



# Valiant Organics Limited

February 19, 2024

To,  
Listing/Compliance Department  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400 001.

**SCRIP CODE - 540145**

To,  
Listing/Compliance Department  
**National Stock Exchange of  
India Limited**  
"Exchange Plaza", Plot No. C/1,  
G Block Bandra-Kurla Complex,  
Bandra (E), Mumbai- 400 051.  
**SYMBOL- VALIANTORG**

**Sub: Transcript of Earnings Call.**

**Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements)  
Regulations, 2015.**

Dear Sir/Madam,

Please find enclosed herewith the transcript of Earnings Call held on **Thursday, February 15, 2024**, on Audited Financial Results of the Company for Q3 FY-24.

Kindly take the same on your record.

Thanking you,

Yours faithfully,  
**For Valiant Organics Limited**

Avani D. Lakhani  
**Company Secretary**  
ICSI M. NO: A47118

*Encl: as above*



**Valiant Organics Limited**  
**Q3 FY24 Earnings Conference Call**

Event Date / Time : 15/02/2024, 12:00 Hrs.

Event Duration : 42 mins 15 secs

**CORPORATE PARTICIPANTS:**

**Mr. Arvind Chheda**

Managing Director

**Mr. Mahek Chheda**

Chief Financial Officer

**Mr. Mihir Shah**

Senior Finance Manager

**Mrs. Rohit Sinha**

Sunidhi Securities and Finance Ltd.

## Q&A PARTICIPANTS:

1. **Nisarg Wakhariya** : NV Alpha Fund Management
2. **Rohith Potti** : Individual Investor
3. **Dhiraj Mehta** : Active Mind Investment Managers
4. **Manan Patel** : Individual Investor
5. **Rutuja Tawankar** : Asith T Mehta Investment
6. **Ankit Gupta** : Bamboo Capital
7. **Rohit Balakrishnan** : I Thought PMS

**Moderator**

Good afternoon, ladies, and gentlemen. I am Soumya, moderator for the conference call. Welcome to Valiant Organics Limited Q3 FY24 Earnings Conference Call. As a reminder, all participants 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 \* and then 0 on your touchtone telephone. Please note this conference is recorded. I would now like to hand over the floor to Mr. Rohit Sinha. Thank you, and over to you sir.

**Rohit Sinha**

Thank you, Soumya. Good afternoon, everyone. Thank you for joining us on Valiant Organics Limited Q3 FY24 results conference call. I would like to thank the management for giving us this opportunity. We are joined on this call with Valiant Organics management represented by Mr. Arvind Chheda, Managing Director; Mr. Mahek Chheda, Chief Financial Officer; and Mihir Shah, Senior Finance Manager. I would now hand over the call to the management for their opening remarks post which we can have Q&A session. Thank you and over to you sir.

**Arvind Chheda**

Thank you, Rohit. Good afternoon, everyone. It's a pleasure to welcome you all at our earnings conference call for the Q3 and 9Ms for the FY24. Let me firstly thank Sunidhi Securities for hosting this conference call and also the participants for joining us today. As has been expense across the chemical industry, there has been significant pressure across the board due to various factors related to global slowdown, mainly Europe and China dumping. Valiant has also been victim to this unforeseen industry slowdown.

Unfortunately, due to this, the overall performance for the quarter was under stress mainly due to the continued pressure on the demand and the pricing across our product categories. On standalone basis, we experienced a decline of 22% in the top line, mainly an account sales volume declining of 13% and price reduction of 9%. PAP too recorded average sales of only 119 metric tons per month primarily influenced by the subdued demand for paracetamol during the month of October and November.

However, there is a promising turnaround market by December sales volume surging to 370 metric tons indicating a surge in the paracetamol demand. As mentioned in previous quarter, we expect this year to be more or less a stabilizing year. However, we expect FY25 to be significantly better performing on account of growth coming from volumes improvement in PAP, the Pharma Intermediates projects

stabilizing, also the completion of upgrading work at Ahmadabad plant and finally contribution coming from OAP as it is reaching closer to its desired quality levels.

