Date: 13th November, 2024

To,	To,
BSE Limited ("BSE"), Corporate Relationship Department, 2nd Floor, New Trading Ring, P.J. Towers, Dalal Street, Mumbai – 400 001	**National Stock Exchange of India Limited ("NSE")** "Exchange Plaza", 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
BSE Scrip code: 543399	**NSE Symbol: TARSONS**

Subject: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcripts of Earnings Conference Call

Dear Sir/Madam,

With reference to the captioned subject and in continuation to our intimation dated 8th November, 2024, please find enclosed herewith the transcripts of the Investor Conference Call held on Friday, 8th November, 2024, to discuss the financial and operational performance/Unaudited Financial Results (Consolidated & Standalone) of the Company for the quarter and half year ended 30th September, 2024.

The transcripts of the said conference call will also be uploaded on the Company's website at www.tarsons.com.

This is for your information and record.

Thanking you,

Yours Faithfully,
For Tarsons Products Limited

SANTOSH KUMAR AGARWAL
Digitally signed by SANTOSH KUMAR AGARWAL
Date: 2024.11.13 15:59:01 +05'30'

Santosh Kumar Agarwal
Company Secretary & Chief Financial Officer
ICSI Membership No. 44836

Encl: As above

"Tarsons Products Limited
Q2 FY '25 Earnings Conference Call"
November 08, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 08th November 2024 will prevail.

MANAGEMENT: **MR. ARYAN SEHGAL – PROMOTER AND WHOLE TIME DIRECTOR – TARSONS PRODUCTS LIMITED**
MR. SANTOSH AGARWAL – CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY – TARSONS PRODUCTS LIMITED

MODERATOR: **MR. SUNDAR – AVENDUS SPARK**

Moderator: Ladies and gentlemen, good day, and welcome to Tarsons Products Limited Q2 FY '25 Earnings Conference Call hosted by Avendus Spark. This conference call may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sundar from Avendus Spark. Thank you, and over to you, sir.

Sundar: Thank you, Del. Festive greetings to one and all from Avendus Spark. On behalf of Avendus Spark, we welcome you to the 2Q FY '25 Conference Call of Tarsons Products Limited. From the management side, we have Mr. Aryan Sehgal, Promoter and Whole-Time Director; and Mr. Santosh Agarwal, CFO, on the call.

I now hand over the call to the management for the opening remarks and for the subsequent question-and-answer session. Thank you, and over to you, sir.

Aryan Sehgal: Good afternoon, everyone, and a very warm welcome to our Q2 and H1 Earnings Conference Call. Along with me today, I'm joined by Mr. Santosh Agarwal, Chief Financial Officer and Compliance Officer for Tarsons; and SGA, our Investor Relations Advisors. We have uploaded our quarterly investor presentation on the stock exchanges and Company's website. I hope you all have had an opportunity to go through the same.

The domestic and international market for plastic labware remains subdued for the last few quarters. However, our recent interaction with customers, we are seeing an indication of industry resurgence along with the rise in order inquiries in both the international as well as the domestic markets.

The industry has faced several challenges over the past 2 years but we believe these are temporary. With our decades of experience, we have encountered similar situations in the past and have successfully overcome them. We believe that the sector now seems to be on a recovery mode as evidenced by the rising demand and our growing clientele. We see the current situation as a chance to expand and fortify our footprint in both the domestic and foreign market.

We are in a strong position to gain traction by utilizing our cost-effective manufacturing processes and high-quality product line offering. We plan to progressively grow our market share on the back of our products' dependability from deliveries with the long-term objective of capitalizing on the growing market opportunity.

In the interim, we have been actively participating in several international and domestic exhibitions to capture new customers and target new markets. These platforms have given us the opportunity to showcase our broad range of products, its durability, variety and exceptional quality to prospective customers.

One of the most important aspects of our long-term growth strategy is our involvement in these events. We hope to draw attention from a wide variety of sectors and regions by presenting our products on a global scale. Initial engagement along with several fresh possibilities of deeper inquiries have been received. However, order conversion may take some time.

We think we are headed in the right direction and should be able to increase our revenues over time from these new clients and once our new facility gets fully commissioned. In addition to reaffirming our dedication to growing our worldwide presence the strategic approach guarantees that we will be in a strong position to gain a greater market share as we continue to launch new products and improve our current lineup.

