SHIV TEXCHEM LIMITED

(Formerly known as Shiv Texchem Private Limited)

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Date: June 13, 2025

The Manager,
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI-400 001

Scrip Code: 544272

Dear Sir/Madam,

Sub: Transcript of the 'H2 & FY25 Earnings Conference Call' of Shiv Texchem Limited

Ref. Regulation 30(6) and 46 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Please find enclosed the Transcript of the 'H2 & FY25 Earnings Conference Call' held on Friday, 6th June 2025, post declaration of Audited Financial Results of the Company for FY25.

The said transcript is also uploaded on the Company's website at https://shivtexchem.com/disclosure-under-regulation/

Kindly take the same on record.

Thanking you,

For **Shiv Texchem Limited**

VIKAS PAVANKUMAR
Digitally signed by VIKAS PAVANKUMAR
Date: 2025.06.13 16:46:01 +05'30'

Vikas Pavankumar
Managing Director
DIN: 00323118

Shiv Texchem Limited
H2 & FY'25 Earnings Conference Call
June 06th, 2025

Management:

- Mr. Vikas Pavankumar – Chairman & Managing Director
- Mr. Hemanshu Chokhani – Whole Time Director & Chief Financial Officer

Shiv Texchem Limited
H2 & FY'25 Earnings Conference Call
June 06th, 2025

Moderator: Good afternoon, ladies and gentlemen, welcome to the Conference Call of Shiv Texchem Limited arranged by Concept Investor Relations to discuss its H2 & FY'25 ended March 31st 2025.

We have with us today Mr. Vikas Pavankumar – Chairman & Managing Director and Mr. Hemanshu Chokhani – Whole Time Director & Chief Financial Officer.

At this moment, all participants are in listen-only mode. Later, we will conduct a question-and-answer session. At that time, if you have a question, please press * then 1 on the telephone keypad. Please note that this conference is recorded. I would now like to hand over the floor to Mr. Vikas Pavankumar. Thank you and over to you, sir.

Vikas Pavankumar: Good afternoon, everybody. It is a great pleasure for us at Shiv Texchem for having you all on participate in this first ever earnings call for our company.

On behalf of the entire Management and the entire family at Shiv Texchem, I would like to extend my sincere thanks on 2 counts:

a) To have shown interest and on joining this cal.

b) Giving us a really overwhelming response when we were listed in the last calendar year around 15th of October.

So, thank you for showing confidence on the business model. Thank you for showing confidence on our vision and on our long-term growth perspective.

It's been a pretty transformative year for us because now that we are listed, we have tightened our screws with respect to our governance. We have stabilized our operations, we are trying to drive efficiencies across the system so that the overall stakeholders are quite pleased with the performance that we do. It will always be our continuous effort to embrace the responsibility that comes up with a public listed entity and we would be taking utmost effort in order to concretize the steps to strengthen our market position to expand our product portfolio to deepen our engagement with both customers and suppliers. It has been a stellar year for us. I would leave the numbers for Hemanshu to take over. He would run you through the financial matrices of the company. But in concise, what I would like to say that given that we've been provided an opportunity with the market, we have been able to really ramp up our presence in the domestic market as well as the international market with respect to our suppliers who have supported us in building out the stellar performance that we have given in this financial year. Over to Hemanshu, our CFO. Thank you, everybody.

Hemanshu Chokhani: Hi, everybody. Thanks a lot for dialing in. It gives me great pleasure to present the numbers to all of you for first time after being listed. It's really been a strong performance for us for this financial year given that we've been able to marry 2 aspects of financial performance, which I feel are the pinnacles of an entity that can deliver long term value, which is sustainability and growth, right. So, we've grown, yet that growth is sustainable. And it has the underpinnings of strong profitability, right. So, I just want to walk you through in two parts the numbers. I'm just going to sort of superimpose second half numbers of this financial year, vis-a-vis sort of the first half of this financial year. And then I'm going to superimpose the second half financial numbers of this financial year vis-a-vis the last financial year and then maybe take a small snapshot for the whole year itself.

So, as you all know, we got listed on 15th of October and with the blessings of the Almighty, we've done well. Our revenue growth in H2 versus H1 has been about 14% to 15%. And however, this has been underpinned by very, very strong growth in profitability. So, our PAT has grown by about 35% and our PBT numbers have grown between 40% to 50%. And so has the expansion and the EBITDA margins happen, where the EBITDA margins for second half are close to 4.4%, which is in some sense even above and beyond our expectations of 4.25. If I was to superimpose the same thing of second half performance of this year vis-à-vis last year, broadly the revenue growth has been about 40%. And of course, the jump in the margins has been almost 100 basis points on the EBITDA level and so on and so forth on the bottom-line as we click down from PBT to PAT.

If I look at the whole year of FY'24-'25 versus Financial Year '24, the revenue has grown about between 40% to 45%. EBITDA has also grown significantly, well above 50%. And more importantly, my EBITDA margins have expanded, right? So, we are well above 4% and hopefully we can sustain this going forward. Our PAT margins have gone up from 1.9 to about 2.2. Going forward, caution you had about forward-looking, but we do expect this growth to sustain, right? On the topline, given our service orientation, given other managerial excellence procedures and the growth of the country in general, we do expect our growth to maintain year-on-year. And we do expect a steady trickling increase in our EBITDA margins based on benefits of scale, additional higher value added products and overall better management.

