May 05, 2025

DCS-CRD **BSE Limited** First Floor, New Trade Wing Rotunda Building, Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400001 Fax No.2272 3121/2037/2039 Stock Code: 543213	Listing Compliance **National Stock Exchange of India Limited** Exchange Plaza, 5th Floor Plot No. C/1, 'G' Block, Bandra- Kurla Complex Bandra East Mumbai 400051 Fax No.2659 8237/8238 Stock Code: ROSSARI

Dear Sir/Madam,

Sub.: Transcript of the Earnings Conference Call held on April 28, 2025 for Q4 FY25

Pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our intimation dated April 22, 2025, regarding Earnings Conference call with Analyst(s) /Investor(s) held on Monday, April 28, 2025, we would like to inform that the transcript of the aforesaid conference call is enclosed herewith and the same is also available on the website of the Company at www.rossari.com/announcement under the head 'Investor Call'.

The same may please be taken on record and suitably disseminated to all concerned.

Thanking you,

Yours Sincerely,
For Rossari Biotech Limited

Parul Gupta
Digitally signed by Parul Gupta
Date: 2025.05.05 19:21:32 +05'30'

ROSSARI BIOTECH LIMITED MUMBAI

Parul Gupta
Head - Company Secretary & Legal
Membership No.: A38895

Rossari Biotech Limited

Q4 FY25 Earnings Conference Call Transcript
April 28, 2025

Moderator: Ladies and gentlemen, good day and welcome to Rossari Biotech Limited's Earnings Con Call.

I now hand the conference over to Mr. Anoop Poojari from CDR India. Thank you, and over to you.

Anoop Poojari: Thank you. Good evening, everyone, and thank you for joining us on Rossari Biotech Limited's Q4 and FY25 Earnings Conference Call. We have with us Mr. Edward Menezes, Promoter and Executive Chairman, Mr. Sunil Chari, Promoter and Managing Director, and Mr. Ketan Sablok, Group Chief Financial Officer of the Company. We will begin the call with opening remarks from the management, following which we will have the forum open for a question-and-answer session.

Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the earnings presentation shared with you earlier. I would now like to invite Mr. Edward Menezes to make his opening remarks.

Edward Menezes: Thank you, Mr. Anoop. Good evening, everyone, and thank you for joining us on our Earnings Conference Call. It's a pleasure to have you with us as we discuss our operational and financial performance.

We concluded FY25 with a steady performance, navigating a soft and evolving operating environment. Despite external challenges, we delivered healthy growth and maintained stable profitability, reinforcing the strength of our diversified business model. Our HPPC division continued to lead our growth, supported by deeper market penetration and strong traction across Agrochemicals, Personal Care and Institutional business. The TSC division remained stable despite ongoing pricing pressures in the textile industry, while the AHN business showed encouraging signs of recovery, backed by focused portfolio realignment initiatives.

At Rossari, R&D remains central to our growth strategy. Through continuous innovation, we continue to develop tailored, high-performance solutions, aligned with evolving market needs. A key highlight is Renewa, our in-house biosurfactant platform. Designed with sustainability at its core, Renewa offers health, safety and environmental benefits while enhancing application efficiency. Its adaptability makes it relevant across more than 10 industries, underlining our capability to deliver cross-sectorial impact through green chemistry.

On the manufacturing front, we are executing multiple expansion projects to prepare for the next phase of growth. The previously announced expansions at Dahej and Unitop are progressing as per the revised plan with commissioning expected by Q2 FY26. In addition, we are pleased to announce further investments with an additional CAPEX of Rs. 97 crore for expansion at our subsidiaries, Unitop Chemicals and Tristar Intermediates, and Rs. 95 crore at Rossari Biotech. These projects, which are expected to be commissioned in a phased manner by Q4 FY26 are aimed at supporting growth across key chemistries, improving operational efficiency and enhancing supply reliability. Together, these investments reinforce our commitment to building a scalable future-ready platform to drive the next phase of growth.

With a strong R&D engine, expanding capacities, and a growing global footprint, Rossari is well positioned to lead in delivering high-performance sustainable solutions across industries. As we move forward, our focus remains on anticipating evolving customer needs, deepening our technological and operational capabilities, and building a future-ready organization.

With this, I now invite Mr. Sunil Chari to share his thoughts.

Sunil Chari: Thank you, Edward ji, and a warm namaste to everyone.

