Himadri

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Ref: Listing Code: 500184	**Ref: Listing Code: HSCL**
BSE Limited	National Stock Exchange of India Ltd
Department of Corporate Services	Exchange Plaza, C-1, Block-G
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Sub: Transcript of Earnings Conference Call for Financial Performance for the 4th Quarter and Financial Year ended 31 March 2025 held on Tuesday, 29 April 2025

Dear Sir/ Madam,

Further to our letters dated 24 April 2025, 26 April 2025 and 29 April 2025 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") read with Schedule III of the SEBI Listing Regulations and other applicable provisions of the SEBI Listing Regulations, we are enclosing herewith the transcript of earnings conference call for Financial Performance for the 4th Quarter and financial year ended 31 March 2025 held on Tuesday, 29 April 2025 at 4:00 p.m. (IST).

The above information will be made available on the Company's website at www.himadri.com

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For Himadri Speciality Chemical Ltd

Monika Saraswat
Digitally signed by Monika Saraswat
Date: 2025.05.06 16:25:58 +05'30'

(Company Secretary &
Compliance Officer)
ACS: 29322

Himadri Speciality Chemical Ltd

Q4 FY '25 Earnings Conference Call

April 29, 2025

MANAGEMENT:	**MR. ANURAG CHOUDHARY – CHAIRMAN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – HIMADRI SPECIALITY CHEMICAL LIMITED** **MR. SOMESH SATNALIKA – EXECUTIVE VICE PRESIDENT, CTD AND STRATEGY – HIMADRI SPECIALITY CHEMICAL LIMITED** **MR. KAMLESH AGARWAL – CHIEF FINANCIAL OFFICER – HIMADRI SPECIALITY CHEMICAL LIMITED**
MODERATOR:	**MR. BHAVYA SHAH – MUFG INTIME**

Himadri Speciality Chemical Ltd

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MANAGEMENT:	**MR. ANURAG CHOUDHARY – CHAIRMAN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – HIMADRI SPECIALITY CHEMICAL LIMITED** **MR. SOMESH SATNALIKA – EXECUTIVE VICE PRESIDENT, CTD AND STRATEGY – HIMADRI SPECIALITY CHEMICAL LIMITED** **MR. KAMLESH AGARWAL – CHIEF FINANCIAL OFFICER – HIMADRI SPECIALITY CHEMICAL LIMITED**
MODERATOR:	**MR. BHAVYA SHAH – MUFG INTIME**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and FY '25 Earnings Conference Call of Himadri Specialty Chemical Limited hosted by MUFG Intime. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Bhavya Shah from MUFG Intime. Thank you, and over to you, sir.

Bhavya Shah: Thank you. Welcome to the Q4 and FY '25 Earnings Conference Call. Today on the call, we have with us Mr. Anurag Choudhary, CMD and CEO; Mr. Somesh, EVP, Tyre and Strategy; and Mr. Kamlesh Agarwal, CFO. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinion and expectation as of today. Actual results may differ materially.

These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. Our detailed Safe Harbor statement is given on Page 2 of investor presentation of the company, which has been uploaded on the stock exchange and company website.

With this, I now hand over the call to Mr. Anurag Choudhary. Over to you, sir.

Anurag Choudhary: Thank you, Bhavya. Good evening, ladies and gentlemen. I would like to welcome you all to the Q4 and FY '25 Earning Call of Himadri Speciality Chemical Limited. It's a pleasure to connect with you and share insights into our business strategy and outlook. More importantly, it's a moment of significance for us to reconnect and share the incredible journey we have been on. A journey marked by transformation and a deep-rooted purpose.

It started over three decades ago with a single-minded vision to create impact through innovation. What started as a small coal tar distillation unit in 1990 has today evolved into a global leader in speciality chemicals and new energy materials. At the heart of this evolution is our relentless focus on research and development, our belief in sustainable growth, and an unwavering commitment to deliver quality and value across everything we do.

We have, through relentless efforts, research and development and innovation over the last 35 years, developed a very strong, sustainable and growing business model. Today, we supply high-quality tailor-made coal package to our customers at most economical cost globally. This provides a strong value proposition and significant cost advantage for our customers.

Our commitment to delivering the highest standards of quality results in sustainable economic savings for our customers, thereby strengthening our collaboration and reinforcing our relationship. Through incremental improvements in operational efficiency and yields, we have successfully reduced cost and generated substantial long-term margins.

By optimizing energy consumption and leveraging artificial intelligence capabilities across our operations, we have streamlined our processes. Over the years, we have built an integrated business model that spans across carbon value chain, right from coal tar pitch, specialty carbon black and new energy materials to high-value-added derivatives like naphthalene, SNF, PCE.

Our pioneering work in speciality features for defense application such as long-range missiles has demonstrated not only our R&D capability but also our ability to innovate for greater good. Similarly, our developments in areas of lithium-ion phosphate, cathode active material, anode materials, circular economy products, treated blacks, conductive blacks, and zero impurity pitch are testament to our innovative mindset and drive.