So, with that, I think Vikas, we can open up for questions.

Vikas Pavankumar: Sure.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question comes from the line of Nikhil Chandak from JM Financial. Please go ahead.

Nikhil Chandak: Hi, thanks. So, since this is the first call of the company, I think what would help is if you could also explain a little bit in detail the exact business model and what problem area you are trying to kind of solve and the longevity of the or the total addressable market of this problem statement which you're planning to solve. From what I understand is that you are a specialist, so to say, supply chain company in the chemical space, importing niche chemicals and then onward supplying it to domestic companies. Does that have a lot of scope for growth in the future or will that be like a restricted kind of growth in the future?

Hemanshu Chokhani: Hi, this is Hemanshu. Thanks for the question. So, of course, this kind of thought would merit almost few hours of discussion. But I'll try my best to summarize it. A, India does not have hydrocarbons. Whatever we do have will be spent on food, fertilizers, and fuel. Chemicals will affect every aspect of our life. Everything you touch, everything you breathe, everything you drink, everything you wear, everything you walk on is a chemical. And our objective here, what we have seen globally, when economies transition from the per capita bracket of $2,000-$3,000 to say, middle income economy, a low middle income economy, the primary spend is on materialistic product. The shift to services, so to speak, happens in the post $10,000 per capita stage. At this point, given if I marry some of the thoughts I have put and as I again mentioned that this merits few hours of discussion, but in this concise way, the opportunity in India today itself, it would be almost a little far-fetched for me to put a market size number, because it may sound too large, but think about it. The amount of petrochemicals imported in the country would be well into $20, $30 billion. And I'm just speaking about liquid petrochemicals, but for us focusing on highly niche specific chemicals, it already the addressable market is very large and the pie itself is expected to enhance. And we do not see the focus of any domestic sort of production coming in to fulfill these needs. So, for us, I think the growth will definitely sustain for the foreseeable future and in a sustainable way, given that we are growing and we do not have the requisite feedstuffs. Vikas?

Vikas Pavankumar: Yes.

Nikhil Chandak: So, the companies which are doing a lot of domestic CAPEX. None of them would kind of address the imports which you are doing.

Hemanshu Chokhani: Yes, so that is CAPEX, right? But if you were to pull out the CAPEX and look at the products being manufactured, so GAIL wants to do petrochemicals, but they're making polymers, polyethylene derivatives, LLDPE, HDPE, LDPE, right. Adani Group has shown interest, but they want to make PVC, the very basic building blocks which the country doesn't have. We are focusing on tertiary and quaternary derivatives, right which are much more specialized, more difficult to procure the quality constraints, technical constraints exist so that we want to fulfill that part of the value chain. We are not here to do sort of PVC trade. And most of the CAPEX that's happening in the country is very focused. On first, as I mentioned, to first fill the fuel, food and fertilizer bracket. And then the polymer, basic polymer bracket. According to me and according to our research and we do a lot of it, I do not see any major investments happening in the more specialized derivative space. And I think we do not even have the technology for it, which is mostly owned by Western Giants.

Nikhil Chandak: Understood. And just one more follow up question is that, why would a company come to you for managing this supply chain? I'm sure they have their own internal procurement team. So, wouldn't each company do it on their own or they are coming to you would be that advantage? Would it be pricing that you give them a better price? Is it a scale advantage? What is the reason they come to you?

Vikas Pavankumar: So, it's neither pricing, our services definitely are not price competitive, we are not, right. Now the reason why somebody would come to me is because the procurement that we do for them is it's not their core raw material, it's not a 70%- 80% of their spend depends on that, it is the long tail that I procure for them right. Now when you're procuring a long tail for any large company, the overall spend by a large company on a monthly basis for that particular piece may be in the range of let's say Rs. 10 to Rs. 15 crores, which on the balance sheet is not large. That it merits spending time with respect to having a procurement team, having a clearance team, opening a letter of credit, so having a finance team in place etc. Our job is that we are able to aggregate such orders of multiple large domestic entities, assimilate them, marry it with a supplier from across the world, and make sure that that material is available to them at the port for them to lift it so that their factories operationalize smoothly. And that is what we charge that service for.

Hemanshu Chokhani: So, I'll just add some flavor here, right? We are essentially service oriented. The base is product, but it's not what it is, right? So, what is it that we do differently which allows us to and I would like to use the word literally dominate the space, which is for the procurement team, we provide excellent advisory services. These are difficult products to understand, right. The chemistries are highly complex. We live in a VUCA world; Where there's volatility, there is a difficulty in procurement, understanding lead times, shipping lanes, giving them satellite imagery and satellite tracking of vessels when they have bought cargoes from us. Storing it in tanks, right, now these tankages are not easy. They're not even available to most people. India's limited real estate is a well-documented story, so having the ability to handle products, the expertise. India is a country with diaspora, residential diaspora, and industry is intertwined. Nobody can keep cargo at their factory. I mean, especially after the Bhopal. We have documented cases of Bhopal gas tragedy. So, the government in its maturity does not allow large manufacturing units. I would urge everyone on this call to just log in your favorite chemical companies in, not being us, because we don't manufacture something, and environmental clearances and check that you are not allowed to store cargo at the factory. Most people are worried about operations. If I can speak in Hindi, the material is coming from across the seven oceans, they have to keep it in the tank and protect their manufacturing operations. If the quality is not approved, they can face a significant backlash from their consuming space. So, there are plethora of services that we provide. Even as being in the helm of the management, Vikas and I are both available to every consumer 24/7 who can call us at any hour for any support that they need. And the procurement teams of large corporates keep changing. We are the constant. We have an uninterrupted supply to so many of these customers for almost three decades. Yes, I agree the coming out party was October 2024, but the roots are very deep.