Our performance in FY2025 underscores the resilience of our diversified business model with overall revenue growth of 13.6%, reflecting the strength of both our core and emerging businesses. We are particularly encouraged by the tractions in new verticals such as Institutional Cleaning and B2C businesses. These have now scaled meaningfully. And starting this quarter, we are showcasing them as a distinct vertical in our earnings presentation. These businesses delivered strong growth of 67%, reaching almost Rs. 300 crore in revenue for FY25. Leveraging cutting-edge technology, deep expertise and a strong network, we are shaping the future of this consumer health and hygiene vertical, a business that, while requiring a long gestation period, holds immense strategic value through consumer trust and brand equity.

While the scaling up of these emerging verticals has had a near-term impact on consolidated margins, our core business continues to deliver healthy profitability with an adjusted EBITDA range of approximately 15% for FY25. We view these investments as critical to building future-ready, scalable platforms. As these new businesses achieve greater scale and operating leverage, we are confident that they will drive margin expansion and enhance long-term shareholder value. These verticals underscore our ability to anticipate evolving customer needs and create differentiated value-added solutions aligned with future growth opportunities.

Our global business also recorded a strong year with exports growing by 27% and our presence expanding to over 70 countries. This growth reflects our focused efforts on cultivating strategic markets, deepening customer relationships and delivering innovation-led customized solutions anchored by strong technical expertise. Participation in leading global forums continues to strengthen our international footprint and position us at the forefront of green solutions.

With rising global interest in sustainable chemistry, we are optimistic about the long-term growth potential of this business. With a strong foundation in place, we are confident in our ability to unlock new opportunities and deliver differentiated, sustainable solutions across industries. Our growth investments, whether in capacity expansion, new verticals or innovations are a testament to our future-focused strategy.

As these initiatives scale, we are confident that they will generate strong returns and create lasting value for our stakeholders. We remain deeply committed to profitable growth and shareholder value creation as we embark on the next phase of our journey.

We thank you for your continued support, and I would now request Ketan ji to share his perspectives.

Ketan Sablok: Thank you, Mr. Chari, and good evening, everyone. Let me provide you with a brief overview of the financial performance for the quarter, and the full-year ended March 31, 2025.

Q4 FY25, our revenue from operations grew by 22.6% YoY to Rs. 579.6 crore, reflecting a continued strength of our diversified portfolio. EBITDA for the quarter improved by 9.3% YoY to Rs. 69.5 crore with an EBITDA margin of 12%, compared to 13.5% in the same period last year.

For the full year FY25, we crossed the Rs. 2,000 crore milestone with revenue from operations reaching Rs. 2,080 crore, up 13.6% YoY. EBITDA increased by 6.1% to Rs. 265.1 crore with an EBITDA margin of 12.7% compared to 13.6% in FY24. Despite the muted external environment, our performance demonstrates the resilience of our operating model and the strength of our core segments.

Our Institutional and B2C business delivered strong momentum, growing by 67% YoY to reach Rs. 299 crore in FY25. As these businesses have now reached a meaningful scale, and being more consumer-focused, we have decided to showcase them separately starting this quarter. We are confident that they will continue to scale meaningfully in the years ahead.

It is important to note that ongoing investments in new business verticals have impacted reporting margins. However, profitability in our core business remains robust. Adjusted for Institutional and B2C business, Rossari Biotech's consolidated EBITDA margin stood healthy at 15%, reflecting the strength of our base business fundamentals. Expenses have gone up during the year. Much of these is in line with our growth initiatives, planned expansions and some businesses being in their growth phase. We remain confident that as these initiatives achieve scale and reach operational maturity, they will contribute to margin improvement in the future.

During the year, we continued to invest strategically to build future-ready capabilities. The Board has approved a total CAPEX of approximately Rs. 192 crore, covering expansions at our sites. These projects, expected to be commissioned in a phased manner by Q4 of FY26, are aimed at strengthening our production capabilities, enhancing supply reliability and supporting scalable and sustainable growth.

On the working capital front, we have improved slightly by 2 days compared to last year. Inventory levels increased. This is in line with our strategy to build stocks in March 2025 ahead of the upcoming Agro season, and a planned supplier shutdown. Receivables have come down by 2 days, and we are targeting to further improvements through FY26. We are taking proactive steps to streamline working capital across businesses, and we will continue to monitor this closely.

Our balance sheet remains healthy with strong liquidity and comfortable leverage levels. Additionally, the Board has recommended a dividend of Rs. 0.50 per share for FY25. As we move into FY26, our focus will be on executing growth initiatives with discipline, improving margins as operating leverage builds up and driving sustainable profitable growth to create long-term stakeholder value.

On this note, I conclude my opening remarks and request the moderator to open the forum for questions that you may have. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session.

We will take our first question from the line of Rohit Nagraj from B&K Securities. Please go ahead.

