

**August 5, 2025**

To,  
The Corporate Relations Department,  
**BSE LIMITED,**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort  
Mumbai- 400 001

To,  
The Listing Department  
**National Stock Exchange of India Limited,**  
Exchange Plaza, 5<sup>th</sup> Floor, Plot no. C-1,  
G-Block, Bandra Kurla Complex,  
Mumbai -400051

**Scrip Code: 543349**

**NSE Symbol: ACUTAAS**

Dear Sir/Madam,

**Subject: Transcript of Earnings Call for Q1 FY26 financial results held on July 30, 2025**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we hereby enclose the transcript of the Earnings conference call held on July 30, 2025 post announcement of financial results for the quarter ended on June 30, 2025.

The same will also be available at the website of Company at [www.acutaas.com](http://www.acutaas.com).

This is for your information and records.

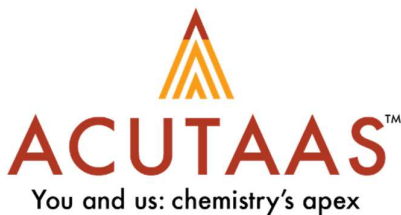
Yours faithfully,  
For, **ACUTAAS CHEMICALS LIMITED**

**CS Ekta Kumari Srivastava**  
**Company Secretary & Compliance Officer**



Encl: As Above





“Acutaas Chemicals Limited  
Q1 FY '26 Earnings Conference Call”  
July 30, 2025

**MANAGEMENT: MR. NARESH PATEL – CHAIRMAN AND MANAGING  
DIRECTOR – ACUTAAS CHEMICALS LIMITED**

**MR. ABHISHEK PATEL – VICE PRESIDENT, STRATEGY  
– ACUTAAS CHEMICALS LIMITED**

**MR. BHAVIN SHAH – CHIEF FINANCIAL OFFICER –  
ACUTAAS CHEMICALS LIMITED**

**MODERATOR MR. KRISHAN PARWANI – JM FINANCIAL  
INSTITUTIONAL SECURITIES LIMITED**

**Moderator:**

Ladies and gentlemen, good day, and welcome to the Acutaas Chemicals Limited Q1 FY '26 Earnings Conference Call, hosted by JM Financial Institutional Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Krishan Parwani from JM Financial Institutional Securities Limited. Thank you, and over to you.

**Krishan Parwani:**

Good evening, everyone, and thank you for joining us on Acutaas Chemicals Q1 FY '26 Earnings Conference Call. Today, we have with us Acutaas Chemicals management represented by Mr. Naresh Patel, Chairman and Managing Director; Mr. Abhishek Patel, Vice President, Strategy; and Mr. Bhavin Shah, Chief Financial Officer.

I would now like to invite Mr. Bhavin Shah to initiate the proceedings. Over to you, sir. Thank you.

**Bhavin Shah:**

Thank you, Krishan. Good evening, everyone. We are pleased to welcome you all to our earnings conference call to discuss Q1 FY '26 financials. Please note that a copy of our disclosure is available on the Investors section of our website as well as on the stock exchanges.

Please do note that anything said on this call, which reflects our outlook towards the future, or which could be construed as forward-looking statement, must be reviewed in conjunction with the risks that the company faces. The conference call is being recorded and the transcript, along with the audio of the same, will be made available on the website of the company and exchanges.

Please also note that the audio of the conference call is the copyright material of Acutaas Chemicals and cannot be copied, rebroadcasted or attributed in press or media without specific and written consent of the company.

Now I would like to hand over the floor to our CMD, Mr. Naresh Patel, for his opening statement. Over to you, sir.

**Naresh Patel:**

Thank you, Bhavin. Good evening, everyone. I hope you are all doing well. Let me begin by briefly touching on the key industries we operate in, and then I shall move to business updates.

Starting with pharmaceutical, raw material prices have remained stable and demand for our products is steadily improving. The CDMO segment continues to attract strong interest.

Battery chemicals – this segment is seeing significant momentum. The U.S. has introduced the One Big Beautiful Bill Act replacing the IRA. While this Act removes subsidies on EVs, which could impact consumer demand, it retains and, in some areas, strengthens the manufacturing-related incentives.

The Act restricts participation from a set of prohibited foreign entities and accelerates the sunset of manufacturing credits. This is driving urgency among manufacturers. And as a result, we are seeing a noticeable uptick in customer interest for our battery chemicals offering.

