Date: 28 July 2025

Ref. No.: TCPCL/SEC/2025-26/00030

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 24 July 2025 post announcement of financial results of the Company for the quarter ended 30 June 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: 2025.07.28 14:35:16 +05'30'

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

Encl.: As above

"Tatva Chintan Pharma Chemical Limited
Q1 FY '26 Earnings Conference Call"
July 24, 2025

MANAGEMENT: **MR. CHINTAN SHAH – MANAGING DIRECTOR**
MR. ASHOK BOTHRA – CHIEF FINANCIAL OFFICER
MR. AJESH PILLAI – INVESTOR RELATIONS

MODERATOR: **MR. SANJESH JAIN – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Tatva Chintan Pharma Chemical Limited Q1 FY '26 Earnings Conference Call hosted by ICICI Securities. 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 an assistance during the call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanjesh Jain from ICICI Securities.

Sanjesh Jain: Good afternoon, everyone. Thank you for joining on for Tatva Chintan Pharma Limited Q1 FY '26 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 Accounts, to initiate with the opening remarks, post which we will have a Q&A session. Over to you, Dinesh ji.

Dinesh Sodani: Thank you, Sanjesh ji. Good evening, everyone. On behalf of the management, I'm pleased to welcome all of you to Tatva Chintan's results conference call to discuss financial results for the quarter ended June 2025. Please note that a copy of all the earnings call related disclosures is available on both the stock exchanges, that is NSE and BSE, as well as on the website also.

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 risk 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, that is NSE and BSE.

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. A warm welcome to all of you joining the quarter 1 financial year '26 earnings call of Tatva Chintan Pharma Chem Limited. The financial results for the quarter have been submitted to the stock exchanges and are also accessible on our website.

Today, I'll take you through the key financial indicators and a brief overview of how each of our business segments performed during the quarter. For quarter 1 financial year '26, Tatva Chintan posted operating revenue of INR1,169 million, registering an 11% increase year-on-year and a healthy 8% growth over the previous quarter. EBITDA came in at INR173 million, reflecting a 37% year-on-year rise and a notable 94% growth as compared to previous quarter.

Let me now share a quick snapshot of the segment-wise performance. Phase Transfer Catalyst contributed INR323 million in revenue. While this marks a 17% decline on a quarterly basis, it represents a 9% growth compared to the same period last year.

Electrolyte Salts achieved revenue of INR12 million, showing a 32% rise over the previous quarter and a 12% dip year-on-year. Pharma & Agro Intermediates and Specialty Chemicals continued to perform well, delivering of INR432 million in revenue, up 32% sequentially and 11% year-on-year. Structure Directing Agents recorded a revenue of INR394 million with a 14% growth quarter-on-quarter and a 13% improvement year-on-year.

With this brief overview, I now invite our Managing Director, Mr. Chintan Shah, to provide his thoughts on the strategic direction of the company and share his perspective on the business outlook going forward. Thank you. Over to you, sir.

Chintan Shah: Good evening, everyone. I extend a warm welcome to all of you joining our earnings call today. Let me take you through the key developments during this quarter. I'm pleased to inform you that as discussed during our previous call, the business sentiment has been gradually turning positive, which is reflecting in our Q1 results. We see further improvement in business sentiments in coming quarters.

However, challenges and uncertainties continue to persist. The global geopolitical landscape remains fragile and also there exists a lot of uncertainties pertaining to U.S. reciprocal tariffs. As of today, most of the products which we sell into the U.S. markets are not subject to reciprocal tariffs, but we continue to remain cautious owing to possible abrupt changes that can happen in the system.

There is a sense of cautious optimism returning to the industry and we are seeing a gradual recovery in export markets for our products as well.

At Tatva Chintan, our core focus continues to be on strengthening our R&D capabilities. We strongly believe that scientific innovation is the most sustainable path to value creation and business growth.

Our belief of innovation has started gaining recognition from our customers and we are getting quite interesting developmental opportunities. As we move forward, particularly into the second half of the year, we are well prepared to unlock the outcomes of our focused efforts. Our strategic approach to business and unwavering commitment to our stakeholders remain as strong and resolute as ever.

Let us now take a closer look at the segment-wise developments during the quarter.

Phase Transfer Catalyst. This segment continues to deliver steady performance in line with our expectations. One customer onboarded last year is now getting into full-scale commercialization by the end of this current calendar year.