What differentiates Himadri today is the depth of our integration, the scale of our capabilities, and the strategic move we have and are making, each one thoroughly placed to address emerging industry trends and needs. Our products are today available in almost 56 countries, serving multiple critical industries, including lithium-ion batteries, EV, aluminum, graphite, tyre, inks, construction, plastics, paints, and many more.

During this financial year, Himadri was conferred with Company of the Year among the listed companies at India Chem 2024, which was organized by Ministry of Chemicals and Petrochemicals in partnership with FICCI and EY. Moreover, we were also awarded with the DET Hurun Award for outstanding contribution to India's manufacturing economy at India Manufacturing Excellence Award 2025.

This journey of growth has not been just about scale. It's about transformation. We have embraced the future through automation, AI-led analytics, and processing standardization and optimization. We have transitioned into a truly data-driven enterprise and our commitment to sustainability has been recognized globally from being awarded with EcoVadis Platinum medal, which places us in top 1% globally for sustainability practices to earning a commendable B rating in our very first CDP assessment for 2024, which is indicative of company that is taking coordinated action on addressing environmental issues. From a social lens, our efforts are recognized with Himadri bagging the prestigious Golden Peacock Award for Excellence 2024 at IOD 19th International Conference.

In terms of execution, we continue to deliver on scale and strategy. At Singur, our work on brownfield expansion of speciality carbon black line from 60,000 metric ton per annum to 130,000 metric ton per annum is progressing as planned and is expected to be operational by Q3 FY '26.

This will take our overall carbon black capacity from 180,000 metric ton per annum to 250,000 metric ton per annum, which will make this the single largest site for specialty carbon black facility in the world. This expansion will cater to the rapidly growing demand in specialty fiber blacks, conductive black, inks, plastics, coatings and battery segments, further strengthening our position as a global leader in this high-value-added segment.

To enhance our value-added specialty product portfolio, we are once again forward integrating to set up capacity to manufacture anthraquinone and carbazole from our existing oils, a testament to our prudent strategy and innovative mindset. These products are essential ingredients for dyes, pigments, pharmaceuticals, and electronic industries and will add significant value across our value chain. These products are currently largely imported in India, and our objective is clear: To substitute imports with world-class domestic manufacturing and offer competitive global solutions. The high value-added specialty product line is scheduled to go live in Q2 FY'27.

On the logistics and export front, the commissioning of our dedicated Liquid Coal Tar Pitch terminal at Haldia has opened new doors for global markets. In fact, our first export shipment was successfully dispatched in October 2024, a defining moment that paves the way for large-scale international liquid pitch supply.

We have also made significant progress post our acquisition of Birla Tyres as a strategic partner along with resolution applicant, Dalmia Bharat Refractories Limited. This strategic entry into tyre manufacturing industry may look just like another example of forward indication for Himadri owing to our rich legacy of working with carbon blacks.

However, it is important to note that Himadri will not be selling any carbon black to Birla Tyres. Birla Tyres will be able to source carbon black at much more economical rates from other suppliers. And Himadri will continue to tap into significant value-added market it has carved for its offerings in carbon black segment. Modernization and revamping efforts are well underway with operations set to begin in phases starting end of Q1 FY'26. We will focus on building a comprehensive product portfolio of specialty tyres to serve off-highway tyre segment.

Simultaneously, we are working on installation of our passenger car radial tyre unit, which will take some time. This unit will have a strong focus on producing PCR tyres catered to meet the needs of EVs, SUV segment vehicles. We intend to lead the global e-mobility revolution by innovating next-generation tyres that can meet the evolving demands of a sustainable future, catering to domestic as well as global demands.

Our most transformational journey is now unfolding in field of lithium-ion battery components, a space critical to energy transition. The global lithium-ion battery market has experienced significant growth, reaching an estimated USD 97.88 billion in calendar year 2024 and is projected to grow at a CAGR of 14.58% over the next 5 years.

India's lithium-ion battery market too is experiencing rapid expansion and projections estimated growth from USD 4.47 billion in '24 to USD 16.09 billion in 2030, reflecting a CAGR of 23%. Moreover, the global EV market experienced significant growth, attaining a market size of USD 396.4 billion in 2024.

This expansion has been fueled by multiple key factors, including increasing environmental awareness, advancement in battery technology, government initiatives supporting EV adoption. Battery demand in India is expected to rise to 260-gigawatt hour by 2030, driven by escalating adoption of EV and renewable energy storage systems.

India registered 8% penetration rate of EV in 2024, which was 6.5% in 2023. This traction is becoming more and more prominent with domestic producers. Tata announcing launch of premium yet affordable EV in this year and 2 giants, Tesla and BYD actively pursuing the EV car production plan in India. We are well on our way to EV30@30, which aims to see about 80 million EVs on road by 2030.