Moving on to the semiconductor industry. We are seeing a similar dynamics. Customer wants to diversify their supply chain and are looking for partners closer to their manufacturing basis. This brings me to a key development. We have entered into a joint venture in South Korea named Indichem, where we are investing approximately KRW30 billion. We will hold a 75% stake, while our Korean partner brings in technology and market access in exchange for a 25% stake.

The facility will manufacture specialty chemicals used in chip production. We have strong visibility on both the product mix and customer base for this venture. While I can't share customer names but would like to highlight that we already have good visibility on who our customers will be and what kind of business we are expecting from this venture once the plant is up and running.

Now coming to our Q1 performance. Our revenue for Q1 FY '26 grew by 17.3% year-on-year to INR2,072 million. The growth came primarily from our advanced pharmaceutical intermediates business, while the specialty chemicals business was steady. Abhishek will walk you through the numbers in more detail shortly.

Coming to the business updates, we successfully completed a virtual audit of our Unit II at Ankleshwar by Japan's PMDA. And I'm happy to share that it has been declared GMP compliant. That means both of our pharma intermediates facility are now PMDA GMP certified, something we are proud of as it reflects our strong focus on compliance and quality.

We also continue to strengthen our team, especially at the middle and senior levels, bringing in people with deep expertise to lead specific projects or business areas. This helps us operate more efficiently and allow the core leadership team to focus on long-term strategy.

To conclude, we have good visibility in our pharma intermediates business as well as for the specialty chemicals business. Therefore, I'm confident we shall deliver 25% growth with stronger margin this year.

With that, I shall now hand over to our Vice President, Strategy, Abhishek Patel, who will take you through the detailed business update. Over to you, Abhishek.

**Abhishek Patel:**

Thank you, Naresh bhai. Good evening, everyone. Let me provide further insight into our business performances. Starting with pharmaceutical intermediates. This segment delivered revenue of INR165.8 crores in Q1 FY '26, which is strong growth of 23.3% Y-o-Y, which was driven by core advanced pharmaceutical intermediates business as well as the CDMO segment.

Moving on specialty chemicals business. This business segment reported flattish revenue of INR41.4 crores during the quarter. While the commodity chemicals business saw healthy growth

driven by volumes and steady pricing, this was offset by softer performance of Baba Fine Chemicals business.

On the capital expenditure side, capex for the quarter stood at INR69 crores, primarily allocated to Jhagadia site for electrolyte additive project.

Let me give some further updates on the capex. Ankleshwar capex stands completed. Last pending block has been commercialized in the current quarter. Electrolyte additive capex at our site in Jhagadia is on track and expected to be completed by Q3 FY '26.

Coming to solar, in addition to 10.8-megawatt plant, which was commissioned last quarter, I am delighted to share the successful commissioning of remaining 5-megawatt solar plant. Now we have in total 15.8-megawatt power plant, which will offset majority of our electricity cost at our Sachin, Ankleshwar and Jhagadia unit.

Full benefit of this solar power plant will be visible from Q3 FY '26 onwards. Capex for pilot plant has already started at our Sachin unit. We hope to complete the same within a year time. Overall, the capex for the current year is expected to be around INR250 crores, and we have sufficient cash on hand to fund this capex.

On the business update, starting with Pharmaceutical Intermediates segment, our remaining CDMO projects are progressing as per plan and are expected to begin contribution to the top line from Q4 FY '26 onwards. Moving on to semiconductor business.

As Naresh Bhai mentioned, we are investing around KRW 30 billion in Korea in a joint venture named Indichem, wherein we will be holding 75% stake. Remaining 25% stake is given to our Korean partner for bringing product, technology and market access. To reiterate Naresh bhai's point, we have strong visibility on both the target customers and the product pipeline that we aim to manufacture under this venture.

The capital expenditure plan and location of the plant have already been finalized, and we're now moving swiftly towards execution. We expect capex to be completed in second half of the calendar year 2026 with commercial production beginning by late 2026 or early 2027. On the customer front, we continue to build strong relationship in both Korea and Japan. While we have already, we are already well advanced in customer engagement in Korea, I am pleased to share that in Japan, we are in final stage of discussion with a large multinational customer.

In our battery chemicals business, I'm happy to report that we have introduced a couple of new products with both existing and the new customers. Due to confidentiality agreements, we are unable to disclose the further details at this point of time.

However, we expect these developments to translate into commercial contracts starting FY '27. Before I conclude, I want to reaffirm our confidence in delivering 25% revenue growth in FY '26. And on the margin front, we are again committed to drive the further improvements.

With that, I will hand over floor to our CFO, Mr. Bhavin Shah, for the financial update. Over to you, Bhavin bhai.