Structure Directing Agents. The revival of demand in our SDA segment is now happening and we shall continue to see increase in revenue over coming quarters. We are witnessing an increased demand supported by clear visibility from key customers. The growing customer uptake, coupled with the upcoming implementation of Euro 7 norms positions this segment to grow over foreseeable future.

Electrolyte Salts. We are seeing a steady and encouraging uptick from our customers using our electrolytes in energy storage devices. The second approved product is now being manufactured at plant level, and we are on track to dispatch the material within the current quarter.

In a significant development, another customer engaged in manufacturing batteries for hybrid vehicles has also approved our material and placed their first small-scale commercial order for extended validations. This represents a critical milestone in our efforts to tap into the growing electric mobility and energy storage markets.

The strong level of engagement and enthusiasm from our customers, coupled with our ability to meet the stringent technical and commercial requirements underscores the long-term potential of this segment. As we continue to build credibility and scale in this space, we believe this business line will evolve into a meaningful contributor to the company's revenue and profitability over the coming years.

Pharma & Agro and Specialty Chemicals segment, PASC. The new large agro intermediate, which has been approved and for which we have received commercial order, is being continuously manufactured at our plant so as to execute the order in Q3.

As we enhance our production volumes, we see certain teething issues, which are being resolved and gradually moving towards smooth production cycles. The second agro intermediate has already received commercial approval now and we have secured commercial orders for supply starting in the second half of the year.

Another high potential agro intermediate, which caters for significant domestic market is gaining strong traction among prospective customers. A major customer has already approved the product, and we are scheduled to dispatch samples to another large customer in the current quarter. The production of this product will require additional capex, which we plan to undertake at our upcoming greenfield facility in Jolva.

On the pharma intermediate front, we have successfully delivered plant scale batches for validation of third pharma intermediate. For the fourth pharma intermediate, pilot scale validation batches are in progress.

Given the momentum and growing customer interest across both agro and pharma segments, we believe this vertical is poised to be a significant contributor to our revenues, not only for the current financial year, but also in the years ahead. Our strategic investments, customer-centric approach and product pipeline are well aligned to capture long-term growth in these critical markets.

Semiconductors. The years of dedicated development efforts to produce very high purity chemicals for semiconductors has now started showing its good results. This is now generating strong interest from leading companies within the industry. The biggest achievement within the quarter has been a successful supply of pilot scale samples meeting the customer requirements.

Now we have been asked to deliver 2 repeat pilot run materials to demonstrate the consistency of our process. There is still a long way to commercialization of these products. It will pass through multiple scale-ups and validations over the coming years. We expect a slow commercialization to begin in 2027, leading to a full-scale commercialization in 2029.

With the success of delivering this material, we have been awarded to work on a second opportunity. After many years of efforts in this segment, we could finally achieve the desired high-purity product. This success has made us confident that this segment will bring massive growth potential in coming years.

To conclude, we are encouraged by the momentum building across our key business segments, be it the revival in SDA, traction in energy storage materials, progress in agro and pharma intermediates or the promising start of our latest innovation-driven segment. Each of these developments is a reflection of our strategic focus, robust R&D capabilities and deep customer alignment.

We thank our stakeholders, partners and employees for their continued trust and support. With the groundwork laid in the previous quarters, we are confident of sustaining our growth trajectory and delivering consistent performance in the quarters ahead.

With all the good things that have happened during the quarter, we do have a not so good news to share with you. Our CFO, Mr. Ashok Bothra, has decided to relocate himself and pursue another opportunity. It indeed has been a pleasure to work with him. We will surely miss him, and we wish him the very best for his future endeavours. Once again, thank you.

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

Ashok Bothra: Thank you, sir, and good evening to everyone present on our call today. The financial highlights for the current quarter Q1 FY '26 versus Q1 FY '25 are as below. Revenue from operation of INR1,168 million versus INR1,055 million in Q1 FY '25, other income of INR11 million versus INR12 million in Q1 FY '25. Other income mainly comprises of gain on forex realization of INR9.2 million, miscellaneous income INR1.8 million.

EBITDA of INR173 million versus INR126 million in Q1 FY '25. EBITDA margin increased by 287 bps year-on-year basis to 14.8% in Q1 FY '25 due to decrease in COGS by 4.1%, but partly offset by increase in other expenses by 1.2% Y-o-Y basis. PBT of INR91 million versus INR68 million in Q1 FY '25.

