SIGACHI INDUSTRIES LIMITED

CIN : L24110TG1989PLC009497

To,

Date: November 19, 2024

The Manager **BSE Limited** **P. J. Towers, Dalal Street** **Mumbai-400001** **(BSE Scrip Code: 543389)**	**The Manager,** **National Stock Exchange of India Limited,** **Exchange Plaza, Bandra Kurla Complex,** **Bandra (E), Mumbai- 400051.** **(NSE Symbol: SIGACHI)**

Dear Sir/Madam,

Sub: Transcript of the Earnings Call for Q2 FY 2024-25 Results

Unit: Sigachi Industries Limited

In continuation to our letter dated November 13,2024, audio recording of Q2 FY 2024-25 earnings call, please find attached herewith the transcript of the earnings call held on Wednesday, November 13, 2024, 4:30 PM IST. The same is also available on the company's website at www.sigachi.com .

This is for the information and record of the exchanges.

Thanking You,

Yours faithfully

For Sigachi Industries Limited

Vivek Kumar

Digitally signed by Vivek Kumar
Date: 2024.11.19 16:20:34 +05'30'

Vivek Kumar
Company Secretary & Compliance Officer

"Sigachi Industries Limited
Q2 and H1 FY25 Earnings Conference Call"
November 13, 2024

MANAGEMENT:	**MR. AMIT RAJ SINHA -- MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – SIGACHI INDUSTRIES LIMITED** **MR. O. SUBBARAMI REDDY – CHIEF FINANCIAL OFFICER – SIGACHI INDUSTRIES LIMITED** **MR. VIVEK KUMAR -- COMPANY SECRETARY AND COMPLIANCE OFFICER – SIGACHI INDUSTRIES LIMITED**
MODERATOR:	**MS. PRIYA SEN -- GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to the Sigachi Industries Limited Q2 and H1-FY25 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Priya Sen from Go India Advisors. Thank you and over to you, ma'am.

Priya Sen: Thank you, Lizanne. Good afternoon, everybody, and welcome to Sigachi Industries Limited earnings conference call to discuss the Q2 and H1 FY25 results. We have on the call Mr. Amit Raj Sinha, Managing Director and Chief Executive Officer, Mr. O. Subbarami Reddy, Chief Financial Officer, and Mr. Vivek Kumar, Company Secretary and Compliance Officer. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company faces.

May I now request Mr. Amit Raj Sinha to take us through the company's business outlook and the performance subsequent to which we will open the floor to question and answers.

Amit Raj Sinha: Thank you, Priya. Welcome everyone to Sigachi Industries Limited Q2 and H1 FY25 earnings conference call. I hope you have had a chance to review the financial results and the investor presentations available on the exchange. In Q2 FY25, Sigachi has shown notable growth with our core product MCC achieving substantial increase in both volumes and value. This growth stems from strong demand and improved utilization of our 7,000 metric tons per annum capacity, which is currently operating at 75% utilization of the total capacity installed.

Our asset light O&M segment continues to expand in alignment with our strategic focus. Revenues from O&M grew by around 19.8% year-on-year in H1 FY25, underscoring our expertise and partnership with leading companies like Gujarat Alkalis, Aditya Birla Group, ONGC, Lord's Chloro Alkali and Adani. I am also pleased to share that our API unit we acquired last year has successfully integrated into our operations. We currently operate at a 100 KL capacity with plans to scale up to 250 KL.

In the API segment, we are focusing on high-margin regulated markets with 9 planned CEP approvals. Several additional filings underway in the EU and EDQM markets. Our target is to complete 9 CEP filings this financial year and enable access to high-margin markets to drive both top-line and profitability.

A key advancement this quarter is our entry into the pharmaceutical coatings with the introduction of PureCoat and UltraMod brands. These products are specifically designed to enhance drug stability and bioavailability, aligning with the rigorous standards of modern drug delivery. This milestone highlights Sigachi's dedication to R&D and the stringent quality control behind creating products that match and meet top-tier standards.

We are also progressing with the establishment of 1,800 metric tons per annum CCS facility in Dahej, scheduled for commercialization by FY26. This additional capacity will expand our offering in the excipient range and we will be able to serve our clients better. In terms of expanding our reach, we operate in both domestic and international markets, exporting towards 65 countries.

Our presence in the Middle East is strengthened by partnerships through Sigachi MENA FZCO, Sigachi Arabia working alongside with Saudi National Projects Global Investment and iConnect to explore growth in the region and leverage our full product portfolio. Our commitment to quality innovation and sustainable growth keeps Sigachi Industries well-positioned to continued success. By broadening our portfolio and reinforcing our market position, we aim to deliver enduring value to all our stakeholders.

Now, I would like to invite our CFO, Mr. O.S Reddy to present operational and the financial highlights for the quarter. Over to you, Mr. O.S Reddy.

O.S Reddy: Thank You , Sir.Good evening, everyone. Let me first brief you on the financial performance. The company delivered a strong Q2 FY25 performance with solid growth across key metrics. Operating income rose by 25.91% year-on-year, reaching INR124.9 crores EBITDA. EBITDA also saw significant growth, increasing by 36.91% year-on-year to INR29 crores with a margin of 21.38%.

Net profit surged by 39.09% year-on-year to INR21 crores, resulting in a PAT margin of 16.81%. Building on last year's momentum, revenue from MCC increased by 15.35% year-on-year, from INR149.72 crores to INR172.69 crores. Revenue from the O&M segment in Q2 FY25 grew by 21.08%, reaching to INR10.51 crores. The API segment contributed INR8.25 crores to revenue in Q2 FY25.

As we continue executing our strategic growth plans, we are confident in achieving economies of this scale and enhancing the operational efficiencies, laying to the groundwork and sustainable growth and long-term value creation for our stakeholders. This concludes the presentation. We would now be pleased to address any questions. Thank you all.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Rikin Shah from The Boring AMC. Please go ahead.

Rikin Shah: Hi. My question is in terms of numbers. I am digressing the numbers and I am seeing a very sharp gross margin contraction, both Y on Y and Q on Q. So, is there any particular reason or a change in revenue mix which is leading to this?

O.S Reddy: Yes. In this quarter, there is a PLI income which is recognized. Anyway, we are eligible up to 2028 financial year. Because of that, there is a sharp increase in revenues. Anyway, this PLI incentives will continue to receive till 2028.