**Bhavin Shah:**

Thank you, Abhishek bhai. I would like to briefly highlight the key performance metrics for the quarter before we open the floor for questions. Before I start with the quarterly numbers, I would like to highlight that, as mentioned by Naresh Bhai and Abhishek Bhai in previous earnings calls, our Q1 is always a softer quarter due to the nature of business, and this has been the case for the last 15 years. And therefore, the number might look suppressed on a sequential basis given our Q4 is always the strongest quarter.

Having said this, let me start with the quarterly performance. Revenue from operations for the quarter reached INR207 crores, representing 17.3% growth Y-o-Y. Gross profit for the quarter was INR110.3 crores, reflecting 48.4% increase compared to the same period last year. The gross margin expanded by 1,117 basis points Y-o-Y to 53.2%. Gross margin was driven by cost optimization initiatives as well as improved product mix.

EBITDA for the quarter was INR50.9 crores, which was up 72.4% Y-o-Y. EBITDA margins were at 24.6%, up 785 basis points Y-o-Y. EBITDA margin was driven by expansion in gross margin. PAT for the quarter was INR44 crores, which grew 3x compared to the PAT of INR14.7 crores in Q1 FY '25. PAT growth was driven by higher EBITDA margin and strong other income driven by foreign currency gains. PAT margin for the quarter was 21.2%, which show an expansion of 1,292 basis points Y-o-Y.

Moving on to the balance sheet item. Net cash and cash equivalents were at INR270 crores. Our working capital for the quarter was around 128 days, which was increased by 14 days compared to Q4FY '25. This is mainly on account of the lower payable days due to the advanced payment for better pricing of raw materials, while for the full year, we believe our working capital would be around 110 days.

Although there was an increase in working capital, I'm happy to share that we have generated a strong cash flow of INR94.6 crores from the operation during the quarter.

With that, I request moderator to open the floor for questions. Thank you.

**Moderator:**

Thank you very much. The first question is from the line of from Akhand from JM Mutual Fund. Please go ahead.

**Akhand:**

I just wanted to understand what we are making in the battery chemicals side and how scalable and how big can this business be over the next 3 to 5 years? And what is the profitability of these products in the first place? Because we are a little confused. We say that we hear that profits are not very forthcoming in this business.

**Abhishek Patel:**

In electrolyte segment, we have proposed to manufacture electrolyte additives, which is an ingredient for electrolyte solution, which goes into the battery. For this, we have already done

the market development. We have already signed contract in place with the customer. And then we are at the point of completing our capex with respect to this business.

So once this capex has completed, the commercial full-fledged supply will start. And margin will again be a function of the scalability of that product in that plant. But we are hopeful that this business will give us a good margin as compared to other spec chem business of which we are operating into as of now.

**Akhand:** So, what is the total investment in this business? And what is the kind of likely turnover we can make from this business?

**Abhishek Patel:** In this business, I will not give you the exact number for the turnover. But what we can say is we are expecting 1.5x the asset turn in this business. We have announced the capital expenditure of INR177 crores for this business, which is for 2,000 metric ton of VC and 2,000 metric ton of FEC.

**Akhand:** Okay. And the battery projects in India seem to be delayed if we look at Exide, Amara, Maruti and Tata Motors, almost everybody's battery projects are delayed. So, do you think that we can see any benefit of this investment in FY '27? Or will it be later?

**Abhishek Patel:** Good question. See, let me just bring to you notice that, as I mentioned, we have already signed agreement in place for this business. And all our capacity, what is I just mentioned, this is for our export business. We are as of now not dependent for this capacity on the India.

In future, whenever the India business gets going, we will supply with the additional capacity in place. So, we are not dependent on the domestic market. As and when the production plant gets completed, sorry, capex gets completed, we will start shipping our materials. And it will give us the revenue by end of this financial year, maybe Q4 FY '26.

**Akhand:** And we are cost efficient compared to Chinese?

**Abhishek Patel:** Sir, when we get into any business, we make sure that we should be competitive then only we launch any of our product.

**Moderator:** The next question is from the line of Nilesh Ghuge from HDFC Securities.

**Nilesh Ghuge:** Sir, my question is related to Advanced Pharmaceutical Intermediates. See, we saw a very good growth of more than 24%-23% Y-o-Y. But is it because largely because of CDMO and that too because of this Fermion contract? Is my understanding correct?

**Abhishek Patel:** In fact, I mentioned during my commentary also that this business growth is largely driven by our core advanced intermediate business. Of course, the CDMO business is important, but the large portion of this growth comes from the ex CDMO pharma intermediate business. Unfortunately, I will not be able to share the exact figures on this but let me again restate that it's a large portion of growth is driven by ex CDMO business growth.

