VISHNU
CHEMICALS LTD

Date: May 22, 2025 **VCL/SE/20/2025-26**

To
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001
Scrip Code: 516072
Through: BSE Listing Centre

To
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051
Symbol: VISHNU
Through: NEAPS

Sub: Transcript of the Earnings Call held on May 19, 2025 on Q4 and FY 2024-25 Financial Results

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find transcript of the Earnings Call held on Monday, May 19, 2025 on Q4 and FY 2024-25 financial results.

Kindly take the same on record.

Thanking You.

Yours faithfully,

For Vishnu Chemicals Limited

Vibha Shinde Digitally signed by Vibha Shinde Date: 2025.05.22 13:06:35 +05'30'

Vibha Shinde
Company Secretary & Compliance Officer

Regd. Office : Plot No.C-23, Road No.8, Film Nagar, Jubilee Hills, Hyderabad - 500 096.
Tel : +91-40-23327723, 66626680, 81, 82, 83 I Fax : +91-40-23314158, 66622225, 23396817. I CIN : L85200TG1993PLC046359
vishnu@vishnuchemicals.com www.vishnuchemicals.com

"Vishnu Chemicals Limited

Q4 and FY25 Earnings Conference Call"

May 19, 2025

MANAGEMENT: **MR. SIDDARTHA CHERUKURI – JOINT MANAGING DIRECTOR – VISHNU CHEMICALS LIMITED**
MR. HANUMANT BHANSALI – VICE PRESIDENT – FINANCE & STRATEGY– VISHNU CHEMICALS LIMITED

MODERATOR: **MR. MEET VORA –EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and FY25 Earnings Conference Call of Vishnu Chemicals Limited hosted by Emkay Global Financial Services Limited. 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 Mr. Meet Vora from Emkay Global Financial Services Limited. Thank you, and over to you, sir.

Meet Vora: Thank you. Good morning, everyone. Welcome to the earnings conference call of Vishnu Chemicals Limited for the quarter and year ended 31st March 2025. I would like to welcome the management and thank them for giving us this opportunity to host them. We have with us today, Mr. Siddartha Cherukuri, Joint Managing Director; and Mr. Hanumant Bhansali, Vice President, Finance.

Before we begin this call, I would like to point out that the discussion during this call may contain forward-looking statements reflecting the company's current view of future events and their potential effect on Vishnu Chemicals' operating and financial performance. These statements involve uncertainties and risks, which could cause actual results to differ. The company is under no obligation to provide subsequent updates to these forward-looking statements.

I shall now hand over the call to the management for their opening remarks. Thank you, and over to you, Siddartha.

Siddartha Cherukuri: Thank you Meet. Good morning everyone. We are quite pleased to deliver a robust growth in the revenue and profits combined with a deleveraged and cash-rich balance sheet during this financial year.

I would like to share some fundamental highlights first. Let me start off with that.

We are pleased to deliver 4 quarters of sequential revenue growth, achieving the highest ever operating revenue of INR1,446 crores in FY25. Net cash flow from operations has grown 33.7% from INR68 crores in FY25 to INR80 crores in FY25, demonstrating our focus on cash flow and internal accruals. Our debt-to-equity ratio has also seen a reduction for 7 years in a row. It now stands at 0.37x.

We acquired Ramadas Minerals in quarter 2 FY '24, the company has recouped 60% of the investment in Ramadas Minerals in just 6 quarters of operation. With the plant being operational, we have saved valuable time compared to embarking on a greenfield project, which otherwise would have taken longer.

At Vishnu Chemicals, diversification is our strength and agility is the reason for our consistent performance. Sometimes, even with the right product and the right team, timing will make a huge difference. We firmly believe that agility and diversification are more important now than ever before.