Rikin Shah: So, if that is not sort of considered, then how much is it from Q1? The PLI income in Q1 is recognized to the tune of what amount?

O.S Reddy: Q1, we have not recognized. And in Q2 only, we got the approval and then we have recognized in coming quarters also there would be PLI.

Rikin Shah: But if you are not recognized, then it is an erosion in gross margin, right?

O.S Reddy: Not recognized, erosion in the, why it is an erosion? That time we did not receive the approval. That is why we did not consider in Q1. In Q2, we got the approval and then we have considered.

Rikin Shah: Gross margin in Q1 FY25 is 57%. It is 47% in this quarter. So, it is a 10% gross margin erosion.

O.S Reddy: So, not erosion. Only thing is in the second quarter, there is an enhanced capacity is there. We push our products into the market and wherein little reduction in margins are there. But in Q3 onwards, it will continue, normal margins, because we wanted to grab the markets. That is why the revenue also it is increased, if you observe.

Rikin Shah: Right. I am not asking about operational expenses pertaining to expansion, but this is more a pricing related erosion, right in the markets.

O.S Reddy: Yes, pricing also, when you want to penetrate into the market, you have to compromise with the pricing. See, after grabbing the market, after once you penetrate and you get the market, your scale of operations will increase and then gradually we can increase the price and then it will go on like that. First, our intention is to get our bigger pie in the market share.

Rikin Shah: So, they should not continue in from Q3 onwards. We should see some erosion in margins?

O.S Reddy: We hope, there will not be any decline in margins.

Rikin Shah: No, I am not saying decline. I am saying, will we get back to what we used to do? If we compare a YoY, we did 53% in Q2 of last year and we have done 47% this year. So, maybe the margins will move upward or they will stay the same?

O.S Reddy: Yes, margins may move upward. Margins will move upward only.

Rikin Shah: Okay. And your other income is showing a very big amount this time. Obviously, the explanation in the result perhaps is not sufficient. Perhaps, could you expand on that why the other income is very high this quarter?

O.S Reddy: Yes. In other income, it is high because PLI income is added. PLI and the foreign currency fluctuations are there majorly in that.

Rikin Shah: Okay. And I can also see a proposal to raise USD100 million via foreign currency convertible bonds. So, could the management perhaps expand on that and what would be the purpose for.

O.S Reddy: Overall, that is up to USD100 million there is a proposal. But as and when there is an opportunity, we keep on increasing, raising the funds, maybe 10 million at a time or 15 million at a time like that. But we have placed before the board and then got the umbrella approval. Once we get any specific opportunity comes, then again, we will put it. This is towards the acquisition of industrial lands for future expansion.

This is to secure strategically located industrial lands for expanding the company's manufacturing and operational capacities, capabilities in India and outside India. And so that this will allow Sigachi to establish new production units, increase output capacity and meet the growing demand in the products and thereby market presence also we can increase. And also in Sigachi US, the company proposed to set up a manufacturing facility because the transportation takes around 60 days and also the freight cost is very high when we transport our goods from products from India to USA.

And to reduce the time and the cost, we are proposing to set up a manufacturing facility in USA, so that initially we can acquire industrial lands in USA. Thereby our presence in North American markets tap into the local demand in the US and also the benefits, the proximity to the customers, reducing lead times and logistical costs. And apart from this, we also expand our operations in Sigachi Arabia.

Sigachi Arabia is a joint venture company owned by Sigachi MENA which is wholly owned subsidiary company which holds 75% and 25% hold by SNP national projects, Saudi national projects. And wherein we wanted to increase our presence and our business operations. And also Sigachi Global also is there, which is a joint venture company by Sigachi MENA, 75% and iConnect 25%. There also we wanted to increase the operations.

And Sigachi MENA, which is a wholly owned subsidiary of Sigachi Industries, situated in Dubai. There also we wanted to increase the operations. And for this, we require funds. Whenever there is a good opportunity is there, we will tap and then these funds will be utilized for the purpose.

Rikin Shah: All right. Okay. And my next question is pertaining to API. So, API revenues have in H1 clearly inched upwards. They are now 8% of the pie compared to 4% in last H1. So, what is the plan in terms of ramping it up or maybe what kind of a share do you see API getting to in terms of the overall revenue mix? Maybe 1 year, 2 years down the line?

O.S Reddy: Yes. In next 2 years now, anyway, last year we have entered and there is a reasonable growth when we compare to H1 of last year versus this year. And by end of March, there would be some incremental growth is there over last year. But the next year, FY26, we can see a reasonable, very good growth we can observe.

Rikin Shah: So, can you give a band?

O.S Reddy: Maybe in overall revenue, maybe 20-25% because MCC also is going up. The total revenue it is going up and 20%-25% contributes from API revenue would be there in next 2-3 years.

Rikin Shah: Right. But so, you have not given any segmented margins, but is the Trimax part making losses right now or it is profitable?

O.S Reddy: At present, we are incurring losses there. We are going for the European licenses, European EDQM and CEP licenses. And USFDA is there for intermediates and then we want to be trying for API also. And we are concentrating now on high yielding, high margin products.

Rikin Shah: Is the gross margin contraction more to do with API than contribution of API increasing?

O.S Reddy: Yes. API also, some of it has contributed towards that.

Amit Raj Sinha: I would say it is a combination of grabbing more market share in the expanded capacity of MCC and a bit from the API segment because we are still trying to work out the best product portfolio which aligns with our competencies and as much with the market demands.

Rikin Shah: All right. Got it. And sir, just last question from my end. In the other, like the allied segment, do we think we have sort of lagged by any chance based on perhaps the expectation we had last year?

Amit Raj Sinha: When we say allied, what is it that we are referring to?

Rikin Shah: The allied trades part in your presentation, revenue contribution, the food and the other segment.

Amit Raj Sinha: I would say after our API acquisition, we have been trying to kind of strengthen that part because that is a high growth segment. So, our focus has all been on the API growth part and that is how we have not really been looking at the other allied part. Trading part, whenever there are synergistic opportunities, we do indulge in that and that definitely adds up to margins because we do not have any additional fixed cost on that, but definitely API has been our focus.

Rikin Shah: All right. That is it from my end. Thank you.

Moderator: Thank you. The next question is on the line of Deepesh Sancheti from Manya Finance. Please go ahead.

Deepesh Sancheti: When do we expect the API unit to ramp up to 250 KL?