- Nilesh Ghuge:** Great. And is it volume driven or there is a change, I'm comparing Y-o-Y. So, is it because of this volume has gone up? Or is it price-driven growth?
- Abhishek Patel:** Growth volumes are also there, but the realization has improved as compared to Q1 FY '25 because of favorable product mix.
- Nilesh Ghuge:** Okay. Okay. And there is, I mean, if I look at the gross profit level, there is a significant jump in the gross profit level Q-on-Q and Y-o-Y also. But at the EBITDA level, sequentially, there is a dip. So, what cost has gone up? I mean, is it because of this operating cost or is it because of the product mix that your EBITDA margin is below, if I mean lower than the Q4, but at the gross profit, it's much, much better if I compare sequentially?
- Bhavin Shah:** So, Nilesh, you have seen a better gross margin. And when we scale up, see, as I mentioned earlier, Q1 is always the lowest quarter. So, as we grow Q2, Q3, Q4 and our sales number will also grow there. So, margin will improve from here. So, this is where we are.
- Abhishek Patel:** So, in nutshell, the gross margin improvement is there because of the, as I just mentioned, favorable product mix as well as the cost improvement measure which we saw in some of our largest products. And of course, as Bhavin bhai mentioned, the expense, the EBITDA margin level, the expense base expense level looks high as a percentage of sales because of the lower revenue base as compared to Q4 FY '25.
- Moderator:** The next question is from the line of Abhijit from KIE.
- Abhijit:** Just on the battery business rather, battery chemicals business, you mentioned some new developments in terms of possibility of entering into a new contract sometime towards the end of this year also. So just to understand, should we expect some further capex announcements in that business later on in this year? And are these new products also electrolytes, or are they in another part of the battery value chain?
- Abhishek Patel:** Yes. As I mentioned, we have a couple of new products added in this segment. And from that segment also, the customer developments are already being done and now we are at a good stage to get the revenue, but not in this financial year, it will start from next, early next financial year. And of course, there will be some additional capex would be required in terms of additional infrastructure utility as well as some additional capex, which will be around INR40 crores to INR50 crores in total.
- Abhijit:** Okay. And are these electrolytes as well or there are some other categories of products?
- Abhishek Patel:** No, Electrolyte additive specifically.
- Abhijit:** You're right. Okay. Understood. Then just on Baba Fine Chemicals, as you mentioned in your opening remarks, the numbers have been a little bit soft. So, if you could please just help us understand what exactly is happening there? And how you see that semiconductor chemicals business overall trending over the next 2, 3 years?



**Abhishek Patel:**

On Baba Fine Chemical semiconductor business, the demand has been soft from our end customer side, which was kind of in last quarter also. But as I mentioned earlier also that the purpose of this acquisition was to get into this semiconductor business, and that's the reason we are aggressively going into other market of Korea, Japan, Taiwan and where we see a good traction coming in.

So, we are very hopeful that post acquisition of this business and the kind of market traction we are seeing in this market. And as I mentioned, we are very near to a Japanese customer in this segment. So hopefully, this business will again pick up and get us a better revenue in future along with other customers from Korea and Taiwan.

**Abhijit:**

Right. Just 2 last quick ones from me. I'll combine both of them. One is the gross margin has gone to 53% this quarter. And from your comments, it seems like these cost improvements that we have made are sustainable in nature. So, should we kind of expect gross margins to stay north of 50% in coming periods?

That was question number one. And number 2, just on Darolutamide, I believe there has been a label expansion in the recent past. So, if you could please just share your thoughts on what this might mean in terms of implications for the growth, for our growth in that business? Also, anything you would be able to add on your new pharma CDMO projects that you're expecting by year-end?

**Abhishek Patel:**

For gross margin improvement, as I mentioned, it is driven by some of the cost measurement improvement. So, this, it's a normal day-to-day practice for us to improve the cost for each and every product. So, this is what we have done for some of the, our largest product in last year, and that is visible in the numbers also in Q1 FY '26. So those are kind of sustainable and favorable product mix. So as and when this product mix becomes favorable, it adds to the gross margin. That depends on the product mix.

On the label expansion of this Darolutamide, so the label expansion has been going on. It has been approved in some of the geography earlier. Now it has been approved in the geography of Europe, U.S. and now in Japan also.