We remain committed to our customer-first strategy while remaining focused on delivering industry-leading ROCE with our balanced investments across forward as well as backward integration. Lately, we have adopted an asset-light model that allows us to export to 50-plus countries sitting in India without the necessity of having an infrastructure in the geographies where we serve. At Vishnu Chemicals, we are collectively dedicated to improve the existing, execute the present and timely pivot in the future. Therefore, inspiring the best of the talent to take up manufacturing as a career of choice.

In this direction, the company is investing in training its talent pool in with emerging technologies such as AI as we foresee a way of more agile, user-friendly and cost-effective tools capable of improving productivity. Moving forward, we are optimistic about our chemistry and positive about delivering value-accretive growth for our shareholders in FY26 and beyond that. We'd like to express our gratitude to our customers, employees and shareholders for their continued support and faith on Vishnu Chemicals.

Now I hand it over to Hanumant, who will provide insights on our financial performance. Over to you, Hanumant.

Hanumant Bhansali: Thank you Mr. Siddartha, and good morning everyone. Let me now share the financial highlights for the quarter Q4 FY25 and full year FY25.

On a consolidated basis, the company recorded operating revenues of INR392.6 crores in Q4 FY25, an increase of 31% on a Y-o-Y basis. The consolidated EBITDA in Q4 FY25 was INR64.1 crores, an increase of 1% on a Y-on-Y basis. The consolidated PAT in Q4 FY25 was the highest ever for the company, INR38.9 crores, an increase of 40% on a Y-on-Y basis. Q4 FY25 EBITDA margins were 16.3% and PAT margins were 9.9%.

For the full year FY25, the company recorded operating revenues of INR1,446.6 crores compared to INR1,212.6 crores in FY24, an increase of 19% on a Y-o-Y basis. Consolidated EBITDA was INR228.4 crores in FY25 compared to INR201.5 crores in FY24, an increase of 13% on a Y-o-Y basis. Consolidated PAT was INR126.6 crores in FY25 compared to INR101.1 crores in FY24, an increase of 25% on a Y-on-Y basis. The company maintained healthy margins with an EBITDA margin of 15.8% and a PAT margin of 8.8% for the year.

Consolidated domestic and export sales continued their upward trajectory in FY25, recording year-on-year growth of 22% and 16%, respectively. The company achieved a well-balanced mix of sales between domestic and exports in the ratio of 54:46 during the year.

The company has maintained a strong and prudent financial position. The consolidated and standalone debt-to-equity ratio stood at 0.37 and 0.20 respectively. The consolidated current ratio was 1.7x, reflecting healthy liquidity. Cash and cash equivalents stood at INR80 crores, further strengthening our balance sheet. Return on capital employed for the year FY25 was a robust 19%.

The company has a continuous track record of paying dividends. The Board members of Vishnu Chemicals Limited have recommended a dividend of 15% on the face value of INR2 per share, which is subject to shareholders' approval at the upcoming Annual General Meeting.

With this, I now conclude my remarks. We can now commence the Q&A session. Thank you.

Moderator: Thank you very much. The first question is from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

Rohit Sinha: Congratulations for good set of numbers. So first question is on the gross margin side, especially for the stand-alone business. So as PPT mentioned that because of higher raw material prices and freight cost, gross margins have contracted. So how much increase was there in the chrome ore prices for this quarter?

And how we should see this gross margin going forward in the next quarter as in the previous quarters, we have been maintaining more than 44%, 45% kind of gross margin consistently. So this was some big drop in the gross margin. Hopefully, this should not continue, but how we should see going forward in this regard?

Hanumant Bhansali: Yes, the Barium segment overall outperformed the Chromium segment in the current quarter. The margins in Chromium chemicals were temporarily impacted by overall higher raw material prices and higher freights, which led to a decline in the margins. I'd just like to highlight both on the gross margins as well as EBITDA margin side, just like last year's Q4 FY24 was an outlier where we achieved 21% EBITDA margin.

The current dip is also not reflective of the long-term trend and the 40-odd percent of gross margins that we have achieved is not a benchmark. From a full year perspective, our stand-alone gross margins remain healthy at around 42 %. And going forward, we are again focused on taking it to around 44%, 45% levels with support from value addition and also stabilization that we will expect to see in the export markets.

