

October 24, 2025

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

Scrip Code: 543349

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

NSE Symbol: ACUTAAS

Dear Sir/Madam,

Subject: Transcript of Earnings Call for Q2 & H1 FY26 financial results held on October 17, 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 October 17, 2025 post announcement of financial results for the quarter and half year ended on September 30, 2025.

The same will also be available at the website of Company at 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
Q2 & H1 FY '26 Earnings Conference Call”
October 17, 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 Q2 and H1 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 and then zero on your touchtone phone. Please note that this conference is being recorded.

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

Krishan Parwani: Good afternoon, everyone, and thank you for joining us on Acutaas Chemicals Q2 and H1 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 afternoon, everyone. Happy Diwali to you all. We are pleased to welcome you all to our earnings conference call to discuss Q2 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 risk that the company faces.

The conference call is being recorded and the transcript along with 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 a 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 afternoon, everyone. I hope you are all doing well. Wishing you and your families a very happy Diwali. May this festival season bring happiness, health and prosperity to all of you.

The global geopolitical and economic landscape continues to remain uncertain. However, our focus has consistently been on building a long-term sustainable business rather than chasing opportunities. And that disciplined approach is now beginning to yield tangible results.

Over the last couple of years, despite facing a few challenging phases, we have remained committed to strengthening our partnerships with multiple global clients. We have continued to grow our existing business steadily while simultaneously laying the foundation for new business verticals that will power our growth in the coming years.

In our battery chemical business, we have successfully secured multiple customers across diverse geographies. Production is expected to commence in Q4 FY '26 once our ongoing capex is completed. We are confident this segment will emerge as a key growth driver going forward.

For semiconductor chemicals, our engagement with new customers in Korea, Japan and Taiwan through Baba Fine Chemicals continues to progress for newer products. While there are some products, which will start in the near term, they are small in size, and we anticipate that it will take some time before we see meaningful contributions.

Our new joint venture in Korea, Indichem also marks a major milestone in our international expansion journey. The groundbreaking ceremony took place last month, and capex activities are now underway. This venture is expected to start contributing to revenues from H2 FY '27. Together, these 2 verticals, battery chemicals and semiconductors will serve as important growth pillar for us alongside our CDMO business, where we are witnessing a healthy increase in customer enquiries and new molecule additions to our CDMO pipeline.

This has significantly enhanced our future revenue visibility. Overall, we are steadily moving towards our vision of becoming a global chemical company with diversified business verticals catering to multiple industries, including pharmaceutical, battery chemicals, semiconductors chemicals, cosmetics and other specialty chemicals.

Now turning to our performance for the quarter. Our Q2 FY '26 revenue grew by 24.1% year-on-year to INR306.2 crores. This strong growth was primarily driven by our Advanced Pharmaceutical Intermediates segment, while the Specialty Chemicals business continued to demonstrate stable performance.

To conclude, our business continues to stand on a strong and resilient foundation, well positioned to deliver around 25% revenue growth for the year. With that, I now like to hand over to our Vice President, Strategy, Abhishek Patel, who will walk you through the detailed business update. Over to you, Abhishek.

Abhishek Patel:

Thank you, Naresh Bhai. Good afternoon, everyone, and a very happy Diwali to all of you. Let me take this opportunity to share further insight into our business performance for the quarter, starting with the Pharmaceutical Intermediates segment. This segment delivered a robust performance with revenue of INR262.6 crores in Q2 FY '26, reflecting a strong year-on-year growth of 27.1%. The growth was primarily driven by CDMO business, supported by healthy contribution from the core Advanced Pharmaceutical Intermediates segment.

Moving on to the SpecChem, Specialty Chemicals segment. Revenue of this segment stood at INR43.6 crores during the quarter, a steady growth of 7.3% year-on-year. Our commodity chemical subsegment recorded a strong growth both on year-on-year and sequential basis, led by higher volume as well as stable pricing. However, this was partly offset by softer performance in Baba Fine Chemicals business.

Now turning to capital expenditure. Capex for H1 stood at INR141 crores, primarily diverted towards Jaghadia site, focusing on electrolyte additive project and the pilot plant at Sachin site.

To provide some additional update, the electrolyte additive capex at Jaghadia is progressing well and is expected to be completed by Q4 FY '26.

There has been minor delay due to extended rainy season, however, progress from our side remains on track. The pilot plant capex is proceeding as per plan and is expected to be completed by Q3 FY '26. As shared in our previous call, the total capex for FY '26 is expected to be around INR250 crores, and we have sufficient cash reserves to comfortably fund these investments.

