

October 27, 2025

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Dear Sir/Madam,

Sub.: Transcript of the Earnings Conference Call held on October 17, 2025 for Q2 FY26

Ref.: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our intimation dated October 09, 2025, regarding Earnings Conference call with Analyst(s) /Investor(s) held on Friday, October 17, 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
Head - Company Secretary & Legal
 Membership No.: A38895

Encl.: as above

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(An ISO 9001:2015 & 14001:2015 Certified Company) (CIN: L24100MH2009PLC194818)

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Rossari Biotech Limited

Q2 FY26 Earnings Conference Call Transcript

October 17, 2025

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

Please note that this conference is being recorded. I now hand the conference over to Mr. Mitesh Jain. Thank you and over to you, Mr. Jain.

Mitesh Jain: Thank you. Good afternoon everyone, and thank you for joining us on Rossari Biotech Limited's Q2 FY26 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 all earlier.

I would now like to invite Mr. Edward Menezes to make his opening remarks. Over to you, sir.

Edward Menezes: Thank you Mitesh, and good afternoon everyone, and thank you for joining us on our earnings conference call. It is a pleasure to have you with us today as we discuss our Q2 FY2026 operational and financial performance.

We are pleased to share that our revenues for Q2 FY26 grew by 18% YoY, driven by healthy volume expansion across all three of our core businesses. While the operating environment remained dynamic during the quarter, underlying demand

across segments stayed firm. The HPPC, TSC, and AHN businesses each registered healthy YoY growth, supported by improved volumes and steady customer uptake. Although a subdued pricing environment impacted realizations, our broad product mix and diversification helped cushion the overall impact on growth.

Innovation and R&D remain central to Rossari's growth journey. Over the past six to nine months, our teams have developed new products, both in Ethylene Oxide-based and non-EO-based, guided by green chemistry principles to deliver sustainable, scalable, and customized solutions for customers across industries. These developments strengthen our technology pipeline and enhance our ability to address emerging global trends and export opportunities in advanced chemistries and performance formulation.

On the manufacturing front, we are pleased to announce the successful commissioning of an additional 20,000 metric tons per annum capacity at our Dahej facility and 15,000 metric tons per annum of ethoxylation capacity at Unitop, marking the first phase of the planned 30,000 metric tons per annum expansion. The second phase and other capacity additions are progressing well and are expected to be commissioned over the coming quarters.

With these new capacities coming on stream and a robust pipeline of new products developed through focused R&D, we remain optimistic about sustaining healthy growth momentum in the coming fiscal year.

With this, I now invite Mr. Sunil Chari to share additional perspectives on our business performance and strategic priorities.

Sunil Chari:

Thank you, Edward-ji, and a warm Namaste to everyone.

Q2 FY26 reflected a strong growth trajectory across our four verticals with HPPC, TSC, , and AHN divisions growing 16%, 21%, and 29% YoY respectively. The performance was largely volume led, supported by deeper customer engagement, a broad-based product portfolio and expanding application coverage across industries.

On the export front, our international business delivered robust growth with exports rising 36% YoY in Q2 and 27% in H1. This growth was driven by improved traction with key customers, higher wallet share with strategic partners, and deeper penetration in both existing and new geographies. We now derived nearly 28% of our overall revenues from exports, highlighting the expanding scale of our

international franchise and the significant opportunities emerging across global markets.

As Edward-ji mentioned, our new ethoxylation capacity at Unitop is now operational, marking an important milestone in strengthening our manufacturing base. The continuous-loop Ethoxylation technology at the new facility will offer improved efficiency, higher throughput, and better product consistency, which will help us optimize utilization and support higher output levels. Our existing Ethoxylation facilities are currently running at optimal utilization levels, and we have adequate EO availability to support them.

From a long-term perspective, we continue to explore avenues beyond our footprint in global ethoxylate markets. To support this initiative, our board has approved an investment of up to USD 8 million in Rossari International Limited Company, our wholly owned subsidiary in Saudi Arabia. The proposed investment will be made in tranches and is intended to evaluate and expansion plans which align with the company's strategy to enhance its global presence and strengthen its position in international markets.

With that, I once again thank you for your continued support. I now invite Ketanji to share the financial highlights for the quarter.

Ketan Sablok:

Thank you Mr. Chari and good evening, everyone. Let me take you through the financial highlights for the quarter ended September 30th, 2025.

In Q2 FY26, we have reported revenues of Rs. 586.1 crore, a growth of 18% YoY, led by robust volume performance across all our three verticals, HPPC, TSC, and AHN. While volume supported the top line, profitability remained steady, reflecting the impact of subdued pricing and continued investment towards scaling up new business initiatives. As these initiatives begin to contribute more meaningfully to the revenues, we expect profitability to strengthen progressively.

