Tatva Chintan Pharma Chem Limited

(CIN:L24232GJ1996PLC029894)

TATVA CHINTAN

Date: 09 May 2025 Ref. No.: TCPCL/SEC/2025-26/00015

To,
The General Manager,
Corporate relationship department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400 001
Scrip Code: 543321

The Manager,
Listing department,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G,
Bandra-Kurla Complex, Bandra(E),
Mumbai-400 051
Scrip Symbol: TATVA

Subject: Transcript of Earnings Call

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed herewith the transcript of the earnings call held on 05 May 2025 post announcement of financial results of the Company for the quarter and financial year ended 31 March 2025.

The above information shall be made available on Company's website of at www.tatvachintan.com.

This is for your information and records.

Thanking you,

Yours faithfully,
For Tatva Chintan Pharma Chem Limited

ISHWAR RAMANBHAI NAYI

Digitally signed by ISHWAR RAMANBHAI NAYI
Date: 2025.05.09 16:15:52 +05'30'

Ishwar Nayi
Company Secretary and Compliance Officer
M. No.: A37444

Encl.: As above

"Tatva Chintan Pharma Chem Limited
Q4FY25 & FY25 Earnings Conference Call"

May 05, 2025

MANAGEMENT:	**MR. CHINTAN SHAH - MANAGING DIRECTOR**
	MR. ASHOK BOTHRA - CHIEF FINANCIAL OFFICER
	MR. AJESH PILLAI - INVESTOR RELATIONS
MODERATOR:	**MR. SANJESH JAIN – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Tatva Chintan Pharma Chem Limited Q4 FY'25 Earnings Conference Call hosted by ICICI Securities 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 '*' then '0' on your touchtone phone. Please note that this conference has been recorded. I now hand the conference over to Mr. Sanjesh Jain. Thank you and over to you, sir.

Sanjesh Jain: Thanks, Anirudh. Good afternoon, everyone. Thank you for joining Tatva Chintan Pharma Chem Limited Q4 FY'25 Results Conference Call. We have Tatva Chintan management on the call, represented by Mr. Chintan Shah – Managing Director; Mr. Ashok Bothra – Chief Financial Officer; Mr. Ajesh Pillai – Investor Relations. I would like to invite Mr. Dinesh Sodani – GM Finance to initiate with "Opening Remarks", post which we will have Q&A session. Over to you, Dinesh ji.

Dinesh Sodani: Thank you Sanjesh Ji. Good evening, everyone. On behalf of the management, I am pleased to welcome all of you to Tatva Chintan's results conference call to discuss financial results for the quarter and year ended March 2025.

Please note that a copy of all the earnings call related disclosures is available on both the stock exchanges i.e., NSE and BSE as well as on website of the company.

Any statement made or discussed during this call, which reflects our outlook for the future, or which could be construed as a forward-looking statement, must be reviewed in conjunction with the risks that the Company faces. A detailed disclaimer in this regard has been included in the investor presentation that has been shared on both the stock exchanges i.e., NSE and BSE. Now, I will hand over the call to our Investor Relations Officer Mr. Ajesh Pillai for his opening remarks. Over to you, Ajesh Ji.

Ajesh Pillai: *Thank you, Dinesh ji. Good evening, everyone.*

It is my pleasure to welcome you all to the Q4 FY2025 earnings call of Tatva Chintan Pharma Chem Limited, the details of which have already been shared with the stock exchanges and are available on our corporate website. This evening, I will walk you through the key financial metrics and segment-wise highlights for the quarter.

In Q4 FY2025, Tatva Chintan reported revenue from operations of ₹1,079 million, representing a 10% year-on-year growth and a robust 26% increase on a quarterly basis. EBITDA for the quarter stood at ₹90 million, reflecting a 43% decline compared to the same quarter last year and a 27% increase quarter-on-quarter.

Now, let me briefly share the segment-wise performance:

- **Phase Transfer Catalysts (PTCs):** This segment delivered revenue of ₹389 million, marking a strong 32% quarterly growth and an impressive 43% increase year-on-year.
- **Electrolyte Salts:** This segment generated ₹9 million in revenue, representing a 65% decline quarter-on-quarter and a 36% decline year-on-year.
- **Pharma & Agro Intermediates and Specialty Chemicals:** This segment maintained its positive momentum, with revenue reaching ₹327 million—up 10% quarter-on-quarter and 17% year-on-year.
- **Structure-Directing Agents (SDAs):** The SDA segment recorded revenue of ₹346 million, showing a 51% quarterly growth, though down 15% compared to the same quarter last year.

With that, I would now like to invite our Managing Director, Mr. Chintan Shah to share further insights on the company's strategic direction and broader business outlook.

Thank you. Over to you, sir.

Chintan Shah: Good evening, everyone, and a warm welcome to our earnings call. Let me take you through the key developments and strategic direction we have taken during the past year, and to walk you through what lies ahead for Tatva Chintan.

Today I want to start on a positive note, informing you all that the worst is behind us and we optimistically look forward to good future.

The last financial year at Tatva Chintan was marked by a mix of challenges and transitions. We navigated a tough macroeconomic environment, particularly in key export markets, where subdued demand, extended inventory destocking cycles and geo-political developments impacted performance across segments.