Siddartha Cherukuri: Yes, I'd like to add to it, what Hanumant said that is quite structural. With improved procurement and stabilizing of input costs, which we are already witnessing and stronger export demand moving forward, we expect the margins to rebound back to 45% range, which were relatively consistent over the last 4 years, in the coming quarters.

Rohit Sinha: Okay. Okay. Great. Secondly, on our subsidiary side, I think there's -- obviously, there's a strong performance in the subsidiaries business. So if we separate the subsidiary EBITDA margin comes out somewhere around 32%, 33%, I guess. So how to see, again, going forward, how much is this sustainable for us? And secondly, after this Jayanshree Pharma coming into picture, how much revenue addition we should see as well as on the margin side, how should be the picture in the coming year, FY26, especially?

Siddartha Cherukuri: Yes. So I understand these are two different questions. One is regarding the Barium outperformance. I think it's not purely based on where the market and how the market is. It's also the kind of efforts we have put into in terms of backward integration. Our investment into Ramadas Mineral has supported this EBITDA margin growth.

And at the same time, the customer approvals in Barium Sulphate and robust demand and growth in paint industry added to it. And I can say this is not a one-off thing. Moving forward, we are going to continue seeing the growth. And definitely, the EBITDA margins would remain sustainable given where the end user industry and its outperformance in general.

That's regarding the Barium outlook. Strontium, since it's going to be the first year of operations, I won't be able to give any kind of guidance in terms of what would be the operating level and kind of volumes we'll be able to get out during this first year of operation.

So -- I mean, probably during the next call, I'll be able to comment. But we are -- we remain very positive given the fact that one of our competitors in Mexico have discontinued operating because of the fire accident there. So this gives us a good opportunity, and it will be a situation where the customer approval will be relatively fast than in a normal case. So we remain positive in terms of order approvals and order book moving forward in general.

Rohit Sinha: Okay. Okay. So just on this approval thing, so -- I mean, any timeline by when we should be expecting that approvals are ready with us, or the revenue should start kicking in?

Siddartha Cherukuri: I would say H2 of this financial year, so starting off from October. So we are planning to start commercial production by June, mid of June. So some postoperative work will be there as well as stabilizing the product and getting the sample approved. With that being said, I think we are quite positive from H2 of this financial year, we'll be able to start the sales activity.

Rohit Sinha: Okay. Okay. One last question. Just on the volume side, if you can just highlight on the Barium and chromium side, what was the volume growth for FY25 on a full year basis, it will be okay.

Hanumant Bhansali: Thank you, Mr. Rohit, for the question. On the volume side, the growth in Chromium business was driven by nearly 9% increase in volumes through the year. And in Barium business, the growth was driven by close to about 30% increase in volumes in FY25.

Moderator: We will take our next question from the line of Sudhir Bheda from Bheda Family Office.

Sudhir Bheda: Hearty congratulations to entire Vishnu team for delivering the highest ever net profit in the quarter. So congrats to you. Am I audible?

Siddartha Cherukuri: Yes, very much audible, Mr. Sudhir.

Sudhir Bheda: Yes. My question is on the Chromium side, I think you have answered the question for the drop in the margin. Another question is like what is your outlook on the new development like mines which you have acquired, firstly? And secondly, chrome metal. So just wanted to understand the -- if you can throw some light on these two developments and -- or any other development which you are thinking of?

Siddartha Cherukuri: Mr. Sudhir, am I audible?

Sudhir Bheda: Yes, yes.

Siddartha Cherukuri: On the mining side, like I said, I mean, the things are progressing quite well. Currently, it's been reviewed by the authorities there. And we are hopeful that by September, October period, we'll be able to get our foot in and start producing. And with respect to...

Sudhir Bheda: Both the mine and processing plant, both will start, maybe you are thinking to start in September, October, right?