PAT of INR66 million versus INR52 million in Q1 FY '25. PAT margins were at 5.7% versus 4.9% in the same period previous year. EPS stood at INR2.84 versus INR2.23 in the same period previous year. During Q1 FY '26, exports stood at INR830 million, contributing 71% of the revenue. The major countries include Japan, USA, Germany, Malaysia, Switzerland, South Korea and China.

That concludes an update on the financial highlights of the company. I shall now request the moderator to open the floor for question-and-answer session.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Sudarshan Padmanabhan from ASK NDPMS.

Sudarshan Padmanabhan: Sir, my question is on the SDA side. The fourth quarter, we did mention that the worst is largely behind as far as price is concerned...

Moderator: Sorry to interrupt, Sudarshan, sir. There is a lot of disturbance from your line.

Sudarshan Padmanabhan: So, my first question is on the SDA business. There is definitely an improvement on a Q-on-Q basis. But what I would like to understand is last year we saw a lot of price correction in terms of SDA and the demand from China remained very muted. And incrementally, EU and U.S. were supposed to pick up.

Now if I'm looking at the first quarter, while there has been an improvement probably on a year-on-year and even on a quarter-on-quarter basis, it has not been as stark as what one would have expected in this division. So how do we see, one, the prices and the volume demand? Number 2, how has geographically Europe and U.S. picked up for us?

Chintan Shah: So, to address the question, the first answer to your the pricing part, pricing still remains to be at the same levels as last year. There is no significant change in chemical pricing on the raw material front. So, the price of our SDA still continues to remain at the same level. In terms of demand, still the Chinese demand is nearly negligible, whereas the U.S. and the Europe demands have actually picked up.

And it is gradually still picking up and we see stronger demand coming in Q2 and Q3. That is the visibility which we already have. And we expect to execute one large customer contract to begin supplies from early 2026. So that will again have a significant impact in terms of volumes.

Price is based on a formula. So as and when the RM prices would tend to change, we will have impact on the prices of the SDAs as well. And that is what is now anticipated that prices have remained at non-viable levels so far. And just a matter of time until when they will sustain to continue at these low levels.

Sudarshan Padmanabhan: Sure, sir. And with respect to earlier, we were talking about 40% to 70% growth in volume, I mean and also value if there is no change in the value. Would we be sticking on to that or would we be relooking at that?

Chintan Shah: We are sticking on to that. Maybe a quarter plus or minus, but we are sticking on to that.

Sudarshan Padmanabhan: Sure, sir. That's definitely encouraging. Sir, on the PASC side, that is really encouraging in this quarter. I mean we have seen good traction. And there are multiple products that we have talked about, I mean, 4 commercial products and several other products that can be rolled out. If you can give some colour with respect to how have, we seen the existing product gathering momentum? And what can we expect as far as newer launches is concerned? And how probably from the current base we are expecting for the next few quarters and also in FY '27?

Chintan Shah: Yes. So as far as the existing products are concerned, there is a very marginal increase in terms of demand that is happening. With respect to the new launches, we have significant developments in terms of orders received for beginning from Q3 and we expect that to continue, because the next financial as per their customers' financial year, it will begin in early 2026. So we expect to regain that momentum going forward from January onwards as well.

We also have one small production block coming up. We expect to commercialize production from there in January. And we hope so far, we are on track in terms of timelines. So that will also give us a significant capacity to offer to the customers. In terms of product approvals and commercialization, we have 2 large products which are getting into commercialization. And both these products are now being consistently made at the plant to execute orders in Q3.

Sudarshan Padmanabhan: Sure. And we will stick on to the guidance in this segment as well? I mean what you talked about?

Chintan Shah: Yes.

Sudarshan Padmanabhan: And currently, with the capacities, what would be the overall utilization, sir, across plants?

Chintan Shah: So until May, it was not fully occupied, but now I would say most of the capacities are occupied and we have started becoming selective in terms of what we want to make and what we want to avoid.

Sudarshan Padmanabhan: Sure, sir. And one final question is on the margins. I mean, clearly, we see that margins have improved primarily because of the mix and partly on operating leverage. If I'm considering this base and as we see the PASC will gather momentum and SDA will gather momentum, I mean, should it be a right assumption to believe that Q-on-Q we should consistently be seeing margin expansion probably through this year? Would that be right, sir? And are we sticking to the 20%?

Chintan Shah: Yes. That is what we will see in the coming quarters. Yes. We stay with the forecast, and it is happening. And we have very clear visibility at least in December. So, there is no favouring from our forecast that is going to happen.