Amit Raj Sinha: Oh, in the Q4. I mean, so by January 25, we are commencing the additional 150 KL expansion. That should take us around 9 months to 12 months before we have the full capacity in place for the additional 150 KL. I would say that by Jan 26, we will be in a position to commence operations from the added capacity.

Deepesh Sancheti: Are we maintaining in our previous revenues and EBITDA guidance?

Amit Raj Sinha: On the API?

Deepesh Sancheti: I am asking that are we maintaining our previous revenue and EBITDA guidance?

O.S Reddy: Yes, we may maintain, but next year, definitely the better margins we are expecting from API business.

Deepesh Sancheti: So, what is the revenue guidance for FY25 and FY26 across MCC, CCS, API and ONM?

O.S Reddy: We maintain this not less than this, this growth is very sustainable and not less than 25% to 30% growth is there every year. We hope it will continue and then even better than.

Deepesh Sancheti: So, still last three years, we have been maintaining approximately 27%, 28% revenue growth. Should we expect the similar kind of revenue growth going ahead also or we better it?

O.S Reddy: We are expecting even better, but this is a minimum, this is a guaranteed kind of thing.

Amit Raj Sinha: Mr. Sancheti, we will be better on this because what I believe is that we will have added capacities coming in plus the additional new product of PureCoat and UltraMod. So, I believe we will be marginally better and probably touching 30% top-line growth for this particular financial year. Okay.

Deepesh Sancheti: And will we be working on similar EBITDA margins or that will also become better?

Amit Raj Sinha: I think in the short term, we will work to see that we are sustaining the margins. In the long term, we are working to see that we ramp it better because API's turnaround and improvement in the EBITDA is going to take time because the CEP approvals take at least 3 quarters. I believe in the long term, we will be able to better our margins, but in the short term, we will definitely sustain.

Deepesh Sancheti: Okay. Just one question was there. What is the difference between the lower microns and higher microns excipients and how do formulation excipients differ from pre-formulation excipients?

Amit Raj Sinha: So, I will tell you to the first question. The lower micron and the higher micron excipients, basically, depending upon the API particle size, the kind of excipients are used. Now, for all of us who are aware, if we are aware of curcumin or turmeric, if there are turmeric tablets which are there, these tablets, the turmeric or the curcumin is a very fine powder.

And for that, tabletting to be done, you need a very coarse grade of binder, which is an MCC. So, you need a particle size around 180 to 200 to 250 micron. Whereas, if you have paracetamol pellets, which are very coarse, which are sometimes even 800 microns to 1000 microns, therein you need very fine powder of binder so that when there is a compression, there is plastic deformation taking place and the tablet is formed. That is the prime reason that there is a range of particle size going in from 15 micron all the way to 1000 microns. Did that answer your question?

Deepesh Sancheti: And the second question, if you can answer, how do the formulation excipients differ from pre-formulation excipients?

Amit Raj Sinha: So, there is nothing as such like a formulation excipients. It is pure excipients. Pure excipientsare single ingredients which get used in the formulation. Now, in a formulation, you always require a binder, a glidant, a lubricant, a disintegrant. What a pre-formulation excipients does is that we take in all these functional ingredients, we combine it in the best possible form so that a major chunk of the formulas are able to use the pre-formulated excipient. So, thereby, what a formulator is going to do in his facility, we are able to do it in our facility and give him bulk.

So, he does not have to buy four, five different excipients, stock them, test them and then mix them in their plant usage. So, he just takes the pre-formulated exceptions, puts in the API, blends it and directly compresses the tablet. So, it is a value add.

Deepesh Sancheti: Okay. My last question is regarding the promoter shareholding. A promoter shareholding has been consistently declining. Any particular reason for that or it is just a normal promoter selling?

O.S Reddy: No, there is no selling from the promoter. We recently, we have issued a preferential issue of share warrants, wherein a promoter…

Deepesh Sancheti: So, it is an adjustment.

O.S Reddy: By end of this year, it will increase. In this promoter's contribution, once we fully paid up the promoter's contribution, it will go up automatically. There is no selling.

Amit Raj Sinha: There is no dilution. Thank you, Mr. Sanjay.

Deepesh Sancheti: And what about the pledge percentage, pledge shares? Are we going to release them also?

O.S Reddy: Yes. Pledge shares, we will release it later. Now, anyway, the pledge funds also we are infusing into the company only. That shows the confidence on the business.

Deepesh Sancheti: Okay. Thank you so much. Thank you all the very best.

Moderator: Thank you, sir. The next question is in the line of Aryan Modi from Abakkus Asset Management. Please go ahead.

Aryan Modi: So, first of all, I would like to congratulate the management on a great set of results, increasing more quarter and quarter and year on year. My first question would be, why is the difference in the figure of other income, which is reported by the company in the quarterly statements and the investors' presentation? The Both figures are different?

O.S Reddy: Anyway, this PLI, this is nothing but it is linked to operations only, even that is the PLI income is there in the operations. That is all. That is anyway, very much related to the operations, that is on the product, based on the product portfolio and the investment, based on that, that is sanctioned. That is why we have mentioned that. Yes. And one more thing, Mr. Aryan, this revenue will continue till 2028.

Aryan Modi: So, why aren't we showing in the revenue from operations in the quarterly statements?

O.S Reddy: Yes, we thought there is a clear-cut term, the other income is there that we have mentioned, anyway, that is from operations only. Anyway, that is there in the total income and that is the business income only. And what is the problem in that?

Aryan Modi: So, why aren't we showing it as other income in the quarterly statements, while we are clearly referring to as the revenue from operations in the investors' presentation?

O.S Reddy: Yes, anyway, we have mentioned, we are giving the clarification, what is your problem in that?

Aryan Modi: My problem is, why aren't we showing it as revenue from operations in the statements filed to BSE also?

O.S Reddy: Yes, we have filed this one also to the BSE and NSE. See both the statements are available to all the investors.

Amit Raj Sinha: So, maybe, Mr. Aryan Modi, maybe the confusion is on account of statutory compliances and the investor presentation. Statutory compliances, the auditor has a need to differentiate a certain set of income coming in, which directly comes in from operations and something which is as a reimbursement. So, there, there is a need of a statutory compliances, whereas in the investor presentation, it is more to do with graphics and the way we want to present what we have kind of earned. And that is how the difference comes in. Otherwise, it is all very much part of our revenue from operational income.

O.S Reddy: Yes, anyway, we are completely transparent and we are explaining it also.