Siddartha Cherukuri: Indeed. Yes. While chrome metal, it remains our long-term strategy. At present, we focus in on commissioning strontium carbonate project. Once that is on track, we will revisit the chrome metal with clear road map because there are better opportunities out there. This could be done by us or in a partnership.

So we are still considering the way forward. So we are looking at more on a medium- to long-term perspective. But this is definitely on cards, and we are -- we continue to work on this, keeping in mind that market demand and capital allocation, we should maintain some discipline for that.

Sudhir Bheda: Great. And sir, my last question is like once mine starts its full operation, maybe like 2026-27 financial year. So how much saving do you expect in our raw material side?

Siddartha Cherukuri: See, I mean, I won't be able to share a number in general, but definitely, it's going to improve the EBITDA, and that will give us leverage to be more aggressive in the market and have more customer wins as well as the operating levels and also support in terms of inventory days and working capital as well moving forward.

Moderator: The next question is from the line of Pritesh Chheda from Lucky Investments.

Pritesh Chheda: So my question is on Barium. So we see another round of EBITDA margin expansion in the quarter 4 and the absolute number also. Now if you look just a simple math, if you look at difference between consolidated and stand-alone, and we are at about INR80 crores, INR90 crores of EBITDA on a balance sheet size of about INR290 crores for a product which is a certain pricing product, less than $1 product.

So what is the sustenance of these type of ROICs in Barium? Are any capacities emerging or any supply source emerging in Barium, which can challenge the continuation of margin? Or do you have any outlook otherwise, specifically on Barium? Because now if you see the ROICs of Barium is far higher now versus Chromium as well.

Siddartha Cherukuri: Thank you, Mr. Pritesh. Sorry, are you done with your question?

Pritesh Chheda: Please go ahead. Please go ahead.

Siddartha Cherukuri: No, I hear you. We understand definitely Barium has outperformed. Like I said, it's not purely because of -- based on how the industry is performing and the backward integration of Ramadas, it really helped because it was an inorganic acquisition and stabilizing it took us 2 quarters since we bought. So -- I mean, definitely, those numbers fell into the overall margin and improving of ROCEs.

Also, the Barium Sulphate per se, when we envisage this project, it was -- the idea was to balance it out between export and domestic, but where the industry outperformed and the demand which has come along, things have fallen into place. But definitely, we are not going to take things for granted in general. And the idea is -- in terms of competition, it's again subjective.

So where we are today, what we are operating, we are working in an industry which is working -- capital as well as working capital intensive moving forward. And this is the chemistry which we have nurtured. So for any new entrants per se, it's going to be a learning curve and a very long learning curve for them. So that's what I can say.

And with the kind of cost model we have with mineral processing, doing related value-added products, we will be the lowest cost producer in Barium, not just in India, even if I look at -- if my -- our numbers are right, but even compared to China, we are able to compete in the global market.

One thing is to look at will we call it competition, that's one point and also look at China as an immediate peer, we are able to compete with them globally as well. We don't see them as a challenge at all in general. In spite of weaker macroeconomic conditions, still the ceramic industry, paint industry as well as building material industry remains to be resilient from our view.

Pritesh Chheda: Okay. So is it that -- so first of all, I want to clarify, so when we look at the quarter 4 number, basically, it's based on 60,000 tons of Barium capacity, correct?

Siddartha Cherukuri: Also, I'd like to add when you spoke about ROCE, why these ROCEs are sustainable. We do expect margin to normalize slightly as capacity stabilize. At present, there is no significant new supply pressure. I mean, that's how we look at it. Our strength is and will remain in localized sourcing through Ramadas and efficient manufacturing setup, which gives us a cost edge moving forward.

Looking ahead, to be honest, we remain focused on what we have done in chrome as well, right? The value-added grades, improving the spreads across the various applications. And I mean, this -- coming back to chrome, although you see year-on-year, there is a slight dip in the gross margin, with chrome mine coming in towards the end of this financial year, and the full impact you're going to see in FY26, I mean, we won't be surprised to see these numbers, similar numbers in chrome in the next financial year in FY27.