Despite these external pressures, we maintained our strategic course, deepening customer relationships, expanding product offerings, and continuing to invest in future-ready capacities. Our commitment to innovation and sustainability remained strong, and we made notable progress in customer onboarding and product validations.

Internally, the focus was clear: strengthen the operational efficiency, invest in future and prepare the organization for the next phase of growth.

As we step into the new financial year, we remain cautiously optimistic. Destocking trends and fall of prices that impacted volumes are gradually stabilizing, clear signs of demand upticks are visible. So, I firmly believe that we have better times ahead.

Encouragingly, we are seeing clear signs of recovery in customer enquiries and gradually becoming confident of uptick in demand in coming quarters. New customer acquisition and product developments also provide a strong foundation for revival in top line. Furthermore, strategic initiatives in capacity expansion and R&D are aimed at positioning us for long-term growth.

We anticipate a year of good growth with a strong recovery visible in second half. Our long-term structural growth drivers remain intact, and we are committed to creating value for all our stakeholders.

At Tatva Chintan, we see the future not just as a recovery but as an opportunity to emerge stronger, leaner, and more aligned with the evolving needs of our global customers.

Now, let me guide you through segment wise outlook:

PTC:

Our PTC business continues to demonstrate steady performance. With the growing adoption of PTC across the broader chemical industry, this segment presents a consistently expanding market. Our standing as a preferred supplier of specialised PTCs positions us well to capitalise on these opportunities. We are witnessing a gradual but sustained increase in demand, supported further by the positive traction from new customers onboarded in FY25.

SDA:

As shared in our earlier calls, we had begun observing early indicators of a potential recovery in demand, and I am pleased to report that these green shoots have started to materialize gradually. Over the past few months, customer engagement has improved meaningfully and we are seeing a consistent uptick in demand volumes.

Furthermore, we will witness offtake from customers who approved our products during past couple of years. This development, combined with the approaching EURO 7 implementation, provides a strong tailwind for growth. Based on these encouraging trends, we remain optimistic that this segment will continue to be a stable and significant contributor to the company's overall performance in the coming quarters.

ES:

The customer using our electrolyte for energy storage devices has been gaining momentum and the volumes have started to pick up from first quarter of FY26. Besides the electrolyte salts for energy storage devices, our pilot scale sample for the third product required to make the electrolyte solutions has been formally approved by the customer. We are now undergoing minor modifications to our existing setup to incorporate commercial supply for the high purity material required for making electrolyte solutions. We will be sending commercial scale material for final validation of the product in Q2 of FY 26. This marks a meaningful step forward in deepening our engagement with this key account and also enabling us to do a step forward from electrolyte salt to electrolyte solutions.

Additionally, our qualification process with another strategic customer—who is involved in manufacturing batteries for hybrid vehicles—is progressing well. We have not received any adverse feedback from them, which reinforces our confidence in the robustness of our offering and our alignment with their technical expectations.

Given these developments, we anticipate that this segment will continue to grow gradually and steadily. More importantly, we see it evolving into a long- term value contributor for the company, aligned with global trends towards electrification and sustainable mobility.

PASC:

It gives me immense pleasure to share a significant milestone in PASC segment. We have secured a bulk commercial order for one of our major agro intermediates, marking a crucial step forward in this vertical. The commercial supplies for this product will commence in third quarter of FY26. This development is expected to make a substantial contribution to our top line in this financial year and also in the coming years. This is result of our innovative approach which has enabled us to invent a new alternate route of synthesis using our catalytic technology. It has created a win-win situation for us as well as our customer. Foreseeing the high market potential of this product we are accelerating the construction of new facility which will undertake its production. We expect the facility to be ready by the end of third quarter to fulfil the anticipated demand of this product.

Simultaneously, the approval process for a second agro intermediate is advancing positively. We remain confident that this too will translate into commercial success in the near future.

Additionally, the commercial supply of third agro intermediate will begin in current financial year and will witness an increased offtake in coming years. The validation process of fourth agro intermediate product is under progress. With this, our agro portfolio is poised to emerge as a strong pillar of growth for the company.

The development process of another two agro products is progressing well and we expect to commence piloting, validation and approvals of this product within the current financial year.

On the pharma intermediates front, we have made commercial supplies for the first two products. Our customer will utilise these materials to conduct validation batches for their product. For other two pharma intermediates validation is progressing smoothly.

Flame Retardants:

The challenges in flame retardant market are continuously increasing and it does not make a prudent commercial sense to venture into this market as of now. So, we have decided to withheld the production and development activities of these products. Further, with the commercialization of our agro intermediates, the capacity allocated to these products are going to be consumed completely.

The company is stepping up its game by significantly enhancing its technological and manufacturing capabilities, particularly in a very specialised area of high purity chemicals for semiconductor industry. Traditionally seen as a formidable challenge for Indian chemical manufacturers, this domain demands an exceptional degree of precision and quality control.