Moderator: Our next question comes from the line of Varun Mohanraj from Skaniva Capital.

Varun Mohanraj: I think in the last quarter, we had spoken about our entry into the semiconductor space. So I just wanted to understand on a high level, what are the applications we are planning to get into in the semiconductor space? And do we require any new facility for the same or existing capacities would be fungible for it?

Chintan Shah: In terms of capex requirement, our existing plant can only cater to a very small volume. So, it could be a start-up for the overall demand. And as I said during my address, it's going to be fully commercialized by 2029 is what is the deadline we expect. So, though we will have some significant volumes beginning from 2027.

So until then, probably we can cater it from our existing facilities. But going forward, we'll definitely, to manage the kind of volumes that are being forecasted, we'll have to look at the new capex to happen.

In terms of applications, we are presently looking at the area of pitching and cleaning. So, these are the 2 fundamental application areas where we are working with the customer right now. Now we have been provided, so this was one specific application area and a product with which we have been working since years.

And now we have been ultimately, we have been successful in meeting the stringent requirements of specifications. And now based on our success, we have been given an opportunity to work on a second product.

Even within our existing facility, we will have to undergo a lot of modifications and changes to be able to, so right now, whatever infrastructure is in place is to only make this level of products at a pilot scale. We don't have the necessary infrastructure in place already to produce it on a plant scale.

But that is what now we will have to start considering and build up a small modification, modified area where we can handle this kind of products. So that is what is under the cards.

But first, we want to execute the next 2 pilot run materials to demonstrate our consistency and product quality to the customer. And based on that, we will decide to go forward with minor capex that would be required to accommodate plants.

This involves automation, a lot of packaging automation. So, a lot of systems are going to change within the plant to accommodate this. And we would decide the capex eventually as and when we feel it's the right time to go ahead with that.

Varun Mohanraj: Sure, sir. And my second question is regarding the electrolyte business. I just wanted to understand based on the current facility that we have, what would be the peak revenue for the electrolyte business and also the EBITDA margin at the optimal utilization?

Chintan Shah: It's a tough question to answer because basically, we are looking at a multipurpose facility. So again, it would be a question when the volume start picking up, which we expect that to happen now in very near future. So of course, a part of the electrolytes which goes into the energy storage system, we have sufficient capacities built up already.

But as far as electrolytes going into the super capacitor batteries or the hybrid vehicle batteries. So, this is the place where we'll have to look into some additional capex to happen in terms of certain specialized systems required to handle it in a closed system in ultra dry and ultra-pure mode.

So, if I assume correctly, maybe in the existing facility, we may get revenue close to about INR100 crores from this. But ultimately, we'll have to look at further expansions at our new Jolva site.

Varun Mohanraj: And margin, sir?

Chintan Shah: So, these are, again, as good in terms of margins as our SDA segment.

Varun Mohanraj: Okay, okay. And finally, what is the capex plan for FY '26, sir, capex amount?

Chintan Shah: It's about INR110 crores.

Varun Mohanraj: Okay. Is it the maintenance or have we planned any...

Chintan Shah: We have a new block coming up. So that is to accommodate the missing parts which we require to achieve the full volumes that the customer wants for the new agro intermediates. This is within the same site, a new block within the same site.

Moderator: The next question comes from the line of Sanjesh Jain.

Sanjesh Jain: Yes. I got a few of them. First on the photo chlorination side in the agrochemicals, where are we in the process? And when will start commercialization expected?

Chintan Shah: Q3. We are now fully approved, and the customer has already committed and placed orders for Q3. So they have certain open volumes available for to give to us. So that is what now we are going to start producing from August. So, we have 2 different products. Basically, now we are definitely into the commercialization mode, beginning supplies from November. So, we have orders for November and December.

Sanjesh Jain: Okay. And on the pharma side, on the 3 products, where are we in the approval commercialization?

Chintan Shah: So, third product we delivered so first and second products are now accepted. So, the validations are completed. So, they are documenting those in the dossier. The third product, we just delivered them from a plant scale validation batches. So that is as far as we are concerned, we are through. So now it is it's in the customers the ball is in their court. And fourth product is still in the pilot scale at our end.

Sanjesh Jain: Okay. And this dossier thing, how many months can it take?

Chintan Shah: Typically, we expect somewhere in August or September of 2026 when we expect to start commercializing these products.

Sanjesh Jain: '26?

Chintan Shah: Yes, next year.

Sanjesh Jain: So next year this time, around the first quarter?