Rohit Nagraj: Thanks for the opportunity and thanks for sharing the separate data for Institutional business, I hope it continues on a quarterly basis. Just one more suggestion. Now since we have bifurcated the HPPC business, if you can also share the HPPC non-Agro and Agro bifurcation, that would also be really helpful in terms of understanding the dynamics of the business on a quarterly basis. So that's just one suggestion before I go on for the first question.

The first question is in terms of the CAPEX that we have announced, the Rs. 192 crore for both Unitop as well as for Rossari. And we are currently in phase of the execution of the earlier CAPEX. So, what has changed in terms of visibility to go ahead before completing the earlier phase of CAPEX, and to go with a new phase of CAPEX in the same facility? So, if you can give a broader picture, how do we foresee the implications of the CAPEX over the next 3-4 years, it will be great. Thank you.

Ketan Sablok: Rohit, thanks for the question. First, on the CAPEX, the current CAPEX that is going on, that's more on the Ethoxylation capacity expansion that we are doing, that is expected to come on stream by Q2 FY26. These CAPEXs, the current CAPEXs, which we have announced, they are a mix of new initiatives and some new products, again, of course, in our key core chemistries, but these are phased out over the full year. So, most of these will probably be completed towards the end of the financial year, and then they will start seeing some numbers from these in the following year.

To give you a brief on what these CAPEX, I will ask Mr. Chari to just give you a brief on what the products are.

Sunil Chari: The focus on the new expansion is practically non-EO because EO got delayed from Reliance. But we are expecting usage of the new EO facilities, including MDEA to start in the next quarter. Our loop reactor also will be fully functional in the next quarter. And the new expansion is for non-EO products, which are already raw materials, which we procure from outside, which includes Esters and a lot of Monomers, which we buy from outside, we would like to backward integrate.

There are a couple of new chemistries which we are trying to explore in the Mellitic space. Last year, in Rossari, we did practically very little CAPEX. And as you know, Rossari, we are at zero term loan and zero CC status. In fact, we have cash on the balance sheet as on 31st March 2025.

Similarly, Unitop, we have planned for a bigger expansion. We will do about INR 95 crore, which we will invest in Unitop. And we see simultaneously both these expansions to give good revenues in the coming financial year.

Rohit Nagraj: Just one clarification earlier for the ongoing CAPEX, we had said that 3.5x - 4x asset turns. For this new CAPEX, including the backward integration, what could be the asset turns that can be looked at?

Sunil Chari: Around 2x – 3x should be, because the backward integration, so around 2x – 3x should not be an issue.

Rohit Nagraj: Fair enough. Sir, the second question in terms of the HPPC segment. So last year, we have seen a single-digit growth, excluding the Institutional business. How are we looking at in FY26? And what could be the potential areas of growth to take it to double digit? Thank you.

Sunil Chari: As you know, we had limitations on availability of Ethylene Oxide in the last financial year, and we continue to think that we should get the new EO expansion at Reliance from where we will get our EO soon. The only reason for whatever growth we had, growth limitation was because of Ethylene Oxide availability.

Rohit Nagraj: Okay. And so, this year, at least for the first half, again, that challenge would continue. So probably for this year also, we maybe just touching the double digit or maybe higher single-digit growth on HPPC?

Ketan Sablok: Rohit, this year, we are already in discussion with Reliance. They have promised us higher availability of EO. My take is that for the Ethoxylate part in the HPPC business, we should see a low double-digit growth, around 10% or something. But there are a lot of non-EO initiatives that we have worked through the last year. Some of them, we will see some bit of that execution start happening now in the current year.

We are optimistic that some of these new non-EO products that our R&D has worked out, we should see traction of that in the current year. We should see overall, a low double-digit to a mid-teens growth in the HPPC business.

Moderator: Thank you. We will take our next question from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: Yes. Hi sir, thanks for the opportunity. A couple of questions. One, on the margin front. If I look at the annual numbers, the stand-alone business and the subsidiaries, and since you have mentioned Buzil numbers separately, looking at all the 3 margin profiles there and seeking your outlook. On the stand-alone side, while I understand the capacities are slightly underutilized, broadly, these are the margins level that one should take into consideration going ahead?

Ketan Sablok: Yes. So, shorn of the consumer business, we should be in this range of 14.5%-15%.

Ankur Periwal: Sure. And this is obviously considering an early double-digit growth in the HPPC business. And will that also imply a similar growth rate for the overall stand-alone business or stand-alone could be slower because of the other segments being not as much on the higher side?

Ketan Sablok: Yes. But overall, also, we expect the business to grow at least at the mid-teens level.