By increasing our capacity and capabilities with our planned plant in Panchla, we have also made a significant process. This facility has been constructed with the intention of meeting the expanding needs of plastic labware industry over the next 3 to 5 years. To expand our offerings and expand our addressable market, this new facility will not only boost the manufacturing capacity of our current product line, but we also intend to introduce new products like the cell culture line, to enhance our total addressable market.

Our plant in Panchla has started trial production for various product lines. There is a slight delay in the production due to the damage of the machinery modules during the sea transit in the previous quarter. However, we anticipate that the facility will be fully operational in the next few months, enabling us to generate revenues in FY '26 and beyond.

There is a high degree of operating leverage in our business and as revenues will increase, there will be faster adoption of the fixed costs, enhancing the margins moving forward. This new Panchla plant will increase our capacity and will also help us to participate in large global bids. From this Panchla plant, our target will be to serve both the domestic and the international market as we are already a well-known brand with firm client connections cultivated over many years.

This new facility will be able to provide a wide range of products for the plastic labware industry in India and globally, establishing Tarsons as a comprehensive and one-stop shop for plastic labware solutions, supporting us in gaining a large portion of new and existing businesses.

Regarding our Q2 performance, we are happy to report that our standalone revenues stood at INR 80 crores, up from INR 66 crores in Q2 FY '24, reflecting a growth of around 21%. We have been able to increase our top line indicating increase in the market share in the industry among our customers. This also indicates a gradual demand recovery and allows us to believe a positive recovery is around the corner and reaffirms our optimism for future growth and profitability.

In FY '24, we acquired Nerbe, a German distributor of plastic labware to establish a local presence and expand our footprint in strategic regions. Currently serving a number of clients in different areas, Nerbe will provide Tarsons a good strategic entry point in the years to come. To promote our new products and increase Tarsons' product line across Europe, we want to take advantage of Nerbe's capabilities. We have no doubt that this approach will boost Tarsons' sales, attract new clients and boost our profitability.

On consolidated levels, revenue for Q2 stood at INR 99 crores, and for the first half of the year stood at INR 184 crores. With this, I would like to hand over the call to Mr. Santosh Agarwal, CFO for Tarsons, for his comments on the financial highlights.

Santosh Agarwal: Good afternoon everyone, and a very warm welcome to our Q2 and H1 FY '25 earnings call. On a quarterly basis, the standalone revenue from operation for Q2 FY '25 stood at INR 80 crores, which has increased as compared to INR 66 crores in Q2 FY '24 at a growth of 21%. Our consolidated revenue from operations for Q2 FY '25 stood at INR 99 crores, revenue from Nerbe for Q2 FY '25 is INR 19 crores, which has been consolidated from 1st of January 2024. For Q2 FY '25, on a consolidated basis, the revenue from overseas stood at INR 47 crores and domestic at INR 52 crores.

When we talk about the EBITDA, our standalone adjusted EBITDA for Q2 FY '25 stood at INR 29.8 crores as against INR 25.4 crores in Q2 FY '24. The standalone adjusted EBITDA margin for Q2 FY '25 stood at 37.2%. The consolidated adjusted EBITDA margin for Q2 FY '25 stood at 31.9%. Margins were partially impacted due to certain reasons like additional provisioning of INR 6.3 crores has been made in Q2 FY '25 on the account of machine models damaged during transit.

We are replacing the same instead of repairing the same in consultation with the overseas vendor. We have submitted the insurance claim for the same. And the second reason is a change in product mix and the last reason is a lower EBITDA margin on account of Nerbe, which is a trading entity.

When we talk about the PAT, standalone profit after tax for Q2 FY '25 stood at INR 12.9 crores with PAT margin of 16.1% and consolidated profit after tax for Q2 FY '25 was INR 10.3 crores with a PAT margin of 10.4%.

When we are talking about the half-yearly numbers, the standalone revenue from operation for H1 FY '25 stood at INR 145 crores, which has increased as compared to INR 129 crores in H1 FY '24 at a growth of around 12.5%. Our consolidated revenue from operations for H1 FY '25 stood at INR 184 crores. Revenue from Nerbe for H1 FY '25 was INR 39 crores, which has been consolidated from 1st January, 2024. For H1 FY '25, on a consolidated basis, the revenue from overseas stood at INR 89 crores and domestic at INR 95 crores.