Aryan Modi: So, moving forward, my second question would be regarding the API segment. As mentioned in the previous quarters, we were expecting all the certifications to be done by the Q3 or Q4 of this year. What is the current status of those certifications and what is the new timeline for those approvals?

Amit Raj Sinha: So, Mr. Modi, I would say at this moment, we have filed 4 CEPs with the European Directorate of Quality and Medicine. And for the first one, we are expecting the whole thing to be completed in the next six months. So, for Propafenone Hydrochloride, we are looking at completions or getting the final CEP approval by March 2025.

And for the other ones, it could probably be another 3 to 4 months beyond that. And in the whole current cycle, we are looking at a total of nine CEP filings happening. The usual CEP filings take us around 3 quarters before the approval comes in. Sometimes, on account of additional queries, it might stretch to the fourth quarter also. But at this moment, we are looking at nine CEP filings.

Aryan Modi: So, exactly from which quarter of next year can we use, can the 100kl capacity, you know, it will be used in like revenue?

Amit Raj Sinha: The first one, the Propafenone Hydrochloride, that will come into effect from Q1 of FY26. That is April 2025, we will be able to use the capacities primarily for the products which have CEP filing.

Aryan Modi: Right. So, what would be the exact utilization out of the 100KL till April 2025?

Amit Raj Sinha: That is a very difficult question, Mr. Modi, because it is a combination of various products, demand of those products. At that moment, our customer requirements, stocks available in the market, the pricing. So, it is very difficult to kind of give you an indication of how much quantity of that product we will make it out of the 100KL. But one thing is that whatever is the approved product portfolio Sigachi has at that moment, we will work to see that we have a best combination to align with what the customer needs and of course, better our margins.

Aryan Modi: Can you give me a rough estimate of the figure? The main reason for me to ask the question was because the management was planning to expand the 100KL capacity from January itself. So, there might be a usage, there might be projection till next year, the existing capacity would be fully utilized. So, till next Jan for 6th. According to the 9 months, should be taken to expand it to 250 kilo litres. So, till 9 months of next year with the existing 100 kilo litres be used or the capacity would be expanded and this would be unutilized for the next year.

Amit Raj Sinha: No, no, no, the capacity, the new additional 150KL capacity, by the time it comes into effect and it gets commissioned, it will be Jan 2026. By then we would have already got at least 6 to 7 CEP approvals. We would have already been having our other product wherein we are engaging with our earlier customers who were there with our subsidiary company, Trimax, even before we acquired them. We have Emcure, Laurus, MSN labs with us.

So, they continue to give us the base. It is just that we are kind of moving beyond the intermediates to the APIs and then subsequently to the CEP approved APIs. Basically, the transition is happening to get better at our EBITDA margins than what we were historically in APIs.

Aryan Modi: Right. So, exactly. I am not getting a clear answer. So, will we be able to use the 100KL capacity fully till the next year end?

Amit Raj Sinha: Next year end would mean by FY26 end?

Aryan Modi: Correct.

Amit Raj Sinha: Yes**,** FY26 is very far away. In fact, I believe that by the mid of FY26, we would have already been touching 95%-100% of our capacity. In fact, it will be much earlier. It is just that we want to have the best combination of products which kind of aligns with customer requirements and improves the margins.

Aryan Modi: So, in the last quarter, there was a guidance regarding the revenue, overall revenue going forward in the overall company revenue structure. And APIs would, according to the management guidance, it would cover almost 50% to 55% of the total revenues. So, where are we on track to reach that revenue share in coming years?

Amit Raj Sinha: So, I am not sure if it was 50% to 55%, Mr. Modi, because 55% would have been a very big figure. I think maybe there is some miscommunication somewhere. But definitely, we are ramping up our capacity utilization of our Trimax to be able to get better at our percentage of the total revenue of Sigachi. We are looking at nearly 30% of our total revenue at Sigachi for the current financial year.

Aryan Modi: Till then, I will move on to my next question. When are we planning to start the project work on the CCS plant? We have been talking about it since a long time, since the year forward. But there has been no progress regarding the plant project start.

Amit Raj Sinha: Absolutely. I very much agree with you. Unfortunately, the Pollution Control Board are having certain issues and we have had elections in between. And I mean, so many things which have come in way. We were supposed to get the approval in October prior to Diwali. Unfortunately, the approval has not yet come in. We are in discussion with the concerned authorities to see that we get the approval asap. In fact, internally, I am working on seeing that I get the approval by December 2024.

Aryan Modi: So, the project would start approx. how much time after we get the approval?

Amit Raj Sinha: So, my estimate is we would be having 18 months in hand, to completely commission the plant.

Aryan Modi: Okay. Also, my next question would be regarding the margins. So, what would be approximately the margins which we are expecting in the API segment? And, what would be the difference, especially in the starting when we are trying to expand it? And later, once we have gained a sufficient market share, how would the margins differentiate from the start when we are trying to gain more market share for getting a bigger piece of the pie?

Amit Raj Sinha: So, in terms of margins at this moment, I would say they are not as healthy. But once we have our CEP approvals in place, I am quite confident that we should be positive of the 20% EBIT margins. Our product portfolio is only having intermediates and it does not include any of the CEP approved CEPs lists of APIs. Once we start exporting this to the regulated markets, I am very confident of having 20% EBIT positive.

Aryan Modi: So, my last question would be regarding MCC itself. Basically, MCC overall globally is growing approximately 10% and we are growing approximately 15% to 20% on the MCC part. So, where are we gaining the market share? Are we able to get the growth rate or are we able to occupy the market share of the existing competitors because of better pricing globally?

Amit Raj Sinha: So, it is a combination of both of your answers. It is a combination of grabbing the new market. Also, it is a combination of grabbing the world number one and the world number two players market share into our fold on account of better service, on account of flexibility in terms of minimum order quantity and the grades. Just to tell you, Sigachi is the only company in the world which has more than 60 different grades of MCC to cater to any formulation needs of our customers.

Aryan Modi: Right. That is great. Thank you so much for answering. Thank you so much.

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

Ankur Sawaria: Good afternoon to you, sir. And congratulations on a very good set of numbers once again. So, my first question is, our capex for the MCC is over, right? Completely?

Amit Raj Sinha: Yes, very much.

Ankur Sawaria: And what is the utilization that we have had this quarter, sir?