Nikhil Chandak: Understood, thanks. So, the last question is, if you were to give a number, at least some ball park number as a business plan, what percentage rate can this business grow? And the related question would be, are you at your peak since this is a trading business to some extent? So, there will be, I'm sure, some cap on the margins beyond which you can't charge. So, are you right at the upper end of your margin, EBITDA margin range right now? So, the score, I mean, least some number where what you can grow at and the margin potential.

Hemanshu Chokhani: So, I'll answer the questions in the serial order. Growth has to be sustainable, right? So, as I mentioned, the problem statement is so large that if we were to just think about growth, you can assign any exponential figure and it may not be enough. What we feel is sustainable growth, taking the mandates of customers. We have some of the who's who of India's manufacturing industry knocking at our doors to provide our services, but we many times take a back foot, ask for some time because for us to have sustainable growth is far more important than just growth. So, if I have to put at it, think a CAGR of between 40%, 45% going forward is something that we would look to sustainably have. Headwinds and tailwinds not being accounted for. When I talk about earnings, as I mentioned, we are in no way at the upper end of our spectrum. We've just started the journey of scale. So, as we walk this journey, we don't see an exponential jump in our margin expansion, but a more mathematical progression in the way margins will go forward. So, yes, I think margin should grow steadily. And I think as time passes that should reflect in the numbers that whatever we are doing should go. But these are, again, forward looking numbers and all cautionary views attached there.

Moderator: Nikhil, do you have more questions for? Since there is no response from Nikhil, we move on to the next question, which is from the line of Rashid Khan, an investor. Please go ahead.

Rashid Khan: Sir, I have a couple of questions sir. First and foremost, I just wanted to understand that are there any industry verticals, say pharmaceuticals or agrochemicals where you see a massive growth potential going forward? And also, I just wanted to understand if you have any peers in this segment?

Vikas Pavankumar: Sorry, we didn't get the second question, please.

Rashid Khan: Do you have any peers in your segment?

Vikas Pavankumar: So, the segments which we feel, I think overall, if I were to bifurcate the industry by which segments we see a lot of growth, I think it's quite reflective of the economy. Last year we saw a massive growth coming in from the paint segment, which was predominantly driven by the first time housing demand. It was driven by the fact that new entrants had also entered the industry. So, your overall raw material consumption basket of the paint industry had gone through the roof. This year we saw a lot of growth coming in from the specialty polymers industry, where there is manufacturing of something called ABS. It's a polymer which is used in your consumer durables, auto, etc. So, that's where a lot of growth has come in. Again, a lot of growth has also come in from the agrochemical space because of the destocking that has happened across the agrochemical value chain globally. So, those are the few industry pockets where we've seen initial growth.

Hemanshu Chokhani: So, to add flavor to what Vikas is saying, right, when we speak about where we see growth, since we distribute so many SKUs and we deal with the basic problem of lack of hydrocarbons in this country, we reflect what is happening in the country in general. So, when Vikas speaks about specialty polymers is because there's been a push in the EV space, right in the renewable space, in the electronic space. So, decorative paints, post COVID played a very critical role in new home sort of say demand. Now we are seeing the more residents, a recent demand coming in from the infra spend that the government is focusing on. In fact, one of the discussions that we've had internally is that with a growing defense sector, that may be a critical sector for us to think about. I'm not saying we're doing anything, but the thought has come on the table that if the country is going to be producing that much amount, simply that quantum and kilograms of defense product, math has to go in if math has to come out. So, that is a critical space. So, as the country evolves, that's what in some way reflects the key growth spaces. In the last few months, we have seen a lot of good healthy demand coming in from agrochemicals, it clearly is a very good indicator of the economy in general. So, in terms of peers right, we definitely feel we are unparalleled right, that's one of which is what we had mentioned in our offer documents as well in the DRHP.

Rashid Khan: Okay. Sir one more question before I hand it over to the next caller. I just wanted to understand what's your USP in advantage over competition and also entry barriers for others to enter in this space?

Vikas Pavankumar: So, I think the USP that I have, so I would say Shiv Texchem offers its customers three propositions which kind of differentiate them against a lot of people who do this job. In fact, even their internal procurement team, right? So, the first thing that we offer is that we have a certain proprietary models which we develop, which give us, which give them an outlook on what would be indicative pricing for the multiple SKUs that we have to offer. So, think of it as an advisory service that you get from an equity research desk in some sense. So, similarly, you have an advisory service that is there for these tertiary quadruple derivative products, which we run through in-house, where we try to give them a guidance as to how the commodity price is going to probably priced in; then after a few months or even a quarter. So, that is one.

