ANUPAM RASAYAN INDIA LTD.

ARILSLDSTX20240820033 Date: August 20, 2024

To,	To,
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001, India **SCRIP CODE: 543275**	**National Stock Exchange of India Limited** 'Exchange Plaza', C-1, Block-G, Bandra Kurla Complex, Bandra (East), Mumbai-400051, India **SYMBOL: ANURAS**

Dear Sir/ Madam,

Subject: Submission of transcript of Earnings Call on the Unaudited Financial Results (Standalone and Consolidated) of Anupam Rasayan India Limited (the "*Company*") for the quarter ended June 30, 2024.

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclose herewith the transcript of the Earnings Call on the Unaudited Financial Results (Standalone and Consolidated) for the quarter ended June 30, 2024, held by the Company on Wednesday, August 14, 2024.

This information will also be hosted on the Company's website at www.anupamrasayan.com.

We request you to kindly note the same and take into your records.

Thanking you,

Yours Faithfully,

For Anupam Rasayan India Limited

ASHISH GUPTA

Digitally signed by ASHISH GUPTA
Date: 2024.08.20 12:34:13 +05'30'

Ashish Gupta
Company Secretary & Compliance Officer

Encl.: As above

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"Anupam Rasayan India Limited Q1 FY25 Earnings Conference Call"

August 14, 2024

MANAGEMENT: **MR. ANAND DESAI – MANAGING DIRECTOR, ANUPAM RASAYAN INDIA LIMITED**
MR. GOPAL AGRAWAL – CHIEF EXECUTIVE OFFICER, ANUPAM RASAYAN INDIA LIMITED
MR. AMIT KHURANA – CHIEF FINANCIAL OFFICER, ANUPAM RASAYAN INDIA LIMITED
MR. VISHAL THAKKAR – DEPUTY CHIEF FINANCIAL OFFICER, ANUPAM RASAYAN INDIA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY25 Earnings Conference Call of Anupam Rasayan India 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Krishna Patel from Ernst & Young. Thank you and over to you, ma'am.

Krishna Patel: Thank you and good evening, everyone. Welcome to Anupam Rasayan India Limited Q1 FY25 Earnings Call.

Please note that a copy of the disclosure is available on the investor section of the Website as well as on the Stock Exchange.

Anything said on this call which reflects the outlook towards the future, or which could be construed as a forward-looking statement must be reviewed in conjunction with the risk that the company faces. Please note that the audio of the earnings call is a copyright material of Anupam Rasayan and cannot be copied or rebroadcasted, attributed in press or media without specific and written consent of the company.

Today, from the Management side, we have with us, Mr. Anand Desai - Managing Director; Mr. Gopal Agrawal - Chief Executive Officer; Mr. Amit Khurana - the Chief Financial Officer and Mr. Vishal Thakkar – the Deputy Chief Financial Officer.

With this, I would like to hand over the call to Mr. Anand Desai for his "Opening Comments". Thank you and over to you, sir.

Anand Desai: Thank you, Krishna. Good evening, everyone and a warm welcome to the Q1 FY25 Earnings Call of Anupam Rasayan. I hope you all are doing well.

Let me share a sectoral view, followed by the updates for the Quarter gone by:

The agricultural industry is facing significant headwinds since last one year, largely due to the unwinding of the channel inventories. We anticipate this trend to persist until the end of H1 FY25, after which we expect the demand to strengthen. Our consistent efforts to expand our Pharma and Polymer portfolio are beginning to pay off. As indicated in the previous earning call, in Q1 FY25, our Pharma and Polymer segments have contributed to our revenue in double digit at 15% and 10% respectively. We expect this trend to continue through FY25. This is a shift towards a more balanced portfolio. With higher contributions from the Pharma and Polymer businesses will enhance well for sustainable growth going forward.

Now, let me highlight our Financial Performance for the Quarter under review:

Our consolidated operating revenue for the quarter stood at Rs. 254 crores with the Y-o-Y degrowth of 34%. These degrowth on account of lower volume offtake in Agrochemical segment. The EBITDA margin was at 23% in Q1 FY25, lower by over 5% points on account of lower sales. With higher contribution from Polymer and Pharma business this year, coupled with ramp up of the LOIs and contracts, we expect our revenue growth to come back from H2 FY25. Also, we expect all our plants to be commercialized this year.