Chintan Shah: Yes. So, they will also run a few more validation trials. So, there would be on and off demand, but not really significant. But the real commercialization is expected from August or September of '26.

Sanjesh Jain: Okay. This again is delayed, right? Because I think we were expecting this to start in the Jan?

Chintan Shah: I am at supplier, Stage 1, I supply this to supplier, Stage 2; and then they make something and supply it to the final API manufacturer. So, the delay is actually happening at the Stage 2 supplier where they have some delays in their capex, so which is causing basically delays in the overall validation of our materials.

Sanjesh Jain: Got it. And on the SDA side, are we seeing demand coming up for the Euro 7 or it is right now largely for the Euro 6 application only?

Chintan Shah: Right now, it is largely for Euro 6, but we have started getting orders beginning from October for supplies for Euro 7. So that is…

Sanjesh Jain: October '25?

Chintan Shah: Yes. So, we will have supplies beginning for Euro 7 product also. And for our large customer, we are also validating another Euro 7 product. So, we have just recently supplied some material to them for the validation for Euro 7 application.

Sanjesh Jain: And when is the Europe expected to implement Euro 7?

Chintan Shah: Sorry?

Sanjesh Jain: When is the Europe expected to implement the Euro 7?

Chintan Shah: 2027 beginning.

Sanjesh Jain: Beginning '27. So, we will be supplying in '25, '26, the material will be made and '27 is when the final goods will go out?

Chintan Shah: Yes, yes.

Sanjesh Jain: Got it. And on the electronic chemical side, we were hopeful of a significant ramp-up from the energy storage side of the business. How is that looking at? Because we are still tracking that INR1 crores or INR2 crores kind of a revenue run rate despite commercialization by one of the product one of the customers?

Chintan Shah: I'm just back day before yesterday after meeting with the customer in person, and they also showed me around through their plant and their challenges of what there are happening. So, they have certain automated systems to make these energy storage batteries. And to feed these energy storage batteries, they need some secondary automated system.

So right now, this certain additional thing is what still they continue to do on a manual basis, which right now is under process of getting automated, but they expect by somewhere around September or October to have those 8 systems in place. So, these 8 small automated systems will feed to the main automatic battery storage production line.

So having said, without this automation currently, they are only able to feed 30% of the material. So, their automated line is right now operating only at 30% efficiency because they cannot feed enough material to that automated line. So, they are working towards it. And so, we expect so already their volumes are growing, but we expect significant rise happening from September.

Sanjesh Jain: Okay, okay. So, there is again a significant dependence for us on the second half of this year. I think first half is going to be the same run rate as this because most of the product we spoke are in the second half of CY '26. So, are we building a significant acceleration in the second half? And what is the confidence are we getting that this time around we will be able to execute it?

Chintan Shah: 100% confidence because we have orders on hand most of the things. So, there is not if and but. At least till December, we have very clear visibility of what we are getting into.

Moderator: The next question comes from the line of Raman KV from Sequent Investments.

Raman KV: Sir, my question is with respect to the SDA, Structure Directing Agent. So, do we produce zeolites, or do we produce the salts which help in the formation of zeolites?

Chintan Shah: Sorry, I didn't get you.

Raman KV: Sorry. Can you hear me now?

Chintan Shah: I can hear you, but I didn't understand your question. You said zeolites?

Raman KV: Zeolites, yes.

Chintan Shah: Zeolites. No, no, we make raw materials for the zeolites.

Raman KV: Okay. We make the raw material for zeolites. Sir, what is the total addressable market of this particular stuff, like SDA?

Chintan Shah: SDA has lot of different applications. We primarily cater to our largest segments come from applications into automotive gas emission purification. And second is into the petrochemical applications. So, with these 2, I would believe still we are at about 20%-odd in terms of addressable market where we stand right now.

But there are lot of other applications in terms of huge application for right now, they run something called converting methanol into olefins, converting so they call it an MTO. So these are much larger applications in terms of volumes. In terms of demand, very huge demand, but we are not addressing to that market because that is quite price-sensitive, very low-margin products and very huge volumes. So that is what we cannot probably handle from our existing infrastructure.

Raman KV: Okay, sir. Sir, my follow-up question is, you in the previous call, you mentioned that with the current block of SDA, we can do about INR450 crores of revenue at peak utilization. So, at 80% utilization, can you give a target of utilizing the capacity of 80% during FY '26. So, can we do about INR300 crores to INR350 crores of revenue this year?