Our institutional and B2C business remained soft during the quarter, growing around 1% YoY and 7% quarter-on-quarter. However, it is encouraging that losses in these verticals have reduced, driven by our efforts to improve profitability and operational efficiency. We remain committed to building this as a high potential platform for a long-term focus on scale and sustainable performance.

EBITDA stood at Rs. 71.9 crore with a margin of 12.3% compared to 13.2% in Q2 last year. Excluding the institutional and B2C verticals, our core EBITDA remained steady at around 15%. Expenses have increased over the period. Much of these are

in line with our growth initiatives, capacity expansion, and some businesses being in their growth phase. We remain confident that as these initiatives scale up and reach operational maturity, they will contribute to margin improvement in the future.

On the capex front, we have made significant progress with successful commissioning of our new capacities during the quarter. These additions take us closer to our total planned capital outlay of Rs. 192 crore, with the remaining projects to be commissioned and capitalized over the next few months. These projects are being funded through a prudent mix of internal accruals and debt and are expected to deliver 3-4x asset turns at full utilization.

On the balance sheet front, we remain strong, supported by healthy liquidity, conservative leverage, and sufficient headroom to support ongoing growth initiatives.

The net working capital was higher during this quarter, where we ended at 102 days compared to 95 days in March. Given the slightly tight business conditions, some of the receivables have got stretched, and also a major institutional sale which we did in Q2 has a long payment cycle. However, all the receivables are good and have a long relation with us. Inventory levels have been kept marginally high due to strategic stocking of certain raw materials and semi-finished goods.

As we enter the second half of FY26, our focus remains on disciplined execution, operational efficiency and scaling innovation-led businesses. With recent investments in place and our operating framework firmly established, we aim to prioritize enhancing capacity utilization, deepen market presence, and broaden our product portfolio, as well as unlock new opportunities across customer segments and geographies as we drive this next phase of the growth journey.

Thank you, everyone, and I would now request the moderator to open the floor for questions. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes on the line of Rehan Saiyyed with Trinetra Asset Managers. Please go ahead.

Rehan Saiyyed: We have commissioned an additional 10,000 million tons of capacity at Dahej. So, could you share how utilization levels are ramping up and what increase in revenue potential this has caused us to deliver full capacity?

Ketan Sablok: I am sorry, Mr. Saiyyed, you were not clear, but what I could gather was you were talking about the capitalization that has happened at Dahej and how the scale-up is going to happen?

Rehan Saiyyed: Yes.

Ketan Sablok: This plant has got capitalized in this quarter. The scale-up is going to happen over the next 2-3 years and our assessment is that by FY28, we should be reaching the peak utilization of this capex.

Rehan Saiyyed: Okay. You have mentioned FY28, right?

Ketan Sablok: Yes.

Rehan Saiyyed: Yes. Also, my second and last question is multiple capacity expansion, global initiatives, and ongoing investments. How do you plan to manage working capital and maintain a healthy leverage profile in near term?

Ketan Sablok: All the capacity expansions that are happening are happening in a phased manner. It's not that we are going for multiple expansions at one go. We are very mindful of how much of leverage we can do in terms of the balance sheet and the profitability numbers that come in.

There are certain initiatives which are still at the exploratory stage. These will probably come up 1-2 years down the line, assuming that we understand that it makes sense for us to do. Some of them are more exploratory, and we will be mindful of in terms of leveraging and funding these capex.

Moderator: Thank you. Next question comes from the line of Pranav Doshi with Ardeko Asset Management. Please go ahead.

Pranav Doshi: My first question is on our growth in export momentum has been very strong. And which are the geographies which are driving the growth? And which are the emerging geographies which will help us in sustaining or even increasing our sales momentum in the export market going ahead? Yes, that is my first question.

Sunil Chari: Yes. We have now been targeting for quite some time geographies other than the Americas and the Europe, where traditionally we have been doing majority of our exports. The new geographies are Far East, Southeast, and the MENA region. And we have seen growth in all these countries in the last quarter.

Pranav Doshi: So like those would be the emerging geographies then, right? Currently, that would be like less than 10% of our sales, the Far East and the MENA region?

Sunil Chari: I do not have bifurcation of each of these countries. But we have been able to grow very well in these countries.

Pranav Doshi: Okay, sure, sir. And my next question is on that there is a sharp rise in the other expenses for the quarter. While I understand that it is on the investment front. Can you help me and provide a breakup of the same so that I can better understand the nature of these expenses? Like, exactly which head would have increased for the other expenses for this quarter?