So, this will definitely add to the demand of this product for our customer. For us, whatever guidance we are giving, that is based on the customers' demand and that demand and the projection for next 5 years remains intact, at least from our side and from customer side. Any additional demand that I think customer will communicate to us, and we are hopeful to get a significant chunk from that also.

**Moderator:**

The next question is from the line of Krishan Parwani from JM Financial.

**Krishan Parwani:**

Congrats on strong set of numbers. A couple of questions from my side. First, on the semiconductor JV, I wanted to understand when will you start the sampling from the pilot plant?

- Abhishek Patel:** So related to Korea JV, as I just mentioned, we have finalized the capex. The location has been identified and finalized. So now it's a time for us to quickly move on to the execution of the capex. So that is expected to get completed by second half of calendar year 2026. And then by end of '26 or early 2027, we should be able to give the production.
- Krishan Parwani:** Yes. So, understood. I was more referring to, have you kind of made these products in Baba Fine Chem or have you worked on these products in your R&D? Or how is it? So that's probably my question was from that.
- Abhishek Patel:** No, no, no. These are completely new products. These are advanced products than what we have as of now. Further, more detail, I will not be able to share it as of now, but the technology for these products are being bring in by the, our Korean partner. And there, some of the R&D work will also be done at Korean site only.
- Naresh Patel:** I would just like to add in Abhishek's comment is that whatever the Baba Fine Chem products which we are doing and selling to, we are not touching that at all for forward integration. Whatever we are doing is apart from that.
- Krishan Parwani:** Okay. That's great to hear, sir. Secondly, just wanted to understand when will revenue contribution start from electrolyte additives and new CDMO project? I think you mentioned 4Q for the new CDMO, and what about the electrolyte additives?
- Abhishek Patel:** That is also we are expecting in Q4 only.
- Krishan Parwani:** Okay. And thirdly on how are things progressing on the ex CDMO products such as Apixaban, Rivaroxaban and probably Trazadone as well?
- Abhishek Patel:** So those products are doing good. As during the first question, as mentioned, the growth in this pharma intermediate business is being driven by ex CDMO products and that shows up in our numbers as well. So, and as I mentioned, the gross margin is driven by the favorable mix of the products. So these are the new products which are contributing in a good number along with the existing products who are doing good with the improved margin and this is how the overall pharma ex CDMO business is doing well for us.
- Krishan Parwani:** Okay. That's great, sir. And just the last bit, given we are doing a lot of capex. So just wanted to know what is the split of the capex in FY '26 and FY '27, just from the, how much will you spend in '26 and '27?
- Abhishek Patel:** So, capex number, those are similar to what we discussed earlier also. The electrolyte additives capex is INR180 crores; pilot plant is INR30 crores and maintenance capex is INR40 crores. And this includes some of the capex or infrastructure requirement in electrolyte additives segment for the new product also.
- Moderator:** The next question is from the line of Dhara from Valuequest.

- Dhara:** All my questions are answered, I just have one last question on the margins, the segmental margins for Pharma Intermediate and Specialty Chemicals?
- Bhavin Shah:** So segmental margin for Pharma is around 28% and specialty is around 11%.
- Moderator:** The next question is from the line of Jason Soans from IDBI Capital.
- Jason Soans:** Congrats on a very good set of numbers. Sir, just wanted to understand one thing. I mean, one is that you mentioned that there is a higher other income. And you also mentioned that there is a higher foreign exchange gain for you. So, is it possible to quantify that what is the gain number in this quarter?
- Bhavin Shah:** So, in this quarter, we have other income of INR16 crores. So out of that, foreign exchange gain is around INR12.5 crores and interest income is INR3.5 crores.
- Jason Soans:** And sir, just wanted to know, I mean, of course, the electrolyte additive capacity capex will actually get commissioned, let's say, by the end of this year, as you mentioned. So, we have 2,000 tons of VEC and FEC both. Just wanted to know -- you did mention that you are looking at an asset turn of 1.5x on the capex. Just wanted to know for '27, do we have a certain volume target in mind for this capex out of 2,000, 2,000 how much are we going to looking at a sales target or something like that?
- Abhishek Patel:** I will not put any specific number to it. But just let me give you the update that we now have a full visibility on the capex we have planned for 2,000 metric ton of VC and 2,000 metric ton of FEC so it will ramp up very fast in FY '27. And in fact, now the next step will be for us to set up or find a new capacity to cater the demand traction what we see in the market.
- Jason Soans:** Okay. Sure, sure. And sir, also wanted to know, I mean, you did speak about, of course, there's a good traction in the ex CDMO business. How is the pipeline looking, sir, going ahead for the core intermediates business also and any long-term contracts? How is the Fermion order scaling up? What, how is the visibility looking at going ahead for the API business?
- Abhishek Patel:** For the ex CDMO business we have good visibility in terms of our product pipeline as we have very strong product pipeline, R&D pipeline up to patent expiry of API beyond 2040. So, for which we have already developed the intermediate, we have already sampled it. We already submitted to customer on a commercial scale. So that gives us the visibility and the confidence that our ex CDMO intermediate business will keep growing.
- And apart from that, we have a very good pipeline with the originator business also. This is over the year we have structured our business and going well over more than 15 years. On the Fermion side, this is largely Fermion business is a large portion comes from the CDMO space.
- And there, we have for that particular contract, we have long-term contract already been signed for the product which has got patent expiry beyond 2033 and most of the geography 2035, long-