Indian government is also shaping the energy storage policy and regulatory framework to boost energy storage in the country. Apart from incentives to battery and carmakers, Government of India has been proactively taking progressive steps such as exemption of customs duty on imports of machinery and equipment, GST reduction, waiver of road tax that are aimed at making the EV growth smooth and their proposition economically attractive to the masses.

Across major use cases, lithium-ion battery technology has established itself as the dominant technology owing to their marquee edge over other battery chemistries such as sodium-ion in terms of critical parameters such as energy density, cycle life, charging time, reliability, and portability.

Recognizing that cathode materials account for over half the cost of lithium-ion battery, we are positioning Himadri at the heart of global clean energy movement. By 2030, global demand for lithium-ion cathode material is expected to exceed 9 million tons annually. Lithium-ion phosphate batteries have emerged as a dominant battery technology in China's EV market according to over 60% of EV battery installation.

In 2024 alone, the share of LFP battery technology in the cumulative battery installation of China was around 75%, up from 51.5% from the previous years. The potential growth of electric vehicles and grid scale energy storage system has propelled lithium-ion phosphate batteries to the forefront of global demand with over 70% of the automakers around the world now exploring LFP chemistry for the next-generation models. And to meet this growing demand, we are establishing first commercial plant of LFP cathode active material globally outside China.

Our vision is to build a capacity of 200,000 metric ton per annum of electric cathode active material plant sufficient to power 100 gigawatt per hour of lithium-ion batteries with the first phase of 40,000 metric ton per annum expected to be operational by Q3 FY '27. For us, this is more than a business opportunity.

It's a national building effort aligned with India's Atmanirbhar Bharat vision and its decarbonization goals. While cathode takes a center stage, our research and development team are also making remarkable strides in working on anode chemistry from natural, synthetic and hybrid anode material to next-generation silicon carbon for anodes.

We are exploring every viable chemistry to improve battery performance, density and charging time. In line with this, our collaboration with Sicona driven by shared vision and synergies has enabled us to accelerate the development cycle for silicon carbon anodes in a very short span of time. Our belief is simple. Battery breakthroughs won't just come from one component, but from a holistic mastery of the ecosystem.

And as we innovate, we are also thinking ahead. The proliferation of lithium-ion batteries in the coming decade brings with it a new challenge, safe disposal and material recovery. I'm pleased to say that our teams are already exploring solution in these domains and showing Himadri is not just in creation, but also in circularity. At the same time, we are also working on developing technology to recycle different types of waste materials such as end-of-life tyres, used engine oil, lubricating oil, cooking oil to produce value-added products to build a circular economy.

Beyond batteries, our ambition extends into leveraging nano technology, an area we believe will be a true game changer across multiple industries, leveraging our collaboration with Invati. Himadri team is working day and night to undertake development of disruptive solutions in domain of battery materials and technology. At the same time, we are also working on exploring niche use of this technology for crafting solutions in domain of agriculture, human and animal health.

At the core of everything we do believe is that the future will be shaped by those who can align industrial ambition with environmental responsibility. At Himadri, we are anchoring our growth in this philosophy, whether it's expanding into new markets, investing in technology, or building new capabilities, our actions are rooted in our desire to create long-term value responsibly and purposefully.

Every decision we have made, whether it is forward integrating into value-added chemicals, entering the tyre industry, or building the new energy material platform has been shaped by dual mandate to elevate India's industrial capabilities and to lead global chain in sustainable manufacturing.

By combining our deep value chain and expertise with frontier innovation, Himadri is not just responding to the needs and demands of a changing world. We are helping to shape it. We are doing so with the confidence that we are building an organization that will deliver sustained value to all our stakeholders, shareholders, customers, communities, and the planet. My humble request is for you to kindly go through our investor presentation in details as it covers all the aspects of our business.

With that, I would like to hand over the proceedings to our CFO, Mr. Kamlesh Agarwal, to walk you through the financial performance in details.

Kamlesh Agarwal: Thank you, Anurag ji. Good evening, everyone, and thank you for joining us today. I trust that everyone has had a chance to review our financial results and the latest investor presentation, which have been made available on both the stock exchanges and our company's website.

Over the last 5 years, we have demonstrated a consistent and robust financial performance, reflecting the strength of our strategic focus and execution. Since FY 2021, our revenues have grown at an impressive CAGR of 29%. More significantly, our EBITDA has expanded at a CAGR of 60%, and our PAT, profit after tax has grown at an exceptional 86% CAGR. These results are underpinned by enhanced focus on high-value specialty products and by a steady rise in our sales volumes, which has increased by 13% year-on-year during this period.

Now turning to the stand-alone financial highlights for the full year FY '25. We closed the year with a strong performance across all key metrics. Our sales volumes grew by 16% to 552,206 metric ton, up from 475,582 metric ton in the previous year. This volume growth translated into a solid top line with total revenue reaching INR4,596 crores, marking a 10% increase over FY '24.