Ketan Sablok: Yes. The other expenses have generally grown on the sales SG&A side. The major heads are freight expenses and traveling expenses. These are the ones which have gone -up and then we also had some additional expense during this quarter on maintenance, which is to the tune of almost Rs. 3.5 crore, that's a major expense we have had in our Tristar and also in our Dahej facility.

Pranav Doshi: Okay and let's say incrementally going forward like how do we see this head moving. I am asking just because let's say YoY our sales has grown by around 18%, while this head has grown on 27%. And you talked about increase in the expense because of investment. I was just trying to understand that piece?

Ketan Sablok: Some of these expenses have also increased in our B2C business, the institutional and the B2C business. But overall, we expect that the expense levels should be at the H1 levels that we have reached now. We should be around that kind of levels for the rest of the year.

Pranav Doshi: Okay. So, like H2 over H1 there would not be much of an incremental growth?

Ketan Sablok: No, that's what we expect.

Pranav Doshi: Okay. And, sir, on the investments that we are undertaking. While I understand that we were building that manpower capacity for the institutional business. And now we are also doing some more investments. I just want to understand that, which are the investments in the business that we have made in this quarter and what kind of results are we expecting from the same?

Ketan Sablok: In the B2C business, we have generally made investments. These are basically OPEX expenses, large quantity of that has gone in selling related expense. Some of the large exhibitions in the cleaning space is what has come up in this quarter. We have done almost about 2-3 large exhibitions where we took up large spaces, spent a lot of money. And these are not only in India, we did a couple of them also in the Middle Eastern countries just to showcase our capabilities in the institutional space. Hopefully, that is a little far-fetched plan of ours. We can get some institutional businesses in the MENA region, but this was the first steppingstone that we have done in this quarter.

- Pranav Doshi:** Right, sir. So, then just on the like institutional business front. I think our EBITDA losses, QoQ they've decreased in this business and like if you see the base business and the EBITDA margin was around 15.8% the last year and now it's 14.8%. So, then what was the reason for that decrease, given that I think majority of the investments have gone into the institutional business?
- Ketan Sablok:** Yes but see these also have a lot to do with the kind of product mix. And as I said, there were some additional expenses on the maintenance side of the core business, the B2B business, which has brought down that margin by about a percent compared to last year. And We have always guided, and we will remain with a shorn of the B2C and institutional business, we should be ranging between 14% - 16% in the core B2B business.
- Pranav Doshi:** Okay. And just finally on the newer facility, the EO facility that we have commissioned. While I understand that the new Reliance plant is coming in September or October of 2026. So, until then, what kind of an availability do we see so that what kind of a ramp-up we can expect in the next year or so until the newer availability of the Ethylene Oxide is available?
- Sunil Chari:** We will be using the facilities for manufacturing non-Ethylene Oxide products or non-EO products. We are working in the R&D with a range of products for non-Ethoxylate which includes esters and emulsifiers. There are also many enzyme formulations, biocides, and disinfectants. We will be ramping up these products. A whole lot of about 50 products are in pipeline for us to start manufacturing there.
- Pranav Doshi:** Okay. If I am correct, then I think this was originally meant for the EO, but then now we are focusing on the non-EO chemistry. Is it fungible then?
- Sunil Chari:** Yes for chemicals it is always fungible, we can do non-EO reactions in the EO vessels. We cannot do Ethoxylation in non-EO vessels. So, that is not possible but vice versa is possible.
- Pranav Doshi:** Okay. So, we will be majorly focusing on the non-EO chemistry then. And yes so just a final question. So, I think, again We have grown our sales very well. So, 18% is a great growth and like given the constraint capacity, since we are already operating at the optimal level, but let's say incrementally, when can we expect the margins so that the investments are done and the margins to actually bottom out then and then possibly move towards the 13% - 14% range that we are guiding on a stable level?
- Ketan Sablok:** I think once these capacities come full stream and the EO availability comes in from the next year, I think we should see some improvement in the margin because the

new facility that we have set up is a more advanced and a continuous facility compared to the batch facility that we have now. So, that's when we expect and also the fact that we are not very sure how globally the issues with respect to tariff, etcetera are going to pan out. And so there is a little bit of a pressure on the pricing front because a lot of the end customers are asking for price reductions, though we have not done any of that in this quarter, but September onwards we faced a lot of resistance from the customers in terms of the pricing. This year I think, at least now it's a little difficult for us to really predict how the year is going to end up, but if we can maintain these kinds of margins for this year I think we would be quite happy.