At an EBITDA level, our standalone adjusted EBITDA for H1 FY '25 stood at INR 49.9 crores as against INR 49.5 crores in H1 FY '24. The standalone adjusted EBITDA margin for H1 FY '25 stood at 34.4%. The consolidated adjusted EBITDA margin for H1 FY '25 stood at 29%.

Margins were partially impacted due to lower EBITDA margin on account of Nerbe, which is a trading entity.

At a PAT level, the standalone profit after tax for H1 FY '25 stood at INR 19.4 crores with a PAT margin of 13.4% and consolidated profit after tax for H1 FY '25 was INR 14.3 crores with a PAT margin of 7.8%. The consolidated net debt as on30th September stands at INR 285 crores.

Let me talk about the Nerbe financial. The Company has clocked quarterly revenue of around INR 19 crores and a half yearly revenue of INR 39 crores. In Q2 FY '25, Nerbe reported PAT of INR 36 lakhs and in H1 FY '25, Nerbe reported a PBT of INR 1.07 crores.

With this, I would like to open the floor for Q&A.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Jaiveer Shekhawat from Ambit Capital.

Jaiveer Shekhawat: Team, congratulations on encouraging recovery in this quarter. So I think my first question is just to understand that better. So it's been almost 12, 13 quarters wherein you had either reported flat or sort of decline in revenues. This quarter, there has been a very encouraging pickup in your stand-alone business. So what's leading to that, if you can call out which end user segments are really driving this demand increase? And also whether this has sort of sustained in the third quarter as well?

Aryan Sehgal: So I think the overall industry seems to be in a better position at this point of time. Internationally, we see a lot of demand recovery coming from the United States and Europe, which are primarily our major markets internationally. So there were a lot of inflationary pressures over the last few quarters, along with overstocking and less demand in the U.S. I think a lot of demand has started to pick up in the U.S. and Europe was less impacted as compared to the U.S., but things seem better in the U.S. as well.

Similarly, in India, I think our major customer base of research, which is government, semi-government, then there is the biopharma and the pharma group, which includes the CROs, the pharmaceutical companies, the biopharma companies, the educational institutions, and then the diagnostic and the hospital segment, I think most of the segments are consistent, doing well. I still feel that the private customers in the biopharma and the contract research organizations continue to outperform the other sectors. But all the 4 major customer groups in India seem to be relatively stable at pre-COVID levels and positioned to grow at industry levels from here onwards.

Jaiveer Shekhawat: Sure. Second, you also called out additional provisioning on your machinery, which got damaged in transit. So is there any further provisioning that is left with respect to the machine?

Santosh Agarwal: So Jaiveer, I would like to take this question. So, we have initially estimated INR 3 crores of provision in the first quarter. We thought that we will do the repair. But later on in the second quarter, we came to know that repair is not viable. That's why we are going for the replacement of the complete module. That's the reason this total provision of around INR 9 crores has been done and insurance claim already been submitted, and we are waiting for the claim approval. But we don't think that there will be any additional provision for that.

Jaiveer Shekhawat: Sure. That's very helpful. Thirdly, on your Panchla facility, you've guided that possibly by end of this year, you will be able to fully operationalize the facility. So I mean, without the capacity, I mean, what kind of a peak revenue potential can you achieve? And then with that facility operational, I think what would be the peak revenue potential for Tarsons at that moment?

Aryan Sehgal: So at this point of time, I believe that with the exception of these replacement modules and certain other machines, most other machines could be operational by this financial year end, which is about 4 months away. But the products which we are replacing, which were damaged and certain cell culture lines could be installed and commissioned in Q1 of the coming year. But without Panchla generating any revenue, I believe that the company has a potential revenue of about INR 350 crores to INR 360 crores. And post-Panchla be operational, it's equal to almost our Company size, so another INR 350 crores to INR 360 crores.

Jaiveer Shekhawat: Sure. And we have not really seen any material decline in your inventories and plus even your borrowings have sort of increased. So what's the plan of action there to sort of reduce the inventories and then the borrowings as well?