term supply contract is already in place. So that also gives us a good visibility. And apart from that, we have other CDMO business also coming in this financial year and next year as well.

**Jason Soans:**

Okay, sir. And just one last one from my side. Sir, I just wanted to know, of course, you are investing quite considerably in the semiconductors business. Now of course, this is towards building the semiconductor materials, which goes to the likes of TSMC, the big Samsung and of course, ultimately.

But I just wanted to know like from a micro perspective, what, of course, this must be very, very critical and a very, very niche segment, a high value-add segment, probably there will be a lot of competition also. So just wanted to, if you can give us some color on how you are gearing up for this in terms of semiconductor, which can be a huge market for you. But just probably you are strengthening some side of R&D. Just could you give us some color on how you are gearing up for this?

**Abhishek Patel:**

Good question. So, first thing, our existing business, it is already a proven business, proven technology is there, and that is already going into this market. So, we have that technology and proven track record already available in this segment. Now it was a matter for us to expand that existing product to a newer geography of Korea, Taiwan, Japan market. So, this is how we are now progressing or expanding our reach into other geographies.

Now apart from, so apart from now, we are venturing into the next level of technology, and which is near to the customers based in Korea and Taiwan. So that we are investing through our technology partner based in Korea. And that has got a good team of people who can help us on the commercialization of those technology in those newer products.

**Naresh Patel:**

So, I'm just adding that, Abhishek, we are incrementally apart from various product and which is already developed by Baba that we are expanding into this area. Okay. And this will start early 2027, that is the estimate right now, production and everything, as you mentioned earlier.

**Moderator:**

The next question is from the line of Yash Shah from Aditya Birla Life Insurance.

**Yash Shah:**

Congrats on a great set of numbers in the first quarter. I have more of a clarification question. So, you've mentioned that you've done around capex of around INR180 crores for the battery chemical electrolyte additives business. We are going to be doing incremental of INR50 crores, as you mentioned earlier. So is it going to be for the same VC and FEC electrolyte or as you mentioned that it is for electrolyte additives only. So, what do we require this incremental capex for?

**Abhishek Patel:**

All products are in the category of electrolyte additives, including VC and FEC. The additional capex, as I mentioned, that is because of the new introduction of new product for which the infrastructure building is being done, is going to be done in this financial year. And from next financial onwards, we are expecting the new products to start producing and giving the revenue.

**Yash Shah:**

So this will be different from VC and FEC?

**Abhishek Patel:** Yes.

**Yash Shah:** Okay. And can you give any kind of an indication, sir, of how much capacity for the new product are we planning.

**Abhishek Patel:** We have not disclosed.

**Moderator:** The next question is from the line of Siddharth Purohit from InvesQ Investment Advisors Private Limited.

**Siddharth Purohit:** Sir, as you rightly said in the opening remarks that a lot of your growth during this quarter has come from the non-CDMO pharma intermediate segment. So, when the CDMO thing scales up in a couple of years down the line, is it fair to assume that we will further have a much better margin profile in those set of products? I'm not asking for guidance, but a broad understanding.

**Abhishek Patel:** Of course, the CDMO business has the better margin as compared to the ex CDMO pharma intermediate business.

**Siddharth Purohit:** Okay. And within the CDMO, what will be the key 3 therapies that, top 3 therapies that we'll be targeting on an incremental basis?

**Abhishek Patel:** Sorry, I missed your voice. Come again?

**Siddharth Purohit:** What will be the key products in the CDMO that we will be targeting?

**Abhishek Patel:** So actually, we have not, we have stopped giving any product level guidance on names. But as people already know about one of the CDMO project, which was publicly announced a year back. But then we have 3 more projects which are expected to get commercialized by end of this financial year and one of that, one of those new projects for one product, we have already supplied the validation quantity in Q4 FY '25. So now after regulatory approvals and all those things in place, it will start giving us the revenue by H2 FY '26. So those projects are on track as per our projection or as per our budget.