Chintan Shah: Not this year because primarily because of the value erosion. So, we are looking at roughly about 30% drop in values within last 1.5 years, what has dropped. So, you can eliminate that 30% value and that is where we definitely are going to stand. In terms of volumes what we have committed, we are absolutely sure to meet those volume commitments. Unfortunately, not the value commitments.

Raman KV: Sir, why was there a value erosion? Was it on the customers' end or was it because the value of the product in itself has declined?

Chintan Shah: Because the raw materials have become so cheap.

Raman KV: Okay, okay. And sir, my second question is with respect to the high-purity chemical which you are developing for semiconductor. Sir, can I know the market size of this?

Chintan Shah: Difficult to put a number to that, but it is definitely very large. Definitely very large. But we are just doing a couple of products. So right now, we are through with our first product and now we are trying to address the second product once this first product moves out of the pilot facility.

Raman KV: Sir, can you specify what are the products?

Chintan Shah: I would not like to give out the names. We are under some NDAs with the customer.

Raman KV: Not names, like type of products, like application or something like that?

Chintan Shah: Basically, these products are into each etching categories. And we are looking at very large volumes of potential and number of it's a big product portfolio. But first, honestly speaking, we have been working on this since last 6, 7 years, probably a little more. And we never even so it was a dream project for us whether we can hit the kind of quality levels or not.

So this is the first time. That's why I said in my speech that the significant development and achievement for us is to deliver a sample which meets with the customer specification. This we have taken 7 or 8 years to deliver it in the right specification mode. So, it is something which is significantly difficult to achieve, which ultimately, we did.

And now we can with this knowledge, we want to do a little bit of more scale-ups. And once we are there, then we can start looking into other opportunities. So, there is a big basket of products which you can cater into the semiconductor industry.

Raman KV: And sir, this etching category of products which you plan to cater, sir, I just wanted to understand, is it like a specialized product that you need to cater for that you have to make different for different customer or it can be supplied to mass customers?

Chintan Shah: There could be multiple customers for this product. For the same product, there could be multiple customers, yes.

Raman KV: Okay. And sir, my last question is with respect to the PASC segment. Sir, I just wanted to understand, you said that you have received bulk order and that will be commenced in FY '26 and you have 3 products under development, right?

Chintan Shah: Yes.

Raman KV: So, I just wanted to understand what are the nature or what are the products like the nature of products or how where are they used?

Chintan Shah: So, 2 products are agro intermediates and the 3 products what we talked about are the pharma intermediates.

Raman KV: So, 2 products agro intermediate as in can you give any specification or is it not possible?

Chintan Shah: One is the insecticide and a herbicide.

Raman KV: Okay. That is for the agro intermediate. And what about the pharma?

Chintan Shah: Pharma related to cancer treatment, anti-cancer.

Raman KV: All the 3?

Chintan Shah: All the 3.

Moderator: The next question comes from the line of Siddhant Singh from Green Portfolio Private Limited.

Siddhant Singh: Yes. So, the first question from my side is that the electrolyte segment, as you all know, it's a high-growing segment. And I want to just get a guidance on what will be the percentage contribution of this segment to the top line by FY '26, '27?

Chintan Shah: I would say roughly about 10%.

Siddhant Singh: 10% of the whole top line, right?

Chintan Shah: Yes, for the next financial years.

Siddhant Singh: Perfect. Sir, now then as you all know, the balance sheet is quite healthy, and we are going to have a good set of cash flow numbers. Then what we can expect from the cash flow number? How much is going to be spent in R&D and how much is going to be in capex also? Can you quantify these numbers?

Chintan Shah: Current year, we have capex plan of about INR110 crores.

Siddhant Singh: What about R&D?

Chintan Shah: R&D, I'm not sure…

Ashok Bothra: 1 to 1.5 is the generally ballpark number which we spent on R&D as a percentage of revenue. So anywhere between INR4 crores to INR5 crores is the...

Siddhant Singh: Perfect, sir. Then sir, the last question from my side is that as you have told in the last quarter that the SDA price has been the erosion in the SDA prices has been completely factorized. So, can we consider that the price has been bottomed out and the only possible growth is there in front of us?

Chintan Shah: That is what I strongly believe, yes.

Siddhant Singh: Perfect, sir. Then what would be the overall growth in top line and in EBITDA margin levels for '27, '28?

Chintan Shah: You are going 2 years forward.

Siddhant Singh: Yes, sir. 2 years, '27, '28.