Coming to the business update, starting with Pharmaceutical Intermediates segment. Our ongoing CDMO projects are progressing in line with expectations and expected to start contributing by end of FY '26, subject to regulatory approvals. As Naresh bhai highlighted, our CDMO pipeline continues to expand. And during the last quarter, we dispatched a couple of validation batches for new products, which mark important progress in scaling this vertical.

As Naresh bhai mentioned earlier, we remain focused on building long-term sustainable business relationship rather than choosing the short-term opportunities. Over the past 2 years, the industry has navigated through volatile raw material price and global geopolitical uncertainties, which affected many chemical players worldwide. Despite these challenges, we continue to work on strengthening our existing product portfolio and developing new products to prepare for the future.

These sustained efforts are now yielding the results. With pricing stability returning, we are witnessing notable margin improvements. In our core advanced Pharmaceutical Intermediates business, leading to overall margin expansion across the company. One of the reasons of the improvement in the margin is that we started restructuring our existing core pharma intermediate portfolio by churning out low-margin products, at the same time maintaining our growth guidance of 25% for overall business. This has resulted in better product mix leading to better margins.

On semiconductor chemicals, adding to what Naresh bhai mentioned, we have a couple of products that are expected to move into commercial scale production through Baba Fine Chemicals. While these products are still small in terms of overall revenue contribution, they represent an important milestone, a clear sign that our earlier efforts in this space are beginning to materialize. We believe that in medium term, our semiconductor portfolio will broaden further to become a meaningful growth driver for the company.

To conclude, we are on track to achieve around 25% revenue growth with EBITDA margin expectation to be in the range of 28% to 30% in FY '26. The change in the margin guidance is primarily driven by a higher contribution from CDMO business, product mix and improved profitability in Pharmaceutical Intermediates segment and operational efficiency.

With that, I will now hand over the floor to our Chief Financial Officer, Mr. Bhavin Shah, who will walk you through the detailed 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 and first half FY '26 before we open the floor for questions. Let me start with quarterly performance. Revenue from operations for the quarter reached INR306.2 crores, representing

24.1% growth Y-o-Y. Gross profit for the quarter was INR170.7 crores, reflecting 59.3% increase compared to the same period last year.

The gross margin expanded by 1,232 basis points Y-o-Y to 55.8%. Gross margin was driven by improved product mix and operational efficiencies. EBITDA for the quarter was INR95.3 crores, which grew almost 2x compared to the EBITDA of same period last year. EBITDA margins were at 31.1%, up 1,130 basis points Y-o-Y. EBITDA margin was driven by expansion in gross margin as well as operating leverage.

PAT for the quarter was INR71.9 crores, up 91.3% Y-o-Y. PAT margins for the quarter were 23.5%, which show an expansion of 824 basis points Y-o-Y. Moving on the H1 FY '26 performance. Revenue from operations for the first half of the year reached INR513.4 crores, representing 21.3% increase year-on-year. EBITDA for the H1 FY '26 was INR146.2 crores, up 86.4% Y-o-Y. PAT for H1 FY '26 was at INR115.9 crores, which more than doubled compared to the same period last year.

Moving on to the balance sheet items. Net cash and cash equivalents were at INR240.6 crores as on 30th September 2025. Our working capital for the quarter improved to 100 days, which is 28 days improvement compared to Q1 FY '26. This is mainly on account of improved inventory days as well as debtor days. For the full year, we believe working capital would be around anything between 95 to 105 days. Improved working capital with robust business performance led to strong generation of cash from operations of INR136.5 crores during H1 FY '26.

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

- Moderator:** Thank you very much. We have the first question from the line of Mr. Krishanchandra from JM Financial. Please go ahead.
- Krishanchandra:** Congrats on very strong set of numbers. Three questions from my side. First, on the new CDMO contracts, I think Abhishek bhai mentioned that validation batches have already been sent. Just wanted to understand like when do you expect these new CDMO products?
- Abhishek Patel:** So as I mentioned, we have sent a validation batches during this quarter for a couple of our new CDMO. And again, those are subject to regulatory approval. We estimate this to start by end of FY '26, which is last quarter, again, depends on the regulatory approval.
- Krishanchandra:** Okay. Got it. Secondly, on the margin, given you have revised your EBITDA margin estimate for the FY '26 of 28%, 30%. So do you see this closer to 30% kind of an EBITDA margin as sustainable for the coming years?
- Abhishek Patel:** Yes, we feel so. That's the reason we first revised our margin guidance for FY '26 between 28% to 30%. And as I mentioned, this margin, again, is the function of the product mix. And we have slowly started redefining our product portfolio in such a way that we churn out some of the low-margin products and focus on something, which is more sustainable and with a sustainable revenue growth. And so this is how we are structuring our whole business so that it will, again, have a sustainable growth of 25% with a good margin improvement. That will, I think, will result into a better margin for next coming years also.