Second, the differentiator as Hemanshu had mentioned earlier as well is that a lot of these products are very, are sourced from very many countries. It's not that it is sourced from point A to point B. There are multiple sources of origin coming into India. Now each of them has various complexities with geopolitics, with shipping routes etc. So, to give them a live indicator as to where their order is at that point in time. It gives them a lot of visibility in planning their supply chains also with respect to factory operations. Thirdly, which is most important, is providing them a storage facility. Now, again, Hemanshu touched upon this topic quite briefly, but just to expand it a little bit, most of the factories in India. They allow you to hold raw materials for not more than 2 or 3 days. Given that these are hydrocarbon substances, of course they do come up with complexities like they are flammable, they are hazardous, etc. So, most of these products are stored at the port. Now we do store these products on behalf of our customers at the port, which is a very important service element to our service offering. So, those are the three very important services that I feel apart from the underlying cargo that we are supplying.

Hemanshu Chokhani: So, again, the idea here is that we have the very binary view when we look at entities, that here are these one or two differentiators, but it is generally the sum of the parts that make the whole different, right? If you were to just look at it very binarily, on what one particular aspect of what we do, how is it a differentiator. Yes, it's great. But what makes us awesome, right, is about how does the culmination of all those things, it's not just these three things, many of these products, the supplier needs to understand the Indian market before he does it, right. We have to license with customer agencies to help them understand what we do. We have to clear the product, its imported product. We have to interact, manage logistical services such as storage and shipping. We have to understand many licenses have to be managed by the government. The government has to track the movement of every drop of what we do. Many large corporates, when they set up new factories, they're not even able to understand how they are going to fulfill the raw material demands. It's those soft advisory services. Along with, of course, the hard things such as opening a letter of credit, getting the goods shipped, making sure deliveries are on time. So, there are multiple avenues that need to be done. For something to, which is essentially to look beautiful, which is not just a singular sort of part of a whole.

Rashid Khan: Thank you. I mean, thank you for answering in detail.

Moderator: Thank you. We take the next question from the line of Kamal, an investor. Please go ahead.

Kamal B: My name is Kamal B. I'm an individual investor. Could you detail the core competence of your business model and how your service portfolio adds value to your portfolio?

Vikas Pavankumar: So, we just threw a little bit of light on this subject.

Hemanshu Chokhani: Any specific questions are on this, we just discussed the value additions that we do in a more sort of soft way with the gentleman from JM and then with Mr. Rashid Khan also. So, if any specifics are there, we could take that up.

Kamal B: So, my next question would be what is the capital expenditure you have budgeted for this financial year?

Hemanshu Chokhani: Since we are in distribution, right, we do not require investments in the form of plant and machinery, right? If you were to go to our balance sheets, that is something that is, we have only current assets, right? Our focus is on distribution and service orientation. So, humbly, that may not be applicable to us.

Moderator: We move on to the next question from the line of Ashutosh Nemani from JM Financial. Please go ahead.

Ashutosh Nemani: Thanks a lot sir. My name is Ashutosh. So, my question was on our profits have gone 5x in the past 3 to 5 years but our cash generated from operations, they have been very volatile and if I see it, it is because of working capital. So, what are the bottlenecks exactly we face in our business with respect to working capital and how can we control it?

Hemanshu Chokhani: So, when we look at the cash flow that is presented in the financial statements is as mandated by accounting standard 3, right? And so we have to appreciate that current assets in the form of inventory or sundry debt is in some sense is as good as cash. So, it's as good as operating cash flow. It's the way it's presented that may be a bit misleading. It's not that we've invested money in any CAPEX. Again, coming back to the old point. Most of your assets on your balance sheet can be converted to cash in a very short tenure. There are no real bottlenecks, but does distribution require working capital? It does. It is an endeavor to optimize the working capital cycles, but we must appreciate that goods are produced many thousands of kilometers away. They have to be moved, shipped, stored, consumed and paid for. So, there is an inherent requirement of working capital. We can only optimize it. We cannot remove it. And fund flow, which is a real critical way to analyze, I feel personally, again humbly so, the fund flow statements if one has to draw from a company, they would be very, very positive. All of the profit generated of the company is in the form of current assets. And current assets can be, as the name suggests, can be converted to cash very quickly.

Ashutosh Nemani: Okay. So, let me refrain the question. So, our receivable days have gone from 40, 43 days to around 70, 75 days. So, what exactly are we not able to negotiate with our suppliers or what is driving this increase in receivable days?

Hemanshu Chokhani: So, again, firstly, it's rebalancing of our working capital cycles that I just mentioned. Our inventory days have gone down. Consequently, one has to see, inventory days have also come down. And we've had exponential growth in the last few months, whereas debtors reflect what a point of time data is; sales, which is the annual figure reflects point of data over a period of time. So, a more correct way to look at this is what the sales was in the past 2 or 3 months. And if one also look at that, maybe the correct number would be much lesser than what has been shown. At the same time, we have, it's not about negotiation; it is about rebalancing, optimizing, and sustainability. And we are working with the full group of the industry. There's no risk in our current asset, in a sundry debt. Without taking names, I can tell you that most of our debtors are, they're CRISIL A rated and above. Many are AA and some are, many of them are also AAA. So, it is rebalancing of the working capital cycles that may portray that. As we walk this journey, we feel that the numbers that we are witnessing in FY'24-'25 on our balance sheet are working cap cycles will be ballpark in this range.