Santosh Agarwal: If you see our inventory level in the month of March and in the quarter of June, that was around INR 110 crores. And if you see our current inventory level, that is also at sub-INR 115 crores. But if you compare just inventory with our sales, that has been better optimized in the current quarter. So, in the last quarter, if we have done INR 62 core of revenue, in this quarter, we have done about INR 80 crores of revenue, but the inventory level is almost same.

Jaiveer Shekhawat: Sure. And any comments on your borrowing levels as well because that continues to sort of balloon up?

Santosh Agarwal: Regarding the borrowing, we believe that borrowing level will stay at the same level for a certain point of time, maybe for 2 to 3 quarters. And after that, we will see a decline on that. But we don't see any further increase in the borrowing level in the longer run.

Jaiveer Shekhawat: Sure. And my last question is possibly on your Nerbe entity as well because if you see you consol level margins, I mean these are still hovering in the mid-20s range. So I mean what would be your strategy to sort of turn around margins for your Nerbe entity? And then I mean, where do you see the consol margins sort of heading in FY '26 and '27?

Aryan Sehgal: So I'm not looking at it on a consol level for now. I think our entire strategy over the next 2 to 3 years would be to be able to align all the revenue synergies, what Tarsons has with Nerbe. And Nerbe is a different entity, which runs in Germany. It's a part of the Tarsons Group, but there are certain cost structure, certain obligations. And it would probably not be possible for Nerbe to have similar revenues as that to Tarsons because if we would be having products delivered from Tarsons, Tarsons earning its margin, for Nerbe to earn similar margins, then go to the end customer, I don't think the market has an appetite for such kind of pricing. So Nerbe would always have distributor-like margins, which would be significantly lower than manufacturing level margins, but the whole idea would be to be able to scale up and synergize to the peak potential in the next 2 to 3 years, whatever Tarsons can do with Nerbe.

Moderator: The next question is from the line of Abdulkader Puranwala from ICICI Securities.

Abdulkader Puranwala: So first question is again on Nerbe. So I mean, have you started shipments for Nerbe from the India manufacturing plant or this continues to be sourced from overseas only?

Aryan Sehgal: It continues to be sourced from outside Tarsons at this point of time.

Abdulkader Puranwala: Okay. And any plans to bring that to your India facility?

Aryan Sehgal: See, at this point of time, we are looking to stabilize the plant what we are building. I've spoken in the last question, this plant would be the size of the entire Company. So we are probably -- as this plant is doubling the capacity of our Company. So we were supposed to do the integration around this time around, but slight delays in the Panchla facility have caused this delay. So once we have our capacities and our product lines in place, we would start the integration process.

Abdulkader Puranwala: Understood. And second is on Panchla. So in terms of your commercialization, so what would be the impact of this machinery? What has got impacted in terms of your commercialization? Do you see that this to be critical for your early commercialization for a new set of products and that gets delayed? And second is, by when do you expect the insurance claims to get reimbursed for the losses that you have incurred?

Aryan Sehgal: So for the first question, there's a delay in time and we placed the replacement orders for the modules which were damaged. And we expect the modules to be commercialized in the first quarter of FY '26, the damaged modules to be replaced, delivered to us and commercialized. We've got the right people and the right team and the best minds to handle our insurance case with the insurance company, and that's all I can say for now.

I don't know when this would end and when it would come in our favor. But what I understand from the experts who are dealing with our case, that our case is strong. And it's a clean case of products being damaged during transit for which there was an insurance.

Abdulkader Puranwala: Okay. Got it. And just a final one on the industry. So you talked about the industry showing some early signs of some bounce back. So I mean does that make us confident that this 20% growth, what we have showcased in the standalone business, that gets continued for the quarter? Or if we have to talk about FY '26, what is the kind of visibility do we have there?

Aryan Sehgal: So we won't be giving any forward-looking statements on what sort of growth we expect. We're not giving any guidance here. But Tarsons has grown sustainably at 16% to 18% from the last 15 years up until our IPO. Then we came through this phase of post-COVID overstock and slump in industry demand. So those were the 2 years in the last 17 years that we had not grown in that

CAGR of 16% to 18%. So the industry is stable and smooth and so is our Company, product and operations, I don't see that being repeated again.