Pritesh Chheda: So sir, just one clarification. So Barium, what we are -- these numbers are based on 60,000 tons of capacity that you had in quarter 4, correct?

Hanumant Bhansali: We have a total capacity of 90,000 tons in Barium.

Pritesh Chheda: So have you added any capacity in the ongoing year?

Hanumant Bhansali: No, we have not added any capacity. So we have a total of 90,000 tons in Barium.

Pritesh Chheda: Okay. 90,000 tons at what utilization level?

Hanumant Bhansali: We don't necessarily share the exact utilization levels. But just to share with you that in the current financial year, our capacity utilization in Barium vertical has been in the -- in mid-60s compared to FY24 capacity utilization in the mid-50s.

Pritesh Chheda: No problem. This is -- so you had 90,000 tons available throughout the year, right?

Hanumant Bhansali: Yes.

Pritesh Chheda: Okay. So basically, between now and next 2 years, so you will have growth coming on Barium because you have capacity there, let's -from an EBITDA perspective and assuming that the margins don't change. Then you have the Chromium EBITDA growth. You have strontium carbonate, which adds to the number maybe next year because this year, you said that it won't materially contribute to the number. And then you have the chrome mines adding to EBITDA. In chrome mines, how much capital are you investing?

Hanumant Bhansali: So right now, we have not started investing any capital because it's still under statutory process. We are awaiting the clearances from the government of South Africa. So once the approvals are in place, then we will be able to envisage the investment required in chrome mine.

Pritesh Chheda: But you would have budgeted for some capital spend, right? You would know that...

Hanumant Bhansali: Yes. But because of -- yes, we do have a budget. Internally, we do have a budget. But because of the sensitivity of the acquisition, we won't be able to share anything with the shareholders at this point of time.

Pritesh Chheda: And the benefit of chrome mine will be available next year, right?

Siddartha Cherukuri: That's right.

Pritesh Chheda: Will it 100% be captive, it will suffice to 100% requirement, or you'll still have to buy from the market?

Siddartha Cherukuri: I would say probably if we consider next year as year 1, it will suffice about 70% to 80%. And year 2, we'll be going up to 90%. We always would like to have a second source just to maintain a balance in general. Even like 2, 3 years down, the idea is to source 90% from our mine and have a second source of 10% as well. And that's broadly our policy when it comes to any sourcing.

Pritesh Chheda: Okay. And the last thing is this Barium capacity, can it be used to what utilization level? Can it be 100% -- these capacities run at 100 % or they run at less than 100%?

Siddartha Cherukuri: I mean, any inorganic chemical manufacturing, if it's operating at over 80%, that's a good operating. We don't see in general in any inorganic chemistry operation over 90%. It will be far stretched in a way.

Moderator: We will take our next question from the line of Sagar Jethwani from PhillipCapital PMS.

Sagar Jethwani: What is the reason for the 51% jump in the power cost during the quarter?

Hanumant Bhansali: Thank you for your question. Yes, the power cost increased by nearly INR5 crores in Q4 FY25, primarily due to higher power consumption during the quarter. And the power costs are expected to normalize from the current quarter itself as we have seen generation from solar power improving and thereby reducing our costs.

Sagar Jethwani: Yes. And also, if you can give some clarity on the growth and capex guidance for FY26 and any fundraising plans, any acquisition plan, if you can comment on that, please?

Hanumant Bhansali: Sure. So just before I give a guidance, I'd like to share with our shareholders the capex and the investments that we have made in the last financial year. So in FY25, we spent INR88 crores at a consolidated level towards capex. And over and above this, we also spent on acquiring Jayansree Pharma for about INR51.99 crores.

Of the INR88 crores that were spent on capex specifically, nearly INR28 crores were spent on Chromium Chemicals as a replacement capex and INR30 crores have been spent on our strontium chemistry, which is a work in progress and the balance was spent in Barium Chemicals.