O.S Reddy: This quarter, there is an increase of additional 20% in the next coming quarter and then by end of this year, when we see in terms of the numbers, it is almost, by end of this quarter, we have utilized 8,153, almost 50% we have utilized. And when we compare to previous, corresponding previous year, there is an increase of 20%. And coming quarters, it will increase further. Total, the capacities we will occupy. By end of next year, we will completely fulfill. Or maybe in next quarter 3, quarter 4 and first quarter of next financial year, we will occupy the complete capacity.

Ankur Sawaria: Right now, we are running at 50% utilization, is that correct?

O.S Reddy: Yes, 50%. Because in the second quarter only, the majority of the expanded capacities have come into place. Then once we compare previous year versus this year, there is a 20% increase in the capacities.

Ankur Sawaria: Absolutely. So, is there any danger that if in case we further bring up our utilization, the margin might come down? Is that possible?

O.S Reddy: Yes, slightly to grab the market, to penetrate into the market, there may be a slight compromise, but not much.

Amit Raj Sinha: I would just like to add here, even though it would look as if the margins are coming down, that is only to penetrate and grab the market share. But eventually, with the increase in revenue and the costs remaining fixed, our margins will only get better.

Ankur Sawaria: What we are trying to say is that maybe in percentage terms, the margin may look down, but in absolute terms, the profit will increase.

Amit Raj Sinha: Even in the percentage terms, it will increase. Let us just take an example. I am trying to sell my product at INR 250 a kilo and the competition is selling at INR240 a kilo and I need to get into that customer. So, at this moment, to give an incentive to the customer to have an eventual change, I would probably give him a 10% discount and I would eventually get in, build up my rapport, show my service, show my quality. And then as time goes by, I will ramp up the capacity, I will ramp up the pricing to be able to get better than what I was charging to him when I entered.

Ankur Sawaria: Are we decreasing the price for our existing customers also or only for the new customers?

Amit Raj Sinha: No, only for the new customer. Why would I decrease the pricing for the existing customers? My value proposition is so strong that I am commanding a price which is better than the others in the market. There would be no reason for me to drop my prices.

Ankur Sawaria: You are hopeful that you will decrease the price for 10% but later on the same customer will be willing to pay us more than what he was paying before to the other seller. Is that correct?

Amit Raj Sinha: Yes, absolutely. Sir, this is how you bring forward your value proposition. Till the time they do not experience you, they do not value you. The moment they experience you, they value your products, they use your products, then they cannot let you go. This is what is bringing forward a value proposition with respect to your competition.

Ankur Sawaria: Sir, as far as the other income is concerned, is it safe to assume that the amount of the other income that we are getting will approximately remain the same till 2028 or is it a factor of the volume of revenue that we do?

O.S Reddy: Yes, it is a factor of volume of revenue. On incremental sales, we are eligible for PLI and then that will continue to...

Amit Raj Sinha: Continue actually. It will only get better, I would say.

Ankur Sawaria: Right, because if in case of revenue, as you say, will increase 30% year on year, so PLI will increase. Am I correct?

O.S Reddy: Yes, only for particular MCC only, not overall 30%, not in APIs, not in O&M, only this is on MCC products.

Ankur Sawaria: Right. Sir, since you have guided somewhere about 30% increase in the top line, so last year we did INR 400 crores and approximately 30% would be worth INR 520 crores top line this year. Out of which we have done INR 220 crores in the first half of the year. So, the remaining would be INR 300 crores for next 6 months. So, we are hopeful that we will be able to achieve INR 300 crores in the next 6 months, sir.

O.S Reddy: Yes, we are hopeful of that, yes. The expanded capacities have come and third quarter and fourth quarter also we do.

Amit Raj Sinha: So, very right CFO. We are very hopeful because the expanded capacities will come into play, our APIs will strengthen up and our new product portfolio of UltraMod and PureCoat will add up. So, it will come back as additional revenues and we are quite confident of touching our 30% growth for this current year.

Ankur Sawaria: Very good, sir. And one thing regarding the O&M and service, do we have any new partners that get introduced in this quarter, sir?

Amit Raj Sinha: No, nothing at this moment. In fact, as and when we have a new partner being introduced, we will declare it to the stock exchange. This is a very slow process and once it comes in, it is usually a 5 or a 10-year contract. So, it is a slow process.

Ankur Sawaria: I was hoping that in the MENA region, you would think that, there are a lot of people who are taking these services and hopefully we will get the contract.

Amit Raj Sinha: Yes, Mr. Ankur. You are absolutely right. MENA has been our focus and because we have local partners present there, the penetration is as much easy. We are just trying to align opportunities with the risks there so that effectively we stand to gain and the growth is sustainable.

Ankur Sawaria: Okay. And sir, my last question or let us say second last question, in case there is no one waiting. What will be the approximate promoter percentage once we have fully paid up our preferential shares?

O.S Reddy: Around 46% to 48%.

Ankur Sawaria: And one final question that I had is that since as a company, what I see is that we are trying to grow in each and every segment that we have, let it be MCC, API, CCS, and you, time and again, I think you require funds to grow as well. And that might be the reason that you are looking forward to raising funds again. So, don't you think, what would be the structure of, can you explain the structure as to when we raise funds to unsecured or foreign currency convertible bonds, will we issue new shares to them or how will it go?

Amit Raj Sinha: CFO, I will just put in my bit, then you can add in. Ankur, here it is such that, we are not really trying to expand across everything. MCC has been our cash cow and we continue to be number one in India and among the top 5 in the world. So, naturally, I would like to continue to grab more market share and grow my presence. That is number one. CCS is very complimentary. It is also a form of cellulose and anybody who buys MCC has to buy CCS. So, it comes in very complimentary. We have the chemistry with us. That is how we are expanding.

Now, the third part which comes is the APIs. Now, when I am giving most of my formulator customers the pre-formulated excipients and giving them the binder and giving them the CCS, it is but natural that I want a bigger share of his wallet and I offer him the APIs. So, this is how the APIs are coming. So, all these are very complimentary in nature that we are kind of expanding our facilities and aligning with the regulatory licenses to be able to grab more market. So, this is the overall scene of things.

Now, in terms of getting FCCBs in place, at this moment, we are only taking an umbrella approval because it is a big process. RBI approval comes in, SEBI approval comes in, shareholder approval comes in. As and when we need these funds to be able to take it into the company for growth, we will look at it. It is just that it is an umbrella approval at this moment. And I mean, it is a long process and you have a merchant banker and all. This is being looked at. It is nothing else. CFO, you might add anything which I have missed?