Our focus on operational efficiencies and cost optimization helped drive EBITDA higher by 33%, which stood at INR844 crores compared to INR632 crores in the last year. Our EBITDA per ton reached INR15,276 per ton, a 15% increase over FY '24. At the bottom line, profit after tax rose by 36% to INR558 crores as against INR411 crores in FY '24. These results reinforce our ability to deliver consistent and profitable growth even amidst a dynamic market environment.

In terms of financial health, we continue to maintain a resilient balance sheet. As of 31st March 2025, we hold a net positive cash balance of INR371 crores, which gives us ample flexibilities to pursue growth opportunities while maintaining a prudent approach to capital allocation. Our return on capital employed has also shown a steady upward trajectory, reaching 34% in FY '25, a testament to our sharp focus on value creation and capital efficiencies. [Inaudible 0:20:35] share of INR1 each, which represents 60% of the face value for the financial year 2024-'25. This is subject to the approval of our shareholders.

With these results, we believe we are well-positioned to continue our upward trajectory, building on a foundation of financial strength, operational excellence, and strategic foresight.

That's all from our side. We will now open the lines for question and answer.

Moderator: The first question is from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: I got a few questions. First, on the volume growth for this quarter, particularly last 2 quarters, it has been declining. Any particular reason there is a sudden pressure on the volume, which has stopped growing?

Anurag Choudhary: No, nothing like that. See, what is happening, we are focusing more on value-added products. So, when you focus on value-added products, the production volume comes down, but the value addition is more. That is one of the reasons. Other reason is that at the end of the financial year, there was a shipment which was supposed to go, which got deferred to next year. That was the main reason for little decline in the volume, nothing else.

Sanjesh Jain: Got it. When we say that we are focusing more on value-added product, the production is 50% almost is pitch, right? Which is liquid pitch we generally sell for -- sell to the aluminum smelters. Apart from that, we got the oils and other thing. When we say we are focusing on value addition products, how should we see?

Anurag Choudhary: So value-added products are naphthalene of high purity that we are making. That is one of the very critical products for us. And other than that, specialty carbon black. So, when you convert from commodity to different grades of specialty, the volume comes down. So suppose a commodity product you are producing 100 tons, the speciality will be only 70 tons.

So that is one of the things. And it depends on which grade of specialty you are doing, which -- so that also the productivity changes. So, since we are going into value-added items, that is the reason. But overall volume will again be normal in current year.

Sanjesh Jain: So, in FY '26, now that in last 2, 3 years has been a super normal growth in terms of volume for us, do we expect the volume trajectory to hold on in FY '26 as well?

Anurag Choudhary: Yes, definitely, we expect the volume trajectory to hold on and grow further.

Sanjesh Jain: What's the expectation for the growth in FY '26 in terms of volume for us?

Anurag Choudhary: So total, if you look at our numbers, last year, we did a PAT of INR411 crores. This year, we did a PAT of on a stand-alone basis INR558 crores. So, by FY '27, we expect a PAT of INR800-plus crores.

Sanjesh Jain: 800 crores plus crores of PAT in FY '27?

Anurag Choudhary: Yes, yes.

Sanjesh Jain: Got it. Got it. The follow-up question is on the pitch. You did mention that we are looking for an export and we did a maiden shipment. How should we see the export opportunity in pitch?

Anurag Choudhary: The export opportunity is very bright in pitch. We are supplying material to different geographies. And in the current year, we expect the volumes to ramp up.

Sanjesh Jain: And this will be in what geography?

Anurag Choudhary: It will be in all the geographies, Middle East, Southeast.

Sanjesh Jain: Okay. Southeast and Middle East largely.

Anurag Choudhary: Yes. Largely.

Sanjesh Jain: Now changing to the carbon black. One of your peers did mention announced the result. We have seen some amount of pressure on the spreads on the carbon black. Are we seeing any pressure on the carbon black for us or its specialty, so we are largely protected?

Anurag Choudhary: We are largely protected. Our very minimum volume goes to tyre industry. So, we are largely protected. From our side, we don't see any pressure.

Sanjesh Jain: So sir, what is the large application?

Anurag Choudhary: So fiber black, conductive black, plastics, inks and coatings.

Sanjesh Jain: Got it. And on the tyre business, can you help us understand where are we in the business commissioning? When should we see revenue coming up? Any thought process on our tyre business?

Anurag Choudhary: Yes, yes. So, we have been revamping the asset for last one year, and the process is on. So, we have already produced sample tyres and have given for BIS approval and expecting the approval in the next 25 to 30 days. Post that, we will commence production in phases. First phase will be 10, 20 tons, then we will gradually ramp up the production on a quarter-on-quarter basis.