At Anupam Rasayan, sustainability is one of the key pillars of our business. Over the years, we have invested in multiple initiatives to reduce our environmental footprint, including our recent decision to invest Rs. 59 crores in a hybrid power plant that combines solar and wind energy generation with a combined capacity of 9.6 MW. This project is expected to save approximately Rs. 15 crores annually in energy cost. This investment, along with our previous investments in renewable energy projects, will ensure that 65% of the company's electricity consumption comes from green energy sources and would take us closer to our goal of being energy net zero by 2027.

Coming back to the future prospects of the company, I would like to highlight that multiple drivers, including ramp up of revenue from LOIs and contracts, Pharma, Polymer and fluorine rate molecules would drive the growth of the Company. This growth will be further supported by a revival of the Agrochem segment from latter half of the year.

I would also like to mention that completion of the CAPEX plans which we had undertaken along with our existing capacity is self-sufficient for our growth in the midterm.

With this, I would like to hand over the call to Mr. Gopal Agrawal - the Chief Executive Officer of our company, to discuss the "Business Updates". Over to you, Gopal bhai.

Gopal Agrawal: Thank you, Anand bhai. Hello and good afternoon, everyone. Welcome to our Q1 FY25 Earning Call. I will begin by briefly discussing business highlights first and then I will hand it over to Amit bhai to cover the financial highlights with you.

As mentioned by Anand bhai, we are experiencing some headwinds in the Agrochem segment; however, Pharma and Polymer segments have been seeing a strong growth supported by our recently launched 15+ new molecules. We expect higher contribution from these segments, as this molecule will start ramping up and 5+ new molecules that are planned to be launched this year.

Our investment in Tanfac which provides us with the supply security for fluorinating agent which are starting raw material for our fluorination chemistry have also started yielding results. We have been able to commercialize 12+ molecule in the last year alone and we will also enter into multiple LOI securing long-term contracts thereby ensuring enough and more demand for us. This has also supported our growth in the Pharma and Polymer segment.

Further, on the business development side, I would like to inform you that our efforts in Japan and USA are yielding results. More particularly, in Japan, we are experiencing strong traction, particularly for our fluoropolymers with significant support from our local business development team in the region. We anticipate that within next 2-3 years, approximately one-third of Anupam's sales will originate from Japan with all business being secured through long term contracts. Additionally, we have several new Polymer products currently in our R&D that are targeted for supplying in US market as well.

With this, to take you through the financial highlights, I would like to hand over the call to our CFO. Over to you, Amit bhai.

Amit Khurana: Thank you, Gopal bhai. Good evening, everyone.

Let me take you through the "Financial Highlights" for the Quarter after which I will let Vishal bhai discuss the same further.

Starting with the CAPEX front:

As of 30th June 2024, we have already utilized Rs. 530 crores out of the total planned CAPEX of Rs. 670 crores. The balance CAPEX would be incurred during the coming quarters.

Our working capital remains stable in absolute terms, and we expect it to stabilize further by the end of this fiscal with improvements anticipated in FY26.

We are also focused on cost optimization and operational efficiency, which would not only have a financial and commercial advantage, but also will help in achieving our ESG goals.

Our strategic focus coupled with our expansion plan position us well for long-term growth.

With this, I hand over the floor to our Deputy CFO, Vishal bhai, who will take you through the financials in detail.

Vishal Thakkar: Thank you, Amit bhai. Hello and good evening everyone. Thank you for joining us here today. I would like to share some key performance highlights for the quarter ended 30th June 2024 and then we will open the floor for a question-and-answer session.

Before I proceed, I hope you all have had a chance to go through the detailed Presentation and the Results submitted to the Exchanges and uploaded on our Website. Kindly note our numbers for the quarter are on consolidated basis and they include Tanfac numbers as well.

Let me discuss on the Consolidated Highlights for the quarter ended June 30, 2024:

Operating revenues for Q1 FY25 was at Rs. 254 crores as compared to Rs. 386 crores in Q1 FY24, a decline of 34% Y-o-Y. EBITDA including other income was at Rs. 59 crores in Q1 FY25 as compared to Rs. 114 crores in Q1 FY24. This would translate to an EBITDA margin of 23% for the quarter. Profit after tax was at Rs. 12 crores in Q1 FY25 as compared to Rs. 52 crores in Q1 FY24.