We are proud to share that Tatva Chintan has made remarkable progress in this area through persistent R&D efforts. What was once considered an ambitious goal has now become a reality, with our capabilities being recognised by global customers who see us as uniquely positioned to deliver on this demanding requirement. The journey to this point has not been easy it involved years of meticulous research, trials, and process innovation. However, our success in this space is a testament to our technical depth, resilience, and unwavering commitment to pushing boundaries.

This development is more than just a technological milestone, it has the potential to be a game changer for the company. We firmly believe that this will pave the path for Tatva Chintan to emerge as a key player in the niche yet rapidly growing field of ultra-pure chemicals for electronics and semiconductor applications.

As we wrap up a year that tested the resilience of the chemical industry, we are encouraged by the positive momentum building across several segments. While FY25 demanded caution and adaptability, it also allowed us to sharpen our focus, strengthen our operations, and invest in future growth levers.

Looking ahead, FY26 is poised to be a turnaround year. With new products entering the commercial phase, demand improving across key markets, and capacity utilisation forecasted to be at optimal levels, we anticipate a topline growth of over 25%. This, coupled with better operating leverage, is expected to drive a meaningful improvement in EBITDA.

Our foray into ultra-high-purity chemistry for the semi-conductor industry signals a bold and strategic shift—one that positions Tatva Chintan as a differentiated player both in India and globally. Backed by strong R&D, expanding customer interest, and a diversified product pipeline, we are confident in delivering sustainable value to all our stakeholders in the years ahead.

Thank you for your continued trust and support.

With this I hand over the proceedings to our CFO, Mr. Ashok Bothra

Ashok Bothra: Thank you, Chintan sir and good evening to everyone present on our call today.

The financial highlights for the current quarter Q4FY25 v/s Q4FY24 are as below:

- Revenue from operations of ₹ 1,079 million v/s ₹ 983 million in Q4FY24.
- EBITDA of ₹ 90 million v/s ₹ 156 million in Q4FY24.
- EBIDTA margin at 8.3% v/s 15.9% in Q4FY24.
- PAT of ₹ 10 million v/s ₹ 96 million in Q4FY24. PAT margins at 1.0% v/s 9.8% in the same period previous year.
- During Q4FY25, exports stood at ₹ 662 million; 61% of the revenue.

The financial highlights for FY25 v/s FY24 are as below:

- Revenue from operations of ₹ 3,827 million v/s ₹ 3,935 million in FY24.
- EBITDA of ₹ 342 million v/s ₹ 682 million in FY24.
- EBIDTA margin at 8.9% v/s 17.3% in FY24.
- PAT of ₹ 57 million v/s ₹ 304 million in FY24. PAT margins at 1.5% v/s 7.7% in the same period previous year.

That concludes an update on the financial highlights of the company. I shall now request the moderator to open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Sudarshan Padmanabhan from ASK NDPMS. Please go ahead.

Sudarshan P. : Thank you for taking my question. Sir, my question is to understand a little bit more about your fixed cost and operating leverage. If I look at your numbers specifically on a QoQ basis, there is an improvement by and large on all the key segments, sub-segments. Almost Rs.85-86 crores going to Rs.105 crores. But when I am looking at the absolute margins, the margins remain flat. So partly I understand that there is gross profit which has come down probably because of the mix, but also the other cost has kind of moved from Rs. 24 crores to Rs. 27.5 crores in a quarter basis. So can you elaborate a bit on the fixed cost structure and also when you're talking about next year, the operating average, what is the kind of margin that one should expect in the context?

Chintan Shah: Sudarshanji, good evening. This was one particular unique quarter where we actually commercially produced all the 4 agro intermediates. So, we executed one product with 40 metric tons as a commercial supply, so that was one. Then 2 new products, one of which for which we got the order recently. So these two products required formal qualification for which they urgently wanted some 20-40 metric tons of this product. And the third product which is entering into commercial validation, so that was also produced during this quarter. So this was one. The 2 products which they required for final formal qualification; this was not anticipated earlier from the customers. Everything came like an urgent demand to be done. Secondly, there was always a business sense in deciding whether we want to postpone this commercial validation or we want to do it fast so that the product can be actually commercialized early. So we opted to let us go with early validation of these batches so that the commercial business can eventually start within the coming financial year. And we proved right on that in fact. So post that qualification, we now got the final formal order to execute on a commercial scale. But by saying this, what has happened is all these four products produced simultaneously, not meticulously planned or well planned in advance, had led to a lot of operational inefficiencies. Number one, a large cost in terms of whether we have the time to recover and use the solvents, which we did. So if we wanted to maintain the timeline, we had to let go of those solvents without reusing and every batch we had to add fresh solvents. Number two, distilling all the four products at a time, the efficiencies were impacted because these are all teething problems if you can understand when all simultaneously such large molecules are getting into commercialization. So we faced lot of such technical inefficiencies, some technical issues, some infrastructural issues related to not having utilities at the right place at the right time of the right quality. So this takes its time to get rectified and corrected. So I would say the quarter in which we made these all four new products in larger volumes, which actually contributes to our growth in terms of revenue as well, was not produced the way it is designed to be. So there were certain inefficiencies which got factored into this, which led to higher cost in terms of material consumption, and at times certain lower efficiencies in terms of conversion. So once these problems are identified, each of these is being taken care of one after another and the necessary rectifications if required, changes of pumps, motors, some inefficiencies in terms of putting the brine of the right temperature at the right place. So all those infrastructural issues are currently being taken care of so that we can get rid of all these teething issues one after another. I would say it would take us at least 3 to 6 months to really master the production of these items. These are, we are talking of very large volume product and lengthy chemistries involving multiple chemistries, multiple technologies. So of course, I should give my team a bit of time, keep some patience to let them master this art and then start delivering the processes as they are designed. So I would say I am not concerned with a couple of crores here or there in terms of raw material consumption for this product, but it's a part of the learning and commercialization of the product process. So I would request to be patient, let them do their task, give them a three-to-four-month time window, and I am sure we will overcome all these operational issues and start delivering the raw material cost consumption as it is designed for the process.