Chintan Shah: I may answer that offline.

Ashok Bothra: It will be a forward-looking statement. So, for '25, '26, we have given a guidance of upward of 25%. So, it will be very premature to give any guidance for '27, '28.

Siddhant Singh: Okay, sir. So, one last question. You have told that the Electrolyte Salt segment would be growing at 200% something around. And if you calculate, then by the end of FY '26, we would be having a revenue from that segment of INR20-plus crores. So, are you still sticking with the number or there is any change?

Chintan Shah: More or less, yes. Anywhere between INR15 crores to INR20 crores.

Siddhant Singh: INR15 crores to INR20 crores?

Chintan Shah: Yes.

Moderator: The next question comes from the line of Darshil Jhaveri from Crown Capital.

Darshil Jhaveri: Sir, I just wanted to ask like right now, our FY '26 guidance, I just wanted to clarify, it's 25% revenue growth and 20% margin. Did I hear that correctly, sir?

Chintan Shah: Yes.

Darshil Jhaveri: Okay. But sir, just wanted to know like how our margin will behave, right? Because 20% right now in quarter 1, we did around 15%. So, 20% would be majorly done in H2 would be relatively higher than 20% margin also, right? Our exit run rate would be very high then for FY '26. So how do we see, sir, the next 2 quarters or how do we see H1, H2? Could you just help us figure that out?

Chintan Shah: See, basically, if you see the numbers, there is a little shift happening towards 2 aspects you should look into it. One is a little purposeful slowdown in terms of Phase Transfer Catalyst sales, which means that we are producing enough, but we are consuming more to satisfy our requirements in terms of SDA production.

So, for SDA, the raw material is the Phase Transfer Catalyst, okay? So, if we have enough SDA production, we go for the value addition and we sell lesser Phase Transfer Catalyst into the market. So that is what is visible from the current numbers.

Secondly, there is also a marginal shift. I'm not sure exactly in terms of numbers, Bothra ji, in terms of export versus domestic, 71% it was, right? It was last quarter 61%. So, 61% going to 71% in terms of exports that means we are selling lesser into the domestic market, which is more price competitive what we sell majorly in the domestic market is the Phase Transfer Catalyst which is more price sensitive.

So, this shift has started to happen. So, the numbers start becoming more healthy. And this we will see going forward as well in the Q2 that the shift towards more of SDA and healthier sales happening from Q2 will have even better numbers in terms of EBITDA. And the margin realization will now surely reflect because plants are nearly getting fully occupied on a full quarter basis.

Darshil Jhaveri: Okay. Okay, sir. So Sir, on overall basis, like so, our product will have like margins higher than 20% also, right? Because right now, they're getting dragged down because of other reasons. So, like for next year, like how do we see like because all cylinders will be filing plus, we'll have maybe pharma intermediatory also. So, any kind of guidance would you be able to give for next year, sir?

Chintan Shah: Probably another 20% to 25% growth is what we are looking at for the next financial year compared to where we end this year.

Darshil Jhaveri: Okay. And the margin, sir?

Chintan Shah: About similar, 20% level.

Moderator: The next question comes from the line of Akshada Deo from Niveshaay.

Akshada Deo: Sir, congratulations. Your margin improvement has been really commendable for this quarter. What I want to know is why are we still optimistic on the China rebound that China demand may come? And can you give us an upside considering that usually in the last 2 cycles what happened with diesel was that EV was not a possibility.

But now EV is even cheaper than LNG for them. And most of them considering subsidies and the 1 million kilometre mark. So, can I just know why we are expecting that there may be a rebound here?

Chintan Shah: Primarily, the what we are addressing as a market for our products is primarily the large diesel vehicles. So there still the EV is not that predominantly penetration of EV is still not happening. Secondly, if you see and talk to people across U.S., in California, then the electrification of vehicles is not really happening and is not becoming really popular as they would have liked to.

Again, with the kind of withdrawals of incentives by the new U.S. government, the electrification process is expected to even slow down further. Similarly, if you look into another major industry car market is Germany. And there as well the push towards complete EV is kind of missing.

And most of the players are now working towards going into the hybrids. So, your IC engine remains there in place. And this we are talking of passenger vehicles, okay? Where we have not a major part of our business application is not coming from this segment, but I'm just trying to give you an explanation of what is really happening.