- Krishanchandra:** Understood. And lastly, on the new business segments such as electrolyte additives or semiconductor JV. So all these are expected to contribute meaningfully in FY '27. Is that understand correct?
- Abhishek Patel:** First, electrolyte additives segment, we are -- we have now full visibility for all the capex plan, which is expected to get completed by Q4 FY '26. Once that plant gets commissioned because we have full visibility for the products, it will immediately start contributing, maybe not much in the Q4 FY '26 but full year for the FY '27.
- Now for the second vertical, which is for the JV in South Korea, we are expecting this to get completed in next calendar year by -- and H2 FY '27 should be the time when it should start the commercial production.
- Krishanchandra:** Understood. And despite this new product addition, your margin guidance stays around 28%, 30%, right?
- Abhishek Patel:** Yes, yes.
- Krishanchandra:** That's great to hear. Congratulation once again and wish you happy Diwali, sir.
- Abhishek Patel:** Thanks.
- Moderator:** We have the next question from the line of Abhijit Akella from KIE.
- Abhijit Akella:** First, on the gross margin expansion. So is this entirely because of the shift in product mix within the Pharma catalog business? Or have there been improvement in process efficiencies, et cetera, also in that business?
- Abhishek Patel:** Yes, it's a function of both the overall product basket as well as the -- we have -- because it's our core competency to improve our margin through process improvement, through supply chain improvement as well as the operational efficiency. So at the gross margin, it's both function of product mix as well as the margin improvement in some of our top revenue contributing product. Apart from that, we have also improved our margins at an operational level by more than 2.5%, and that is because of operational efficiency and the contribution from our solar power plant project, which is now commissioned.
- Abhijit Akella:** Okay. So the solar contribution is now fully in the base, is it? Or was it only partial for the quarter and we see the full impact in subsequent quarters?
- Abhishek Patel:** It's completely on stream. Because the 5-megawatt project was commissioned in this quarter, it was partly accounted in this quarter for 5 megawatt out of the total 16 megawatt.
- Abhijit Akella:** Got it. Just one further clarification on that margin topic. So Abhishek bhai, we have seen in the past that we used to enjoy 20% plus margins on the pharma side a few years back. And then there was some erosion that happened because of maybe Chinese competition and increasing raw material prices, et cetera. Now we have managed to claw it back. But just sort of wondering what gives us the confidence that the erosion that happened 2, 3 years back is not a risk factor to sort of be concerned about any further?

- Abhishek Patel:** So it was a learning for us in 2022. And how we navigated through this process, that learning we convert into our SOPs to develop our business in going forward. And as we mentioned, we have taken several steps during that time and thereafter. But now because the pricing scenario got stable, it has now started showing into our bottom line from Q4 FY '24 onwards only. And this -- those are the learnings, which will definitely help us in future to have a maintain or drive the margin in future also.
- Abhijit Akella:** Okay. Just one last thing for me before I get back in the queue. We are guiding to 25% revenue growth for this full year. In the first half, I believe we've done about 21%. So should we expect that the second half will be significantly better from a growth standpoint? And then also on the CDMO front, how much of the first half growth came from CDMO or what was its contribution? And where do you see it going in the second half? Will it be a very much heavier contribution in the second half from CDMO?
- Abhishek Patel:** First of all, related to our revenue guidance for the full year, we are still very confident that we will deliver 25% growth rate for the full year after 21% growth in H1, considering whatever the pipeline we have in terms of our CDMO, our other Pharma Intermediate business as well as the newer verticals in chemical segment.
- Related to your question of Pharma business split between CDMO and non-CDMO, we are not actually giving the bifurcation. But in terms of growth, the higher growth is coming from the CDMO segment as it was earlier expected than the traditional business. And going forward also, that CDMO business will definitely have a better growth than the traditional Pharma Intermediates business.
- Moderator:** We have the next question from the line of Nilesh G from HDFC Securities.
- Nilesh G:** Question is particularly on the balance sheet side. If I look at trade receivables, so after March '25, trade receivables are on the higher side. Before that, if I look at FY '24, '23 numbers, the trade receivables were quite significantly lower. But since March '25, the receivables are on the higher side if you look at...
- Moderator:** Sorry to interrupt, Mr. Nilesh, I request you to come closer to the microphone as we're unable to hear you very clearly.
- Nilesh G:** Sure, sure. So this is regarding the receivables. So receivables in March '25 also were in the range of 29,000 lakh. And now this also -- this September 30, also number is in the same range. So what has led to this? If I compare this number with the FY '24 number, it is significantly higher.
- Bhavin Shah:** So see, when we say for export market, our receivable is always on a 90-day side and domestic is on 120 days. And we always said that it will be average 105 to 110 days. With improved collection and our effort, we are able to bring it to 87 days for this quarter.
- Abhishek Patel:** So adding to this, when we talk -- you talk about the absolute number and when we are into 25% growth territory, I think you should look at the days of debtors rather than the absolute number