Now I hand over the call to our CFO, Mr. Mahek Chheda, who will take you through the financial highlights for the quarter. Thank you and over to you Mahek.

### **Mahek Chheda**

Thank you, and good afternoon, everyone, and welcome to the earnings call. I hope you had a chance to study our financials and earnings presentation which we have uploaded on our website and exchanges. Let me start by briefing you on the company's financial performance on a consolidated basis for the third quarter of the financial year ended 2024 first, followed by the performance of the 9M of the FY24. It is important to note that the pursuant to the allotment of further equity shares through IPO by company's material step down subsidiary, namely Valiant Laboratories Limited.

The stake of company subsidiary Dhanvallabh Ventures LLP in VLL has been diluted to 46.83% and accordingly Valiant Laboratories has ceased to a step down subsidiary of the company and has become an associate company with effect from October 4, 2023. Hence, consolidated financials of previous quarters and year-to-date are not comparable. For the third quarter, the revenues from operation was around INR 141 crores. The EBITDA was reported at around INR 4 crores and EBITDA margin for the quarter was 2.69%, and there was a net loss of INR 8 crores.

Our revenue contribution from the business segments in the Q3 were as follows: Hydrogenation accounted for 41%, ammonolysis accounted for 27%, chlorination at 25%, and others had balance of 7%. For the 9M ended of financial year 2024, the revenue from-- Thank you. And now I would like to open the floor for questions.

### **Q&A**

#### **Moderator**

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press \* and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing \* and 1 again. Our first question comes from Nisarg Wakhariya from NV Alpha Fund Management. Please go ahead.

**Nisarg Wakhariya**

Yes, a couple of questions. First, is there any progress on the PAP plant in terms of stabilizing the process, quality, color and all those things?

**Mihir Shah**

So, the progress on the purity levels is stable. It is what was since last quarters, we had peaked in last quarter, so that has remained constant. The drop or the fall is on account of the lower demand. So, as far as PAP is concerned, the situation remains similar. We are scaling it up. We are hoping to scale to around 600, 700 metric tons by the year end. That is what we are expecting. I wouldn't confirm or promise that but that is what we are looking towards.

**Nisarg Wakhariya**

I think this was with the batch processing method. So, we have not figured out the continuous process.

**Mihir Shah**

We are not doing that. We are not doing the continuous process. We are sticking to batch process.

**Nisarg Wakhariya**

Okay. What is the net debt on the balance sheet today?

**Mihir Shah**

Net debt on term loans is around INR 70 crores and working capital is about INR 94 crores. So, total, about INR 165 crores as on 31st December.

**Nisarg Wakhariya**

In the INR 94 crore working capital debt that you need to write off for rebase.

**Mihir Shah**

Sorry.

**Nisarg Wakhariya**

Any inventory that you are having in your working capital that you need to write off or rebase?

**Mihir Shah**

No, not currently.

**Nisarg Wakhariya**

Okay. Before the collapse started, we have consistently done about INR 200 crores of EBITDA for 3, 4 years in a row. Assuming the cycle normalizes at some point of time, which nobody knows when. Can we go back to that base or will we do a higher EBITDA because of expansion in some capacities, debottlenecking that you might have done?

**Mihir Shah**

No, we would be looking at a higher base, once if the markets go back to what they were, then we'll be looking at a higher EBITDA.

**Nisarg Wakhariya**

Okay. How much has your capacity expanded from 2019, 2020 to now?

**Mihir Shah**

Significantly, actually I'll have to add up plant wise. So, about 400 metric tons a month in chlorination, then about, so on a total level around 2000 metric tons on an annual basis.

**Nisarg Wakhariya**

2000 metric tons has been added on a base of how much in 2020?