Moving on to the Standalone Financials for the Quarter Ended 30th June 2024:

Operating revenue for Q1 FY25 was Rs. 164 crores compared to Rs. 289 crores in Q1 FY24, down 43% Y-o-Y. EBITDA including other incomes was at Rs. 43 crores in Q1 FY25 as compared to Rs. 88 crores in Q1 FY24. This would translate to an EBITDA margin of 25% in this quarter. The EBITDA was at 25%. Profit after tax at Rs. 1.4 crores in Q1 FY25 as compared to Rs. 35 crores in Q1 FY24. Our top 10 customers contributed about 77% of our total revenue.

Now, I will open the floor for any Q&A that you would like to have.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of S Ramesh from Nirmal Bang Securities. Please go ahead.

S Ramesh: Sir, I had three parts of my question. One is in terms of the potential for addition to the second-half revenue, how much would that addition be in rupees, crores based on whatever revenue lost in the first quarter because of order deferral? Second is, what is the addition you can expect from the commissioning of the new capacity? And third is how much is the additional revenue you expect to book from the new LOIs and contracts which you will start delivering in the second-half?

Vishal Thakkar: Let me answer this in a broad manner. See, if you look at it today the revenue should have been doing Rs. 80-Rs. 100 crores more than what we have reported today on a standalone basis and that is primarily on account of the deferral of the demand. So, that is the number that you can expect in the second-half of the year, which will be spread over two quarters. Two, if you look at from a capacity, see, capacity, it is going to come at various stages, so I don't want to talk about too much in terms of their number that how much would that add. It could be marginal for the year, but largely it will be for the next year that you will see a large part of the revenue accruing from the new capacity as well. And third on the LOIs and contracts today, we estimate that around 20%-25% for this year's revenue should be from the LOIs and contracts which are commercialized over the last 1-2 years’ time. So, that is net-net with what we are trying to suggest.

S Ramesh: So, if you are looking at a ballpark, Rs. 1,000-Rs. 1,100 crores revenue for the year, you are saying that you will get about Rs. 250 crores from the new LOIs and contracts in the second-half, is my understanding correct?

Vishal Thakkar: LOIs and contracts have talked about the whole year. Yes, largely it is back ended, but yes, it is the whole year that I am talking about. You are right.

S Ramesh: So, over FY26 and ‘27, again on this base revenue you have existing LOIs contracts and the existing business and then you have the new LOIs and contracts. So, what will be the addition to the FY26-27 new from, the new contracts and what will be the growth from the existing business?

Vishal Thakkar: If I understand what you are asking is that from the total LOIs and contracts, what is the kind of number that we can expect over the next 2 years, is that the question that you are suggesting?

S Ramesh: Yes, exactly.

Vishal Thakkar: So, what I was saying was that my number, so this year, we are looking around about Rs. 250 odd crores and we should be adding roughly around additional Rs. 200 crores each at least for the next 2 years is what our estimation would be.

S Ramesh: And this is something which you are confident about, even with the kind of headwinds you are facing in Agrochemical. So, this is something which you can do right aspect of that?

Vishal Thakkar: Yes, because I will tell you two things. One is Agrochemical is also there, but also please appreciate that a lot of my new contracts are of non-agro business as well, though it will come in the latter half of the next year or after that it will be coming in. So, you are right. We are feeling confident uncomfortable with these numbers especially with the kind of indication and the conversations that we have had.

S Ramesh: Sir, if I just squeeze in one more thought on the balance sheet and your working capital, so incrementally when you ramp up your production, are you going to maintain your debt at current levels assuming that the working capital will go up for the additional revenue? And secondly, when do you see the reduction in the working capital in terms of number of days over the next 2 years?

Vishal Thakkar: I think it is two year horizon is the right number to see because that way I will have a better visibility to talk about, a better view to talk about. One, if you really look at it, last part of, if you look at, we today are sitting with the higher working capital and to that extent we believe that working capital will be released over next 2 years timeframe and we don't expect any significant requirement of the external debt to finance this growth in terms of working capital because the additional working capital that will be required for additional sales would be more supported by the release of the working capital that is there today and that is where I would say. Over next 2-3 years' time period, as we have been guiding in the past also we would be targeting the working capital cycle to come back with more numbers that we have been in the past around 2021 timeframe, those will be the number of days and that is what our view is for now.

Moderator: Thank you. The next question is from the line of Rohit Nagraj from Centrum Broking. Please go ahead.

Rohit Nagraj: Sir, first question is by FY27, again slightly on a longer horizon, what could be the mix between agro and non-agro? And again in terms of non-agro, what would be the mix between say Pharma, Polymers or any other new-age segment?