O.S Reddy: Yes sir, that is all fine. Any Clarification Mr. Ankur.

Ankur Sawaria: What I am saying is that I am not against the kind of growth that we are targeting. And I am sure that whatever decisions you are taking, you are in a much better position than an outsider to take best decision possible for the company. What I am asking is that the fund we are raising, right, time and again when we try to raise funds, the share price always comes under pressure. So, the umbrella that you are trying to build, is it when we issue unsecured convertible bonds or something, do we also issue them a share or it is like a loan that we get from banks? I am not clear about that.

O.S Reddy: Even right now, anyway, whatever the best opportunity comes and then whatever is the best way, we will take it, we will adopt and then we will take it forward.

Amit Raj Sinha: And for this FCCB also, there will be a coupon rate, there will be a coupon rate which we have to service. So, it is, and it is not that we are raising all of this immediately today. Like I said, it is just an umbrella approval and we look at it as when we have needs to be able to strengthen and capitalize on what we want to do further in the business.

Ankur Sawaria: Okay, that is all from my side. Thanks a lot for answering my questions and all the best in future.

Moderator: Thank you. The next question is from the line of Hardik from Alpha Plus Capital Associates. Please go ahead.

Hardik: Hi and thank you for the opportunity. What are the current pricing trends and future outlook for MCC and wood pulp markets?

O.S Reddy: Hardik, you are asking pricing trends?

Hardik: Yes. In wood pulp and MCC markets, yes.

O.S Reddy: Yes, both are in incremental, there is a chance to rise both sides. But whenever there is an increase in wood pulp price, we can pass it on to the customers easily. And moreover, we have a very good plan in the procurement of the wood pulp. 70% of our annual requirement, we will place it, this AMC kind of thing, annual contracts we will enter into and 30% we will go for opportunity purchases.

Whenever there is a drop or there are drops in prices of wood pulp, we will procure from outside also. If there is an increase in prices, then we will take it from our annually agreed quantities at agreed prices. And even though if we acquire at competitive prices or pre-agreed prices, any increase, we will pass it on to the customers. The trend is always, it is increasing trend only because of inflation or because of the market strategy or trend. It is an increasing trend only.

Hardik: And are there any new capex plans anticipated over next 2, 3 years?

O.S Reddy: Under capex plans, one is API expansion is there and CCS expansion is there. And as and when there is a need, definitely we will go for additional capex. We will see the cost benefit analysis. If it is at the best interest of the company, really it is going to help us, then we will tap that opportunity by entering capex.

Amit Raj Sinha: Mr. Hardik, here, I would like to just add, see considering that we are looking at 50% of our new capacities being utilized in MCC by the end of March 2025. And the fact that we need 18 months for turning around a new capex of MCC, I believe that very soon we should be at the drawing board to look at an additional capacity for MCC because our consumption of the new capacity is going on track and going at a good speed. So, probably if you have a horizon of 2 to 3 years, beyond doubt, we will be looking at adding more capacities of MCC and for that there will be a reasonable amount of capex.

Hardik: All right, that is helpful. And lastly, can you highlight some of the key products in our API segment?

Amit Raj Sinha: So, we have Propafenone as one of our main products. Propafenone continues to be one of main products. Pregabalin also is one of our main products. Other than that, we have a reasonable level of advanced intermediates which are being supplied to the regulated customers for their regulated markets. When we acquired the API facility, it was primarily a USFDA approved facility for advanced intermediates. So, those set of customers and those transactions continues, but we are gradually moving the product portfolio from intermediates to APIs.

Hardik: Okay. Thank you and that is all from my side.

Moderator: Thank you. The next question is from the line of Munjal Shah, an individual investor. Please go ahead.

Munjal Shah: Yes, thank you for the opportunity. Mr. Sinha, I would expect your advice actually. When we mentioned that the contribution of API will increase. So, right now the contribution of API is at 7% of the overall revenue and MCC contribution is 81%. Like considering the contribution from the respective segments, the sales growth has been really good.

The problem is that the margins, so basically, I just wanted to clarify on this thing specifically. So, if we do not include INR14 crores of the other income which has come from PLI. So, if we take out that portion, the margins have drastically reduced by 10%. So, can you explain what has been the major reason? So, you mentioned that for entering into the new market and to grab market share, we had decreased prices or made our prices more competitive. But then 10% reduction, will we be able to regain this margin again going forward?

Amit Raj Sinha: So, Mr. Munjal, first and foremost the PLI is not for INR14 crores. So, maybe we should just discount out that. The second thing is that 10% discount has not been given. It is a combination of a lot of consolidated balance sheet wherein we have, of course, given discounts to be able to enter new markets for our expanded capacity. The second thing is on our API front facility, there are losses which we are adjusting. So, there also the margin drops.

Over and above that, we have 3 entities in the Middle East, the Sigachi MENA, the new joint venture at Saudi and another one at Abu Dhabi, the Sigachi Global. So, all these there, the revenue stream is still not started kicking in. So, these are all costs which are adding up and reducing our effective margins.

Munjal Shah: So, sir, this will be on the operating level, right? I am talking about the gross level. So, basically, when we reduce raw material and traded goods from sales. So, I am talking about the gross margin right now.

O.S Reddy: Mr. Munjal, the gross margin. Even the API also affects the gross margin and our Dubai entities also because it is a newly incorporated entity. Initially, it was not making profits, which affects the gross margins only. Any gross margin is material cost is there in API and once it increases, when there is a thin line between the sales and the cost, then obviously there we are incurring losses at present. That is the reason there is gross margin have come only 47%.

Munjal Shah: And sir, then the next question is that, sir, our employee expenses and the other expenses have substantially increased. So, like the employee expenses have gone from INR14.5 crores to INR18.5 crores. That is what I am talking about year on year. And the other expenditure has moved from close to INR17 crores to INR23 crores. So, this is like considering 30, 40% increase in this cost. So, sir, if you can just help me understand the increase and throw some light on this.

O.S Reddy: The employee benefit expenses as a percentage, if you see, it is almost around 14% is there on top line, both even last year when it was 14 or now it is 18. And in other expenses, the major part goes for freight expenses. When there is an increase in freight expenses, obviously that expenditure is going up. That is why we wanted to set up our manufacturing plant in USA to reduce this cost and the logistics cost and even the time gaps also.