Sudarshan P.: And in terms of the learning curve, I would have assumed that you would have spent a few months in manufacturing these products so I am just trying to understand in terms of learning curve now that almost one quarter is passed and we are probably in the middle of the next quarter. How do we see this operational efficiency? I am not exactly asking in terms of the steps what we have been able to correct.

Chintan Shah: Just to give you a flavor to make you understand what I am talking about. For example, in one stage, we had defined the conversion has to be at 88% to the desired product. We ended at 82%. Then there is the base analysis that happens that why it did not perform up to 88%. So they are finding that the desired temperature, for example, 3 degrees. But we were operating at 6 degrees because the pumping efficiency was not good enough to remove the heat. So we did the processes at 6 degrees. And if we run it at 6 degrees, we are resulting in certain impurities which are not wanted. So now what happens is you are sitting on 6% of impurities, but eventually what it translates into, when you distill the product, the 6% impurity removal, extra 6% impurity removal, takes another 3%-4% of a useful product also with it. So though the conversion may look only 3% or 4% poor, the output will convert into 6% or 7% impurity. So these are the technical issues which we face, we identify, and one after another we are sorting them out. So I probably believe by the end of June 2025, most of the processes we should be on the optimum level. And despite of that, since we already now have the order, it was already verbally committed by the customer that this is coming our way. And as you know, we are still constructing the new plant where we can go to full capacity. So we continue to produce even as of today. So with all these ongoing modifications, the process is still on. Production goes on to pile up the inventory otherwise we will not be able to complete the desired order. So, the first priority is to execute the order on time of the desired quality and cost factors will gradually be taken care of within the next 3 to 4 months' time.

Sudarshan P: Sure, sir. And sir, I am trying to understand the size of the agri-intermediate specifically the 3 products that you are talking about, I would first assume that it is for the innovator and for product which could be very large. I am just trying to understand what the scale could be, say, in the next 2-3-4 years because if it is in the patent, you also have a longer runway of growth.

Chintan Shah: The global volume of this product is very high. It's a CAPEX intensive product. What we have delivered to customers is, Tatva Chintan is the first company globally to produce it commercially by an alternative route of synthesis. So this is where we are bringing our catalytic technology in play on this product, which has helped us to achieve this milestone. So all the rest of the companies offering this product offer it via different route of synthesis and we have a process which is more sustainable for a long-term supply. So this is the biggest milestone that we achieved by establishing this process, which we are the first company globally to achieve it and to commercialize it. Secondly, in terms of scalability, so this product definitely, there are still lot of things that we can do with this product. Certain byproducts have to create values. So this is a long way. See for Tatva Chintan, we are looking at potentially significantly increasing of our topline just by this single product. So when we are talking of net volume with a given customer base, it's a large volume product that we are entering into to cater this market.So you will have a downstream lot of byproducts, a lot of efficiency improvements in terms of how much solvent you are able to recover and reuse, how much other ingredients you are able to recover and reuse or recover and sell it more efficiently. So all these things will gradually become a part of the development process. We can create a value out of it. So all that background work are right now going on in R&D piloting. So all those development work is going on, talking to different set of customers which will utilize the byproduct. So all those activities will continue in the background. And the real worth of this product should probably be visible within a year's time. But this is definitely a very large scalable product. You can go to multiple customers, multiple markets to sell the product. And we have some uniqueness in the process. So despite of being a smaller company in terms of competition, we strongly believe that we will hold our position in this market just because of the technology that we could establish.

Sudarshan P: And what about the other products? I would assume the other products will be over and above the size that you talked about.

Chintan Shah: So they are not this big. So each molecule that we had selected, ranging between 30 crores to 75 crores potential. Just to add to it, this all will scale up in 3 years. The customer is not going to give me full volume in year one. So year one, year two and year three will go to full scale.

Sudarshan P: Sure. So we have a runway of growth if we are able to execute the products as per what we think. There is at least 2-3 years kind of a long run here, is what I am understanding?

Chintan Shah: Yes, 2 years.

Sudarshan P: So coming to SDA, I mean, what we have seen consistently is the prices were coming down, this is why our finished goods prices were also coming down. Now last, you know, we have seen some kind of an uptick in your commentary. If you can give some color with respect to, what is the utilization that you are seeing in SDA currently? And second is, what is the kind of scale up that one can expect given the Euro-VII is also getting implemented?