Sanjesh Jain: Got it. Got it. So we should see some material revenue coming in from second half of this financial year. Will that be a fair assumption?

Anurag Choudhary: Yes. For second half of this financial year, you'll see some revenue coming in. But I think major revenue will start coming from the next year.

Sanjesh Jain: Next year. Got it. Got it. And any particular region we are focusing East India because we are closely placed there, or it will be more like a pan-India launch?

Anurag Choudhary: No, it will be not a pan-India launch because the volume we will be producing in the first phase will be very small to launch in a pan-India basis. We have selected 5, 6 states in which we'll start launching the product. Post that, once the production ramps up, we will be introducing new states.

Sanjesh Jain: Any particular state you want to highlight, 4, 5 states, which is our priority as of now?

Anurag Choudhary: That once we are going to launch, I will indicate.

Sanjesh Jain: Got it. My last question is on the specialty value-added product, which we have announced a capex of INR120 crore. What is the potential asset turn we are looking in that?

Anurag Choudhary: Actually, INR220 crores.

Sanjesh Jain: Sorry?

Anurag Choudhary: What you are saying for the speciality carbon, speciality products.

Sanjesh Jain: No, no, specialty products, INR120 crores of capex.

Anurag Choudhary: It is 1.8 or 2:1.

Sanjesh Jain: So almost 2x of the -- so INR240 crores is the potential revenue... selling the less oil, right? So volume-wise, it will not change. There will be more realization gain, which will happen to us. That is the base.

Anurag Choudhary: Right, right, right. So today, we are selling oil at suppose 40,000.

Sanjesh Jain: Correct.

Anurag Choudhary: This product will be very high value-added product. So that will be the extra margin we'll be deriving from this chemical.

Sanjesh Jain: Got it. Volume remaining the same, we will benefit from higher realization, higher EBITDA per ton.

Anurag Choudhary: Actually, that is what we are doing.

Sanjesh Jain: No, that's also visible. Now that we are on probably one of the highest EBITDA per kg, we have hit what INR23 EBITDA per kg. Do you think there is more scope to improve from here or we should stabilize here? How should one see this?

Anurag Choudhary: We are on the full annual basis, we are INR15,276 EBITDA per ton. On a Q4 basis, it is INR17,008...

Sanjesh Jain: Correct. Sorry, my bad. INR17.1.

Anurag Choudhary: Yes, for metric ton EBITDA. And we are confident of maintaining this and strengthening it further.

Sanjesh Jain: Got it. Got it. There is no seasonality, right? It is also...

Anurag Choudhary: No, our business is not a seasonal business.

Sanjesh Jain: There's no seasonality in it, correct. Great, sir. So what is the capex number expected for FY '26 cash capex?

Anurag Choudhary: Cash capex will be around INR600 crores to INR700 crores.

Sanjesh Jain: FY '26?

Anurag Choudhary: FY '26 through internal accrual.

Sanjesh Jain: All internal accrual.

Anurag Choudhary: Yes.

Sanjesh Jain: Thanks for taking all those questions so patiently and best of luck for the coming quarters.

Anurag Choudhary: Thank you so much.

Moderator: The next question is from the line of Aditya Ketan from SMIFS Institutional Securities. Please go ahead.

Aditya Ketan: Yes. Thank you for the opportunity. Sir, my first question is, sir, our total carbon black capacity stands at 180,000 tons. Out of this, 60,000 tons is the specialty carbon black. So the remaining 1.2 lakh ton capacity, now you have mentioned to an earlier participant that we are not very concentrated on the tyre sector. So this 1.2 lakh ton is basically the commoditized grade of carbon black, if I'm not wrong. So where are we selling this apart from the tyre sector?

Anurag Choudhary: We are selling on non-tyre sector. There are different applications, which goes into -- in commodity also for plastics, for other applications, there we are selling.

Aditya Ketan: For plastics and this application, so specialty carbon black is used but the commodity goes through...

Anurag Choudhary: They are different grades of carbon black which goes in same application in different grades are there. So some grades are commodities, some grades are specialty. So like for MRG we are selling, for profiles we are selling, for hoses we are selling, for this conveyor belt, we are selling.

Aditya Ketan: Okay. Sir, any particular number if you can share, how much end user concentration is to the tyre sector, like 10%, 20%, 30%, -- any sort of figure?

Anurag Choudhary: So tyres in our case is less than 25%.

Aditya Ketan: Less than 25%. Okay. Sir, on to your new capex of the specialty carbon black, which you are planning to add 70,000 tons at a capex of INR220 crore. Sir, I believe the replacement cost looks very lower in case when we look at our competitor, so they are setting up a similar specialty carbon black line with a capex per ton of roughly around INR90,000. We are setting it up at a cost of around INR30,000 per ton. Sir, why there is so stark difference in our competitors' capex and our capex on a similar project like a specialty carbon black? Any thoughts on this?