Vishal Thakkar: So, Rohit, I am also a bit of crystal gazing as you are. So, we take it with that much of a thing. But if you really ask me, crystal gazing is not the right word, I would say, but please understand this is 2 years out, so I am directionally I am giving you these numbers rather than taking it very specific to the numbers. I hope that is fair.

Rohit Nagraj: Absolutely, sir.

Vishal Thakkar: So, then I would expect that Pharma should be around about 20%-25% of my revenue, Polymer should be of 10%-15% more towards 15% than 10%, but yes that should be there, and Personal Care should be in the range of 10%-12%. So, if you look at it and the balance should be the Agrochem is the number I would go with. Rohit, after two years, please don't hold me with these numbers and say you are exactly said this but directionally I am saying that the Polymer and Pharma will contribute more, and the Personal Care will remain around 10%-12% that we have seen.

Rohit Nagraj: Sir, second question, now given that we are ending with the Rs. 670 crores of CAPEX this year, are we recalibrating next year CAPEX given the kind of environment we are currently in and every single company is talking about there has been new capacity additions happening in China, which is putting pressure in terms of incremental growth or volume. So, just your thoughts on the same and is there any competition coming particularly in some of our molecules or some of our user segments and that can also lead to maybe the CAPEX being recalibrated?

Vishal Thakkar: Rohit, if you remember and that we had undertaken a Rs. 670 crores of CAPEX. Now, we are at the fag end of it and we are confident that we will be completing this CAPEX and we don't see any reason for us to not complete this CAPEX. So, that is one part of the thing. And anyways, for the next year, we had not planned any new CAPEX because we have actually had enough CAPEX for our near to medium growth. So, anyways, new CAPEX was not planned for the next year any significant one there, may be some investments in wind and solar that we have talked about and also maybe a bit of repurposing of the plants. Other than that there is no significant capacity addition that was planned and hence we don't need to recalibrate because there wasn't any in the first place. I hope that helps.

Rohit Nagraj: And anything on the China competition front?

Vishal Thakkar: So, I think for us there is not much of it, maybe to my end customer in few products there may be competition. In specific from my products to my customers we don't see too much of that happening here.

Rohit Nagraj: And one just last clarification again, I am not going to hold you for the exact numbers, but on the broader margins front, incrementally, do we still hold to the range of maybe 25% to 27%, 28% EBITDA margins for the next leg of products?

Vishal Thakkar: Yes, you can take that. That is a fair assumption. I would go with that.

Moderator: Thank you. The next question is a follow up question from S Ramesh from Nirmal Bang Equities. Please go ahead.

S Ramesh: So, if you look at your fluorination chemistry, I know it overlaps one or two segments. So, within the segments here, you have discussed between agro and non-agro, so where would the fluorination share of your overall revenue stand? And how does it move in the next two years? And broadly I think it is possibly split between the life sciences and non-life science in the order book and incrementally if you are looking at your margin guidance, this margin guidance kind of does it capture the share of fluorine chemistry, and different segments are going like Pharma and Polymers with the understanding that there could be plus or minus 100-200 basis point difference in the model. So, you can just put this in perspective, it will be useful?

Vishal Thakkar: This quarter fluorination was around by 15% odd of my revenue. This year we are looking at around 20%-25% of my revenue coming from fluorination chemistry. And the fraction that we are seeing by 2027, we should be looking at about 30%-35% of our revenue coming from fluorinated products across various applications.

S Ramesh: So, now in terms of the supply chain with the Tanfac, there are again two parts to this, one is, how much of HF have you firmed up with Tanfac in terms of their CAPEX plan to double their capacity and does that give you enough visibility on the requirement for ramping up your business on the new orders over the next 5 years or will Tanfac have to invest further in terms of additional capacity, what is that? And for Tanfac itself, what does it mean because we don't have much?

Vishal Thakkar: Let me answer the first thing, today with the CAPEX that we have planned out for Tanfac, the capacity is sufficient and enough for any requirement that we will have over not near them, but even a little longer term view also if we take, it would be sufficient for us and enough and more to be made available for the customers that they have been supplying today as well. What I am saying here is that first Tanfac expansion will ensure that we have enough and more available for Anupam to consume as much as it needs for its own growth needs, first. Second, I believe that with the expanded capacity, Tanfac would be able to service their current customers as well as our growth need is what I am saying.