Chintan Shah: So what we anticipate in terms of SDAs is, unfortunately, as you all know, the product prices have dropped and still they continue to remain at the same level. So there is still no uptick in terms of raw material pricing which I suspect very strongly will happen, but it has not happened so far. So considering that we are remaining at the same levels in terms of product pricing, same levels in terms of raw material prices, but in terms of revenue that this can bring in, it would range between 40% to 70% growth in terms of volume and value. So this is poised to grow significantly within the coming financial year. Both the products, both things as I mentioned in my speech is both things are going to be the factor in this growth. One is commercialization of the new customers, taking up commercial supplies from this financial year, and also the impact of increasing demand of the Euro-VII. I see a good pathway in terms of basic shift that has again gradually happened for the passenger vehicles, is again a shift from purely electric to a hybrid system. So the IC engine seems to stay even in the passenger vehicle. So this will continue to maintain the momentum. And of course, heavy-duty vehicles continue to remain strong. So again, a strong recovery is not on the horizon very strong what we saw in 21 or 22. The reason is because China is still not coming up in the radar in terms of increasing demand. So that is one key issue which the industry, automotive industry continues to face in terms of heavy-duty vehicle demands. But the European and American sectors have shown significant improvement.

Moderator: Mr. Sudarshan, may we request that you return to the question queue for follow up question as there are several participants waiting for the turn.

Sudarshan P: Sure.

Moderator: Thank you. The next question is from the line of Vipin Goel from Mirabilis Invest. Please go ahead.

Vipin Goel: Thank you for the opportunity. I had a question regarding the SDA demand revival, specifically from China. The question is that, are you are aware that there is a structural shift that is happening in the Chinese heavy duty truck market? Because in 2024, some 50% of the new heavy-duty trucks sales were LNG which was practically almost zero 3-3.5 years back. And this has been largely driven by cheap piped gas which is coming from Russia, so which has basically led to implications on new diesel truck sales and hence probably low SDA demand from that market. So are we aware of this?

Chintan Shah: Yes, so basically what had happened is because of the cheap fuel gas available from Russia being provided to China, a lot of the heavy-duty trucks market moved on to the gas segment. So this was the key impact which resulted into reduced demand for SDAs or the IC engines in the Chinese market. What has fortunately happened over the last few months is the gas prices have increased, gradually started to increase and simultaneously the crude prices have started to drop. So when I am talking to my customers as of today, everyone is very closely monitoring the situation. And it seems like an influx point where again demands will start switching from the gas engines to the IC engines. So this I am not considering as a part in terms of what I want to forecast, but we are definitely very optimistic that this switch will happen sometime very soon. And the whole industry is expecting that switch to happen.

Vipin Goel: So you are saying the switch that happened just two years back from 0% LNG truck sales to 50% now

Chintan Shah: While I spoke to my customers, I understand that over the span of last 25 years, such incidences have happened three times. This is the third incident where suddenly the markets moved to gas when the gas products became cheap and again switch back to fuel when the gas prices started to rise. So this is not the one-time incident. This is the third time that the industry has seen this phenomenon. I am observing this phenomenon for the first time.

Vipin Goel: Got it. And if I were to quantify the impact of this on our SDA portfolio, so I suppose we had a large Chinese customer which has not come back to those original volumes. So let's say if you were to come back and this cycle was to reverse which might take at least 3-4 more years this to come back?

Chintan Shah: At the peak time when we were selling into the China market, of the total SDAs, don't get me precisely on this number, I am just giving you a ballpark number. Our exports into China for SDA was close to about 40% of the overall SDAs we were selling. So it has a significant impact. If the things start turning back, it will significantly impact the volumes, very significantly.

Vipin Goel: Sir, also one observation, given this is such a significant structural change, maybe cyclically if you want to call it, but could this insight have been proactively communicated to analysts and investors in the past quarterly calls because this is what is very difficult for investors to understand.

Chintan Shah: This is one realization which we also understood about 5 to 6 months back that what is actually happening in the Chinese market and we kept on studying these numbers of what is selling. But my end customer always felt that this is not the reason related to the dropping demand. They always felt the reason related is because potentially they have a different way to treat their environment and stuff like that. But this all turned out to be false. The real reason behind it definitely turned out to switch from IC to the gas engine and now the reversal is what they are anticipating should happen any time and I am also strongly hoping that it happens. It is good for our business.

Vipin Goel: Then probably we will need to study history again and see if this has happened earlier or not. Because if the customer is positive that this has happened three times.

Chintan Shah: It has happened twice in the past. I think it has happened a couple of times in the past.

Vipin Goel: Okay, great sir. It is the only question I have. Thank you.

Moderator: Thank you. The next question is from the line of Sanjay Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: Thanks for taking my question. First on the agrochemical because we are talking about 60% to 70% growth in the SDA for this year, assuming prices being stable, which is base case.

Chintan Shah: Sanjeshji, 40% to 70% is correct.

Sanjesh Jain: Okay, 40% to 70%. But in our presentation, we have talked about total growth of 25%. That means other segments are expected to grow much slower. How to see this?