Anurag Choudhary: That is the strength of Himadri. In fact, this question you should ask to the peer. That is the strength of Himadri to converting a low capex and a high ROCE. That's why our ROCE is 34%.

Aditya Ketan: Okay. Any sort of a technological difference, sir, can you highlight...

Anurag Choudhary: Technological difference is there. That's why we are setting up such a big unit, and we'll be the largest single-site specialty carbon black plant in the world. It's basically integration.

Aditya Ketan: Okay. And sir, any number if you can put like what sort of spreads -- can we make on the specialty carbon black? And what are we making on our existing specialty carbon black line of 60,000 tons?

Anurag Choudhary: We don't give product-wise margin. But to give you a broad number, specialty carbon black margin differs from 20,000 to 50,000, depending on what grade you are producing, what application you are selling to.

Aditya Ketan: Correct. And sir, where are we in this chain, like from 20 to 50, any sort of a number if you can share?

Anurag Choudhary: So number we don't share specifically for product-wise, but we are in this journey. We have started this journey 5 years back, and I think there is a long way to go.

Aditya Ketan: Sir, any idea on what the outlook for carbon black is, like for the next 2 to 3 years, like considering because we are not much dependent on tyre, where we are witnessing material weakness. So, other sectors, how are they expected to perform?

Anurag Choudhary: With our order book and our contractual agreements, we are placed in a very good situation for next 2 to 3 years, clearly.

Aditya Ketan: Sir, just one last question. You had mentioned in your presentation that the Birla Tyres, the requirement of carbon black, will not be sourced from our facility. It would be from a third-party player. Why is it so sir? Any sort -- like we are producing some higher grades, and we want to get some better realization as compared to like what Birla Tyre would be making a tyre. Any thoughts like why are we not focused on the integration part here?

Anurag Choudhary: See, for us, every business has its own P&L. We don't club P&L. So if Birla Tyre can get raw material at a better competitive rate and Himadri is able to sell its carbon black at a premium rate and getting more value, there's no point selling to Birla Tyres. So every business has its own vertical and look after their own P&L.

Aditya Ketan: Sir, if I may ask further on this. So, compared to like what you said, we might get raw material at better prices. So what would be the difference in realization of our versus the competitor, if any, which we can source the raw material for Birla Tyre?

Anurag Choudhary: So it's not a fixed difference. It changes on negotiation to negotiation. So till now, we are able to get a very good price compared to what we are selling in the market. And that is the reason we don't want to sell to Birla Tyre.

Moderator: The next question is from the line of Nischint Agarwal from Kohinoor Investment.

Nishant Agarwal: This is Nishant Agarwal here. Sir, I would like to know one is the PLI scheme. Have you applied for the PLI scheme?

Anurag Choudhary: So, Nishant, for us, there is no PLI scheme as on date. The PLI scheme is for advanced cell manufacturing. So the companies who are setting up a cell facility, they have applied and have been allocated by the government. In that there is a condition that you have to localize your procurement, and that percentage will increase year-on-year. And that is how the benefit will pass to component manufacturers like Himadri.

Nishant Agarwal: So in the future, are we going in for battery manufacturing as well?

Anurag Choudhary: No, no, no way. We want to focus on components. That is our business. That is where we have done all the efforts, R&D, innovation, and cell manufacturing is not our core, and will not go for cell manufacturing.

Nishant Agarwal: And next, sir, is the tyre division -- as we can see, all other companies' EBITDA margin or profit margins are in the range of 10% to 12%. So we'll be competing with them. And our margins are supposed to be in those range? Or are we going to be a little better than those companies?

Anurag Choudhary: See, I think it's too preliminary to predict the margins now. Let 1 or 2 quarters go. Let's see how we perform. And then I'll be able to give right numbers.

Nishant Agarwal: So our total capacity for the tyre division, if in case next year, we are running full-fledged, what would be the revenue, sir, from that?

Anurag Choudhary: I don't think we'll be running full-fledged next year. So total capacity as on date is 400 TPD.

Nishant Agarwal: 400.

Anurag Choudhary: Different types of tyres. And we expect to ramp this up in the next 3 to 4 years' time.

Moderator: The next question is from the line of Shreya from Oaklane Capital Management LLP.

Shreya: Sir, I'm new to the company. So just wanted to understand, you said our volume in your prior comment you said the volumes have come down because we are moving towards the value-added products. However, if I do a simple math of the total revenue divided by the volumes, my per unit price realization is coming down. So, can you just help me how to look at this number?

Anurag Choudhary: So the raw material prices have also come down. So the selling price is a derivative of raw material prices. So that is the reason the prices have come down. Second, what is happening that when we go for value-added products, it is not significant in terms of volume. But in terms of profitability, it is very significant.

So it adds more to the bottom line rather than the contribution to top line. And the commodity material quantity reduces. That is the reason. And plus, in this year, our one shipment was deferred in the end of the March, which resulted in some reduction in volume compared to quarter-on-quarter. But if you see on a whole year basis, there has been significant improvement of 13%.