So, because of this push towards more of hybrid systems, your IC engines for the car segment was expected to die probably 20 years down the line. It doesn't look like it is going to happen in such a near future. So, the systems of IC engine continue to run and it will be coupled with a hybrid system. And when you couple this with the hybrid system is where we have an alternate product which we supply for the hybrid batteries from our electrolyte segment.

Now when we are talking of large diesel vehicles electrification, so still this is having hardly any penetration. The biggest challenge in the China market is not the electrification of the heavy diesel engines. The biggest challenge so far has been availability of cheap natural gas, which is kind of replacing the diesel engines with the gas engines. So now we are seeing since last couple of quarters the numbers which reflect is a gradual, very slow gradual shift from the gas engines to diesel engines.

So still, as I said, the Chinese demand is still not visible much. But this is what we are expecting, or the industry is expecting the shift to happen within a couple of quarters when we again see a rebound of diesel engines coming back in China. So, this is how it looks like so far.

Akshada Deo: Okay. So, for Euro 6 and Euro 7 products, Euro 7 that would start soon, so who are the other suppliers for this product?

Chintan Shah: Sorry, come again?

Akshada Deo: The Euro 6 and Euro 7 category that...

Chintan Shah: We have same competitors as we are in Euro 6 supply.

Akshada Deo: Okay. Same competitors.

Moderator: As the participant has been disconnected, we will move to the next question. The next question comes from the line of Jay Vaghasiya, an Individual Investor.

Jay Vaghasiya: Yes. So Chintan Bhai, continuing from the discussion of previous participant. So even if the China demand doesn't come back online very soon, even in Euro 7, the 2027, you rightly mentioned, but 2027 is for passenger vehicles, right? For heavy-duty commercial vehicles, the Euro 7 norms are to be implemented from mid of '28?

Chintan Shah: But with the diesel vehicles, they are stringing the Euro 6 norms. So basically, the Euro 6 is going to a second level, which is sub of Euro 7, but it is somewhere in between Euro 6 and Euro 7. So, it's a diluted Euro 7 version.

Jay Vaghasiya: Okay. Got it. And if I'm not mistaken, some quarters back, you had mentioned that this our large agrochem product that we have commercialized, the catalyst for that is basically forward integration of SDA. So, can we expect SDA utilization to this our own captive consumption of SDA to increase going forward as from Q3, you will be shipping more of this agrochem product?

Chintan Shah: No, no. These are not consumable catalysts what we made for this product. So, this is kind of a regenerative catalyst. So, this probably should sustain for quite some time. The catalyst build typically would require replacement after a year or 1.5 years within the system.

So otherwise, it is continuously otherwise, it doesn't keep things what makes it exciting is this development of kind of magic catalyst is what I would call because without disposing them, without incurring it's a one-time cost. It's kind of a capital cost that you have incurred and you keep using it for 1.5 years, same catalyst we generate and reuse.

Jay Vaghasiya: Right. And lastly, Chintan Bhai, for FY '25, what has been our R&D cost?

Chintan Shah: I'm not very sure of, but must be close to about between anywhere between INR4 crores to INR5 crores. I may not have the exact number.

Ashok Bothra: INR12.8 crores including capex.

Chintan Shah: Without capex. Including capex, it was about INR13 crores. But revenue expense, typically I am aware that it is anywhere between INR4 crores to INR5 crores.

Jay Vaghasiya: Right. So, what I was thinking is our R&D costs are not that high, but the products that are under development being for semiconductors as well as the products that we have for electrolytes, these are niche products. So, this kind of mismatch between the products, I didn't understand. R&D costs being low and our products being really niche. So, can you throw some light on it?

Chintan Shah: Is it good or not good?

Jay Vaghasiya: It's definitely good.

Chintan Shah: Why do you want to push our cost high unnecessary? No, no. jokes apart. This is not an overnight development. It's probably we have been working on this since probably 7 years, at least, maybe 8 years, if I may not be wrong. So, every learning comes with a cost. So, we kept paying those costs. Every learning requires some kind of new installation, new trials, new analytics.

So, everything kept on happening since last 7 years. So, it's difficult to put a price to what is the real developmental cost of this particular product, but I'm sure it's going to be a very big number. Even if I look at the SDA, we started developing SDAs in 2010. And probably we actually commercially sold the first product in 2018.

Moderator: Thank you. Ladies and gentlemen, in the interest of the time, that was the last question. I would now like to hand the conference over to Mr. Ashok Bothra, CFO, for closing comments.

Ashok Bothra: Thank you. On behalf of 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 Mr. Ajesh Pillai 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.

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