being imported from outside also?

**Amit Raj Sinha:** Rajesh sir, the CCS has a huge import, and that is one of the reasons that CCS is part of the complex excipient which is approved under PLI. It is very necessary to \_\_\_\_\_26:40\_\_\_\_\_ import to be stopped and that is the reason that the PLI has been approved. In fact, Sigachi's PLI as and when the environmental clearance goes through, we will be even eligible for the PLI under this product. We would have to apply and get it approved, but I'm sure we will have it approved.

**Rajesh Jain:** The reason for asking is as and when we commission, there should not be any challenge in ramping up the production. That was the question actually.

**Amit Raj Sinha:** I don't see that it will be a challenge because India of course is a good market. But historically and even going forward, our focus will always be on the export markets because in the export markets, the realizations are better. So, I'm very sure and confident that there will be no challenges in terms of marketing or selling the new product of croscarmellose (CCS).

**Rajesh Jain:** Lastly, it's regarding the API business. Now that you are already more than 3 or 4 months since the acquisition, the potential for the company and other things that you had planned or thought, do you feel all those things are possible to achieve? And the infra, whatever their staff, everybody is capable of? Whatever you had thought and bought this company, is it as per your estimation?

**Amit Raj Sinha:** It is definitely as per our estimation, because we did not do a lot of due diligence, background review, site inspection, third-party checks, all that was done. So, it's definitely there. We only need to work out to see how do we change the track. We have had the subsidiary, the company doing its activities and operations independent of Sigachi. Now what it needs to do is it needs

to switch over to the way Sigachi works. Integration, of course, takes time. The most important thing is to align as to how do we work out to see that we have whatever are the targeted product lines, we firm up that, we firm up the chemistry, and then we have it regulatory approved from European Directorate of Quality & Medicine and of course the US FDA. Once that is there, it will be a very positive step in terms of bettering our margins and of course our markets.

**Rajesh Jain:** Last time, you had mentioned about the plan that you have for this company over a period of next year or two. What I was trying to find out is all those things you feel it is possible to achieve, there are no hiccups or something like that.

**Amit Raj Sinha:** No, there are absolutely no hiccups. We have already planned for additional CapEx investment in the subsidiary for increasing the capacities. All that is on track. We are not really commencing the CapEx right now because we would want to stabilize what is already there. And once things get stable and things move, then we will start putting in the CapEx for added expansion. But it is very much on track the way it was envisaged when we had the acquisition done, sir.

**Rajesh Jain:** That means the CapEx to expand the capacity, that is still not started for this plant?

**Amit Raj Sinha:** No, it has not started. We expect it to start in another 3 months.

**Rajesh Jain:** Other than our MCC plant at Dahej, are we starting at Hyderabad also the modernization of the plant or not as of now?

**Amit Raj Sinha:** Modernization of the plant is a very slow and ongoing process. The facility remains the same, certain technologies which have changed, certain water recycling systems which have come in all those things. That all continues. I would say that it is not really a start and a stop. It continues round the year. We keep changing the air handling units as per what the requirements of the FDA is or whatever is the requirement of any specific outside third-party audit. So, it's not that we are going to have a start and a stop for the Hyderabad modernization, but for a brownfield expansion like what we had for the subsidy of API facility, there we would have had a start and a stop because it will be a completely separate production block.

**Rajesh Jain:** That means, for the Hyderabad plant, we will take up maybe in this calendar year?

**Amit Raj Sinha:** I believe it will continue. CFO correct me if I'm wrong. I believe the expansion of the Hyderabad unit would continue on a regular basis because nothing will be stopped because the production has to continue. So, it'll not really be stopped. There are no new production blocks being added.

**Rajesh Jain:** That is a separate block, so it can be done without any interference with the current planned production?

**Amit Raj Sinha:** Absolutely.

**Rajesh Jain:** Sir, you had given us some 18 months target as and when we get the environment approval for the CCS. Do you still stick to that 18 months for commissioning?

**Amit Raj Sinha:** Yes, very much. 18 months, the moment we have the environmental clearance in place, everything else in terms of design, the vendors, everybody is ready. We would start dishing out purchase orders and advances for the suppliers so that things just get ahead. The civil vendors, everybody is on track.

**Rajesh Jain:** Sir, last question. We are expanding into so many segments. I know a few of them are complementary like MCC, CCS, and food & nutrition segment and now API. Do you think the management has enough bandwidth to take care of all these things at the same time?