because -- if you see our quarterly sales against the debtor outstanding, you will find that it is always near to the 90 days because the revenue is increasing every quarter.

Nilesh G: Okay. And secondly, on this -- our JV with -- you talked about last year in the month of June, you formed the planning to produce electrolyte. So any update on that?

Abhishek Patel: That remains still status quo only, and it has not moved further from that level.

Moderator: We have the next question from the line of Prayag Gandhi from Vruksha Capital Research.

Prayag Gandhi: I just wanted to know with respect to the Indichem project, sir, can you just reiterate exactly when we will start to commercialize the entire project?

Abhishek Patel: So as we mentioned during our commentary, the groundbreaking for this project was done in last month and project is expected to start in H2 FY '27. So from there onwards, the commercial revenue should start.

Prayag Gandhi: Okay. And sir, going forward, we do expect like a lot of chemical companies are slowly shifting to CDMO space as well. What do you see the growth prospects over here as well? Because there will be eventually like other countries will also come into the picture. So where do we see the growth prospects for the next 3 to 5 years?

Abhishek Patel: See, CDMO business, when we talk in CDMO business in pharma segment, is not a business which can come to anyone overnight. Of course, there is a lot of work available in the market and a lot of players are there in the market to grab those business. But that business is always a function of how you are complied with the quality system.

Because originator or someone who is giving you the business for the outsourcing or the manufacturing of outsourcing in this industry, they would like to see the level of compliance related to QA, your consistency, relationship with that customer over the years. We got consistent supply, quality supply as well as the QA system in place. And lastly and not the least, the environment and the ESS compliance.

These are all the factors which contribute or which gives us the confidence that we are one of the very good players to secure that business. And I would like to share one more insight that we now are EcoVadis Platinum certified company, which is only 1% of the companies over the world are into this territory. So this gives us the confidence that because of this, we are able to sustain -- in fact, get a good share of this business in the market.

Moderator: We have the next question from the line of Ajay from Niveshaay.

Ajay: Congratulation on great set of numbers. Sir, my question is on the electrolytes and another on semiconductor. So I like to take the semiconductor. So given our JV with J & Materials to produce advanced photo acid generators like for semiconductor photolithography process...

Moderator: Sorry to interrupt, sir but your audio is not very clear. If you can come closer to microphone?

Ajay: Is it better now?

Moderator: Yes, this is much better. Yes.

Ajay: So given our JV with J & Materials for the photo acid generators for semiconductor photolithography process. So if you can provide like what type of specific products, which will be produced by the JV? And how do they differ from existing products, which were being made in Baba Fine Chem and even the existing offering in the market?

And how will these products may be applied in the semiconductor because there are base chemicals, which are used for cleaning purposes and then there are advanced chemicals. So if you can maybe give more details on the products, particularly on the photolithography.

And anything on the customer side, like maybe because Baba Fine Chemicals was previously driven by just one major customer and have we started to get more traction from newer customers? So if you can highlight that?

Abhishek Patel: First of all, I would like to make one thing very clear that both the business of semiconductor in India through Baba Fine Chem and in Korea through Indichem are completely different business verticals, no kind of connection. That is one thing. Related to products, which are going to get developed or manufactured in Indichem, actually, we have already mentioned that those are more value-added products than those traditional product in Baba Fine Chem.

But over and above that, we will not be able to share more -- much detail on this product, which are going to manufacture there and our one customer, which is heraeus in Baba Fine Chem, we are committed to that customer fully to their product and the confidentiality of the product, and we are never going to get into their product line ever in that customer's business. It will be completely different business in Korea.

Ajay: Okay, sir. Got it. Sir, another on the electrolyte side because we have mentioned the capacities of the 2 electrolyte additives, which we are going to manufacture. And like correct me if my understanding is incorrect but like maybe there are like 20, 30 another electrolyte additives in the market.

So maybe in the overall scheme of things, like how big will be our both electrolyte VC and FEC in the additives market because these additives will again go into electrolyte, which will further go into making cells. So like if you can give maybe some color on the size of these 2 electrolyte additives and the overall scheme of things?