For the current financial year, we are -- as Mr. Siddartha explained, we are currently focused on commissioning the project of strontium carbonate. And then we will be able to share with the market about our investments across core and new chemistries for the current year.

Sagar Jethwani: Any comments on the growth and acquisitions, if any? Also growth in FY26?

Hanumant Bhansali: On the growth side, yes, we are going to -- we are already investing in new chemistries as well as existing chemistries, and we are anticipating the growth of in the range of 15% to 20% on our top line. That will also translate into a better EBITDA for our company. We don't have any fundraising plans. As you have seen, our debt-to-equity levels are quite low at 0.37x.

So any requirement of capital for our capex or investments will be fully available through our cash of nearly INR80 crores and debt. That will suffice our capex and investment requirement for now.

Sagar Jethwani: Okay. And last question from my side, what kind of the cost benefit analysis -- cost benefit you see coming from the chrome mine in FY24 --27, sorry?

Hanumant Bhansali: Due to the sensitivity of the transaction, it's very hard to share the numbers right now. Till the statutory clearances are there in place, we won't be able to quantify the savings with you. But yes, like we have shared in the concall that in the long term, the acquisition will help us not just secure our raw materials, but give us definitive clarity for a period of 25 to 30 years on our cost of goods sold and help us win more customers in the long run.

Moderator: We'll take our next question from the line of Ankur Bhadekar from ULJK Financial Services.

Ankur Bhadekar: Congratulations on the good set of numbers. So a couple of questions from my side. One is on the Chromium segment. So what is the current pricing scenario for chrome? And how is the demand for the chrome segment shaping up in the export market? If you could give a sense on that?

Siddartha Cherukuri: On the Chromium segment, pricing has remained stable to slightly soft in the recent months, especially in the export market largely due to cautious buying pattern and tighter inventory cycle by our customers among the geopolitical uncertainties. However, demand fundamentals remain relatively intact.

We are seeing healthy traction coming from Europe and Southeast Asia. And with logistics cost easing and stability returning, we feel that export demand will gradually pick up, especially coming from North America, where there's a little bit of uncertainty, which we all are witnessing.

Domestically, demand has remained relatively steady. And we are quite optimistic about a recovery in exports in H1 FY26, which should support both volumes and margins moving forward. This is how we look at it.

Ankur Bhadekar: Okay. And how do you look at the business going forward in terms of like EBITDA margins or gross margins given your -- given all the backward integration plan that you are planning? If you could give any idea on that part?

Siddartha Cherukuri: I'd like to reiterate what we've been saying. We won't be able to give a guidance on the EBITDA number, either on the percentage or the absolute value. But let me put it this way. We can see -- I mean, how Ramadas, the backward integration has supported the Barium business and the kind of EBITDA growth which we have witnessed during last quarter. And we're definitely going to see a similar pattern in the chrome business once the chrome mine will be fully operational in about 3 to 4 quarters from now.

Moderator: We will take our next question from the line of Ankur Kumar from Alpha Capital.

Ankur Kumar: Congrats for a good set of numbers. Sir, when you said 15% to 20% top line growth next year and better EBITDA. So is it like Chromium will help in better EBITDA or Barium also will have higher margins than this current year? And you also said Barium will have slightly normalized EBITDA when things stabilize. So when do we expect that?

Hanumant Bhansali: Thank you, Mr. Ankur, for your question. Yes, we are anticipating a better year in FY26, but if I like to reiterate that it's very hard to point on which segment will perform or outperform because as we see from a company's point of view, the strength of our company is diversification and remaining agile.

As we have shared with you that our diversified portfolio continues to be a key strength. And this is something that has been enabling us to manage our short-term fluctuations effectively. Plus our presence across geographies help us mitigate any short-term volatilities, be it sometimes in India and sometimes in export markets. So this balance of geographic mix and a diversified portfolio is going to give a very, very meaningful improvement in health of our company.