And wherever there is an increase in the expenditure, that will pass it on to the customers in freight expenses or employee benefit expenses. Anyway, we are setting up all the systems in place and the expansions, the API and then this Sigachi MENA region also. That is why over a period of time it will increase and then later on, as a percentage of total revenue that is well within the limits. And also the O&M is basically on manpower base. The O&M revenue increases, the manpower expenses also increase. In O&M, only the manpower is the expense. Otherwise, we do not have any other expenditure other than manpower.

Munjal Shah: Because in this quarter, the O&M contribution has also reduced from 11% in Q1 to 8% in Q2. So, like, are we developing a team before working on the contracts or if you can just help me understand that?

O.S Reddy: It is a simultaneous thing and then sometimes we, after getting the contract, we will go in or sometimes. Yes, it is a combination because that operation will continue and then manpower are the assets there in O&M.

Munjal Shah: Okay. And so the increase in the freight cost is passed in the same quarter or it comes with a lag?

O.S Reddy: Yes, it is a combination. Throughout the quarter it comes. So, that is there uniformly whenever the freight expenses increases that international conditions, situations also it matters.

Munjal Shah: So, most of our exports are on CIF basis?

O.S Reddy: Yes, CIF, yes.

Munjal Shah: Okay. So, currently have we taken the hit on our margins and do we intend to pass on the cost in next quarter to our clients or we will take the hit of the increase in freight cost?

O.S Reddy: Mostly in the same, but sometimes for some customers, next quarter it will come. It is a combination because we export, our presence is there more than 60 plus countries and different customers, more than around 300 customers are there.

Munjal Shah: Okay. So, my next question is when we mentioned that we are planning for 9 CEP filings by FY25, right, and we have a capacity of 100 KL. So, when are we envisaging to use this capacity completely? By what time? And what can be the estimated turnover basis the use of 100 KL at average pricing?

O.S Reddy: Yes, average is around once we achieve, it depends upon the product, but roughly we can achieve we can INR90 crores to INR100 crores.

Moderator: Thank you. The next question is from the line of Damodar Baliga from DB Investments. Please go ahead.

Damodar Baliga: Good evening, sir. Thanks for the opportunity. Congratulations on a good set of figures. My question is to Mr. Amit Ji. Sir, you had already alluded regarding increasing the capacity of CCS, maybe within next 12 months to 18 months. So, just wanted to know, do we have space at the existing plots or do we have to look for alternate sites?

Amit Raj Sinha: Sir, Damodar sir, it is just that in the same SEZ premises in Dahej in Gujarat, we have taken an additional plot of 18 acres piece of land. And it is for that particular site that we are getting the environmental clearance in place. So, once this 18-acre site has the environmental clearance, we will comfortably be able to have a reasonable level of production blocks and we will not have any challenges of a greenfield project troubling us in terms of delay.

Damodar Baliga: So, the pollution board approval that you have applied and waiting for that includes both for CCS as well as for MCC. That is what you are trying to say.

Amit Raj Sinha: Sir, right now it is only for CCS, sir. MCC, there is nothing specific because MCC, the capacity has already come into force and we are selling a reasonable percentage of the new installed capacity. Right now, the environmental clearance is only for CCS.

Damodar Baliga: So, that means you will have to reapply for the pollution board approval for MCC if you want to come up with the SEZ place?

Amit Raj Sinha: Yes, that is right. But once the EC is granted, sir, adding products is not really a challenge. It is usually that when it is a greenfield project and the local area, the local water streams, the air conditions are not available, there is a long queue in the list for a central pollution control board and the local pollution control board. That ends up in a delay.

Damodar Baliga: Okay, fair enough. Got it, sir. So, second is regarding your CCS. As and when you said it takes 12 months to 18 months to complete the project. And since it is a new product from a new plant, you will have to get the approval from the pharmaceutical customers for this product also?

Amit Raj Sinha: Very much so, that is right.

Damodar Baliga: So, that means that would take subsequent to that another 3 to 6 months to get the approval from all the customers?

Amit Raj Sinha: Yes, 3 months at least is a fair quantity.

Damodar Baliga: Okay, madam. Thank you.

Moderator: Thank you. The next question is from the line of Ashish from Northbridge Capital. Please go ahead.

Ashish: Yes. Good evening to the management. My question has to do with the PureCot and Ultramod. I was a bit late to the call. Could you just reiterate what the plan was for these 2 products? And what is the capex?

Amit Raj Sinha: Ashish, the capex is all in place. We have commenced operations and we are sampling at this moment and giving it to our same customer base who are taking our MCC excipient for taking trials on their tablet coating.

Ashish: Okay. So, just to understand, sorry, this is my second question, but is the product similar to a cellulose base or when was the capacity really put in place?

Amit Raj Sinha: So, the product is not similar to a cellulose base. Our primary product or the cash cow is MCC, which is microcrystalline cellulose, which is technically called a binder. Now, what we are doing is when we were selling MCC earlier, we were selling the core of the tablet, the main body of the tablet. Now, we are selling the coating of the tablet. That is how the difference is.

Ashish: No, but when was the capex for this put in place?

Amit Raj Sinha: So, this capex was put into place along with the expanded capacity of our Dahej plant in MCC.

Ashish: Okay. So, the 7,200 MTPA expansion, at the same time, this was also conducted?

Amit Raj Sinha: Yes, in the same block, we set up a separate block for the expanded capacity of MCC, and in that we have segregated a different floor for the coating section.

Ashish: Okay, got it. So, as of now, the main expected capex is the CCS 1,800 MTPA and the 150KL APS.

Amit Raj Sinha: Absolutely, Ashish. You are right.

Ashish: So, as per my understanding, you had more of a push strategy to gain market share this quarter. So, what was the realization for MCC this quarter?

O.S Reddy: This quarter, the realizations are around INR212 per kg.

Ashish: Okay, got it. Thank you for taking my questions.

Moderator: Thank you. The next question is on the line of Purushottam from Volkswagen ITS. Please go ahead.

Purushottam: Good evening to CFO and Amit, sir. So, first of all, congrats on posting such a robust performance in this tough Q2 time. So, first of all, my question to Mr. Raj is, after the quarter 1, the company has given a document on the exchange regarding the INR180 million-dollar revenue. Where are we on that?