Shreya: Yes, yes. The volume has increased year-on-year. So that's where my question was coming from. So any sense on how much is the raw material prices, they have cooled off, how much?

Anurag Choudhary: So if you look at FY '24, the cost of goods sold were INR63,820. And this year, it is INR57,080. So it has come down by 10%.

Moderator: The next question is from the line of Prit from Wealth Finvisor.

Prit: Yes. So sir, my question is more regarding the macro aspect of Russia. I mean I believe that the reason the carbon black market has done very well is because the sanction on Russia came in and a lot of material started getting exported to Europe, which allowed even domestic market to do well. In the eventuality, whether if that changes, how will that impact our company? Could you please shed some light on that?

Anurag Choudhary: Yes, very good question. Actually, that is the differentiating factor. So our business model and business that we have built is not based on opportunities. So unlike other companies, a lot of companies being impacted with what China is doing. And you will be pleased to know that there is no impact of China on Himadri business model. We supply like -- just for example, we supply coal tar pitch to our customers in liquid form at a temperature of 260 degrees centigrade.

And we are supplying to our customers at a price which is more or less ex China or less than China price. And even then, we are earning good profit. That is the integration. That is operational efficiency. That is really what Himadri has developed. Same for carbon black. So carbon black, the focus why we have not kept on opportunistic market of commodity black is because the opportunity will come today, and it will be just time bound.

But our reason is to have a sustainable long-term business, and that is where specialty comes into play. So we are not supplying to any opportunistic customers where -- this delta is there. That is the biggest strength of the company.

Prit: You have other peers who are supplying to that opportunity. So...

Anurag Choudhary: Our volumes are hardly anything. We are 180,000 tons. I don't have 1 million ton or 800,000 tons to sell. So I can very well see whom to sell and have selected customers who value for quality and long-term relationship.

Prit: Understood. So you're basically pretty confident of sustaining the current numbers and improving them as per your plan, as you explained over the next 2 years for the INR800 crore profitability that you are targeting today.

Anurag Choudhary: 100%.

Moderator: The next question is from the line of Darshan Shah from BS Investments.

Darshan Shah: So my questions are largely around the LFP business. First of all, have we signed any offtake agreement or MOU with OEMs or battery manufacturers for our LFP output?

Anurag Choudhary: No, not yet, but the samples have been approved. So what is the stage? Second, we have to sell -- send the samples to them from demo plant. And once that is approved, then the commercial plant, there will not be much time required for approving from commercial plant. So post that, only the MOU will be signed. So good thing is that we have got very favorable reply from the OEMs when we have sent the first few samples, the results have been very encouraging.

Darshan Shah: Okay. That is nice to hear. So then on the similar ground near post commercialization, how much revenue do you expect this segment to contribute in its first full year of operations?

Anurag Choudhary: So in first full year of operations, it will have a top line of around INR2,200 crores to INR2,400 crores at full capacity utilization. This is basis of today's market price.

Darshan Shah: Okay. And what is the target capacity of LFP by the year-end FY '26?

Anurag Choudhary: No, no. FY '26, there is no capacity. FY '27 Q3, we will have 40,000 metric tons up and running.

Darshan Shah: Okay. Okay. Got it. And your presentation mentioned it is for both domestic as well as exports. So then your focus would be towards what initially towards more of domestic or more of exports?

Anurag Choudhary: More of exports. Domestic, whatever material will be there, requirement will be there, we'll be meeting that. We'll be the only commercial manufacturer. And then we'll be growing our capacity depending on the domestic and international market, which will be huge.

Darshan Shah: Okay. So in Phase 1 you mentioned somewhere around 1100...

Anurag Choudhary: Himadri is the only company -- will be first manufacturing plant in the world other than China for electric commissioning.

Darshan Shah: And finally, sir, since you did mention that it will be in FY '27, it will be up and running. The presentation mentioned INR1,130 crores of CapEx. How much can we expect it to -- to be booked for FY '26 and how much beyond FY '26 of the INR1,130 crores?

Anurag Choudhary: I think INR300 crores will be in FY '26 and balance, most of it will be in FY '27.

Moderator: The last question is from the line of Rudransh Kalra from MB Investments.

Rudransh Kalra: My question is precisely around Birla Tyres. So what are the segments that initially you want to get into the tyre segment? Is it off-highway first or is it passenger vehicle? Or is that going to be happening simultaneously? And also, are you also going to get into the mainstream 1000x20 [inaudible 0:47:11] tyres?

And the other question along those -- along the tyre industry is what sort of business model are you going to be -- what sort of like dealer network or distributor network are you planning? So as you just mentioned earlier, you were saying that initially you have like you're going to have a limited capacity.