Chintan Shah: Basically, in terms of growth if we see, PTC is technically expanding 10% to 12% on a year. Electrolyte salt segment is small, so even if it grows at 200%, it will not have a very significant impact on the topline. So we expect the electrolyte salt segment to grow by at least 200% this year. But what significant impact will it have is hardly anything because it will go from, let us say, from Rs.6 crores to Rs.23-26 crores in terms of revenue is what we forecast. In terms of value, it does not look so significant. So what is growing is in terms of SDA and PASC, both growing at about 40% to 50% is what we anticipate.

Sanjesh Jain: Got it.

Chintan Shah: And PTC will be a consistent growth through the year. Whereas PASC with the kind of guidance we have been provided today, the growth will reflect from Q3FY26 and Q4FY26. Because Q1, Q2, we will just keep on producing so that we are able to dispatch in Q3FY26.

Sanjesh Jain: Assuming that 25% is a ballpark which translates to Rs. 500 crores of topline, we should be shifting what a significant portion of utilization in the plant or we can optimize still further to extract more value out of it?

Chintan Shah: Yes, so those gaps that is what I was talking to right now to the first person. What I said is those are the gaps which are being identified how to increase the process efficiency. There we can, see basically let us say if I am sending a water of six degrees at a certain pressure and if I am able to send three degrees water at a more higher pressure then my cooling time comes down. Then my reactions become faster. So these are the things which are being now understood, taken care of, modifications are going on to increase those process efficiency. So I would not claim that this is going to be optimum. There are a lot of scope to improve your processes, improve your performance, improve your yields, and improve utilizations of your byproducts.

Sanjesh Jain: My next question is on the PTC. In the last quarter, we said that we have added two new customers, one for the polymer, special polymer and the other for the recycling. And I thought that could lead the growth for FY'26. Has not it materialized?

Chintan Shah: Material is being delivered this Wednesday, the day after tomorrow to the customer. So after that, we will have maybe 4 to 6 weeks to know what is happening there.

Sanjesh Jain: Okay. It is for what? Approval, validation or it will take a longer cycle?

Chintan Shah: So samples, piloting everything was done. So now we are sending the ISO tanker product, 20 metric tons, which is being delivered day after tomorrow, Wednesday.

Sanjesh Jain: And the realization in this product will be same as other PTC or these are higher?

Chintan Shah: More or less the same.

Sanjesh Jain: Okay, so it's not going to add in terms of value chain, it's just going to add volume to us.

Chintan Shah: Yes, it has slightly better margin, but not significantly higher. We can shift the PTC broad margin. We cannot shift it.

Sanjesh Jain: Got it. We haven't talked about the polymer part in the SDA segment. We were doing one through electrolysis process. Any update on that?

Chintan Shah: Yes, so that has been commercialized. We have sent material to the customer now. In fact, I am also traveling on this weekend and meeting the customer next week. So we will have some basic feedback probably by end of May 2025 on what is happening there. So now we are just sitting idle for the customer to respond in terms of how they feel the material is and what is their feedback in terms of the quality of the commercial supply.

Sanjesh Jain: Got it. And lastly on the PASC side, how do you see this pharma side coming up? We don't expect any revenue to be booked in FY'26, more of FY'27 phenomenon because we spoke in FY'26 largely about agrochemical. And any update on the photo chlorination part of it?

Chintan Shah: Photo chlorination product is what we are expecting commercialization in this. So that is under final validation which we expect should be with us by latest by June. And then we expect commercialization within the current financial year itself. In terms of pharma, we have executed commercial scale supplies. So a few metric tons of 2 products have already been supplied. So our validation part is done and now the next customer is doing commercial validation for this batch. And then it goes to the final customer. So my part is done. The validation from my angle has gone. Everything is well. The samples have been approved well. We have supplied few metric tons of each of these products to the customer and now they are running their validation trials with that product. So there may be a possibility to commercialize something by the end of the current financial year. But I would say that would be optimistic, or if there is any changes in, because now the ball is not in my court. Ball is in my customer's court and then the ball goes to the final customer's court.

Sanjesh Jain: And how about the regulatory part? Are we already part of the filing or is there a different process we need to run?

Chintan Shah: Yes, so once this validation from my immediate customer happens, we will become part of that dossier.

Sanjesh Jain: Okay, that process is on or is that process yet to start?

Chintan Shah: No, no, it is on. We are onboarded.

Sanjesh Jain: Okay. The next question is on the margin. Now that we are looking at improving the process, improving the utilization, how should margin look, we should look at margins from here on because we have already taken a lot of cost from the P&L. How should the EBITDA margin transition happen from here?

Chintan Shah: If you want more of a precise answer to this, would say a ballpark number of around 20% should be more realistic for the current year. I am expecting there would be certain challenges when we are scaling up each of these new large value products. We are talking of increasing the topline with new products, that is also a significant part of the overall growth. So, when this is happening, am suspecting that efficiency is what you have estimated will take some time, let us say 3 to 6 months' time to reach to that operational efficiency to derive real value. Considering that, still I feel a guess of about 20%-21% in terms of EBITDA would not be a wild guess.

Sanjesh Jain: Got it. Last question is on how things are evolving from the US perspective because we have some exposure to the US, the tariffs and everything. Given the scenario, are we seeing increased customer query or the customers being very worried? Once the 5th of July has passed, how are you planning the supplies and all because the tariffs remains very uncertain there.