Ankur Periwal: Okay. Great. On the Buzil side, while the scale, the ramp-up that we have seen in the business is pretty impressive, but I am slightly taken aback by the margins over there. So, till last year, at around Rs. 180-odd crore, we are still making a positive EBITDA. But with an incremental revenue of Rs. 120 crore, the overall EBITDA has turned negative. If you can help us better understand this math?

Ketan Sablok: Ankur, we are still in the process of investing in this business in terms of manpower, selling, distribution, setting up network, distributors, et cetera. So currently it would be better if we look at this business on the amount of revenues we can generate from it. It's not proper to read it in a manner that Rs. 124 crore of additional sales have brought in Rs. 10 crore of dip in the EBITDA.

This business has to reach a certain bit of scale for the EBITDAs to start showing a positive number on a continuous basis YoY. The primary objective now is to keep growing this business and FY26, we hope that this business on an overall basis, the Institutional and the Consumer business will start showing some positive EBITDA on an annualized basis. We should see some low single-digit EBITDA number for FY26.

Ankur Periwal: Sure, Ketan bhai, just on the gross margin front, if you can broadly suggest how has been the performance for Buzil for this year and for last year?

Ketan Sablok: Gross margins overall have been in the range of 26%-27%. It will be in the same range for this year as well as the last year.

Ankur Periwal: Okay, great. And just the last bit, the CAPEX breakup that you highlighted, what will be the broad spend on the backward integration? And what could be for the front-end products? And just related question there, the products that we are looking at, these are new products or increase in capacity for the existing ones?

Sunil Chari: In terms of, which we are planning for in the new expansion, but also go as sales to our various customers, this would be all derivatives, which we know we have been making in small quantities and there will be some new products. I cannot give you a bifurcation of exactly how much quantity will go into in-house formulations or in-house reaction products of Rossari and Unitop, but there would be a synergy where there is lot of products which will go into our own production.

And there are some certain new chemistries which we are targeting this year. And this includes the Trimelitic Anhydrideand certain new chemistries which we are there. And in the last 1 year, we have strengthened our R&D by nearly 3x the number of people we have added in R&D. And these have come up with a lot of new products which we are trying to go into areas which we know. For areas which we know is home and personal care, oil and gas, pharma, Agro, paints and coatings, and of course, the textile industry. We will add these new capacities to get into products which have been developed in R&D in the next 12 months.

Moderator: Thank you. We will take our next question from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: Yes. Good evening, sir. Thanks for taking my questions. First question is understanding this breakup of Institutional and B2C. When you say B2C, what does it really constitute?

Ketan Sablok: When we say B2C, it constitutes our Pet Care business, which is a direct consumer, and there are some businesses which we have started seeding now, which also go in directly in the consumer side in terms of aluminum foils, tissues and things like that.

Sanjesh Jain: Okay. These are largely trading businesses, right?

Ketan Sablok: No. These are not trading. We have started manufacturing. Pet care is a completely in-house manufactured.

Sanjesh Jain: Pet care, I understand. But tissues, aluminum foil, we do manufacturing on them?

Ketan Sablok: When we started off, we started seeding the market more as trading. But over the last year, we have set up our own small setup for tissues and all, and we are also getting some part of it, getting job work done, so kind of a toll manufacturing. But our plan is that over the next year, the current year, we will try to move most of it into an in-house production facility.

Sanjesh Jain: But these are not chemicals, right? These are more consumer products.

Ketan Sablok: Yes. These are more consumer products, but many of them actually go into our institutions also. Along with our Institutional Chemicals, a lot of these ancillary products like tissues and foils also go into those institutions. So partly, they go into the institution and partly, we are also trying to brand them and put it in the market.

Sunil Chari: Sanjesh ji, to add here to what Ketan sir said. Institutional business, our major competitors are companies like Ecolab and Diversey. And this Ecolab and Diversey when they go to a consumer, for example, we go to a 5-star hotel, and they need to be a one-stop shop. So that made us get into these allied businesses, which includes hygiene chemicals, which includes disinfectants, which includes hand washes, floor cleaners, carpet cleaners, but also it includes tissues because wipes and tissues are integral part of health and hygiene platform. And then the Foil business came to it. When we saw the Foil business, which comes to it, we saw without investing too much, we could scale this up, and this has scaled up very well.

The Pet business is something which we are looking at. In the last 1 year, if you see our gross margins on the consol front have improved over the previous year. We have had EBITDA, which is the highest in our history.