And also, sir, just a follow-up on this because there are different technological advancements going on and which type of cell is going to emerge like maybe from LFP to NMC and now even sodium or zinc kind of batteries are getting traction. So my question is like are these additives which are going to manufacture? So when the type of cell changes, is it like the electrolyte additives also needs to change or the existing one would be capable enough to provide the stability between the like transfer of iron from cathode to anode. If you can maybe give some color on that?

Abhishek Patel: First thing, let me give you the understanding that VC and FEC our 2 initial products which we developed, marketed and already commercialized. Apart from those 2 additive products, we

have several other additives already developed and commercialized and full list of those chemicals are already available on our website. So those are based on our changing needs of the market and cater to the newer requirement of the customer.

Related to your question related to sodium batteries, all our additives are for lithium-ion batteries, lithium-ion batteries. And related to your question of the size of this business, we have planned capacity of 2,000 metric ton VC and 2,000 metric ton FEC based on our signed contract with the customer and some demand. So we have full visibility of all the products, all the capacity, which we have planned. So based on that capacity requirement, you can estimate the size of this product.

Ajay: No, sir, my question is again on the market, like the global electrolyte additives market would be like how big? And in that market, VC and FEC would be how much proposition like because VC as an additive for anode is like 30%, 40%. So I just wanted to know on the size.

Naresh Patel: Sorry to interrupt you here. Sir, here, I'm saying about Acutaas not with the global. And whatever we have done in installation of the capacity, we are supported with the agreement for long-term agreement for supply of VC and FEC. So that is what we have secured for ourselves. For further, if you can come to offline or you can do the research on that later on. Let's focus on the current Acutaas related stuff. Thank you very much for understanding.

Moderator: We have the next question from the line of Abhigyan Srivastav from Marcellus Investment Managers.

Abhigyan Srivastav: Sir, a few questions. So why is the goodwill rising in the first half of the year balance sheet versus FY '25? Have we made any acquisitions?

Bhavin Shah: Yes. So if you see the consolidated balance sheet, we have invested in Indichem in Korea with some premium. So noncontrolling stake, we paid some premium to a noncontrolling stake that is showing as a goodwill. So goodwill of around INR16 crores has been generated for this quarter for investment we have done in Indichem.

Abhigyan Srivastav: Got it. Okay. Then could you explain what the driver of the unrealized gains and losses in the cash flow statement of INR19 crores in H1? And where is it included in the P&L?

Bhavin Shah: So if you see the INR19 crores, we have shown that in other income, that is exchange fluctuation, and that is form part of other income in P&L.

Abhigyan Srivastav: Got it. And lastly, could you please explain the incidental charges that are paid towards investment, which are shown in the cash flow statement. So do these pertain to the financial investments or fixed assets?

Bhavin Shah: This is towards incidental charges we have incurred and bank charges and other things towards the investment for Indichem.

Abhigyan Srivastav: Congratulations on the good set of numbers.

Moderator: We have the next question from the line of Rohit Nagraj from B&K Securities.

- Rohit Nagraj:** Congratulations for a very strong set of numbers and to the entire team and their families. So first question is on the capex front. So this year, we have spelled out INR250 crores. What is the number for FY '26? And out of this INR250 crores, how much is the growth capex and how much is maintenance? The other part is out of the growth capex, generally, what is the kind of asset turn that we look at and the peak potential revenue, how it is looked at? I mean, whether we look at 2 years, 3 years or 4 years? So if you could provide some details on this?
- Abhishek Patel:** So out of INR250 crores capex plan for FY '26, INR40 crores we are expecting towards maintenance capex and rest is from the growth -- for the growth capex only. out of which around INR180 crores for the full year was planned for electrolyte additive capex and INR30 crores was planned for pilot plant capex.
- In terms of asset turn, we see generally around 2.5x is the asset turn we expect generally from all our capex going forward. This is what we expect from that. And around 3 years' time should be the good time by which it should scale up.
- Rohit Nagraj:** Sure. And FY '27, any number as of now?
- Abhishek Patel:** FY '27 for the growth expectation of till FY '28, we are already done with all our capex requirement, whatever projection we have done. And it will be more of a maintenance capex only.
- Rohit Nagraj:** Sure. Second question is on the upcoming additives capacity. So once the capacity is commercialized, what will be the time taken to validate the products? Or since these are already being validated, we do not have to wait for the same?
- Abhishek Patel:** No, it is already been validated from that site, and we will be able to quickly dispatch our material once capex gets completed.
- Rohit Nagraj:** Sure. Just one clarification on the same. What is the kind of volume that we are looking from supplying in the domestic market and in the export market for the additives?
- Abhishek Patel:** It's completely for export market only, no domestic supply from this plant.
- Moderator:** We have the next question from the line of Rajeev Anand from Narnolia Financial Services.
- Rajeev Anand:** My question is related to CDMO business. So I just want to ask that why there is a lumpiness in the CDMO business? Because first quarter, it was very low, and it ramped up sharply in second quarter. And secondly, I just want to know that what would be trend in third as well as fourth quarter?
- Abhishek Patel:** If you see our past financial also, our first quarter was always low out of all 4 quarters. And sequentially, it grows every quarter-on-quarter till Q4 of every year. And we do not see any lumpiness in the business. It is CDMO business is based on the customer requirement, and we have a full visibility for this CDMO business for the full year as well as the projection for next years.
- Moderator:** We have the next question from the line of Akshay from AK Investment.