Chintan Shah: You see, that is something they called there is some annexure that is published that these are the products or categories which are exempt from this special duty. And I believe almost all, barring a couple of products, almost all the products what we are into is under that exemption list. So theoretically, this doesn't change anything for us unless and until they end up changing the list itself.

Sanjesh Jain: Got it. But any increased inquiry from the customer as a policy to shift?

Chintan Shah: No, because Sanjeshji, the exempt list is not only for India. It is globally. So even China is exempted from that list. Any country in the world is exempted from that list.

Sanjesh Jain: So we are really not seeing any benefit or negative impact from this?

Chintan Shah: So we don't see negative or positive either of the situation arising. Only if something changes in terms of removal of certain key products from that list, then it can significantly change something. But honestly speaking, talking to other industry peers, I feel that no one is expecting anything major to happen there.

Sanjesh Jain: Got it. Thanks, Chintan bhai. These are my questions. And best of luck for the coming quarters. Thank you.

Moderator: Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: Good evening, sir, So just firstly a clarification of what we, I think the answer to the previous participant, we are expecting 20% margin for the next year full year, or that would be maybe an exit run rate as scaling up quarter-on-quarter the margins will improve and finally it will reach or overall we want to be able to reach 20% for the full year sir?

Chintan Shah: Overall full year because there will be significant difference in terms of H1 and H2. We will continue to produce in H1 but the sales will be booked only in H2 so there will be a significant difference in H1 and H2 so whatever I am saying is for the full year.

Darshil Jhaveri: That is really great to know sir. So just maybe going a bit towards the longer period of time, I think in the presentation itself you mentioned, this year we want to have a 25% of topline growth and you were saying that each agro product can maybe be a Rs. 40 crore product itself. So by FY'27-'28, our growth momentum can continue and how do we look next 2-3 years in terms of topline and margins, sir?

Chintan Shah: So each of these new products, let us say the rest of the segments are just evolving and growing. For example, SDA, PASC, Electrolyte Salts. So these products will also grow, but the value is too low as of today. So the growth will not be seen in terms of big numbers. But PASC segment is what, for example, this product we anticipate to make, let us say 200-300 tons one year, 500 tons second year and we are setting a plant to be able to reach thousand metric tons. So that is the way these things will progress and this all has one thing which is that we deliver right thing at the right time and at the right price. So but we are confident on that that is why we are expanding the capacities and setting up a plan which can cater to a demand one year down the line. So we are anticipating the growth in this product as the customer confidence increases, we will have better results.

Darshil Jhaveri: The new plant, what is the CAPEX we are doing, sir?

Chintan Shah: Currently going on, yes.

Darshil Jhaveri: The amount of CAPEX we are doing and we think it will be operational by end of the FY26? What is the amount of, the depreciation will hit next year? So how much is the CAPEX that we doing?

Chintan Shah: No, so this will be about Rs. 105 Cr., anywhere between Rs. 105 Cr. and Rs. 110 Cr., And we are striving very hard to get it operational before January of 2026. So what we are targeting should be available for production by January.

Darshil Jhaveri: That's great to know, sir. And again, sorry to harp on the margin because I think our best margins were around 17% last year and then before that we were able to do 20%. So now going forward our business model we can expect 20% as a base for margins, right sir? So I am just asking here we can expect now 20% to be the base for our margin going forward because we are in and all the new products and new the capacity is kicking in. So at least going forward we'll be able to do 20% EBITDA or what you call, that means the bare minimum that we can do.

Chintan Shah: That is a fair assumption to do.

Darshil Jhaveri: Okay. Fair enough. That is from my side. Thank you, sir.

Moderator: Thank you. The next question is from the line of Jay Vaghasiya, an Individual Investor. Please go ahead.

Jay Vaghasiya: So Chintanbhai, first question is, in Q1 of this year, despite the sharp fall in raw material prices for SDAs, we have guided for 20% growth for the full year. But we are very much off the mark. So what is the reason? Where did we get it wrong?

Chintan Shah: It is purely the volumes that drop, the prices that dropped, realizations practically came down. If I recollect correctly, we benchmarked last one year, then phase transfer catalyst dropped in terms of value by 23%. SDAs dropped anywhere between 27% to 35%. So those were the kind of drops which happened. So your absorption of cost became a challenge. And that is where went wrong. We were expecting topline somewhere in the range of Rs.410 or Rs.415, we are in the range what he has discussed, and then we ended up at Rs.385-Rs.390 levels. And despite that, I would say the volumes have remained healthy. The impact what has brought in is just because of the price realizations of this key products. Potentially with the increasing raw material price, which is slightly evident, but it is going up again falling back, going up again falling back, but the prices are trying to increase now, at least that is what is visible. So if this happens, it changes the thing much faster.

Jay Vaghasiya: Okay. And Chintan bhai, next is for the entire PASC segment, can you give the guidance for the current year, because in the last call you had said all the agro intermediates are going into commercial supply from April and the photochlorination product has also started commercial supply from April I think and polymer also you are saying. So can you give guidance on PASC segment growth for this year?