Abdulkader Puranwala: Okay. Understood. And just a final one on the cell culture business what you have talked about earlier. So I mean, in terms of commercialization, what is the timeline there? And any customer addition or any outlook on the revenues for that particular segment would be helpful.

Aryan Sehgal: So we have approximately 7 or 8 production lines coming in cell culture. The first production line is ending commercialization in our facility as we speak today. So just to give you an idea, the people who came down to commercialize this project, came down in the first week of September. And they would be closing this plant and successfully giving us the certificate and leaving by this week.

So it was an 8-week process -- with certain holidays of Durga Puja and Diwali in middle. So similarly, with Line 1 done, we have Line 2 and Line 3 already delivered to us and such commercializations would start in the coming weeks of November. So we have 7 total lines of cell culture, which would be installed, and we expect 3 or 3.5 lines to be done by this calendar year, which is 31st December, and the other ones in the preceding months, which is Jan to March.

Moderator: The next question is from the line of Vipin Goel from Mirabilis Invest.

Vipin Goel: Sir, I had a question on the gross margins of the standalone entity. I also suppose in the initial remarks you alluded to the commentary where you said that there is a change in product mix, which led to lower margins. So can you comment on the gross margin for the standalone entity? Because about 2 years back or so, we were operating at about 80% gross margins, that’s now come down to 70%. So what has changed there?

Aryan Sehgal: So we ran at 80% gross margins for 2 quarters, and that was during the COVID period when there was a sale of a lot of high-end one-time products, which were not repeated in PCR testing or RT-PCR testing. But historically, the Company run around gross margins of early 70s, mid-70s, and that's what I've always said we could maintain. However, change in product mix is launching of new products to offer promotional prices, to propel change for customers.

A lot of inventory in the system and being able to offer competitive prices, to move product, all that leads to lower gross margins. And I think we're in a very healthy position at this point of time in terms of our margin, and we would not hesitate if our margins move slightly up or slightly down as we scale up our business in the future.

Vipin Goel: Got it. So 70% is a good go-ahead and long-term average that can be assumed for the current portfolio mix?

Aryan Sehgal: Since we don't have one product which decides our margins or two or three products, we're working on 3,000 SKUs, and we don't have any like top-selling or hero products, where I think one SKU or 5 SKUs account for 50% or 60% of our business. So I don't have so much of visibility. I would say about 300 or 400 SKUs account for about 90% of my business or 80% of my business.

So any change in those mixes, any change in market scenarios, any change in market conditions, that could be large RFPs or large global business which I would like to win. So I would like to restrict myself saying 70% -- if our business grows at a very, very healthy rate, and that should become 67%, I would not hesitate. But if that should become 40% or 50%, I would probably have to think twice because there are other costs associated with the company.

Vipin Goel: Got it. That's very helpful. And sir, one question on the Nerbe entity. So, while I understand that you initially mentioned that the entity will always have a distributor margin. So, to put a number to that. So what would that be? Is it like 10% or 15% or what percentage number of margins would be?

Aryan Sehgal: So, I don't think the EBITDA levels to expect the European company, especially operating in Germany in the life science sector, to have more than 15% EBITDA margin. If you look at the leading companies in Europe, which include the manufacturing of certain consumables, which are similar to what Nerbe does business in, they would operate at around 18% to 20%. So being an entity, which primarily is a marketing agency for such products, I think in or around the 15% mark would be a reasonable estimation.

Vipin Goel: Got it. Sir, I mean -- I might be wrong here, but when I look at the press release, which was put out when we had acquired Nerbe, at some point and probably that was also a COVID-related factor. At some point, they were reporting double-digit margins, 30 -- 20 -- 25 or 30 in that range. So was it like again, a COVID-related factor? Is there something has changed after we acquired the company and it has become…

Aryan Sehgal: What really happened, the Nerbe revenue was around EUR 30 million back in COVID. And today, it's a fraction of that. So the testing in Germany and around Europe was at its peak, and Nerbe had a very, very efficient supply chain management and very, very efficient suppliers who they have long-term agreements with. And they could utilize and leverage their network and their supply-chain capabilities to have product available when nobody had product available for critical testing of patients and that led to a huge surge in demand.