Ashutosh Nemani: Okay. My second question is, to the 40% CAGR which we have grown our sales, what kind of product, is it from the new, that we have entered into new products or bulk of the growth we are seeing from increasing volume of the existing product. So, can you please elaborate on that?

Hemanshu Chokhani: Sir, if I can use the example of a government-led double engine growth. So, the existing products also provide growth, but it is the infusion of new SKUs, which is the constant endeavor of the company, which is also providing growth. At the last point, we also sow seeds every year that give us the tasty Alfonzo mangoes that come in the summers of the next financial year.

Vikas Pavankumar: Also, the one additional thing that happened was we have actually been able to add a lot of customers to our portfolio from what we did last financial year, which has also resulted in this growth.

Hemanshu Chokhani: So, we are endeavoring to increase our SKUs every financial year, right? We were almost 10, 12 products 5 years back. Idea being that we are in the upper 40s right now, if I may hazard a guess, I may not have the exact number on hand. We hope and pray to reach say 75 - 80 products in the next 3 - 5 financial years. And as I mentioned, one of the key segments we've looked at is renewables and EV, but there is an entire new gamut of petrochemicals that are required, right? But today China is literally threatening the world because it will not supply rare earth minerals. I've been discussing internally how Neodymium, right, it's a rare earth mineral which is the new steel because without which you cannot make electromagnets. So, similarly, without letting out trade secrets, there are many petrochemicals that are going to drive the growth of the country which people may not be aware of. And however, those are the upcoming requirements. So, I feel it's a mix of the both that causes the growth and we see the growth continuing.

Ashutosh Nemani: Okay, yes. If you could just provide like, percentage like revenue concentration, what percentage we get from agrochemicals? So, my question is, could you provide the revenue concentration amongst the industry? What percentage we are getting from agrochemical, what percentage from pharma, what percentage from paint, and any, whatever industry we grow, painting ink?

Hemanshu Chokhani: So, let me put that, see these numbers which we are looking about, since we are sector agnostic, they are more dependent at a point of time what is more relevant. So, in Diwali for instance, consumer durables, FMCG, paints, decoratives, those are more important. In the rainy season, agrochemicals play a certain role. But I personally, there's no one sector which contributes significantly to our topline because the idea here is diffusion, it is about diversification. So, there is no one sector per se that would contribute significantly.

Ashutosh Nemani: All are uniform, can we say no particular dominant, agrochemical dominance or anything?

Hemanshu Chokhani: No. None whatsoever and that's a conscious decision we take.

Ashutosh Nemani: Okay. Understood. And if it is possible to provide revenue, it's not by industry, by probably chemistry, the product families we have, right? Acetone, the ones, acetyl alcohol, aromatics, inorganic, phenolic, by different, any particular product family that we are dominant in because monomers were the driving?

Hemanshu Chokhani: No, sir. We do not, again, the idea here is again, differentiation, diffusion, and diversification. We will not allow any product family to dominate our revenue.

Vikas Pavankumar: So, just to give you a context, my number one product may not also contribute close to 10% of my overall revenue.

Ashutosh Nemani: And what on ground, you are saying recovery in the agrochemical cycle, is that the correct understanding?

Hemanshu Chokhani: Yes, that would be a very correct assessment, sir.

Ashutosh Nemani: Yes, okay. Thanks a lot, sir.

Moderator: Thank you. We take the next question from the line of Anil, an investor. Please go ahead.

Anil: Good evening, sir. Actually, I have one question regarding like, have any new customer been on-boarded since the listing? Like additionally from any new industry?

Hemanshu Chokhani: Yes, sir, very much. It's a constant endeavor that so there are two parallel functions we run both sales and marketing and business development. And, one of our pride and joys that we have is the new feathers we add in our cap every quarter. And it's a significantly large number that we keep adding, which go through our rigorous both credit and operational checks.

Anil: Thank you.

Moderator: Thank you. We take the next question from the line of Neel Paresh Doshi from Fortune Family Office. Please go ahead.

Neel Paresh Doshi: Hi sir. Congratulations for your good set of numbers. And also I had a couple of questions. So, the first one is regarding the receivables as we see in current financial year, that is March 2025, we see there is a significant increase in receivables. Just wanted to get some more information about that is these receivables can be converted in our cash flow like in couple of days or is there any timeframe for these receivables?

Hemanshu Chokhani: So, as I mentioned earlier, sir, that it is a rebalancing of our working capital cycles that we have presented to you; which is current assets predominantly being inventory and sundry debtors. The number of inventory days has been rebalanced towards sundry debtors too, so that the customers can avail services from us in a more balanced way. Yes, many of these receivables are A rated and above, most of them. And if you choose and so wish, we can get them discounted at a fair rate pretty quickly.

Neel Paresh Doshi: Okay, and sir one more question regarding our fundraise plan. Is there any fundraise plan going further?

Hemanshu Chokhani: So, sir, we are still internally discussing this with the board and the committees. So, on that one, we'll get back to you as and when we do plan that.