Our total sales, Sanjesh ji, has been the highest in the history. And even our adjusted EBITDA for the B2B businesses, which is our core business has been nearly 15%. When we go to a customer like a Taj Hotel or ITC Hotel or a Marriott or a Hyatt or a Hilton, we need to be a one-stop shop. Otherwise, they will not entertain us.

The second part also is when we talked of discounts, all this in a whole, discounts are counted by the customer. They do not look at only chemicals discount. And this is from one of the biggest Indian hotel chains in India, they ask us to do altogether, they will not entertain us only for the Chemicals business.

The Hospital Disinfectant business is also scaling up well there. And we see a good scope for products, which go into hospital, which these are produced by big multinational companies like 3M and BODE Chemie which is like Sterillium. And the amount of health care, which is there, which is growing in the country, we see together as a full basket, which would go together.

Sanjesh Jain: No, I appreciate that, but I still don't understand the logic for going with these things for B2C. B2B, I get your point. It's a portfolio that we are trying to sell. But in B2C, what are we trying to do there? Pet Care was since the IPO time. I understand that, that was a very good proposition we had. But tissues and aluminum foil that's completely different.

Sunil Chari: If you go to a Reliance Retail today or a Lulu, you will see our Freshee now. These are in the same machines and are going. Because we don't have to create any additional manufacturing infrastructure, we have to fill up the machines. This is what is done, and we see a good future for creating these consumer businesses.

Sanjesh Jain: Got it. Next, on the cost side, the inflation looks way too steep capping any operating leverage in the business. The employee cost on a YoY basis is up 42% and other expenses are up 59%. Can you help us understand which are the cost line items that have seen such a steep inflation? Because I think we haven't added any capacity to that extent, the utility cost would be capped, which is a major cost. What is driving a 42% growth in employee cost and a 59% growth in other expenses?

Ketan Sablok: Yes. So overall, the production has gone up. The overall sales has gone up. I am talking about a full year scenario. The cost in terms of freight, et cetera, have gone up. There's lot of expenses we have done on the sales side, in terms of selling expenses. The travel has gone up significantly. You see in the last 2 years, when I say 2 years, FY24 and FY23 for reasons of business not really scaling up the way we would have liked it, we were very, very cost conscious. We did not really go all out in terms of expensing for our products, businesses, getting into new geographies and things like that. Last year, we have been a little aggressive in terms of going into new markets, doing a little more expense in terms of travel, in terms of exhibitions, which we were not doing. And if you see our overall terms in terms of number of people, the headcount has gone up roughly between the 2 years by about 140-145 people.

There have been increases in the consumer business. The major increases have happened there. But even in the core businesses, we have added lot of people on the sales side as well as in the R&D about which Mr. Chari just spoke. We have added R&D centers at Tristar at their site. And we have also brought in a few more R&D people at the Dahej facility.

Currently, we are also looking at scaling up the R&D in Mumbai. We brought in a few more senior people on the R&D side who will be working out of Mumbai, that facility should be coming later this year. These are few of the areas where the expenses have gone up. So yes, while the increase, as I said, has been a little steep, but then it's a mix of future growth initiatives, our expansions, and of course, some businesses like consumer, which are on the growth phase, there the expenses have been little more steeper.

Sanjesh Jain: One should assume that this should peak out in terms of growth, right? Next year, the cost line inflation.

Ketan Sablok: Yes. So, my take is that the current quarterly run rate, we should be around that for the next year. So, employee cost, my expectation is that we will be at that Rs. 30-Rs. 35 crore run rate. And the other expenses should be around Rs. 65 crore plus-minus per quarter.

Sanjesh Jain: Got it. Because what we are missing is that though revenue is coming, gross profit is also coming, but that's not translating into EBITDA, right?

Ketan Sablok: Yes.

Sanjesh Jain: It appears that we are not translating the gross profit into EBITDA or this gross profit is coming at a significantly higher cost?

Ketan Sablok: Yes. So, as I said, some of these costs have been a little upfront. If you see shorn of the BRPL and the Pet business, I think the core business has done pretty well, the costs have not really gone up significantly there if you take those numbers out. But having said that, your point is well taken. We have spent a lot in this year. Much of this, we should see the paybacks of these ROI's coming up in FY26.

Sanjesh Jain: In FY26, what are we looking in margin? Should we again hit back that 13% run rate because we have now fallen to 12%?

Ketan Sablok: Yes. So, in the core business, as I said, we are targeting 14.5%-15% the EBITDA margins.

Sanjesh Jain: No. But on an overall company basis. Because 2 quarters back in 2Q, we were doing consistently 13% - 13.5% that is now became 12%.

Ketan Sablok: Yes. So as of now, our take is that the way the Consumer BRPL business is also growing, we should stick to that number of 13% - 13.5%.