**Siddharth Purohit:** Okay. So, therapy-wise, oncology will continue to be the dominant one, both CDMO and non-CDMO right?

**Abhishek Patel:** CDMO – oncology is the dominating therapy. And non-CDMO business, we have 17 therapeutic segment, which includes anticoagulant, antipsychotic, anti-Parkinson, antidiabetic, cardiovascular as well.

**Moderator:** The next question is from the line of Pratik Oza from Systematix.

**Pratik Oza:** Just one question from my side. Is there any specific intermediate which we manufacture is used in the production of GLP-1 receptor like semaglutide or liraglutide?

- Abhishek Patel:** No. We do not have any intermediate for GLP-1 product. We do some coupling agents here; for GLP.
- Moderator:** The next question is from the line of Prashant Nair from AMBIT Capital.
- Prashant Nair:** Just have one question on your margins. So Naresh Bhai, usually, your first quarter margins are the lowest and then it keeps getting progressively better 2Q, 3Q and 4Q. So, should we expect a similar trend this year as well, especially on the pharma side? Or would this have changed now that your CDMO contract has started? So, would it be more evenly spread? How do we think about margins now?
- Abhishek Patel:** On the revenue side, you rightly said revenue increases sequentially quarter-on-quarter from Q1 to Q4. Margin side, it's a function of product mix always. And as I mentioned during my commentary as well, we are committed to deliver better margin than FY '25 margins that again, we are sure to deliver in this financial year as well.
- Bhavin Shah:** So with a better operating leverage, there is a scope for improving the margin of 50 to 100 basis points as compared to full year last year.
- Prashant Nair:** Okay. Understood. And just one question on the Specialty Chemicals side. So how close are we or how much more time in terms of maybe quarters or say years will take to get to a steady-state margin profile there where say, peak margins in that business?
- Abhishek Patel:** See, on a steady-state side, it's always a function of market dynamics. On steady-state side, I'm seeing the gross margin in the range of 48% to 50% around.
- Prashant Nair:** So this is specialty chemicals that you're talking about Gross margin?
- Abhishek Patel:** No, Overall.
- Prashant Nair:** Okay. So, my question was on the Specialty Chemicals side. So where do you expect this business margins to stabilize? And how long could it take to get there?
- Abhishek Patel:** Specialty business as of now, it is double digit at EBITDA level. And for that business, we are expecting in same kind of territory only. Once the electrolyte additive business picks up, it will have a better margin profile than the overall spec chem business.
- Prashant Nair:** Okay. So basically, starting next year, you should see some pickup happening?
- Abhishek Patel:** Yes 2027 is the year.
- Moderator:** The next question is from the line of Kalpit Narvekar from EFG.
- Kalpit Narvekar:** Congratulations on a good set of numbers. So, I have 2 questions. So, the first one is, I mean, there's a lot of news, flow and noise around tariff and kind of dynamic changes around the tariff. So is there any impact that you see of that on the export piece of your business and as well as on

the customers, particularly on the CDMO or the API side? And my second question maybe that's my first question. I'll go for the second one later.

**Abhishek Patel:** For pharma side, we have not seeing any impact as of now on either on the demand side or pricing side because of particularly the tariff situation.

**Kalpita Narvekar:** Understood. And neither on the spec chem side, is it?

**Abhishek Patel:** No, on the spec chem side, as Naresh Bhai mentioned on battery additive side, again, it's a regulatory environment which may trigger a further rush for the, in the large industry player to scale up the business in the supply line apart from the Chinese supply line.

**Kalpita Narvekar:** Understood. Sir, my second question is on the electrolyte business, right, where you are doing a lot of capex and you mentioned that customer base is from Japan, Korea and Taiwan, et cetera. So how are you winning this business? I mean currently, those chemicals, et cetera, are supplied by some local suppliers over there or by Chinese suppliers? And what is your kind of competitive advantage versus these kind of current suppliers there, right?

**Abhishek Patel:** On electrolyte additive side, the customer is Japan and Taiwan are customers for our semiconductor business, not for electrolyte additive segment. For this segment, largely at present the supplies are from China only.

**Kalpita Narvekar:** Understood. And you're winning this business because you are more cost competitive from them versus them? Or is there some kind of move from China Plus One etcetera, that's helping the business win?

**Abhishek Patel:** So, players are diversifying their supply lines from China, and that is where we are targeting a small portion of that business.