Amit Raj Sinha: No issues. We are very happy to answer your questions. So, unfortunately, our joint venture partners and we are still trying to grab markets which have got a reasonable mix of being sustainable and a reasonable level of risk. I mean, there are opportunities there in Saudi, but we are just trying to work out and have a fair mix of opportunities which remain sustainable and are risk balanced.

So, on account of that, we have let go certain opportunities and we did not really look at them because we did not feel that we were in a position to be able to execute those orders, standards, products in line with those stipulated norms. But we are working to see that we gradually strengthen this, build this up and get better at taking further risks to be able to generate revenue there.

Purushottam: Okay. So, can we expect the amount of revenue from next financial year?

Amit Raj Sinha: Absolutely, sir. You are asking me and I think I have been pushing my team in the Middle East, the Sigachi Arabia as much for commencing operations because we are incurring costs, there are opportunities lying in front of us. We just have to balance out and strike a chord and just commence. There can never be a perfect moment.

Purushottam: Okay. I can understand. So, in the US market, the government is trying to establish a biosecure act, which will be as per the analysts, which will be beneficial to be mostly to the Indian pharma segment. So, can we get, since we are working in pharma also, so can we get some advantage of this biosecure act? Any comment on this, Amit sir?

Amit Raj Sinha: Yes, you are right, sir. We are expecting better support in terms of our pricing and absorption of volumes in the US markets on account of this.

Purushottam: So, my next question I will ask the CFO quickly. So, I think after quarter 2, you said that at the end of this financial year, we will be a debt free company. So, are we on the track of debt free? Or any comment on this one?

O.S Reddy: Yes. We are on the track.

Purushottam: Okay. My next question is like, since we are giving the sample regarding our new tablet coating, so when shall we expect revenue from, this year or maybe from the next year? Amit sir?

Amit Raj Sinha: So, Mr. Purushottam, we expect certain level of revenues to come in from the nutraceuticals segment in this financial year itself. But any segment would at least take in at least 3 months of stability data before the customers come back to us. So, I am expecting that by probably by Jan or Feb, we should have some trial orders coming in on a reasonable quantity from the nutraceuticals customers.

Purushottam: Okay, sir. Thank you. So, my second last question is related to the margin front. So, you have given the revenue guidance of 30% for this whole year. So, what will be the overall EBITDA margin? Can you give some comment on this?

O.S Reddy: Yes, we hope we will maintain EBITDA margins.

Purushottam: So, what will be the approximate percentage?

O.S Reddy: Yes, that is around 21%-22%.

Purushottam: Thanks a lot, sir, for giving me the opportunity. I am actually a retail investor of this company. And I am an admirer of Mr. Amit Raj Sinhaand his personality and his achievement. And I am a great follower of him on LinkedIn also. So, all the best to you and the team.

Amit Raj Sinha: Thank you very much, Mr. Purushottam. I wish you good luck. Keep working hard and keep rising.

Moderator: Thank you. The next question is in the line of Damodar Baliga from DB Investments. Please go ahead.

Damodar Baliga: Sir, my last question since you have already answered regarding the Gulf operations, so we could expect some revenues in the next financial year. So, my question is regarding the Trimax investment. So, when it was applied, we were given a target that we will do around INR40 crores in FY24. And then in FY25, it was expected to do around INR80 crores. But if you see as on H1 of this financial year, we have done only INR18 crores. So, at the most, we can reach INR40 crores or INR50 crores during the current financial year.

So, my question is, I know there are a lot of delays and differences in getting the approval from the regulatory authorities. So, what gives you confidence to go ahead and increase the capacity from 100 KL to 250 KL, when the current capacity which can yield, I think as we expect INR90 crores or so. So, we are not even utilizing hardly 50% of that capacity.

Amit Raj Sinha: Mr. Damodar, you are absolutely right. The cash point is that at this moment, there are uncertainties, but our horizon is so large and so big that if you do not look at an additional capacity and when we have 9 CP approvals coming in by the mid or end of the next financial year, we will be high and dry. And we will have approvals in place, but we will not have capacities to cater to the regulated market for those CEP approvals.

So, it is very fair this thing rather than doing it at the end moment and building up capacity, it is good to have a couple of quarters before and build up the capacity so that when auditors come to inspect an audit, the audit passing the percentage also is 100 out of 100. There is nothing else behind this. It is just giving us the confidence that yes, our API vertical is very much on track and we are on track to be able to complete all the expansion and the approval simultaneously.

Damodar Baliga: Sir, in case we get the approval by this year and as you had mentioned, the customers will take some more time to approve our facility as well as our product, right?

Amit Raj Sinha: So, it is not that customers are going to come at it again. Once the CEP approval comes in, most chunk of our regulated customers would immediately go in for sampling and stability of the formulation. And once the stability is done, maybe meanwhile they would come for a customer comfort audit and subsequently start trials.

Damodar Baliga: So, minimum takes up to six months, sir?

Amit Raj Sinha: No sir, I would say it is not as much. Once the CEP approval comes in, it is far quicker, sir. CEP approval is the iron gate.

Damodar Baliga: The reason is some of your projections for this Trimax have not been met. I do not know, whatever delays and something you are not accounting. So, worry is, since it is, in fact, pulling down the profitability. So, just wanted and eager to know how fast you turn it around. So, when you start doing the additional capex to increase the capacity, then the depreciation and interest will also add, whereas we may not be utilizing the capacity. So, that is the worry. So, are you confident, at least before you have the new capacity, the existing 100-KL capacity would be running at full utilization?

Amit Raj Sinha: Very much, sir. I am very confident of this statement. There are no second thoughts about it.

Damodar Baliga: And as and when you are running at 100-KL, you should be doing a EBITDA of 10% plus, right?

Amit Raj Sinha: 10% plus, if the moment I have the regulatory approvals of CEP in place, I am confident of achieving a 20% ebit margins on these.

Damodar Baliga: Okay, sir. Thank you very much for the opportunity and wish you all the best.

Moderator: Thank you, sir. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Amit Raj Sinha for his closing comments.

Amit Raj Sinha: Thank you all for participating in this earnings concall. I hope we were able to answer your questions satisfactorily and at the same time offer insights into our business and the growth. If you have any further questions or would like to know more about the company, please reach out to our Investment Relations Managers at Go India Advisors. Thank you and have a wonderful evening.

Moderator: Thank you, members of the management team. Ladies and gentlemen, on behalf of Go India Advisors, that concludes this conference. We thank you for joining us and you may now disconnect your lines.