Sanjesh Jain: Got it. The follow-up question is on the CAPEX. I thought except EO, we had enough capacity in the Rossari Biotech, particularly. Last time when we discussed our utilization was about 55% - 60%. Any reason for sudden expansion into the Rossari side?

Sunil Chari: Sanjesh ji, our capacity is more on the formulation front and whatever capacity we are adding is on the synthesis of the reaction front.

Sanjesh Jain: We are putting up the reactors now.

Sunil Chari: Yes, reactors, yes. We are putting up all reactions and new chemistries which we are doing, of course, catering to the same customers where our focus is on home and personal care.

Oil and gas are one business which we look at scaling up. Pharma is one which we are trying to scale up. Since the IPO, we have not done any CAPEX. So last year, we did Rs. 30 crore in Rossari. And we did in MDEA plant, we did see in Unitop..

Sanjesh Jain: I am saying one year before this, we doubled the capacity, right? We added almost 1 lakh metric tons.

Sunil Chari: No. Last year, we put Rs. 90 crore first time in 5 years in Unitop.

Sanjesh Jain: Okay. You're talking about Unitop. Sorry, I was confusing it.

Sunil Chari: Rossari we did only Rs. 30 crore last year. In 5 years, we did only Rs. 30 crore of CAPEX.

Sanjesh Jain: So, Monomer, I thought we were doing only Acrylic Polymer. Now have we added any other chemistry in the Monomer side?

Sunil Chari: No. In our ongoing CAPEX, there are 2 parts which we are doing. In Rossari, I am talking about now. One is we are doing the Premix and the Vitamin Premix and the Trace Mineral Premix, that continuous automation plant we are putting up.

The second part which we are doing is the Biosurfactant, which we see, Edward sir also spoke about the Renewa platform. We are trying to add a big fermenter there and increase the production of our Biosurfactants line. These are 2 areas, but we also are trying to increase our backward integration for unit of raw materials, which include various Esters, various Phenols, and a lot of other products which go as raw material.

And this could be related to vegetable oils, related to various chemicals, it could also be hydrogenation. So, these are all capacities which we are trying to put up, so that we are a completely integrated unit, and we earn the benefits in the year to come.

Sanjesh Jain: Got it. Just wanted to understand a little bit on this Renewa platform. What exactly are we trying to do here? Is it the same surfactants? I thought we were using Oleo, right? So, it was naturally a green surfactant. So, when we say Renewa platform, what is really the difference from that palm oil-based surfactants?

Edward Menezes: No. Palm oil-based surfactants are synthetic, palm oil plus…

Sanjesh Jain: SLES and SLS, correct.

Edward Menezes: We are not talking about those surfactants. And the Renewa platform is basically for Sophorolipids and other kinds of Lipids that we are working on. So, Sophorolipids, we had, I would say, a small production plant, bigger than the pilot scale. And now we are adding more capacity because this has been successful and commercialized very successfully.

So, this platform over the years, we found that not only in personal care, but these Sophorolipids now can be marketed to many other industries, including textiles, coating, animal health and nutrition, food, et cetera. So that made us go in for that expansion to manufacture the Sophorolipids platform.

Now Sophorolipids is manufactured from vegetable oils. And initially, we started with a particular vegetable oil. Now in the last 1 year, we have a platform where we can use various vegetable oils to produce different qualities of Sophorolipids.

Sanjesh Jain: Got it. And they find application as what is surfactant. They add more cleaning or what is the characteristics which these lipids add to the product?

Edward Menezes: The Sophorolipids or these Biosurfactants, they have the ability to enhance the application efficiency. Basically, they enhance the application efficiency. To say, normal surfactants, if you have to use, say, 1%, then this surfactant you have to use at like 50 ppm or 100 ppm. So, they have very high efficiency to take the actives onto the substrate. Application efficiency increases considerably. Therefore, we have found that if you add these along with other Surfactants, especially in Emulsification in Agro formulations, the stability and the amount of surfactant required that all changes and gives you a much better product.

Sanjesh Jain: And these are biodegradable, hence, it is Biosurfactant or we use lesser quantity hence it is a Biosurfactant?

Edward Menezes: No, completely biodegradable. It is based on vegetable oil.

Sanjesh Jain: Okay. It doesn't get into the chemical characteristics like SLES or in SLS.

Edward Menezes: No, it's different.

Sanjesh Jain: Very clear. And what will be the capacity utilization for us right now in Rossari, Unitop and Tristar?

Ketan Sablok: Currently on the Ethoxylation side, we are completely utilized in Unitop, Tristar. Overall, our capacity utilization apart from that would be in that range of 50% - 55% on the formulation side.