**Mihir Shah**

See, I really don't have 2020 numbers right now in front of me, but what I can say is this is without the PAP. PAP itself has added 12,000 tons of capacity on an annual basis. But if I remove the PAP bit, we've

added around 400, so when I say 400, so around 1200 metric tons in chlorophenol, then about 6,000 tons per annum in ammonolysis and Jhagadia would be in hydrogenation, except PAP, would be another 500 tons.

**Nisarg Wakhariya**

So, approximately what is the incremental revenue that we can do from the previous 3, 4 years base?

**Mihir Shah**

The previous 3, 4 years, the incremental revenue is actually coming mainly from PAP. If I remove the PAP, which is an incremental revenue of around INR 200 crores at a full capacity that we are looking at. The other things would increase, but at the same time, you have to realize that last couple of years had its peak pricing. So, my prices have started corrected itself significantly.

So, all in all, we'll probably be at a constant level. If I remove PAP out of the picture. Pharma Intermediates will add another 80. So, 280 from Pharma Intermediates, so 280, and OAP would probably add another INR 20 crores, INR 30 crores-odd. So, about INR 300 crores of incremental revenue from these new products. Balance everything remains ideally similar because even though volume increased, the prices have come down.

**Nisarg Wakhariya**

Okay. Thank you.

**Moderator**

Thank you, sir. Ladies and gentlemen, if you have any questions please press \* and 1 on your telephone keypad. Our next question comes from Rohith Potti an Individual Investor. Please go ahead, sir.

**Rohith Potti**

Thank you for the opportunity. I wanted to reconfirm some of the stuff that you said in the previous answer. So, you said we are looking to hit 600-700 tons per month in PAP, right? But I believe the capacity is 1000. So, what does this mean? Is this the ceiling of where we'll be able to reach with the technology we have or do we think we can go to the 800,000 tons per month in the next year?



**Mihir Shah**

See, 1000 tons per month is a capacity. Firstly, you have to put in an optimum utilization. So, usually an 80%, 85% is more of a standard. So, that 1000 capacity becomes 850. In that 850 we are looking at around 600 and 650 is also because our primary buyer is Valiant Laboratories which reaches its maximum utilization when they take 600 and 650. So, balance, once we onboard more customers from outside where approvals are still in progress, we are still doing the marketing and trying to get in more customers. Until then we'll stick around 600, 700 metric tons. Once we increase our customer base we can proceed further.

**Rohith Potti**

So, just to reconfirm this the limiting factor is the number of customers that we have outside of Valiant Laboratories, and it is not, I mean, we went from trying for continuous to batch to semi batch continuous is what I remember. So, it's not a technological issue, it's more a marketing issue for not issue, but **[Inaudible 00:12:44]**.

**Mihir Shah**

Earlier it was technological, when you move from continuous to batch the capacity reduces. But we've done changes and we've added reactors in such a way that we continue to remain at 1000 tons per month capacity. So, now the limiting factor is getting newer customers on board.

**Rohith Potti**

Perfect. And you mentioned the number of, what is the revenue expectation when we hit whatever number in PAP. Is it 200 or 300?

**Mihir Shah**

So, prices are corrected significantly. We would have, earlier we were at, the pricing was higher, so we were expecting it to be close to 300. But given the current scenario we are expecting it to be somewhere around 200, 250.

**Rohith Potti**

Okay. At this price also do we stick on to our previous call, what we mentioned about a 5 year payback or do you think that gets extended because of this?

**Mihir Shah**

That gets extended.

**Rohith Potti**

That gets extended. Okay, understood. The other question I have is, I mean, it was interesting to note that we actually grew our volumes over last quarter on chlorination segment, which I believe is the most profitable segment for us. Right?

**Mihir Shah**

Correct.

**Rohith Potti**

So, despite that, the margins have corrected significantly. Is it because there's pricing pressure in chlorination and chlorophenol and we had to push that?

**Mihir Shah**

Yes, that's exactly the reason. So, there's not enough demand in the market. So, we had to be competitive. So, our prices have significantly come. China is continuously dumping at much lower prices, so we have to be competitive there.