S Ramesh: So, in terms of your fluorine-based products based on the HF, overall, how does it change your margin and ROCE profile because if you are saying that the margins are going to be in this range or some products are actually going to be lower margins. So, in terms of ROCE how do we read that in terms of the asset turn, like if you take the Rs. 670 crore CAPEX, what is the asset turn you can expect on this new CAPEX commission and is that going to be the key lever for driving your ROCE improvement? How do you see that?

Vishal Thakkar: So, first, I think on a blended basis, again, as I had suggested to Rohit also that it will be in the ranges that we have talked about because there will be a blend here. There will be some products which will have a very high margin, but also there will be some products where there will be average margins and on a more blended basis, we believe that the number that we are guiding should be achievable number one, especially Polymer would have a higher margin. So, as I was saying that the margins will be on the blended basis fairly the similar range that we have talked about because on Polymers, few segments, there will be a little higher margins, especially with the fluorinated products, Polymer products. And for the Pharma there may be tad lower but on a blended basis, this is the number that we can give you. Now, if you come to the ROCE and the capacity utilization, if you look at the new CAPEX that we are doing, that should give us the revenue of over around Rs. 1,100-Rs. 1,200 crores. And hence if you see the capital asset that we have created, we should be having a blended asset turn of over 1.5x and the kind of margins and the topline that we are talking about, we should be having a very healthy ROCE that we can expect here.

S Ramesh: Sir, just one last clarification. So, this is Rs. 1,100-Rs. 1,200 crores and 1.5 asset turn by when would you be able to achieve this?

Vishal Thakkar: So, Ramesh, the point is, it should be, that is the number that we will take around 2000 crores to 3,000 crores of total revenue, right, because my current asset block also has the capacity to grow. I would not want to guide the number exactly by guess. I am just saying this is how I would say but for me.

Gopal Agrawal: This is Gopal here. I can take some of the questions or maybe repeat on behalf of Vishal.

S Ramesh: Yes, he was saying that he cannot put a timeline, but broadly, this is the guidance you are giving in terms of incremental revenue from the new CAPEX and asset turn, so just to get in terms of whether it will be possible by 27 or 28, because if you look at the run rate of Rs. 200-Rs. 250 crores every year, it looks like it will take 3-4 years, so would it be realistic to expect this additional revenue from the new LOIs and the new CAPEX by 27 or would it be more like 28 that will give us a sense in terms of when you can achieve that blended asset turn and improvement in ROCE, that was the basic spirit behind my question?

Gopal Agrawal: No, I understand that. I think with the exception of the current year, I think as you have seen, as we have been guiding towards the growth of 25%-30%. So, with that in mind, I guess we should be able to kind of see that number in the period you are mentioning, some other around that.

Moderator: Thank you. The next question is from the line of Ayush Chaturvedi from Axis Capital. Please go ahead.

Ayush Chaturvedi: Firstly, if you could provide the breakup of exports and domestic business in this quarter, that will be very helpful? And also I would like to understand other than the deferment in the agri business that we have had, what is the impact or any sort of sense we can get from, how much of deferment can we expect in the rest of the year on other business?

Vishal Thakkar: I would not want, see, I can give you the numbers on the Q1 in terms of split of domestic to export, but you would also understand that these are not the representative on especially with the deferment of the volume that we have talked about, one. And if you look at the deferment as we had mentioned earlier that we would be around Rs. 80 to 100 crores of deferment, which we expect to come by the year end. So, in this year we would be able to recoup that demand that we have not had in the first quarter and first half.

Ayush Chaturvedi: So, again, like I said, I would like to understand how much of this deferment is coming from the Agri portfolio?

Vishal Thakkar: Largely it is agri, very limited because that is where my large part of my contracted demand comes from. If you look at Personal Care has fairly done stable. Polymer and other products have also been stable, so large part of it is agri.

Ayush Chaturvedi: So, could we expect a very strong resurgence in the agri in the latter half of the year like you have been mentioning. So, what sort of, you would have some sense of how much of it would start coming back?

Vishal Thakkar: So, let me answer it in a very simple manner that my revenue that I have for the year will be equal or higher than have delivered in the last year. So, we believe there will be growth this year is what we are expecting. It will be marginal, even marginal, but it will be there from the feedback that we have got from the customers and their plans.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference to the management for closing comments.

Vishal Thakkar: So, thank you everyone for your participation and your queries. We hope we have been able to answer most of your queries. In case, we have missed out addressing any of your queries, kindly reach out to our IR partner, Ernst & Young and we will be happy to connect offline to answer those questions. Thank you.

Moderator: Thank you. On behalf of Anupam Rasayan India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.