But Nerbe overall, moving forward, is a company which is more towards the life science industry, where we are present in, which is looking after researchers who are using the product to conduct research, conduct clinical trials or to conduct any sort of vaccine production and so on. But Nerbe's main business that generated those revenues were more towards patients and medical, which is not its core business, which was swabs. And today, that is diverted back to the life science business. So, it was a one-time opportunity, which is today lost, post-COVID.

Santosh Agarwal: And just to add, if you talk about Nerbe result, in calendar year 2021, they reported EUR 30 million revenue, right? And at that point of time, the gross margin was about 50%. And when we are reporting about EUR 4.2 million of revenue in H1, at this time also, the gross margin is about 50%. So only thing which changed is the sales revenue, because at that point of time, the EBITDA was about to be 35%. And now their EBITDA in H1 is about 10%.

Aryan Sehgal: I mean, also still nothing changed in the size of the company, but the revenues ballooned up because of the great COVID opportunity that they had.

Vipin Goel: Got it. That's very helpful. Sir, just -- I mean, as I'm just trying to kind of form an opinion on the -- for instance, the demand scenario is improving, as you mentioned from particularly from U.K. and then U.S. is also kind of reviving. So how to basically think about, let's say, the growth between the international business and the domestic business? In terms of revival, what would be the pecking order? And then what quantum of growth can we can assume for the two regions?

Aryan Sehgal: I assume that overall, the business in the international or the overseas business, the growth will be faster just because of the sheer scale of the business outside India. And our lower base outside India plus with the acquisition of Nerbe, our ratio of revenues have been quite aligned, almost equal between international and domestic. And domestic, our base is much higher. We are one of the market leaders. So, our position is much stronger. So I feel that we would have solid growth domestically as well. But the numbers or the percentage might look better internationally or overseas as compared to domestic in the future.

Vipin Goel: That's helpful. I'll just put in last one, which is a book keeping question. Just the INR 6 crores and INR 3 crores expense that we incurred because of this equipment provision. So that's sitting in other expense?

Santosh Agarwal: Yes, that is classified in other expenses. Absolutely.

Moderator: The next question is from the line of Jasdeep Walia from Clockvine Capital.

Jasdeep Walia: You had launched some cell culture products 5, 6 months back, I think PET bottles and some other products which are ancillary products to cell culture production. What has been the progress there? And have you been able to get good marquee customers in India who started buying those products commercially from you on recurring basis?

Aryan Sehgal: Yes, we have been able to win some customers in India and overseas who are buying these products on a trial basis. So now, you know, if they have a demand of 100, they give us a certain portion of orders to see whether we can deliver and we see that their products sustain because they use high-end cell culture media to store and ship through these PETG bottles. And hence, at this point of time, they've tried our products, they liked it, things work out well for them, and so they decided placing giant orders.

Jasdeep Walia: So they started placing commercial orders now?

Aryan Sehgal: Absolutely, yes.

Jasdeep Walia: Got it, sir. And how scalable is this product segment, sir? If you could just give us the size of the segment in India?

Aryan Sehgal: I think the size of the segment in India would be approximately $ 6 million to $ 7 million, the whole market for PETG bottles.

Jasdeep Walia: Got it. And this will be primarily catered by global brands?

Aryan Sehgal: Primarily imported for now. There's two segments. One is PETG, one is PET. So there are a lot of companies in India which manufacture the PET bottles. PET is widely used and in various customer segments and various customer price points, but PETG still continues to be a specialized product line for cell culture.

Jasdeep Walia: Thank you, sir. That's all from my side.

Moderator: Thank you. The next question is from the line of Souresh Pal from KRSP Capital Limited. Please go ahead.

Souresh Pal: Sir, my question is what is the outlook for this financial year regarding our revenue and margin both standalone and consolidated basis? Since we have seen an uptick both quarter 1, quarter 2 in terms of margin. So if you can share some light?

Aryan Sehgal: So I don't have any guidance numbers but we were close the year at, but I think the momentum is on the upwards and we should have similar quarters as this current quarter in the remaining 2 quarters.

Souresh Pal: Thank you, sir. That's all from my side.

Moderator: Thank you. The next question is from the line of Jatin Chawla from RTL Investments. Please go ahead.