**Rohith Potti**

Understood. Fair enough. So, how are things looking for the next year or this is continuing? Yes.

**Mihir Shah**

So next year, it is really difficult when we were sitting, at the same time last year we believed that things would turn around, but it actually hasn't. So, it's taking a lot longer and nobody really knows how quickly things will turn around. So, I have to say it with that caveat that if things go back or they start improving, then we will definitely have a better year because chlorophenols will pick up once the dyes and pigments market improve, our ammonolysis will also pick up. PAP is where the volume will increase eventually. OAP will be a newer addition to the product portfolio. So, all in all, we are expecting FY25 to be better, but it comes with that disclaimer that things should turn around the way we are expecting.

**Rohith Potti**

Sir absolutely understood. I take that. The next question I have is, I mean in general around this PAP, right? The stated objective in our Annual Reports is that we go for chemistry which are differentiated niche and which are difficult to do. So, in context of what has happened so far, where we are going through pain because of the correction in the prices. Is there any specific learning or something? Not specifically, I mean, to understand the kind of, is there any change or in strategy or something is kind of CapEx that you think you'll do going forward? Because there is specific learning that you're taking from PAP.

**Mihir Shah**

Yes, definitely there are learnings from PAP. One thing is for sure that something that really works in a laboratory, when you scale up significantly, that changes. So, we have to keep that in our minds at the forefront. So that is one thing that we've significantly learned out of this PAP experience. Second is, all our other chemistries and products are more or less matured. So, as far as current pricing pressure is concerned, we just have to sit and wait for that demand to come in, everything will start improving from there onwards.

So, no immediate change in strategy. We'll have to wait for another quarter or so to really have a strategic change, because we just feel that this is quite temporary, although prolonged temporary, but still something that will eventually turn around. So that is not on an immediate base. CapEx also, like we mentioned earlier, we won't be doing anything major. So, we won't be doing anything major or any new projects until these stabilize. However, newer products in chlorophenol are reaching its end. So that also will add to a product portfolio come in the Q1 next year.

**Rohith Potti**

I'm just thinking in terms of PAP, right? In China capacity was around 150,000, even though it reduced by 30,000-odd. But there was news in India of Granules in Panoli and 1 or 2 other players, including Sadhana and all coming up with large capacities. So, in the context of the fact it's sort of a game theory in play, right? So, what is optimal for you in isolation if suboptimal when the whole system is taken into account.

**Mihir Shah**

See, so you don't have to take **[Inaudible 00:18:20]** into picture because they consume it captively. So, PAP is not really in the market from their end. They are forward integrated to paracetamol. So that is not really in the market. So, the PAP is not in the market while other players, yes, other players. So, Panoli is there. So, Kutch Chemical is there in the market. Apart from them and us, it's not really anyone at this point in time.

**Rohith Potti**

Understood. Fair enough. So last question from my end is, it's interesting to hear what VS has talked because they are probably one of the largest in the world. And this quarter or last quarter they mentioned that 25% of the European chemical industry is going to die, and they don't expect it to come back ever. And they are scaling up in China, is what I understood, what I remember from reading their reports. So, in that context, I mean, I believe we export to Europe. Right? And we make textile chemicals and our end customers probably export to Europe.

**Mihir Shah**

Correct.

**Rohith Potti**

So, how are we positioned in that context, right? So, if one of our major end geography is going to face a structural decline, how do we survive such a world? I mean, I'm sure we'll survive because we have strong balance sheet and product wise. But how do we see growth and how do we see the progress and the future in this context?

**Mihir Shah**

No. Fair enough concern. I think that is something that we are also looking at it at the management level, that if something of this sort happens, then we need to keep innovating and getting into newer products. But it's little early to say how it will impact us directly. For now, we are seeing some turnaround in demand, so we are being optimistic here, but if things do happen in one of our major end geographies, then definitely it is something that we'll be looking at aggressively.