Neel Paresh Doshi: Okay, thank you.

Moderator: Thank you. We take the next question from the line of Abhishek Jaiswal from Finavenue. Please go ahead.

Abhishek Jaiswal: Good evening, sir. Congratulations on the excellent set of numbers. Well, I believe the queue was long in the waiting over here. Most of the questions have been asked. Building on the strong historical growth performance and the strategy of our company, can the management care to give some forward-looking perspective on the expected margin profile of the business? And how might efforts to optimize the working capital cycle will impact the profitability and the margins further? And if we can have some color on the forward topline as well as bottom-line. I mean, if the management just can give a ballpark figure around this.

Hemanshu Chokhani: So, again, what we must appreciate here is the focus on sustainability, right? And not the focus on numbers, which I understand as investors, sometimes that's the only thing that's visible. But we do believe what we've done in the past is what we can achieve in the foreseeable future. I don't think that there is any disconnect over there as far as the revenue goes, as far as margins go. I mentioned that there will not be an exponential jump. I don't think that it would be a responsible way to speak about it. We are in distribution, but we do see a healthy, steady, and healthy sort of arithmetical growth, as I mentioned, and not a geometrical growth in our EBIT margins, right, and our profitable margins. And those will be reflective of our effort of adding more specialty products, providing better services, enjoying benefits of scale, of course other tailwinds will help, there's a rate cut by our guess. Of course those things will translate into benefits. So, yes, I think that should provide some flavor as to what we are looking at. The mature and sustainable growth is our focus.

Abhishek Jaiswal: No, sir, I really appreciate. So, at present, management cannot comment on any forward guidance on the CAGR terms.

Hemanshu Chokhani: Essentially, what we've achieved in terms of revenue is what we can definitely look to achieve going forward in terms of growth. I think that would be a fair way to look at it. And in terms of margins, we do expect margins to grow albeit steadily and not very irresponsibly.

Abhishek Jaiswal: In case for expansion, looking growth on the topline, where could we incur the fund required for that, sir? I mean, would it be from the line of debt or would it be from the line of further dilution?

Hemanshu Chokhani: So, under discussion in the board, sir. So, of course, we would require funds. But we are discussing and we'll share our views as and when.

Abhishek Jaiswal: And I believe like in the earlier question, there was a question on the breakup of the portfolio. Well, I can understand that management cannot comment for the current portfolio. But in the past, like in the fiscal '24 or on the first half of '25, can you give a bit of a quantitative color on the family from which we got a maximum volume as well as realization? And are we seeing any trend in the whole product portfolio where realization are much more and how actively management is trying to encourage a further volume on that side?

Hemanshu Chokhani: So, there are two aspects to this. It's not that, again, I would like to reiterate sustainability here. It is not about capturing a one month opportunity to where we see something and we let go of everything else and change that like a mad hair. It's not our objective. Our core guiding principles, the lighthouse for where we stand and see of, will always be differentiation, diffusion and diversification. So, that is what we are going to focus on. We are not going to have irresponsible, immature growth in a particular product family or a customer set or an industry because that leaves you susceptible for future volatility. So, what we want to achieve is something that should be fairly sustainable. And hence, I don't feel that there will be a scenario where we will have lopsided sales or lopsided industry exposure. That being said, our business development team is always focused on identifying what it is that is going to be the next part of growth. And I mentioned some sectors like EV, renewables, electronics, specialty polymers, and even the idea of being bounced around in the boardroom is defense. So, again, that is a constant endeavor. And then there are seasonal effects of monsoon, then Diwali and other festivals and the winter holidays. So, that being said, I think one can easily assess what you're doing.

Abhishek Jaiswal: Fair enough sir. But if you look at the numbers jump from FY23, 1100 topline to 1500 to 2200 in the March '25, the significant jump is simply amazing. But has this jump coming from like, is this jump coming from more volume in the existing products or were there introduction of significant new products? If you can comment on that. I mean, we are having more and more volume on the topline products of the company in the portfolio. Or have you introduced new products to jump from 11 to 15, 15 to 22 now?

Hemanshu Chokhani: So, there is every year, every financial year, when you begin the financial year, you have your old set of products, which are your core products, which definitely grow at a certain CAGR. You have some new products which you've been working on for a couple of years, which sort of blossom into beautiful flowers. And you also sown some seeds last financial year or you focused on something which adds to some portion of your revenue. Each product obviously will have a certain life cycle, some long, some short. And the idea being to, so we've grown, I believe we've mentioned in an offer documents also from almost a 5 - 10 product company to a 40 plus product company, right? And we want to hit 75, 80 products because the more specialized products you deal in is the higher margins you're able to achieve. And the more sustainable your operations are, the more customers seek you out, the more suppliers seek you out because it's a one-shop stop window for all procurement needs. And yes, so it's a mix of the two, right? You have your base load and then the flavors and the cream that you add on top, which may become the base road for the future.

Abhishek Jaiswal: I appreciate sir. Thank you for the response. And ideally, if I'm looking at the inventory turnover correctly, we are slowly inching from a zone of 3 to 4 to now in fact, 5 and a higher. Like, we are confident that the inventory turnover will increase from here onwards as well, or we are looking for somewhere in this ballpark figure only? Because we have been increasing rapidly in the past.