Chintan Shah: So we will cross at least 40% in terms of growth that is what we clearly foresee.

Jay Vaghasiya: Okay, so at least 40% in PASC and 40% in SDA right?

Chintan Shah: Yes.

Jay Vaghasiya: Okay, in the semiconductor space that we are working on, so our existing current suppliers for that substances would be SACHEM only? Because SDAs are only going into this application, if I am right, correct?

Chintan Shah: It is not SDAs, it's a different set of products, but yes, that is where we are competing with the US major company.

Jay Vaghasiya: Okay, and have we reached the PPB levels? I was late to join the call, I couldn't get it - Part per billion levels. PPB purity levels that you discussed last time, have we reached those levels or there is still some time to reach?

Chintan Shah: Yes. So we are sending our samples. So basically, we have achieved the desired quality. Absolutely everything below 10 PPB levels has been achieved inside the reactor. Now we are waiting for the right packaging material. So we got a few suppliers, products, one from Malaysia, a couple of them from India. But these drums are not getting qualified in terms of accepting these high purity materials. So the drums are giving out lot of contaminations to the product. So we are holding the batch in the reactor now waiting for a couple of packaging materials coming in from Germany and Japan. And let's see. So we are just waiting to unload the batch to send the first lot to the customer. So from our end, in a closed condition, it is approved. So that was a big milestone that we achieved during this quarter, big milestone.

Jay Vaghasiya: Thank you, Chintan bhai. I'll join back the queue. Thank you.

Chintan Shah: Thank you.

Moderator: Thank you. The next question is from the line of Chetan Thakkar from M3M Investments. Please go ahead.

Chetan Thakkar: Sir, the question is more on the asset utilization. For the last 2, 3 years we have seen fair degree of CAPEX and the CAPEX still continues. So just wanted to get a sense on with the current gross block that you have and another Rs. 100 crore that you are spending. What kind of revenue should we potentially see and why has utilization, I understand products are not scaled up as I anticipated, yet we continue to do CAPEX. So how do you see this CAPEX getting utilized over the course of the next 3 to 4 years?

Chintan Shah: So there are two parts of our plant. One is the conventional plant where you see reactors and stuff like that. And another part of our CAPEX is involving the assembly lines. So this particular part of the assembly lines part is only associated, purely and purely only associated with the SDA part. And the rest of the chemistries are done in the rest of the plants. The rest of the plant, today we see at an occupancy level of about 83%-84%. The SDA part of the plant, so the plant where we expanded and then we saw this sudden drop in terms of volume and the challenging type of phase in the SDA part, so that plant had been running at about 29% to 32% capacity which since last one month we are seeing it operating at about 60% level. So there has been a significant shift in terms of productivity in that plant as well. We expect it to continue to operate at about 60% levels during the year. Whereas the conventional plant we expect to be then overall occupancy in the range of 80%.

Chetan Thakkar: So out of our gross block in absolute terms, what is the amount that you can associate with the SDA plant itself?

Chintan Shah: Which plant?

Chetan Thakkar: SDA assembly because what I wanted to understand is, the balance, how much, so you said the balance is working at 83% optimum utilization. So just to get a breakup of the gross block in terms of what is clearly purely associated with SDA so that we can track separately the ROCE for the CAPEXs that have happened. Because currently that is depressing the return ratios largely?

Chintan Shah: You have asked a very difficult question to put a number to it because of see 30% drop in value where do I factor it so and if there is a jump, then where do you factor it? It is difficult but let us say, let me just give a thought, give me a second. So let us say if you put SDA's projected value and volume at the current price levels let us assume the price is same for next 2-3 years. Just an assumption, wild assumption. I am just doing my mathematics. So it goes to roughly about Rs. 450 crores in terms of topline from the SDA plant if it is getting off divided at 100% level.

Chetan Thakkar: Understood.

Chintan Shah: Again, it depends a lot of things. There are multiple products within the SDA category. So something ranging from $5, something going up to $12, or even $16. As a fair estimate of what could sell more and what would not sell so high volumes. So based on that, I would say we can reach at the current price levels, we can reach to a revenue of Rs. 450 crores.

Chetan Thakkar: Got it. So once the SDA is fully utilized, we theoretically can add Rs.450 crore, the balance Rs.250 crore that you are doing currently, which is non-SDA, and the scale up that you have already highlighted. So we should count that scale up and associate the fresh CAPEX there and try and work it reverse to see what is the actual ROCE of ex-SDA so that we get a fair degree of understanding how ex SDA is progressing.

Chintan Shah: Absolutely.

Chetan Thakkar: Sure. Understood sir. This is helpful sir. Thank you so much.

Chintan Shah: Thank you.

Moderator: Thank you. I would now like to hand the conference over to Mr. Ashok Bothra for closing comments.

Ashok Bothra: Thank you. On behalf of the management of TATVA CHINTAN, thank you for joining us on our earnings call today. We hope we have been able to address majority of your queries. You may reach out to Ajesh Pillai or our investor relation partner – Ernst and Young for any further queries that you may have, and they would connect with you offline. Thank you, Mr. Sanjesh Jain for hosting our call. Thank you all.

Moderator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

This document has been edited for better readability