**Rohith Potti**

And is China an issue in the sense, is there direct dumping or anything of that sort in our product basket that you see in the market? Is there a big issue there now?

**Mihir Shah**

Yes, it is definitely an issue, because we are mostly import substitute products and those imports are from China, and if China is dumping at a significantly lower price, then it does become a point of concern for us.

**Rohith Potti**

And how does it look? I mean, do you see, any indication of what is going to happen in the next few months?

**Mihir Shah**

Not now. Right now, we are seeing a little bit of a stable constant how it is. We'll have to wait because it's just been so volatile. Last two years have been difficult, so we'll just wait and watch.

**Rohith Potti**

So, this dumping continues from now?

**Mihir Shah**

Yes, for now it does.

**Rohith Potti**

Okay, fine. Thank you so much. I mean, as always, you've been very detailed and kind with your answers. I appreciate it.

**Mihir Shah**

Thank you.

**Moderator**

Thank you, sir. Ladies and gentlemen, if you have any questions, please press \* and 1 on your telephone keypad. Our next question comes from Dhiraj Mehta from Active Mind Investment Managers. Please go ahead, sir.

**Dhiraj Mehta**

Hi. Thank you for the opportunity. So, my question was regarding FY25 specifically. So, I believe we have a bunch of new products that likely might come in, whether it be Pharma Intermediates and some chlorophenol products. So, from the previous calls, what I could gather that for OAP we had guided for around INR 30 crore of revenue in FY25, for Pharma Intermediates we planned to launch eight products in the early part of FY25, which would probably contribute at least INR 70 crores and then these included plus chlorophenol. Any indication or guidance on what kind of revenue contribution could we see in FY25?

**Mihir Shah**

So, FY25 we are hoping to grow at least somewhere around 40% or so. So, we are hoping that we'll be in the 900-1000 range, given how this year has gone and how the prices have moved. Earlier we were saying that we'll be somewhere around INR 1,100 crores. But I think I'll have to say that we'll probably be conservative and say that we'll be somewhere between 900-1000.

**Dhiraj Mehta**

Probably 900, how much would come from these new products? OAP, Pharma Intermediates and probably the chlorophenol.

**Mihir Shah**

So, like you said, Pharma Intermediates will be somewhere around 70, PAP will be somewhere around INR 200 crores. OAP will be somewhere around INR 25 crores, INR 30 crores. So, these are the new products. And chlorophenol, the new products we are yet to analyze. Once it comes and hits the market, then we'll see how they are moving. So, I cannot really say how much contribution will come from the new products of chlorination.

**Dhiraj Mehta**

Got it. Fair enough. Second question regarding our ammonolysis products. So probably which are heavily concentrated in the textile industry, PNA, OCPNA. So, any commentary on any turnaround you see there or currently we might not have any visibility. So, any comments on that?

**Mihir Shah**

So, we saw some very momentary turnaround in last quarter, in September. But that quickly turned around again and October, November had been weak on our ammonolysis products as well. It has more or less remained similar. So even if you see the volume growth, it actually declined a little bit, declined significantly actually from previous quarter. But for now, it is what it is, we've not seen a big reversal or anything. It would be too early to say if that improvement will stay.

**Dhiraj Mehta**

Got it. One last question from my side. So broadly categorized the end user segments that we serve are probably agrochem, textiles, paracetamol and probably now maybe Pharma Intermediates could become one. Any other end user segment that we plan to target, because fortunately, unfortunately, we are seeing headwinds in at least three of these segments at the same time. This question also mentioned about risks regarding agrochem. So, any other new segment that we plan to enter, any early-stage discussions that happened?

**Mihir Shah**

Currently nothing that we are looking at. Because most of our products are aligned to these end industries. We are optimistic that they will turn around. The low situation will not remain forever. Right? So, we'll just wait for it to turn around.

**Dhiraj Mehta**

Got it. Thanks a lot for your time.