Hemanshu Chokhani: No, I think in number of, humbly so, firstly, I feel that the turnover has increased and as per our analyst team internally in fact, when we track it, the number of inventory days have substantially dropped if I look at FY'23 to FY'25. So, inventory turnover has significantly cooled off.

Abhishek Jaiswal: Inventory turnover is increasing, inventory days is falling. That is a very good thing. So, I mean, with the '25, you are having an inventory of Rs. 495 odd crore against which you have done 2200. In '24, you had Rs. 397 crores against which you have done 1500 plus. So, naturally from 4 to 5, 5x inventory turnover, the company is doing well. I'm asking should in the future also, should I look in the range of 5 only or are looking to normalize further now?

Hemanshu Chokhani: I think there will be some normalization and some further optimization. But I do not foresee this to be sort of there to be again a massive improvement in this, we are inching towards a more stable state. There is some improvement left and we will of course work on that.

Abhishek Jaiswal: Fair enough. That's everything from my end. Thank you so much.

Hemanshu Chokhani: Thank you, sir.

Moderator: Thank you. The next question comes from line of Avinendra Singh, an investor. Please go ahead.

Avinendra Singh: Sir, I have 2 questions. The first is on the business model itself. Are we opaque in nature or is the model transparent? What I mean by that is when we are selling a product or sourcing a product for a buyer, does he know who the supplier is or is his supplier in his mind Shiv Texchem?

Hemanshu Chokhani: And the second question, sir?

Avinendra Singh: And the second question is, you you've spoken about the infrastructure requirements when you're sourcing these chemicals. Specifically from a capacity utilization perspective, there'll be some units which you are leasing or potentially you can lease. If the demand were to kick in, is there enough capacity out there that you can go on and take on in a short period of time to ensure that you can meet that demand? Or is there a restriction from an infrastructure perspective which will require some time before you can actually fulfill that demand properly?

Hemanshu Chokhani: Hi, Avinendra. Thanks for the question. I think that's a really insightful way. Sometimes we only look at the numerical part. So, when we deal with customers, right, we are distributing highly specialized product. Many of our agreements are tripartite. So, there is no scope for us to be, this opaqueness, opacity really hurts the system. Everyone has to be in sync. There is no win-lose here. The more downstream you go, the more specialized you become. Everyone needs to know what's happening in the system. So, we do encourage transparency. In fact, opacity sometimes tends to happen in the most commoditized products. So, the customer needs to know from who's the supplier, the country of origin, what time the products will come in. So, there's no reason for us to hold back on that, right?

Vikas Pavankumar: In fact, there are certain customers who require a particular product of a particular manufacturer. In fact, it could also be that there are certain customers who require a particular product from a particular location as well. Now, obviously you would say that, why would he or she not do it himself or herself? The challenge that kicks in is that you need to, you know, for a small product, which probably is not too significant on their overall P&L, it's just about investing that time and energy to do it, rather than outsourcing it to a third party.

Hemanshu Chokhani: Think of any export oriented company, right? Or I know of many agrochemical companies. Pardon me if I'm being a little technical here. A lot of manufacturing processes are not just based on chemistry books. Some guys somewhere figured out that if you take a certain quality of product from Shiv Tex and you do this and you make this, you get perfume which smells pretty good. Why that happens, a lot of people are not even aware of. So, for him to know that from where we are sourcing and to feel comfortable is extremely important. This is called parametric production and not sort of formulaic production. So, where people need to understand where they bought from and coming to the second part, right about how infra plays a critical role. It does, right? So, we have an operations team who and the sales teams and the BD team and the operations team are constantly engaging with each other to understand what is it that's going to be the next major requirement. And that's why I appreciated what you asked because it is a constant endeavor. If you work hard enough on it, there are no bottlenecks. If one has to have a lackadaisical attitude to it, of course it will be a problem. So, what we focus on doing is identifying and understanding what are going to be the changes in the needs of the country, right, which is eight today and what it will be, say, a quarter or a year later. And engaging with the service providers, the logistic service etc. and making sure that we have access to all the infrastructure that we need. But yes, I feel if given proactivity, it won't be a bottleneck.

Avinendra Singh: Understood. If I could just sneak a quick question in on your second answer. So, given I appreciate that there's transparency across the system and you have clearly over a period of time built up a technical know-how on the products, on the sourcing. Is there scope for you to bundle orders and in some cases even place larger orders and hold inventory and play an arbitrage on certain products? Is that a lot harder to do given the volumes that you are buying and some of the niche sort of applications of these particular chemicals?

Vikas Pavankumar: So, if I may ask, are you a long-only investor?

Avinendra Singh: Yes.

Vikas Pavankumar: So, sir, same thing with us. So, we are in the business of distribution, we're not in the business of speculation. So, I mean I would never want to even taste the fruits of speculation because once you do that, you get addicted to it. Hence, even if I have a view that this particular thing may leave a beta for me on the upside, I would not play that trade because I do not want to fundamentally corrupt the DNA of my organization by having a speculative game in my system.

Avinendra Singh: Understood. I appreciate the honesty. Thank you so much for your time and all the very best.

Moderator: Thank you. The next question comes from the line of Nikhil Chandak from JM Financial. Please go ahead.