**Moderator:** The next question is from the line of Akshay from AK Investment.

**Akshay:** Congrats for the excellent set of numbers. My first question is whether there has been any revenue from Baba Fine Chemicals in quarter 1? And what is our expectation of revenue in FY '26 and FY '27 from this business, semiconductor chemicals business?

**Abhishek Patel:** So Baba Fine Chem business side, we are expecting kind of similar revenue as compared to last year revenue.

**Akshay:** Sir, what was the last year's revenue?

**Abhishek Patel:** That is available in our published financial results.

**Akshay:** Okay. All right, sir. And my second question is we have hinted about 3 CDMO projects that we will commercialize by the end of financial year '26, right? So can it be large as much as our current CDMO projects in the next 2 to 3 years down the line?

- Abhishek Patel:** No, no, no. The existing one is a kind of blockbuster product. These are not kind of those blockbuster products in the market, but they are, we see the revenue potential of INR50 crores to INR100 crores each for those products.
- Akshay:** And after this commercialization, can we expect that our margins will improve from the FY '27 onwards?
- Abhishek Patel:** CDMO business has a better margin compared to ex CDMO business. So as and when the revenue composition shifts towards the CDMO business, the margin keeps on improving.
- Moderator:** The next question is from the line of Jason Soans from IDBI Capital.
- Jason Soans:** Sir just had a small clarification. You've spoken about these 3 CDMO contracts. Are we looking to start it by the end of FY '26? Or are they still in talks? Just could you give me some clarity regarding these 3 which are upcoming? You spoke about INR50 crores to INR100 crores each?
- Abhishek Patel:** As I mentioned earlier, the one CDMO project, we have already supplied the validation quantity during Q4 FY '25. And after completion of regulatory process, we are expecting it to commercialize by end of this financial year, which is Q4 FY '26 initially for the other project also may start from Q4 FY '26. Validation is already going on.
- Jason Soans:** Okay. Okay. So then may come in by Q4 FY '26, all of them, basically, that's what you're saying.
- Abhishek Patel:** Yes, yes.
- Naresh Patel:** It depends on the regulatory approval. So, it could probably go to the next year a little bit but they're all INR50 crores to INR100 crores. That's the size what you're looking at.
- Jason Soans:** Yes.
- Moderator:** The next question is from the line of Rohit Nagraj from B&K Securities.
- Rohit Nagraj:** Congrats on good set of numbers. Sir, first question is on the South Korean investment. So do we have this exclusive partnership? And in terms of geographies, are we only looking at Korea and Taiwan or we'll be able to market those products across different geographies given that even U.S. is now going for semiconductor manufacturing. So can we sell the products across different geographies?
- Abhishek Patel:** So this product is not contained to any particular geography. We are mentioning this geography because these are, that is where this industry is located, other it is for worldwide, except India.
- Rohit Nagraj:** Okay. And second, in terms of the structure of this particular business, I mean we have not given what is the potential. But from the addressable market size for the chemicals, which will be manufactured here, what is the potential size currently, we know that the growth will be probably in double digits. But as of now, what could be the addressable market?



- Abhishek Patel:** I do not have a specific number to it as of now, but it's a huge industry, and we are only aiming for very few fraction of this industry to begin with.
- Rohit Nagraj:** And just one clarification. These products are already established in the market, and they don't need any incremental validation be it the final scale or commercial scale. Is that understood well?
- Abhishek Patel:** There are some established products as well and some of the new products are also going to be there in this business. And of course, this will go through some of those standard procedure related to validation and qualification.
- Moderator:** The next question is from the line of Lalit Kumar as an individual investor.
- Lalit Kumar:** Do you want to give your guidance for FY26 like you give for 25% or increase your improvement in this guidance?
- Abhishek Patel:** No, no. We have already given the guidance of 25% during my commentary as well as in this commentary and we stick to this guidance.
- Lalit Kumar:** Okay, sir. So can we expect more growth in coming quarter? Will it remain the same as Q1?
- Abhishek Patel:** So it's a nature of business sequentially, it gets better and better. And ultimately, we are targeting 25% growth rate. So sequentially, it will definitely be better than the previous quarter.
- Moderator:** Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments.
- Naresh Patel:** Thank you to the JM Financial team for hosting our conference call. We appreciate everyone's questions and hope we have addressed most of your queries. If we missed any of your questions, please reach out to our Investor Relations team, and we will get back to you promptly. Once again, thank you very much, and good evening to everyone. Have a nice day.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of JM Financial Institutional Securities Limited and Acutaas Chemicals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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This document has been edited for readability purposes.