- Akshay:** First of all, congratulations for the great set of numbers. My first question is, in the opening remarks, you said that semiconductor chemicals revenue will start flowing in, and it will be a significant growth driver in the coming years. So what percentage of revenue might be there from the semiconductor segment over the next 2, 3 years?
- Abhishek Patel:** No, that we are actually not disclosing anywhere for the future businesses.
- Akshay:** Okay. Fair enough. And Specialty Chemicals segment just grown by 7% year-on-year in first half -- sorry, in quarter 2. So can we expect higher year-on-year growth in half 2 of FY '26.
- Abhishek Patel:** So we are guiding that this traditional spec chem business will remain in the territory of around 10% to 15% as a growth for the business. And we feel that it will remain in that territory only by the end of this financial year.
- Akshay:** Okay. And lastly, sir, on the U.S. tariff impact. So what percentage of our revenue is coming from U.S.? And are there any impact of U.S. tariff in that?
- Abhishek Patel:** In U.S. market, we have very minimal direct sale in the U.S. market, which is even less than 1%. So we do not see any direct impact in our business from U.S. market.
- Moderator:** We have the next question from the line of Shreya Banthia from Oaklane Capital Management.
- Shreya Banthia:** I just wanted to ask one question for electrolyte additives, So you said that you have the full visibility for the segment. So without disclosing any details, are there any domestic battery manufacturers who have committed to this contract?
- Abhishek Patel:** I think I missed your voice in between but what I understand is you are asking about our electrolyte additive segment visibility. So for this.
- Shreya Banthia:** Yes. Do we have any visibility from the domestic battery manufacturers?
- Abhishek Patel:** So let me just give you the background. This plant, what we have set up for 2,000 metric ton VC and FEC, that is based on the customer requirement, which is export customer. So we have not planned any capacity for domestic market catering.
- Moderator:** We have the next question from the line of Karan Gupta from ACMIL.
- Karan Gupta:** Am I audible, right?
- Moderator:** Yes, you're audible, sir, but I believe you're on speaker phone. There's a lot of background that's coming to your call. If you could turn off your speaker phone.
- Karan Gupta:** So my questions is regarding CDMO side...
- Moderator:** I'm sorry to interrupt you but your audio is not clear. There's a lot of background disturbance that is coming in. If you could move to a place with less commotion, that would helpful. I request you to come back in the queue till the audio challenge. In the meanwhile, we move to the next question from Mr. Mihir Damania.

Mihir Damania: Yes. I hope I'm audible. Naresh bhai, I have just one fundamental question. So a few years ago, you were purely an advanced intermediate company. Now that you have multiple segments, CDMO, battery chemicals, semiconductor chemicals, each of them with -- all of them would have different set of challenges and very, very diverse.

So I would like to understand a bit more on how the bandwidth for top management is placed, how we hired basically if we've hired some KMPs, manpower to run each of these businesses or anything else which you've done so that all the subsegments are on the right path. How do you see that kind of change over the last couple of years? And how will it change in the next couple of years?

Naresh Patel: Okay. First of all, as you're tracking us since 5, 6 years, when we started electrolyte business, we enter into the electro business only because we want to expand our chemistry. We are a very strong chemistry-driven company. So basically, chemistry don't have an application only in pharma.

So we want to expand our chemistry base out of pharma, and that's why we started acquiring Gujarat Organics and then we entered into the battery and then later on, we acquired Baba and now we enter into the semicon. So this is all to expand our strength into the production side and as well as the chemistry application.

And two, if you see the last 5 years, management has introduced a lot of system digitalizations, KMPs are introduced time to time required for each segment. So this is a part of the business cycle, and this is part of the business to grow from one state to another state. So when and when needed, we introduce the people as well as the system as well as the equipment to make sure that, that segment will grow.