Ankur Kumar: Got it, sir. And sir, on export side, what is our total revenue share from the US market? And how are we thinking about this tariff thing?

Siddartha Cherukuri: The overall revenue share on a consol basis is about 7%. As such, I can tell you what we are not witnessing much impact. As such, our Barium Chemicals are kind of out of the tariff or either reciprocal or the standard tariff. But like we remain cautiously optimistic moving forward because as such, we don't see a lot of nervousness either from the end user as well as our distributing partner there. So we keep watching how things progress.

Moderator: The next question is from the line of A.M. Lodha from Sanmati Consultants.

A.M. Lodha: Sir, one general observation first. This con call has been done during the working hours. It should have been done after the 3:30 or 4:00, it would have been better, number one. Number two, your presentation and press release were just loaded in the BSE 1 minute ago and 4 minutes ago. So at least investors should have been given a time to read the presentation and the press release comfortably?

So previous day, you get the presentation and the press release loaded in the exchange. Then next day, the con call should be kept. This is my suggestion, sir. I trust the management will agree to my point of view, sir.

Siddartha Cherukuri: We have taken note of your observations.

A.M. Lodha: No, I'm coming to my -- I have got two questions, sir. Number one, what is the net debt in the company, sir, hedge on debt?

Siddartha Cherukuri: Hanumant, you would like to take this?

Hanumant Bhansali: Yes. The net debt in our company is close to about INR260 crores.

A.M. Lodha: Okay, sir. Another thing, sir, how the price trends of the -- both chromium chemicals and the strontium chemicals, general price trends?

Hanumant Bhansali: In the year gone by, we had already taken price increases in Chromium Chemicals in the third quarter of the fiscal. And in the Barium Chemicals, we have gradually increased the prices throughout the year to the extent of nearly about 20%, in line with the increase in the raw material prices.

But we don't want to overburden the customers with higher prices because still there is a lot of softness in the export market, and there was a prevailing impact of Red Sea crisis, which had already increased the prices of freight for our end users. And that's the reason why we have controlled the price increase at a consolidated level and focused more on volume growth this year.

A.M. Lodha: Okay. My last question is, sir, related to the freight rates. I was listening to the previous comment that you have mentioned that due to freight rate costs have gone up. But what I believe from the other con calls that the freight rates have been stabilized now. It is not going up every day like it has gone previously, sir. So would you like to comment something on that freight rate, sir?

Siddartha Cherukuri: Like I said, you are right. I think since we are discussing more on year gone by, so that was -- there was a major impact. Moving forward, yes, the prices have relatively stabilized at the moment, and there's a lot more certainty with respect to logistics, both with respect to cost as well as availability of inventory. Since we are discussing on the year gone by, so we wanted to bring it to the -- to our valuable investors and share our views about it.

Moderator: The next question is from the line of Gunit Singh from Counter Cyclical PMS.

Gunit Singh: Sir, you mentioned that Chromium is in the 60% utilization range. Sir, what is the optimal capacity utilization for Chromium? And what is the current, I mean, utilization for the Barium side of business?

Hanumant Bhansali: Just to add over here that in Chromium Chemicals, our capacity utilization is not 60s. It's in the mid-80s. And we have also seen a growth in volumes in the current -- in the FY25 financial year. And our optimum utilization in both Chromium and Barium vertical is expected to be in the 80s to 90s, like 85% levels.

Gunit Singh: All right. And sir, what about the utilization in Barium Chemicals?

Siddartha Cherukuri: So in the full year last year, the Barium utilization was close to 60% to 64%. Towards quarter 4, it was close to 77%. For this year, we are aiming to go up to 80% and also work on the product mix in general, which we believe is an optimal and sustainable level for that business.

Gunit Singh: All right, sir. Got it. And we would start production of strontium carbonate in H2. So -- I mean, do we have any order visibility or intent from customers to buy that from us? And by when do we expect to ramp it up to optimal utilization? What kind of margin profile do we see there? Also, what would be the revenue potential from that part of -- that side of the business?