Jatin Chawla: My first question is, when I look at your balance sheet, your property, plant and equipment number has gone from like INR 245 crores to INR 390 crores and we still have a CWIP of about INR 200 crores. So broadly from a INR 240 crores net fixed asset, we will go to almost like INR 600 crores. So with that, what is the kind of increase in depreciation should we expect? Should we expect the depreciation number to go like INR 70 crores, INR 75 crores going forward?

Santosh Agarwal: No, I think in this year, our depreciation number, we believe that should be approx. INR 45 crores to INR 55 crores.

Jatin Chawla: No, I was talking about 2 years out once the entire capex is done?

Santosh Agarwal: You're talking about the entire capex when it will be completed, correct?

Jatin Chawla: Yes, once all the capex is completed, what would be like a quarterly depreciation rate? I think right now, it is at INR 12 crores. Will it move to INR 17 crores, INR 18 crores or how do you see it moving forward?

Santosh Agarwal: It can move. Only thing is that we are following a written down value method. So the depreciation on the previous machine will keep on reducing and the additional depreciation will come for the new machines. So, it should not move beyond INR 70 crores but we need to see what category of the property and plant and equipments are there because different depreciation rates are there.

Jatin Chawla: Understood. My second question was on the Panchla Plant, what sort of costs are already reflected in the 2Q results? So once commercial production starts, will we see some operating leverage because there are some costs which are sitting in the 2Q results?

Aryan Sehgal: So I think we will see operating leverage once we start scaling up. We will see a lot of operating leverage. At this point of time, we have nearly 30% to 40% people already working on the floor because of trial runs. A lot of fixed costs in terms of electricity, maintenance and other things all being paid, but I think the immediate operating leverage may not be there, but as we scale up and start getting volumes from Panchla there would be significant operating leverage.

Jatin Chawla: Understood. And you said you will start integration with Nerbe, maybe once the Panchla Plant has stabilized a bit, so let's say, 3, 4 quarters down the line. But over a 3-year period, what sort of product portfolio of Nerbe can you supply from Tarsons? So, let's say, they are doing broadly INR 100 crores a year, what is it that Tarsons can potentially supply in terms of product line?

Aryan Sehgal: I think half the portfolio, we should be able to manage in 2 to 3 year period.

Jatin Chawla: Half the portfolio. Okay. Got it. And you said the inquiries have picked up significantly over the last quarter. And so what is the driver of this inquiry? Is it China Plus One or just the general recovery in demand? What are the real drivers of this recovery in inquiry that you're seeing?

Aryan Sehgal: So I don't think China Plus One -- China Plus One was a big noise. We spoke about the China Plus One as well, but I didn't see a lot of action on the China Plus One so far, at least in our industry. There was a lot of talk, but not too much of action. I think it's just inventory levels turning to normal and industries, the end customers beginning to see an organic growth in their business, which is reflecting on organic growth in our business.

Jatin Chawla: Understood. And this 2Q result that you would given, you've said that, that is still in the context of a subdued industry demand. And with the inquiries that you've seen picking up, should we expect that the traction will improve further from where we are in 2Q?

Aryan Sehgal: Very difficult to show when we reach the complete end, but I haven't seen subdued for this quarter for sure. I think the quarter was a strong quarter for us. And I think the company has definitely outperformed at been market share in the industry but I don't see…

Moderator: Sorry to interrupt you, sir.

Jatin Chawla: I think your voice is not clear.

Moderator: Sir, could you come again?

Aryan Sehgal: Is it clear now?

Moderator: Yes, sir.

Aryan Sehgal: Yes. So I think we've outperformed the industry in this quarter. There's no doubt about it, and gained market share, especially in the domestic market. But I don't see that as the only reason or the main reason. I think the industry has strengthening and the demand levels have increased, and there's a positive uptick in the industry. So that has a big role to play in our numbers. So there is some credit to the Company being able to gain market share. But mostly, it is an industry revival and the industry getting stronger.

Jatin Chawla: Got it Thanks a lot.

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

Aryan Sehgal: Thank you all for joining us I hope all your questions have been answered. Further we will continue to provide the investment community with frequent updates on your company's developments. Please contact us or our Investor Relations Advisors at SGA for further information or questions that you may have regarding Tarsons. Thank you again.

Moderator: Thank you. On behalf of Avendus Spark and Tarsons Products Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.