And in the last 4 years, starting from 0 to now electrolyte, we are investing more than INR200 crores to make sure that we will start supplying in electrolyte commercially. We have already done Baba Fine Chem and then now we are doing a JV in Korea, where we are putting a new manufacturing site.

The KMP is coming from -- so the -- my Korean partner is himself, they are all our good technical background, commercial background in that segment. So automatically, by partnership, we got the KMP in Baba as well as in Indichem. So this is how either partnership or by recruiting, we got our KMP in the system. I hope I had delivered you the expected answer.

Moderator: We have the next question from the line of Raaj from Arjav Partners.

Raaj: Sir, I have on battery chemical segment, I wanted to understand how are we going to compete from the Chinese companies? Like in the earlier call, you said the EBITDA is quite higher. But if you look at China, the electrolyte additive companies, if you look at their EBITDA and their GP, they would be in single digit.

Abhishek Patel: Sorry, we will not be able to comment on how Chinese or what should be their EBITDA in this business. But at least what we know from -- since the development of these products from 2022,

we made this product so robust in process. And at the current prevailing market price also, we are able to sustain the market and with the expected EBITDA margin.

- Raaj:** All right. And sir, what would be our payback period?
- Abhishek Patel:** For this -- any of the project, we expect the payback to be around 3 to 3.5 year kind of payback.
- Raaj:** 3 to 3.5 years kind of payback. All right. Yes. And sir, on the South Korea JV, we are setting up a plant in Korea, right? So what exactly is our part in that JV?
- Abhishek Patel:** In South Korean JV, we are the investment partner with 75% investment and 25% is with our Korean partner who will bring their technology, their market as well as the production capability.
- Naresh Patel:** Supplier of starting material.
- Abhishek Patel:** As well as the supply of starting material.
- Raaj:** Supply starting material. All right. And how much sales are we expecting from that Korean JV in FY '27?
- Abhishek Patel:** It is expected to -- the Korean JV expect it to start production in H2 FY '27.
- Raaj:** Yes. And how much sales are we expecting on an average?
- Abhishek Patel:** That we are not disclosing.
- Raaj:** All right. And sir, the electrolyte additive plant, are we expected to run at 100% capacity in FY '27 itself?
- Abhishek Patel:** No, no. It cannot go 100% in 1 year. It will take around 3 years' time to reach an optimum level of capacity.
- Raaj:** And are we planning to invest more in that electrolyte additives going ahead?
- Abhishek Patel:** As of now, we have not announced any capex around this business as of now. But as we mentioned, we have full visibility of this whole plant we have -- we are setting up for this business. And more business is expected considering the kind of business development going on. So we may announce additional capacity planning in future if needed.
- Moderator:** Sorry to interrupt you, Mr. Raaj. I request you kindly come back in the queue for follow-up questions. We have the next question from the line of Ankit Mittal, Individual Investor.
- Ankit Mittal:** Congratulations for a great set of results. I wanted to understand more about the EBITDA margins from a more medium-term point of view for FY '27, '28, do you think we can maintain this 28% to 30% kind of EBITDA margins? As you mentioned, now you have full visibility on the CDMO as well as the electrolyte additives business. So internally, do you have the confidence in maintaining, let's say, this 30% kind of margins for next 2, 3 years?

- Abhishek Patel:** As I mentioned, we have guided for this financial year. And all the margin improvement, whatever are done, these are more kind of permanent in the nature and as well as the function of the product mix. So based on that, we are confident that we will be able to sustain this margin level in future also.
- Ankit Mittal:** And for the electrolyte additives business, do you think that business can have a 30% plus kind of EBITDA margins?
- Abhishek Patel:** Which business, sorry?
- Ankit Mittal:** electrolyte additives business.
- Abhishek Patel:** No, no, electrolyte business definitely will not have such a high margins.
- Ankit Mittal:** Okay. So it will be in the range of 15% to 20% then?
- Abhishek Patel:** That we cannot disclose.
- Moderator:** We have the next question from the line of Vivek Gautam from GS Investment.
- Vivek Gautam:** Sir, congratulations on excellent set of numbers. A few questions about -- number one was about the product. Any risk due to the product concentration and the client concentration in our case, which you have thought and competition intensity, which we face and opportunity size and expected growth path for us.
- And lastly, sir, a small complaint. Ours is the only company, which is -- Ekta Srivastava, the Company Secretary, who is refusing to share the shareholder list. I've been writing many mails. But unfortunately, out of my portfolio of 40 companies, Ours is the only company who are saying you come to Surat and have a look at the shareholder list. That's very, very unfortunate and gives a very wrong message.
- Abhishek Patel:** See, I think, Ekta Srivastava has to abide by all the rules and regulation. And she is, I think, working within the purview or the boundary of the legal framework only. So maybe it was because of those.
- Vivek Gautam:** I agreed, sir. But point is, out of -- one company out of 40, 50 companies, a small request, a small complaint only because everyone else is sharing then why is our company so hesitant to share it, sir. We are doing very good. We are having long-term point of view. We have seen the progress you have made. No harm in sharing this information also, sir.
- Abhishek Patel:** Actually, I'm not aware of what was conversation going but at least I can assure you that whatever possible is there within the legal framework.
- Vivek Gautam:** It's all legal sir. 99 companies are sharing it on the mail. Ours is the only company, which is sort of asking us to come to Surat and do it, sir. Very strange. Anyway, sir, rest is your prerogative and you're right, sir. If you want to share the information with your shareholders well and good. Otherwise, we can't do anything.