Sanjesh Jain: Got it. One last question. We are coming up with very large EO capacity starting in 2Q FY26. Have we ensured that we get enough raw material to run them full? How are the discussions for procurement of Ethylene Oxide?

Sunil Chari: For this year, the Reliance expansion is delayed a little, and we are expecting confirmation from Reliance for the new EO supply. But at the moment, if there is a constraint on EO supply, we will give the EO to the maximum margin products rather than working on lower margins. So, in any case, we should see a better profit amounts, EBITDA than last year, even if there is no additional EO available. But we are hopeful that we will have a little more EO available than last year.

Sanjesh Jain: That means the new plant cannot run, right, because we don't have the raw material. And if we are talking of the same EO availability or a little bit better, that should suffice with the existing plant. What about these large new plants which we are building up?

Sunil Chari: Now what we have is we have the MDEA plant, we have the pharma, we have products in Ethoxylates for home, personal care, for oil and gas, for Agro. Where we will get more profit margin, we will make the EO products there. So, we now have diversity in what we make and the flexibility to sell to customers who give us a higher margin. So, in all cases, we should do better than last year.

Sanjesh Jain: That could have been done for the existing plant?

Sunil Chari: No.

Sanjesh Jain: How this new plant will help us?

Sunil Chari: Now what expansion we have done, Sanjesh ji, we have done expansion for continuous Ethoxylation which we are going to start in the 2nd Quarter. We do not have continuous Ethoxylation, so we could add a lot of new chemistries, especially on Amine, and gas shifting agents, H2S scavengers. So, there are lot of new possibilities, which can come up with the same EO molecule.

Sanjesh Jain: These plants will also enhance our capability to use EO in a much better way than what we were doing earlier?

Sunil Chari: Yes, the new plant is a continuous plant. The continuous plant, of course, in terms of output would be much better than the batch plants. But in continuous plant, we require larger run products. In batch, you can take even a 10-kilo, 20 kilo, 50-kilo batch. But in a continuous, we cannot take smaller batches. So, both have their pluses and minuses.

Sanjesh Jain: Got it.

Sunil Chari: We are also looking at derivatives of whatever we make in those continuous ethoxylation plants to make derivatives from that, Sanjesh ji, which can give us higher-margin products. For example, we make amine, for example, MDEA amine or MEEE amine. These amines, we can do further reactions and make some derivatives, and we are looking at those possibilities in our R&D setup.

Moderator: Thank you. We will take our next question from the line of Darshil Zaveri from Crown Capital. Please go ahead. Darshil?

Darshil Zaveri: Hello. Good evening. Sir, just wanted to know a lot of my questions have already been answered. Sir, I just wanted to know like our Q4 run rate itself is around Rs. 580 crore. And if we annualize that, we should already be at mid-teens growth. So, with the new CAPEX, we should be aiming for higher growth, right?

Ketan Sablok: No, we should not take the Q4 because there in some cases, Q1, Q2s are a stronger quarter with Agro happening in those quarters. Q3, Q4 have generally been a little slowish quarter. Of course, this year, we broke that, that link also. But currently, the way, as Mr. Chari just spoke about EO availability, et cetera, on an annualized basis, we would stick to that 15%-odd top line and growth. So that's what we are looking at today.

Darshil Zaveri: Okay. Fair enough, sir. So, if I could ask a bit about like FY27, both of our CAPEXs would come online, right? At that point of time, what growth we would see, and even like our B2C business, we should be, EBITDA breakeven by that time. So, at that time, margins, also accretion could start with the backward integration. So maybe like FY26, we will be finalizing getting all the things together, and then FY27 can be a big bang year for us. Like is that a fair way that the company is looking at it?

Ketan Sablok: Yes. That's what is our understanding, FY27 should be a much better year, because by then, the CAPEXs will be on stream. Hopefully, the EO availability issues will also get resolved. The additional EO capacities will all come through. So, if all these things fall in place, that should be a stronger year for us.

Darshil Zaveri: Fair enough. Just like what is our maybe 5-year vision like maybe a 3-year vision that we would like for next year it's quite clear what we are seeing, but maybe 2-3 years down the line, how are we seeing it? Where do we want to stand at, sir?

Sunil Chari: At the moment, we have done some expansion last year, and we are planning some expansions this year. Now looking at the global scenario with the geographical war situations in the Indian subcontinent, but also China, Taiwan, and the Iran and the Ukraine, all these issues, we are still not certain with the tariffs. So, at the moment, we are not clear on what the future is. The skies are not clear. The path is not clear. We are not able to tell you.