**Moderator**

Thank you, sir. Ladies and gentlemen, if you have any questions, please press \* and 1 on your telephone keypad. And please wait for your turn to ask the question. Our next question comes from Manan Patel an Individual Investor. Please go ahead, sir.

**Manan Patel**

Thank you for the opportunity. Sir, the first question is, on the last call you mentioned that the understanding was we are towards the lowest end of the cost, especially for chlorination. And a few of the Chinese players would have probably shut down their capacity for some time. And from there also looks like the prices have gone down further. So, how do you think about at what point the price correction stops? Because the cost of production is about the price that we are selling, at least for some players. So, any thoughts on that aspect?

**Mihir Shah**

So, I missed the first part of your question. I think your voice was not clear.

**Manan Patel**

Okay. So, on last con-call we mentioned that we are towards the lowest end of the cost. So, especially in the chlorination part of the business. And from your market intelligence, you understood that some of the Chinese players may have shut down plants for some time.

**Mihir Shah**

Yes, you're right. So that was the case. Actually, in chlorination bit, the shutdown had happened a couple of years ago, not in the last quarter. So, those came back online and what I remember saying is one of them even had to move to Mongolia because of environmental issues and because of the extreme temperatures there, they have to remain shut for 3, 4 months in a year.



So that was the scenario earlier and that's why the peak in chlorophenol was seen currently it is very stable. There are Chinese companies who are already operational since a couple of years now. The problem is that their demand, domestic demand has reduced, and because of that, there is inventory built up over there, which they are currently dumping and that is why we are seeing the pricing pressure.

**Manan Patel**

So, is the production still going on at the optimum capacity, even in **[Inaudible 00:28:02]**

**Mihir Shah**

No, in China also. China have also reduced, but they have inventory built up.

**Manan Patel**

Okay. Understood. And sir, the second question is on the hydrogenation. So, after PAP coming in, the volume, I'm not sure if last year, what were the PAP volumes in the same quarter. But even after PAP volume additions, **[Inaudible 00:28:33]** only have come down. So, can you throw some light on that other, apart from PAP, other hydrogenation products, volumes have gone down substantially, much more?

**Mihir Shah**

Yes, so PAP part came in FY22, but that was a year where we were still trying to achieve. So even in FY22 it was negligible. FY23 and FY24 is when the PAP started increasing its volume. It was in the increasing trend through all the quarters, except for the current quarter. So, PAP have significantly come down in this quarter. However, that was not the case in the earlier quarters. Apart from PAP, if I remove the PAP out of it, there was a reduction in volume in the other hydrogenation products.

And that is mainly because of the market demand, but more or less that is also improving. So, if I remove PAP out of hydrogenation, we've seen a volume growth in the other products in this quarter, but prices have corrected. So that is why you don't see that uptick in the top line. But the volumes apart from PAP, they have increased, but when we are saying hydrogenation, you're seeing it altogether. So that movement is not very clear.

**Manan Patel**

That's good.

**Moderator**

Hello Manan sir. So sorry to interrupt you, sir. I request you to please come back in the queue for more questions, sir.

**Manan Patel**

Sure, no problem. Thank you.

**Moderator**

Thank you, sir. Thank you so much. I request the participants to restrict with one question in the initial round and join the queue for more questions. Our next question comes from Rutuja Tawankar from Asith T Mehta. Please go ahead.

**Rutuja Tawankar**

Hello. Thanks for the opportunity. So, if I look at your margin profile. So, it has fallen from about 27% in FY21 to about 8% in 9M FY24. So, what has really changed? Could you give a clarity? And also, what is your margin guidance for FY25?

**Mihir Shah**

So, yes, historically, our margins used to remain high. We were at a smaller product profile. We were looking at expansion. We were also looking at new product additions. So, FY21, FY22, we've added newer products. So, we've achieved volume growth. But in terms of margin, some of them were margin dilutive, but at an absolute level, it was an increase in the EBITDA. So that is the reason for the reduction in the margin level. And coupled with that, you have to take into consideration the geopolitical issues that came in last two years.