Nikhil Chandak: Yes, my follow-up question was, you mentioned that you will be focusing on niche products, not really mass products which the company needs in bulk. But because you're focusing on niche products, would it also mean that growth will be tougher to come by because there will be only so many niche products and once if your customers also know the end supplier. Is there hope that as the quantity for him increases, he goes directly to the supplier himself instead of rooting the order through you guys? And logically as the requirement increases, does he really need you in the middle and pay 3%, 4%, 5% extra? If the quantity really increases, he leaves the intermediary and goes directly to the supplier. So, I'm wondering, eventually won't you need to do large scale or bulk supplies also instead of focusing only on the niche one?

Hemanshu Chokhani: That's why I mentioned that firstly we are focusing on mature and sustainable growth. I can easily walk towards exponential growth with an X factor if I was to just do very simple commoditized product. But what sustainability does that have? Now this brings me to your second question. Why do people come to us? One of the best things I've personally felt in life, the proof of the eating is in the pudding or vice versa. We have some of the who's who of the industry and with humbly so I would not be comfortable taking names. Who have lined up outside our offices to buy from us and seek out our services. And these are not people whom I'm speaking about are even doubly, they're AAA rated entities. I'm sure the number of AAA rated entities in India are not that many. Which means, in fact, what I want to focus on is the bigger the entity, the more vulnerable they are to supply chain shocks, volatilities, and that much more they need their services. And in fact, they're able to charge a premium to larger folks when compared to smaller folk, right? Because they actually need our services.

Nikhil Chandak: Sorry to interrupt, I appreciate that and you emphasize on the sustainability of growth factor. Everybody appreciates that. I think that point is well understood and noted. The question really what I'm asking specifically is that if you do only niche supplies to all these AAA rated companies, how does the growth come by because there will be only so many niche products right? Bulk of their businesses would be or bulk of their imports for their business would be say the normal commodities or the bulk commodities so to say. So, if the focus is only on niche, my specific question is that how does that impact or not impact the growth of the business going forward?

Vikas Pavankumar: So, to answer your question, I think you're, so don't take niche when I say niche in its literal sense. When I say niche, the way you need to understand what niche means is that if you see their overall spend on raw material, so how much are you contributing on the overall spend of that particular entity? Now, as I said earlier, our focus has been on the longer tail, which is your last 25%-30% of the overall spend of the entity. So, they have a multitude of products which contribute to that 25%-30% of that overall spend which kind of results in the, which is where there is susceptibility in them going directly to the manufacturer because the quantity is not that big that it goes directly. This is first thing. Second thing is that I am doing this service, I am aggregating this service across multiple such end users of this product. So, fortunately, I get the benefit of scale with respect to my sourcing, which otherwise would not be presentable to my end user.

Hemanshu Chokhani: So, what I was trying to put forward, right, it's not that we're not doing your bread and butter. We are doing that. That will result in good growth. But if you just continue to do that, it's not going to result in better margins. So, we continue to grow our existing product set, but the focus is also adding more the niche products, because those will become the superstars of tomorrow. So, if I want to have sustainable growth, and if I can be a little specific since we're getting into this, let us say for instance, as I mentioned, the renewables in EV space requires a certain set of chemicals, which today may not be imported in the country in bulk. But given the expansion plans and the spend we see, these will become superstar products 3 years later. So, we have to run 2 or 3 different engines. One is your regular engine. Of course, they focus on growing that engine. But there'll be, irresponsibly growing that engine will mean that you may not have sustainability. So, you grow that engine, you grow your new set of products and you also sow seeds for new products. And when we do all of that is when you see good results.

Nikhil Chandak: I am just curious, why would you contemplate a fundraise at some time in the future? Because this is a CAPEX-like business, right? It's a distribution business. So, till the time your receivable days are well in control, till the time your end customer pays you in time, logically you shouldn't need more funds to grow the business.

Hemanshu Chokhani: As you pointed out, sir, that the receivable days will be in a certain range. But if I were to grow the revenue, then consequently the working capital requirements will increase. There's only, as I mentioned, that there is requirement of working capital. It's a fixed asset light heavy business, right? But we do have money in the form of current assets, which will be a function of my revenue. If my revenue has to increase at a certain pace, there has to be growth in my current assets.

Nikhil Chandak: So, there's no scope of the customer paying you in advance to procure whatever material he wants to take your help.

Hemanshu Chokhani: So, we have to evaluate the costs of asking a customer to pay up quickly versus paying in a certain timeframe. And that's a decision that is taken by us on a daily basis. But yes, as I mentioned, there will be requirements of working capital in this business. It cannot be eliminated.

Nikhil Chandak: Sure, thanks.

Moderator: Thank you. Ladies and gentlemen, we take that as the last question and conclude the question and answer session. I now hand the conference over to Mr. Vikas Pavankumar for his closing comments.

Vikas Pavankumar: Hi, thank you everybody. Thank you for giving us this opportunity to present our results to the larger forum. I thank all the participants for having come in and spent time with us to understand our firm better. Thank you, Ryan, for moderating the call. In case there are any clarifications, you could reach out to us. I think the email IDs will be shared by the moderator itself. Thank you everybody.

Moderator: Thank you. On behalf of Shiv Texchem Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.