Moderator: Thank you. Next question comes from the line of Prachi Badade with Phillip Capital. Please go ahead.

Prachi Badade: Sir my question was on textile chemicals. Do we expect a degrowth from here or on the whole year basis are we expecting a mid-teen kind of growth.

Edward Menezes: Prachi, as you know, because of the tariffs on textile exports to the US, a lot of home textiles and terry towel companies are under pressure, as well as a lot of garment manufacturers which exports to the US are under pressure because of the 50% tariff. So, I believe that although this quarter textile chemicals did pretty well, there was a 10% growth QoQ, but we believe that there will be headwinds because of the tariffs. And also not only headwinds in terms of sales, but also there would be some margin pressure. Many of the suppliers are planning to kind of share the risk based on case-to-case basis. If there is tariff, then they would share the risk and if the tariffs are reversed, then that risk will be reversed. So, that is the kind of strategy people are using and just like the tariffs are arm twisting us, similarly, our customers are also arm twisting to reduce prices. The pressure has just begun. So, we do not know how it will pan out because everybody is waiting and watching.

Prachi Badade: Okay. Sir, and my second question was on non-EO business. Sir, do we have any in-hand order book or when do we expect the revenue from this non-isolator part in our top line?

Sunil Chari: We should see revenue ramping up every quarter. Now, a lot of it depends on how this uncertain situation is developing, especially with related to tariff. Because with the tariffs and the situation in Europe, we are not very sure about what will happen. We are hoping for the best and we hope to see improved revenues every quarter.

Moderator: Thank you. Next question comes from the line of Sanjesh Jain with ICICI Securities. Please go ahead.

Sanjesh Jain: Yes. Good evening, sir. Thanks for the opportunity. I have got a few questions.

Sunil Chari: Good evening, sir. How are you?

Sanjesh Jain: Good evening, sir. Great sir. Thank you. First of all, happy Diwali and happy Dhanteras to the entire Rossari team.

Sunil Chari: Happy Diwali to all.

Sanjesh Jain: A couple of questions. First on the new capacity which has come up, I thought we were running short only on Ethoxylate capacity and non-ethoxylate capacity we already had enough. Now, how does this new capacity coming in and not having enough EO is going to help us?

Sunil Chari: We grew 20% practically in volumes based on the non-EO capacity. The capacity of EO is already fully utilized.

Sanjesh Jain: No. That is what I am telling. We already have enough capacity on non-EO and we are already growing there, no doubt. And a commendable job. What I am telling, EO capacity coming in, which we have just commissioned, how it is going to aid the non-EO facility because I do not think that we have ever mentioned having faced any capacity issue on the non-EO side of the business.

Sunil Chari: No. I said that we can use this reactor wherever needed for non-EO production and once, the capacity which is coming up is called MDEA, which is methyl diethanolamine, which is a continuous Ethoxylation facility where we cannot do anything else other than MDEA and some amines that is not fungible. But the reactors, the ethoxylation reactors can be used for non-ethoxylation if required. But the non-ethoxylation reactor cannot be used for it.

Sanjesh Jain: Chari ji, that I understood. I said that, are we facing issue even in a non-EO side of the business?

Sunil Chari: No not at all. We have enough capacity in the non-EO. But what is happening is there are some reactions which are special. For example, when we do distillation, then the size of the column is very important. The condenser size is very important. And what happens there is, in all the reactors, the size of the distillation column is not the same. Sometimes we have some reactors where high temperatures are required. So, there we have to use high-term liquid, which is the boiler to get higher temperatures and there are some steam-based reactors where only steam can be used. We cannot use higher temperatures. So, that could be the constraint but otherwise, there is no constraint in non-EO production. For certain kinds of

esterification reactions, where again we require high distillation, we have some sub-capacity constraints. But we are in the new capacity which is approved. We are doing small, small additions and reactions, reaction capabilities wherever we do not have such kind of reaction.

Sanjesh Jain:

Got it. Second question is for Edward ji. Sir, you said that you are looking or we have developed a very strong pipeline on the product, new chemistry, new product. Can you help us understand how many new products, what application they deal in, what is the market we are looking at in terms of addressable market, and any initial customer approval that we have received, some color over that will really help us?

Edward Menezes:

Some of the products very recently that we have developed are the biosurfactant. The earlier facility was a pilot facility, which was in little bit in excess of 1 ton. Now, we have ramped up this facility to about 10 tons. So, the biosurfactants is something that we are looking at to make about 250 tons plus in the year. These are sophorolipids and some research has already been initiated for the rhamnolipids. This is one kind of product that we have introduced in the recent past.