So, while we were expanding and bringing newer products and newer expansions, the market also went in a turmoil. So, all of that together has brought that 27% down to less than 15% EBITDA margin YoY. So that is the movement. As far as some guidance is concerned, on a stable state we look at being somewhere around 20% EBITDA margin. But I wouldn't say that we'll achieve that immediately. Given the prices at which the market is right now. FY25 could be lower than 20%, but our aim and goal will be that we stay in the upward of 20%.

**Rutuja Tawankar**

Okay, thanks. And one more question. So, if I look at your end user industry, dyes and pigments form the largest share at about 40%. So, how do you see the textile industry shaping up, say, next 6 to 12 months?

**Mihir Shah**

Firstly, first of all, see, I would suggest our end industry breakup would not really be ideal if you see this quarter or the last quarter, because there's been a lot of movement in the market as well as our chlorination was hit with a fire last year, because of which our chlorination contribution went significantly down. But now we are regaining that along with the market there increasing.

So, I would say that pharma would be our largest at somewhere close to 50%, whereas ammonolysis, so dyes and pigments and agro will remain more or less at equal level at 30%-odd. And the balance would be the balance. So that is how we believe that our end user industry breakup will be, the end user share will be.

**Rutuja Tawankar**

Okay. Thanks a lot, sir. That was all from my side.

**Mihir Shah**

Thank you.

**Moderator**

Thank you, ma'am. Our next question comes from Ankit Gupta from Bamboo Capital. Please go ahead, sir.

**Ankit Gupta**

Thanks for the opportunity. On the China dumping side, how is the situation currently and do you think that some dumping has reduced a bit in this quarter?

**Mihir Shah**

Sorry, your last part, I didn't understand. The China dumping remains, it is, I really am not in a position to really predict how it is going. I wouldn't be the right person to make that statement. So, I'll refrain from that. But what we are seeing is, it is still happening. So, we'll probably wait for a quarter to realize how that will turn.

**Ankit Gupta**

The prices continue to remain subdued in this quarter as well?

**Mihir Shah**

Yes, prices continue to remain subdued.

**Ankit Gupta**

Okay. So, what gives us confidence of achieving the top line of INR 1,000 crore next year? This is primarily dependent on China abating its dumping.

**Mihir Shah**

Yes. So, like I said, right, it comes with a disclaimer that if things turn around, if demand picks up, then the Chinese domestic demand will also increase and with that the dumping will reduce. So that is the optimism that we are moving forward with.

**Ankit Gupta**

Okay. One thing I wanted to understand, especially in our products.

**Mihir Shah**

Your voice is quite low. If you could just come nearer.

**Ankit Gupta**

Sure. So, I was asking, we used to understand that chlorophenols and all did not have much of sinus competition. But when their demand has reduced substantially, they have started dumping in the Indian markets. So, has it happened before in the past 4, 5 years or this is the first time it has happened that such significant dumping has started to happen in the ending?

**Mihir Shah**

So, let me first correct you, Chinese competition is the only competition we have for chlorophenols. We don't have any domestic competition here. So, Chinese was the main competitors always. While having said that, Chinese dumping in chlorophenol is not really that much India. I'm talking about Chinese dumping on the other products. China is dumping their chlorophenol mostly on the European markets and the Indian players who export to Europe.

**Ankit Gupta**

Okay. And how is the situation in some of our other products like in hydrogenation, ammonolysis?

**Mihir Shah**

Situation is like I already said, it's quite subdued. We've seen some improvement in chlorophenols as I mentioned earlier also, but apart from that, we don't really, not much has moved from November, December.

**Ankit Gupta**

Sure. How's the raw material prices moved? If that raw material prices have come down at least some of our margins could have been protected. So, how is the situation now in the raw material?