But based on what we have done till now, the consumer businesses should be profitable in FY27. Our expansion should all be online. We should have higher EO availability. So FY27 should be a very good year, that is what we can say. I cannot talk about 2028 at this moment. If you had asked me 6 months back, it would have been different. But now I am completely clueless on what to do.

Moderator: Thank you. We will take our next question from the line of Nitesh Dhoot from Anand Rathi. Please go ahead.

Nitesh Dhoot: Hello. Yes, good evening team. Thanks for the opportunity. So, my first question is on Acrylic acid. Just wanted to check on how much would be Acrylic acid as a percentage of our total input cost, say, how much was it for FY25?

Sunil Chari: Acrylic acid is a very small item. Ethylene oxide is our major item. But now we have a huge number of raw materials, which includes vegetable oil. So, it will be a very, very small percentage now. And now acrylic acid is available locally from Bharat Petroleum Corporation Limited from the Kochi refinery. So, it's not so much of a worry. And because previously, there was no manufacturer of Acrylic acid in India. Now Acrylic acid practically everything is being sold by BPCL, few other companies like LG, Sumitomo and also the Chinese players were dumping, but now BPCL is very ably managing the situation and imports are not coming now. Very little imports of Acrylic acid is coming now into India.

Nitesh Dhoot: Okay. So, you mean to say acrylic acid prices moved up around 10% sequentially. So that would not have any role in lifting your realizations possibly in Q4?

Sunil Chari: No. Now it is much, much lesser culmination of acrylic acid than in the past. So, it doesn't affect so much. Of course, acrylic acid prices going up hit our gross margins, but it is not such a big hit what it was previously.

Nitesh Dhoot: Understood. Sir, just a couple of bookkeeping questions. How much was the exports during Q4 FY25 and for the corresponding period last year?

Ketan Sablok: Q4 exports was about Rs. 162 crore. And last year, it was about Rs. 127 crore.

Nitesh Dhoot: Alright. And could you also share, maybe it wasn't clear in the previous participant's question, the capacity utilization numbers if you can share unit-wise for Q4 and overall, for FY25?

Ketan Sablok: I just talked about that. On the Ethoxylation front, we are almost at peak utilization. And on the formulation side, we are at about 50%-55% utilization.

Moderator: Thank you. We will take our next question from the line of Bhavin Soni from B&K Securities. Please go ahead.

Bhavin Soni: Hi, I just wanted a clarity with respect to Textile Specialty Chemicals. So, you had highlighted in previous calls that you are targeting Bangladesh to become Rs. 100 crore geography. So wanted to know the progress on that and how is it shaping up? And anything if you can highlight on the geopolitical issues also?

Sunil Chari: At the moment, for us, the Trump tariffs seem to be a blessing rather than a curse. The Trump tariffs is more on China, and it is even more on Thailand, Malaysia and Indonesia. And Bangladesh, the major exports from Bangladesh was to Europe. So, in terms of geopolitical issues now, I don't see any major setback to our exports or even domestic on all these issues.

Ketan Sablok: So just to add to that, the demand from Bangladesh is not that it's come down significantly. We have strong demand requirements, but we are being a little careful on what customers to work with, keeping in mind that they have issues on the foreign currency, et cetera. So, we are going a little slow in Bangladesh. But seeing that the current issues in Bangladesh, we have also started looking at other geographies to grow our textile exports. Some of the countries in Southeast, also looking at Egypt and Turkey. So, these are going to be some of the other key markets. Hopefully, these will make up for any of the deficit, which happens in Bangladesh, and maybe a little more than that. We are keeping Bangladesh warm. We are still supplying material to Bangladesh, but to the customers of our choice.

Moderator: Thank you. We will take our next question from the line of Rohit Nagraj from B&K Securities. Please go ahead.

Rohit Nagraj: Hi sir, a follow up. Just one question. What is the debt for FY26, and year-end debt after all the capacity expansions are completed? And what is likely to be the cost of debt? Thank you.

Ketan Sablok: FY25, we were at about net debt of Rs. 70 crore. Some of the new CAPEXs will come up during the year. I think we should be at a level of at least twice of what we currently are.

Rohit Nagraj: Okay. And the average cost of debt?

Ketan Sablok: We are at about 8% of cost.

Moderator: Thank you. As there are no further questions, I now hand over the call to Management for closing comments. Over to you.

Edward Menezes: Thank you, everyone. I hope we have been able to answer all your questions satisfactorily. Should you need any further clarifications or would like to know more about the company, please feel free to contact our team or CDR India. Thank you once again for taking the time to join us on this call.