Then we have coco-aminopropyl butane, that is CAPB. We have CDEA that we have developed. And we had some color issues in the past, which have been solved recently. Similarly, the silicon block polymers were basically made at our subsidiary company Romakk. Again, there the capacities were much smaller than what we have installed at Rossari. We have ramped up our silicon-based products. Another product that we have successfully introduced is the silicon surfactant, which is a super wetter which goes into agro and which goes into other textile formulation. This is another product that we have introduced into the marketplace. We have stabilized our ester quad for softeners and various esters like SMO, SML, SMS. All these products have been now scaled up to produce, I mean, to give us volumes in place of the Ethoxylate capacity constraint. Finally, we have also now established a full range of spin finish products for staple polyester, for POY as well as for the FDY polymer. In the past, our NMMO production capacity was about 150 tons. We have done quite a lot of work in developing better processes and more efficient production processes to increase this production from 150 to about 300 tons now. A lot of work has gone into these chemicals.

Apart from that, we had installed the cold powder producing technology for this polyethylene glycols. A lot of work had gone into that for stabilizing the product. Now, the final plant is under commissioning, and I think our R&D work will help us also to go into that direction.

Apart from these products in the animal health and nutrition, we have introduced short and medium chain fatty acids as a new product category to improve gut health and for the reduction of antibiotic dosing in poultry. And finally, I am happy to say that we have developed a lot of improved formulations both in the vitamin premix and the mineral premix which will now go into production.

By the end of this month, this plant is under trial now, I mean they call it water trials. This plant is under trial, both the biosurfactant as well as this plant is under trial now. The new formulations for vitamin premix as well as the mineral premix mixes will go on stream. I think there is a whole lot of product development that we have done in the recent past.

One other product in textiles is also stabilized now which is the silicone wax lubricant for which we had installed a special homogenizer for this product. This product has been accepted in the market now. After the hard work of our R&D, we had a lot of teething problems in this.

If you see all these developments in addition to a lot of esters being developed, some new products which I do not want to reveal at the present moment, some new products also are being developed in the non-EO stage because of the delay in the expansion, as a delay in the expansion of reliance.

Sanjesh Jain: Got it. That is quite clear and quite elaborate. Thanks, Edward ji. The third question is on the Buzil-Rossari. The revenue growth of 1.4% looks quite muted v/s what we have been doing for last 2-3 years where the growth was upwards of 25%. What led to this sudden drop in the growth rate in the Buzil side?

Sunil Chari: We have been restricting low margin products and trying to filter out some kind of range. The focus for the team was given is trying to improve margins in this, and that was the reason why we did not focus on the growth there. But growth will certainly come there.

Sanjesh Jain: Okay. The last question again on the margin. We have significantly cut the losses in the Buzil at the overall margin improvement in fact, it has deteriorated sequentially. YoY, there is a sharp drop. How much of these investments are what we are doing is one time in nature or these are all largely recurring in nature?

Ketan Sablok: Sanjesh, on the expense side, I think there were a few one-time charges that have happened in this quarter. This quarter, approximately about Rs. 2.5 crore out of the total expense is a one-time kind of an expense that we had to do. Hopefully, these will not come in the next following quarters. Otherwise, the expenses are generally

in line with the business. Some freight and all as I said, a lot of the exports that we did, because of the issues of tariff and all, in certain cases, while we did not drop the prices, there were certain freight expenses which we took to our account. Those have also hit us in this quarter but that I think is not a one time. At least for the next two quarters, we will keep having those kind of expenses.

Sanjesh Jain: Got it. Margin expansion largely rests in FY27, right? FY26 should be about similar range.

Ketan Sablok: Yes.

Moderator: Thank you. Next question comes from the line of Rajit Aggarwal with Nilgiri Investment Managers. Please go ahead.

Rajit Aggarwal: Good afternoon, sir. This is regarding your operating cash flows, which turned negative as of September 2025 and you mentioned, you had a brief mention about the working capital getting extended. Do you see that persisting in the coming quarters or do you see that trend reversing?

Ketan Sablok: No. This quarter, we had, as I already talked about, a little stretch on the working capital. I think that led to this negative cash flow. Hopefully, things will ease out in the coming 2 quarters and we should be back to the positive number by the end of the year.