Anyway, second thing, sir, about the other of the questions, which you were asked, concentration risk, product risk and opportunity size and expected growth rates, sir?

Abhishek Patel: So we always believe in multiple products, we do not have any single product going to a single customer. We have more than one customer for every product. And for every customer, we have multiple products. That is what is how we have built our whole business over the years.

Vivek Gautam: Fantastic, sir. That is really visible from the numbers also, sir.

Abhishek Patel: And for CDMO business, obviously, it has to be a one-on-one business based on the contract. So we have multiple product as well as the multiple customer as well as the multiple industry and a good amount of diversification.

Vivek Gautam: And sir, where is -- what are our differentiators versus competition and which is helping us out, sir? And you started out as 2 chemical engineers and have really evolved over the period, sir, and that's really great progress we have seen. We are very satisfied and happy and want to keep up with the good work. But you can highlight for the benefit of your investors, the differentiators, which we have and which can withstand the risk from the China and other places also, sir.

Abhishek Patel: So as you know, for most of our top products, we have more than 50% to 80% kind of market share as against any of the competitor. So that shows our track record that we have been competing in the market for a long time.

Moderator: Sorry to interrupt you, Mr. Gautam. I request you to come back in the queue for follow-up questions. We have the next question from the line of Tejas Arjun Sonawane from Asian Market Securities.

Tejas Sonawane: I have just one question. Last quarter, we had indicated about commissioning of a third block at Ankleshwar site. Just wanted to understand how has been the capacity ramp-up of our Block 3 and whether this has also contributed significantly to the margin expansion we have seen during this quarter? That's it from my side.

Abhishek Patel: So all the capex at Unit 2 Ankleshwar has been completed with commissioning of last block. But the capacity utilization will take its own time. And in next 2 years, it should reach to an optimum level. Margin expansion is not because of this commissioning of new block. As I mentioned, the margin expansion is a function of product mix as well as the operational efficiency as well as the cost improvement measure what we have done over the year.

Tejas Sonawane: Okay. Understood. So I believe that the Block 3 is largely towards our dedicated contract. So just wanted to understand since our commissioning in Q1, how has been the overall performance of this Block 3 in our quarter 2 numbers?

Abhishek Patel: Sorry, I didn't get you. Block 3 is for our dedicated contract and which has been commissioned last year, last quarter of FY '24. From -- since then onwards, this block is operational and catering to all the customer -- whatever the customer requirement is there. And that is sufficient to the projected customers' requirement.

- Moderator:** We have the next question from the line of Nilesh G from HDFC Securities.
- Nilesh G:** Sir, question is on Specialty Chemicals. So what is the capacity utilization of our specialty chemicals block in Jaghadia?
- Abhishek Patel:** 52%.
- Nilesh G:** Okay. And then what kind of growth you envisage over, let's say, 2, 3 years or the utilization to, let's say, optimum level? Since last 2, 3 years it has been around 40% to 50%.
- Abhishek Patel:** So in this business, we are expecting growth in between 10% to 15% only going forward also.
- Nilesh G:** Okay. Okay. And secondly, on this Block 3 of our CDMO plant. So what kind of capacity utilization currently?
- Abhishek Patel:** It's 38% at Unit 2.
- Nilesh G:** 38% in last quarter, right?
- Abhishek Patel:** Yes.
- Nilesh G:** And what it was in FY '25 on an average utilization?
- Abhishek Patel:** Actually, I'm not top of this number. I can get back to you on this.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I would 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 miss 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 wishing you happy Diwali and happy New Year to you all. Thank you.
- Moderator:** Thank you. On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.