**Amit Raj Sinha:** Yes, because these are all related, the management bandwidth becomes very complementary. In the overall pharma ecosystem, the excipients and the APIs are complementary. No formulation can be made without the excipients; and API, of course, is necessary. So, it becomes complementary. Our customer base remains the same. Our pharma ecosystem of keeping a facility as per US FDA standards having an audit remains the same. Only thing that changes is the chemistry. So, I don't really see that we need to have a stretch on the management bandwidth. I think it's a very comfortable related diversification. In fact, I would say most of the MCC manufacturers have an additional product of CCS. So, I believe that there is no real stretch on the management bandwidth with these lines of products.

**Rajesh Jain:** Sir, I'm still tempted to ask you one more question related to this. Now that you have a spare land at Kurnool, I hope you will not come out with some announcement for some project in that land.

**Amit Raj Sinha:** Very difficult to answer this, but one thing is there, sir, that we don't wait for a perfect situation for taking the first step. We look out for opportunities and jump in into opportunities even if there is a bit of ambiguity because when the ambiguity clears and when the things are crystal clear, there will be big players who would have already been kilometers ahead of us. So, the moment we see a trend, the moment we see an opportunity, the moment we see that there is something good, we should take the steps because that is how, because it is always a combination of risk and rewards. If we play it safe, we will probably be last in the queue. If we take a bit of risk and we speed ahead, we will probably be the first among all. We just have to work out and see what is the most appropriate step to be taken in the interest of all of us.

**Moderator:** The next question is from the line of Abhay Jain, an individual investor. Please go ahead.

**Abhay Jain:** I only have one question. Regarding the CapEx of 7,000 MTPA, you said in the previous call that 10% of the CapEx will kick in in Q3 and 25% in Q4. Are we sticking to the same guidance?

**Amit Raj Sinha:** I believe that this 10% might not really come in. We are in the process of erection and commissioning. By the time the erection and commissioning gets complete, I think we would be at the fag end of Q3. The commissioning and subsequent sales would then thereafter reflect in the Q4. In the Q4, I believe 25% of the added capacity would be a fair figure to target at this moment.

**Moderator:** The next question is from the line of Madhur Rathi from Counter-Cyclical Investments. Please go ahead.

**Madhur Rathi:** Sir, I just wanted to understand where do we see our business going in the next 3 to 5 years?

**Amit Raj Sinha:** Mr. Madhur, you are indicating in terms of geographies, customer base, product lines, or the industry based scenario?

**Madhur Rathi:** In financial terms as well as in general, as you highlighted that we are focusing on pharma right now, what other growth drivers will be for the financial metrics that we can achieve or we have targeted for the next 3 to 5 years?

**Amit Raj Sinha:** In 3 to 5 years, of course, the pharma vertical would continue to be the backbone of our growth. We would continue to invest further into capacities, into related product lines, into facilities to be able to have at least 25% top line growth over the next 3 to 5 years. All other complementary verticals like food & nutrition would have their fair share of growth. On the operation & management part, I believe we should see some good business in terms of certain joint ventures which we have signed with international parties over the last 1-2 months. In summary, I would indicate that I'm looking at at least a 25% growth year-on-year over the next 3 to 5 years.

**Madhur Rathi:** Will we see our margins improving? Will we now go to these related products and provide and become a bigger part of the value chain?

**Amit Raj Sinha:** I definitely do see my margins improving in the API space after we have the regulatory certifications and the audits done because that should be a possibility and that should reflect on our total margins as well.

**Madhur Rathi:** Sir, one bookkeeping question. The other current liabilities for H1 have increased from Rs. 9.4 crores to Rs. 118 crores. That's what I was asking about. Page No. 12 of our investor presentation.

**O. S. Reddy:** The increase in other current liabilities is due to the provision created for the purchase consideration payable regarding the acquisition of Trimax Biosciences Private Limited, an API manufacturing unit in Raichur.

**Moderator:** As there are no further questions, I will now hand the conference over to the management for closing comments.

**Amit Raj Sinha:** Thank you all for participating in this earnings con-call. I hope we answered your questions satisfactorily and at the same time offered insight into our businesses. If you have any further questions or want to know more about the company, please do get in touch with our Investor Relations managers at Valorem Advisors. Stay safe, stay healthy, and enjoy the Indian team play at the World Cup.

**Moderator:** On behalf of Sigachi Industries Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.