Rajit Aggarwal: Right, sir. Now, just to understand your overall strategy around managing the balance sheet, and this is not a question from leverage point of view or debt to EBITDA point of view. It's more to understand how you're going to finance the requirements coming up. Let's say the working capital stays stretched. You have substantial capex coming up. You have also committed investments in Saudi Arabia and Southeast Asia. And you have actually raised a large amount of short-term debt during the last six months. I mean, do you see yourself raising long-term funds and what will be the kind of debt number as of FY26? I mean, if you can explain how you are looking at or how you're approaching funding your cash flows and your capex and your investments?

Ketan Sablok: Yes. As I said sometime earlier today that most of these capex, the large ones, the cash flows have already happened. Now, the other capex which we have announced, they are going to come over the next, about a year or so. And there is a substantial spread in these capex. We expect that the cash flows internal would be good enough. And we are not averse to taking, further debt on the balance sheet to fund some of these expansions which we have announced.

On the working capital front, I think this was a temporary glitch which has happened because of the various business environment reasons. Once the Agro season now slowly tapers off, the collections will start improving. We had seen this even in the last year.

The Q2 becomes a little stretched with the Agro season being around this time. But by the end of the year, we were very comfortable in terms of our cash flows and in terms of further leveraging our balance sheet, I think we have a lot of options in terms of raising debt or capital but those calls will take only when some of these projects which we are planning actually see the light of the day or are a little more advanced. The current investments in Southeast Asia or Thailand that we have done, that will also come on stream by the end of Q3. That is a small capex. It is not a very large payout because that is just a blending unit that we are setting up there. We will see how that pans out and then if required, we will set up a little more expanded facilities there. But the current one is pretty small.

On the KSA front, I think we are still a little while away in terms of our plans. The announcement that we did was only because we wanted to explore a little more in KSA in terms of doing some feasibility studies and talk to the ministries in KSA and that was the reason why we had taken that approval, a small approval of \$8-odd million in case we need to expend something there for further understanding the business profile and the project that we are going to set up. That funding too will be spaced out. As and when we need, we will be infusing this capital over there. So that is what the plan is. However, if something strategic comes up, say a large one in India and outside India, then at that time we will take necessary calls in how we would like to fund those capex.

Rajit Aggarwal: In terms of numbers, the first half saw an outflow of about Rs. 142 crore for capex. This number is not going to go up drastically, maybe another Rs. 5 crore – Rs. 10 crore more?

Ketan Sablok: Yes, it should go up by another Rs. 20 crore – Rs. 25 crore, not more than that.

Rajit Aggarwal: Rs. 20 crore – Rs. 25 crore. And the debt figure should also stabilize at the current number?

Ketan Sablok: Yes.

Moderator: Thank you. Next question comes from the line of Tanvi Warekar with Anand Rathi Institutional Equities. Please go ahead.

Tanvi Warekar: Hello, sir. Good afternoon. I just want to ask some clarification regarding the reported numbers for Unitop capacity. In FY22 and FY23 Annual Report, the Unitop capacity is reported at around 86,000 tons, whereas in FY24, the reported capacity is 60,000 tons. Could you just elaborate what is the difference here?

Ketan Sablok: Which two years you said?

Tanvi Warekar: FY22 and FY23, it is reported as 86,000 tons?

Ketan Sablok: Okay, got it. In FY22, FY23, the Unitop had 3 facilities. One was at Dahej, the other one was at Patalganga, and the third one is at Jammu. Post that, we closed down the Patalganga facility, and that's the capacity difference that you see.

Tanvi Warekar: Okay, understood. And if you could just give us the differential between the Ethoxylate and non-Ethoxylate-based utilization levels for the capacity?

Sunil Chari: Ethoxylation, we have about 30,000 tons at Unitop Dahej, which is practically running to the full production capacity, which is possible. We are utilizing the assets like 24/7, 365 days. And in fact, even in Diwali this time, we are running the assets because this month there is an EO shortage because the Dahej plant of Reliance is not operational. There is a sudden problem in some manufacturing asset in Dahej, where we are only getting a single kilo EO from Dahej in this month. We are running even Diwali now. The non-Ethoxylation capacity is mostly blending and then blending capacity normally always is, could be run 3 shifts or you do not run 3 shifts. And the blending capacity is not so expensive to put up. Normally we put up higher capacities to keep it operational when we have the opportunity to get bigger orders.

Tanvi Warekar: Yes, so this newly announced capacity of 13,000 tons in Rossari, is this in the Dahej facility or Silvassa and what will this be used for?

Sunil Chari: It is in Dahej. Because Unitop is at Dahej and there is some blending capacity in Jammu. Jammu, the capacity is not too big. It is only for servicing the local Agro-customers. We are adding, you know, trying to add some capacity there, but it is mostly blending in Jammu and in Dahej.