Siddartha Cherukuri: See, I would start off by saying there's quite a bit of interest among the end user industry, which is ferrites as well as -- ferrite industry and building material industry as well as zinc purification industry. As such, we don't see Chinese being very active in this product. That was the clear moat for us to start this vertical in general.

And with what has happened in Mexico with one of the peers closing down due to fire. So obviously, there's quite a bit of interest among the end users in India. There's a sizable demand for this product in India as well as in the export market.

So with that being said, the product approval will be done in a faster pace by the end users. That's what we are hoping for. And right now, like I said, we won't be able to give a guidance in terms of what volumes and -- I mean, what values -- I mean, what revenues we'll be able to generate in the year 1.

We'll be able to get to it towards quarter 3 of this financial year. We'll be able to give a better guidance on how things are looking in general. But for now, we remain positive even with the developments in the market and with what's happening with the peers and so on.

Gunit Singh: And what kind of revenue can we reach, I mean, at optimal utilization, say, 2, 3 years down the line from this?

Siddartha Cherukuri: We are expecting close to INR250 crores to INR300 crores of revenue in next 2 years from this vertical per se.

Gunit Singh: All right. And sir, what kind of pricing contracts do we have with the customers? And how often are they renewed given that in Q4, our margins have declined due to rise in raw material prices. So I would like to understand, can we pass on the price rises? And I mean, how often can we take price hikes if we see such scenario in the input costs?

Siddartha Cherukuri: See -- so we do have contracts with the domestic customers. I mean, up to 1 or 2 quarters, and we link it up to our raw material cost to -- especially to our top 3 customers who are contributing about 18% of revenue. In terms of export market, we go by quarter. And given where the market is, I think we leave this pricing discussion quite open, and that's what even they expect too.

Gunit Singh: All right, sir. My last question would be regarding the steady-state EBITDA margins. So I mean, 2, 3 years down the line with everything in place, I mean, what kind of consolidated EBITDA margins can we expect from the current 16% to 17%?

Siddartha Cherukuri: So ideally, I think 2 years, we'll be looking at like I've been saying that over 20%. I think with what is happening in Barium, it's looking positive. And this is going to also reflect in Chromium once the backward integration kicks in and the chrome more we'll be able to source over 80% from our mine.

Moderator: We'll take our last question from the line of Vignesh Iyer from Sequent Investments.

Vignesh Iyer: Congratulations on a good set of numbers. If I remember it correctly, I mean, in the last call, you had given hints on there could be possibly a second phase of expansion for Precipitated Barium Sulphate. And so wanted to understand what is the idea going forward in that segment.

Hanumant Bhansali: Yes, we are quite optimistic about increasing the capacities in our Barium vertical, both for the Precipitated Barium Sulphate as well as Barium Carbonate. Here, the only objective is that we are looking to currently stabilize our capacity utilization to 80% levels, which was in the mid-60s in the last year.

And then we still have a lot of projects in hand to complete like the strontium carbonate. It's a new chemistry for us. Once we stabilize both of this, we will be in a better position to share with you about our timeline for expanding our Barium business.

Siddartha Cherukuri: I would like to add to it saying that this segment, as you can see, is strategically important to us, and we will scale it prudently backed by customer commitment. That's what we're looking forward to. And that's what we are working on.

Vignesh Iyer: So just one last question on my side. So we have the required land, if I'm not wrong. So for a brownfield expansion from the day you commit the capex, what would be the timeline for the capex to kick in? I mean how -- what would that timeline look like?

Siddartha Cherukuri: Like since it's a brownfield expansion, we would say about 9 months from the groundbreaking.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Hanumant Bhansali: Thank you very much. I'd like to share with the investors that our results, earnings release as well as the investor presentation have been uploaded on the exchanges and the company website. If you have any further questions, feel free to reach out to us on investors@vishnuchemicals.com. Thank you for your valuable time.

Moderator: Thank you. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.