**Mihir Shah**

Yes. So, with the price corrections, the raw material prices have also come down. So, if you see our contribution margins have remained more or less similar as last quarter. So, RMC has also come down with respect to the price corrections on the end product. So, that way it is in sync.

**Ankit Gupta**

Okay. Thank you.

**Moderator**

Thank you, sir. Our next question comes from Rohit Balakrishnan from I Thought PMS. Please go ahead, sir.

**Rohit Balakrishnan**

Yes. Good afternoon. I just had one clarification. So, I think in one of the earlier questions you had answered. So, in terms of assuming the current prices and assuming optimum utilization, you think that the peak revenues would be around INR 1,300 crores? Is that what you said? INR 200 crores from PAP and about INR 100 crores from the others, and the base business will continue to be like that given the volumes have grown but the prices have come down. So, is that understanding correct or I missed something?

**Mihir Shah**

Not INR 1300 crores, I was saying that we'll be somewhere around INR 900-1,000 crores where prices have come down. But the volume increase from PAP and the new products coming in would add somewhere around INR 300 crore. So, total, it will total up to somewhere around INR 900-1000 crore.

**Rohit Balakrishnan**

Okay. So, in that case then you would **[Inaudible 00:38:26]**.

**Mihir Shah**

This is on standalone basis. I'm not talking about consolidated.

**Rohit Balakrishnan**

Okay. Got it. Okay. Understood. Okay. Assuming this, you said that the base EBITDA which you used to was INR 200 crores-odd and this you would be, whenever things revived, you would think that the numbers would be higher. But you said that the EBITDA margin would be around 20%-odd is your target. So, I was not able to reconcile the 2 statements.

**Mihir Shah**

So, like I said, so FY25 is not when we'll be in that range, that will be more of a year where things will keep turning. So, initial quarters may be weaker and then the second half may be stronger. But by FY26, the new products that I'm talking about will come in, but we'll also continue to add more. So, the aim of being around 20% margin is arising out of our current new products, existing products and some innovations that we'll down the way right in next two years. So, all of that, our aim and goal remain to be upward of 20%, not with the existing product portfolio itself.

**Rohit Balakrishnan**

Got it. Okay, understood. That's it from my side. Thank you.

**Moderator**

Thank you, sir. We have a follow up question from Manan Patel, an Individual Investor. Please go ahead, sir.

**Manan Patel**

Thanks a lot for the opportunity again. Sir, what would be the CapEx plan for FY25?

**Mihir Shah**

So, FY25, currently we don't have, we are not looking at doing any big projects or any significant CapEx. It will be the standard maintenance CapEx that comes around INR 30 crores, INR 40 crores. But apart from that, I'm not commenting on any large CapEx right now. We'll see how the year ends and how the new year starts. So, probably somewhere in the second half of this year we'll be able to plan a CapEx plan for the next year, the year after.

**Manan Patel**

Okay. And sir what is the outflow for term loan CapEx in FY25?

**Mihir Shah**

Outflow for FY25, as in the repayment outflow, the payments. So, we do some close to INR 10 crore, INR 11 crores a quarter. So, about INR 40 crores, INR 50 crores of repayment for FY25.

**Manan Patel**

Understood. Thanks a lot, sir.

**Mihir Shah**

But there are two loans which will retire. One loan will retire in September while the other will retire in February, but certainly decreasing amount, but this is on an average that much.

**Manan Patel**

Understood. That's very helpful. Thanks a lot.

**Moderator**

Thank you, sir. There are no further questions. Now, I hand over the floor to the management for closing comments.

**Mihir Shah**

Thank you everyone. I hope we were able to provide you with the clarifications that you needed at your side. Thank you once again and look forward to speaking to you all in the next quarter.

**Moderator**

Thank you so much sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's Conference Call service. You may disconnect your lines now. Thank you and have a pleasant day.

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**Note:** 1. This document has been edited to improve readability  
2. Blanks in this transcript represent inaudible or incomprehensible words.