Tanvi Warekar: No, I meant 13,000 tons which was announced last quarter.

Sunil Chari: That is in Dahej.

Moderator: Thank you. Next question comes from the line of Madhur Rathi with Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Yes, sir. So, what kind of revenue potential are we looking at with the capex that we are doing for this year? So, what is the revenue potential that we could generate from that?

Ketan Sablok: This capex would give us an asset turn of about 4x at its peak utilization.

Madhur Rathi: And so, that is also the number that we should consider for our current asset base or is it lower or higher for that?

Ketan Sablok: No, it is around that same number.

Madhur Rathi: Sir Rs. 3,500-odd crore revenue potential, is it a fair assumption?

Ketan Sablok: Yes, with this additional capacity, that is a fair assumption.

Madhur Rathi: Sir, for the last 3 years, our gross margin is kind of stagnant. With the new capacity coming in, sir, where do we see our gross margin improving as the either value-added products or the new products that we are planning ramps up?

Sunil Chari: We expect the gross margin to remain the same in the coming quarters. The world is really very uncertain, and you can understand where other chemical companies are going. I think we are proud of our performance that we continue to break records and grow QoQ every quarter.

In the B2B business, traditional B2B business, the chemicals, the institutional chemicals and the consumer businesses, we continue to have a healthy 15% EBITDA. We would like to continue the same guidance and not project anything increased now at this moment. If we are able to grow, on the absolute terms in terms of profits is something which we are focused on and I think we will be able to achieve that.

Madhur Rathi: Sir, if even on a 2-3 year basis, as most of these capacities reach optimum utilization, still then we should consider a 15% EBITDA margin and the similar 30% gross margin or can we expect an improvement on that as well?

Ketan Sablok: No. So, see sitting today, I would not hazard a guess 3 years down the line how the market would behave, but I think shorn off the consumer institutional business, I think we would be at anything between 14% - 16% kind of margin levels.

Moderator: Thank you. Next question comes on the line of Pranav Doshi with Ardeko Asset Management. Please go ahead.

Pranav Doshi: Yes, good afternoon, sir. So, thank you for the follow-up. Just one question. We talked about tariff and the pricing pressures related to the same. So, I just wanted to confirm that around 12% - 14% of our exports go to US. So, only that portion of the revenue or the pricing pressure will be for that part, right?

Edward Menezes: No. What is happening is in certain areas, the chemicals that we supply go into textiles which are exported to USA. So, A.) is the 10%-12% which we export directly and B.) is we supply chemicals locally to exporters who produce the fabric. So, both ways there will be a hit.

Sunil Chari: To add to what Edward sir said, we have, for example, customers in the Agro-formulations, the pesticide, fungicide, herbicide and pesticide. Many of these customers who we were supplying in the agro-industry they were exporting their Agro-formulations, the pesticide, pesticide, herbicide formulations to US and now that is under tariff but also, there are a lot of products which are not under tariff but our US customers are not willing to import, not willing, even orders which have been given are not being lifted. They say, we are not sure that tomorrow there is no tariff now and tomorrow new tariff will come. Every day, there is uncertainty on what is going to be happening next. This uncertainty is killing. Similarly, we had a lot of textile chemical formulators who were buying our Ethoxylate and who were supplying to the textile industry and these have come into trouble. There were home and personal care customers who were making formulations for Walmart and Cosco and CVC. There are a lot many customers who are exporting to US and now everything is under cloud. In spite of all this, I think we have done admirably well in the last quarter. Given the situation, we could have done better, I think.

Pranav Doshi: Okay. Just one question finally. Let's say, what is our indirect exposure to the US and like you talked about some of the agrochemical formulators as well as the textile chemical guys? So, then what would be our indirect exposure?

Sunil Chari: We do not have any idea, because when a customer buys the surfactant from me, he does not tell me whether he's going to use for exports or he's going to look for the domestic market. But because orders are less in domestic also with some customers, we have been given that reason but they do not even share with us how much is their export figure is.

Moderator: Thank you. Next question comes from the line of Priyank Chheda with Vallum Capital. Please go ahead.

Priyank Chheda: Yes. Hi, sir. This is Priyank here from Vallum Capital. Just another question on HPPC, which is 78% of your sales. I understand that there's a detergents and soaps

which is one of the products. What would be the revenue contribution within HPPC coming from soaps and detergents?

Sunil Chari: We do not have a breakup, and we do not share the breakup between Home Care, Personal Care, Performance Chemicals. And then a lot of these products go into different industries including agro, pharma, oil and gas, coatings, textiles, soaps, besides the Home and Personal Care. And we do not maintain it inside also the bifurcation industry-wise.