So would you want to go in bigger cities? Or would you want to go in places where the business is more? So how will you strategize it if you could tell me the product and the distribution or the dealer network? That would be really great.

Anurag Choudhary: Sure, sure. So initially, the target will be to sell agri tyres and mining tyres, along with that bias tyres for the commercial vehicle. And next phase will be passenger car radial tyres and EV tyres, third phase. Plus in addition to that, we'll be moving on to specialized tyres over the years.

So it is going to be a journey of next 3 to 5 years, where the entyre transformation will happen starting from bias for commercial to EV, PCR and OHT tyres. Regarding dealer network and all that once we launch our product, we will come up with a full report on that and that is time, I'll be love to share that.

Rudransh Kalra: Just a follow-up question. So just in case you decide to get into the not -- particular dealer and specialized dealer distributorship, so what is -- do you want to grow slow once you hit the -- once the production starts and once you have the capacity to dispose them in the market. So do you want to just get into -- just appoint 1 distributor and then dealers? Or is it going to be regional dealers? And then, how is it going to be like at least strategy, you must have thought something about it?

Anurag Choudhary: We have our strategy fully aligned and made and that is very much in place. So at the right point of time, I'll disclose the strategy, not now.

Moderator: The next question is from the line of Anubhav from MC Research.

Anubhav: So I wanted to understand what is the export share for our carbon black business, maybe in terms of volumes or sales? And at the industry level, if you could also share what is the net export level in the industry.

Anurag Choudhary: So in the overall top line for FY '25, our export sales was 27% in terms of total sales.

Anubhav: Okay. So but specific to carbon black, could you share what could be the exposure to exports?

Anurag Choudhary: Exposure to export for carbon black would be around 35% to 40%.

Anubhav: 35% to 40%. And for the industry level, would you have any data like approx how much would be the Indian carbon black industry would have an export exposure?

Anurag Choudhary: Much less. Okay.

Anubhav: And my last question was regarding a specialty product, which we are eyeing for carbazole. If you could illustrate a couple of applications, I mean, how -- for example, for pharma, electronics, I mean, what are the end users?

Anurag Choudhary: Carbazole is used for making violet in the pigment industry. That's the only way of making violet. So currently, it is being imported, and they are very niche producers of carbazole. So Himadri will be one of the first companies to do that.

Anubhav: Okay. And sir, for the pharma industry. [Inaudible]

Anurag Choudhary: Specific application.

Moderator: In the interest of time, that was the last question for today. I now hand the conference over to the management for closing comment.

Anurag Choudhary: Just one second. If you have more questions, you can take -- people who are having more questions, we are okay with it. You can take, please.

Moderator: The next question is from the line of Yash who an Individual Investor is.

Yash: Congratulations, first of all, for amazing set of numbers. I just wanted to know majority of my questions have already been covered. I just wanted to confirm what is the vision that we have, let's say, down the line, 3 years, 4 years from here in terms of market share, in terms of revenue and profitability?

And the second question is, I saw one slide where we have mentioned the uses in electronic items and some pharma and some, I think, missiles applications also. Can you please elaborate on that part? Like what are we doing exactly on those segments?

Anurag Choudhary: See, we have given a clear guidance that FY '27, our PAT will be INR800 plus so that clearly lays down the road map for growth, and it will be coming from all around business from our existing business and the new businesses that we are entering and the capacities which are setting up.

Right from specialty chemicals like anthraquinone, carbazole from higher revenues in terms of exports, for coal tar pitch from the capacity expansion of specialty carbon black and there is much, much more to come.

If you go to next year, FY '28, then that will be a year where your LFP will be in full production, your other products, which we are also in pipeline, they will also start. So every year, you will see very strong numbers coming up. We make a very specialized pitch, which goes into DRDO for using long range missiles. Beyond this, I cannot disclose. It's an NDA.

Yash: Okay. That's amazing, sir. That's amazing to hear that we have long-term visibility and sustainability in terms of number and profitability and revenue share. Also, how do you see this as an opportunity in terms of this DRDO tie-up and defense, given that the whole Europe thing is now revamping their own defense capacities as you guys focus more on the export part. Do we see any more addressable market over there?

Anurag Choudhary: It's a very niche market and definitely growing at a good pace. Does that answer your question?

Yash: Actually, I cannot hear you. The voice was not audible in between.

Anurag Choudhary: Coal tar pitch for defense application we are selling is very niche application, and it is growing year-on-year.

Yash: So like currently, like how much percentage is that sizable amount as of now? Or will it be sizable amount in terms of percentage going ahead, maybe FY '28 and way forward from there?

Anurag Choudhary: It's sizable amount, but we don't want to give a number to that.

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

Anurag Choudhary: So thank you, everyone. Thank you for your support, and thank you for your trust in Himadri. Thank you Bhavya.

Moderator: Thank you on behalf of MUFG Intime that concludes this conference. Thank you for joining us, and you may now disconnect your line.