Priyank Chheda: Fair enough. Would it be fair to say that this would be, soap and detergent would be one of the largest one within HPPC?

Sunil Chari: No, Home Personal Care. We divide basically Home Care and Personal Care. The Home Care, Personal Care, Performance Chemicals, there would be a good distribution between these 3.

Priyank Chheda: Understood. And on the same aspect, while you say that the balance 30% or 25% of your sales would get impacted given the tariff tensions within the textile space, the HPPC portion, which I suppose is purely domestic, that should continue to grow at double digits given the consumption boost that countries in India is witnessing. What would be your rough estimate or guidance around say HPPC as a division which is purely a domestic led?

Sunil Chari: HPPC exports we have.

Ketan Sablok: HPPC is not a domestic led business. HPPC is split between domestic and export is almost 30% is exported and balance 70% is domestic. The textile generally was at a split of 80-20. Recently in this quarter, it has, the domestic has come down, but it has been more than made up by the exports. In textile, we have actively in the last 6-10 months built up a lot of new geographies in Southeast Asia, North Africa, Turkey, Egypt, etc.. Some of that is now actually paying off because the domestic demand having softened for these reasons, the exports have not really got impacted. In fact, we have been able to grow in the export market in textile.

Priyank Chheda: Understood. Very clear. One last thing, at the start of the year, we were guiding for a 15% kind of an EBITDA growth, which I am supposing for H1, it has been much lower than what we would have thought for FY26 as a full year. I somewhere heard you that saying that we still continue to maintain the same guidance. Is that correct understanding or should we think of revising the guidance for FY26?

Ketan Sablok: No. We have said that for the balance year in terms of the EBITDA margins, we have guided that it will remain at the similar levels as the H1. In spite of pressures are

rising and all, we are still hopeful that we will be able to push through this year with similar kind of margins and excluding the consumer and institutional business, we said we will be in the range of 14% - 16%. That's what we have guided.

Priyank Chheda: 14% - 16% is the EBITDA margin guidance for H2. That is what the guidance is, the key takeaway, right?

Ketan Sablok: Without the consumer business.

Moderator: Thank you. Next question comes to the line of Bhawana Israni with Ambit Asset Management. Please go ahead.

Bhawana Israni: Yes. Sir, last week there was a news that the US has sanctioned some distributors who are importing chemicals from Iran. We have seen that the prices of some chemicals like methanol, acetic acid, and of the other chemicals has increased. So, how we are seeing this development, sir? Is there any impact for our business or how to read this?

Sunil Chari: I think the major imports from Iran, one of the big ones was methanol. And methanol saw a spurt of Rs. 8 or Rs. 10 on the same day when this news came in. But methanol is not a very big raw material. Our consumption of methanol is very small. Acetic acid also was there, but acetic acid as a percentage of imports into India from Iran of the total imports was very negligible. It is not very big. The major acetic acid comes from Singapore and from China and from Saudi. And we also have a domestic producer, which is GNFC, which has a good capacity. For us, of course, there will be some other products which will be coming from Iran, but nothing is so substantial to cause any disruption. With times even I think methanol will find the right pricing and availability here. So, there should also not be, even for big methanol customers, there should not be a big issue in the future.

Moderator: Next question comes from the line of Rajit Aggarwal with Nilgiri Investment Managers. Please go ahead.

Rajit Aggarwal: Thank you for the follow-up, sir. Will it be possible to share the numbers, the top-line growth in terms of volume growth and declining realisations on an average basis?

Ketan Sablok: No. As we said, the growth that has happened, most of it is a volume-driven growth. We do not give a specific in terms of the numbers.

Rajit Aggarwal: If there was a realisation there, it would be marginal. It's not substantial. I am just trying to understand.

Ketan Sablok: Yes. We have been able to hold on to prices at least for this quarter.

Rajit Aggarwal: Right. And still on capacity, the Rs. 97 crore and Rs. 95 crore of capex that was announced in the last quarter, that is going to come on stream in FY27. Is that correct?

Ketan Sablok: Yes, that's going to be happening in sometime in FY27. That has 5-6 projects that are part of that entire thing. Some of them will happen a little earlier, some will happen a little later. In a phased manner, it's going to happen.

Rajit Aggarwal: Right. At the end of FY26, we will have a capacity of about 385,000 tons, approximately?

Ketan Sablok: Yes, approximately.

Rajit Aggarwal: 385,000 tons is the number you can go to. Right. Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

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 and on behalf of Rossari, I wish all of you a very happy Diwali. Good evening.

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