"**Shree Ganesh Remedies Limited**

Q4 & FY25 Earnings Conference Call"

May 21, 2025

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Moderator: Ladies and gentlemen, good day and welcome to Shree Ganesh Remedies Limited Q4 and FY25 Earnings Conference Call. 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 touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Mehra from TIL advisors. Thank you and over to you Sir.

Abhishek Mehra: Thank you, Manav. Good afternoon, ladies and gentlemen, and thank you for joining this Q4FY25 earnings conference call of Shree Ganesh Remedies Limited. The results and investor presentation have been uploaded on the Stock Exchange.

To take us through the results of this quarter and answer your questions we have with us today Mr. Gunjan Kothia - Full Time Director and Mr. Parth Kothia - Full time director and Chief Financial Officer. We'll be starting the call with a brief overview of the performance, which will be followed by the Q&A session.

I would like to remind you all that everything said in this call that reflects any outlook for the future, which can be construed as a forward-looking statement must be viewed in conjunction with the risks and uncertainty that the company faces. With that said, I'll now hand over the call to Mr. Parth Kothia here for the opening remarks. Over to you Sir.

Parth Kothia: Thank you, Abhishek. Good afternoon, everyone. Thank you for joining us today for the Shree Ganesh Remedies Limited's earnings call to discuss our financial results for the fourth quarter and full year fiscal year end, March 31st, FY25. It is my pleasure to present you a comprehensive overview of our performance, strategic initiatives and outlook. The FY25 has been a year of considerable challenge, but also one of the resilient, the strategic recalibration and laying out a robust foundation for sustainable future growth. Let me begin with an overview of our financial for the quarter and full year.

For Q4 of FY25, our revenue from operations stood at 24.43 crore, reflecting a 35% decline compared to the same quarter last year. This decline was primarily due to the slowdown in the European region, which remains a significant market for us, coupled with the sharp reduction in the realizations across domestic product portfolio. The realizations fell approximately 25 to 30% across the products driven by the intensified competition and also the change of market dynamics in India. Despite the top line pressure, it is encouraging to note that we achieved healthy volumetric growth during the quarter. This increase in volume demonstrates the underlying demand for our products and the strength of our customer relationships even in the challenging pricing environment.

Our EBITDA for the Q4 was 9.88 crores, down 42% year on year with the EBITDA margin contracting by nearly 492 basis point to 40.4% EBITDA margin. This margin compression reflects the combined impact of pricing pressure on traditional products and evolving product mix. However, it is important to highlight that our crams project, which command higher margin, continued to contribute positively and help sustain operational profitability.

The profit after tax for the quarter was 6.60 crores down 48% year on year. The decline in profit after tax is experienced due to commissioning of manufacturing block 8 and other utilities leading to higher depreciation and finance cost. While this new capacity has not yet contributed proportionately to the revenue, it is critical asset that will drive the future growth as utilization improves.

For the full year FY25, our revenue was 108.60 crore, down 14% compared to FY24. The EBITDA stood at 39.21 crores, a modest 6% decline with the margin improving 290 basis point to 36% for FY25. This improvement was driven by operational efficiencies and increasing contribution from our crams segment. The profit after tax for the year was down to 23.10 crore, down 18% from the previous financial year.

Turning to our business segments, our CRAMS division remains as cornerstone of our growth strategy. We are pleased to announce the signing of Memorandum of Understanding with the leading Japanese client for Specialty Chemical project. This represents a significant opportunity for us with commercial supplies expected to commence later this year.

In the agrochemical space we have secured and approved source status for key product destined for European market. We expect commercialization of this product to begin in second-half of calendar year 2026 further strengthening our presence in this important segment.

As a part of our commitment to innovation and operational excellence, we have intensified our R&D efforts. The construction of the new pilot plant is progressing well and is experienced to be operational from the current financial year. This new facility will accelerate the development and the scale up of new crams project, enabling us to bring the innovative solutions to market more specifically and more rapidly and efficiently.

In addition, we have commenced the development of common infrastructures and utility at our Dahej site. This strategic investment funded through the internal accruals will help us enable the scale production capacities as we secure firm orders for the large-scale crams projects. This infrastructure enhancement is a critical support to our long-term growth ambitions and maintain our position as preferred custom synthesis partner of choice from India.

The global chemical manufacturing landscape continues to evolve amidst geopolitical and uncertainties and changing trade dynamics. We have observed a surge in inquiries, particularly from the clients' seeking alternatives to the Chinese manufacturing due to tariff changes and supply chain realignments. While our direct exposures to the US market remains limited at present, we have seen growing interest from the US based customers from custom synthesis projects. This represents long term opportunities that will contribute meaningfully to our growth trajectory in coming years. In the near term, our focus remains on strengthening our core geographies of Europe and Asia and deepening their client relationships and expanding our product offerings to meet evolving customer needs.

At Shree Ganesh Remedies, we are committed to sustainable and responsible manufacturing. We have recently commissioned a 2.5 MW solar power park which is expected to contribute up to 70% of our electricity from the renewable sources.

Looking ahead, FY26, we anticipate it will be a year of consolidation and capacity building while we expect margin pressures to persist in the short term due to the contract repricing and the ramp up costs associated with the new capacities. The strategic initiatives we have undertaken will lay a solid foundation for the accelerated and profitable growth in the years ahead. We expect to launch several new molecules and expand our manufacturing capacities, which will position us strongly to capitalize on the emerging opportunities. Our focus will remain on delivering high quality custom synthesis to our clients while maintaining operational discipline and financial prudence.

In closing, FY25 has been a year of navigating challenges with resilience and strategic foresight, we have made a significant progress in diversifying our product portfolio, expanding our infrastructure and strengthening our R&D capabilities. This effort positions Shree Ganesh Remedies well for the future.

With that said, I will now be open to any questions you may have. Thank you.

Moderator:

Thank you very much, Sir. We have our first question from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Thanks for the opportunity. So, uh, you know you have highlighted that the FY26 is going to be a year of consolidation and you have also mentioned that you know realizations have fallen by 25-30% across products. So, in terms of margins for FY26 You know, how do we see the margins for us in FY26?

Parth Kothia: Thank you, Ankit. So, the product realization, which is 25 to 30% decrease has been for the domestic portfolio, not for all the products across the product portfolio. For FY26, we will see more normalizing of the margins in the range of 24 to 26% of operating margins. And we anticipate that it will continue for the future years as well.

Ankit Gupta: OK, OK. So, we'll see the margins as you have guided between 25 to 30. So, it will be in the range of around 24 to 26% for the FY26?

Parth Kothia: Yes.

OK. And in terms of top line, how do you see the growth like we ended this year with 109 crore of revenue. For FY26, how do you see the growth?

Parth Kothia: So, for FY26, I think as mentioned in the commentary this year, it's a year of consolidation. So currently we are aligning and we are building up the capacities for multiple reasons like for multiple things as well. Manufacturing block, we are increasing, in R&D, we are increasing the strength in pilot and everything. So that's why 26 will be a consolidation and we are also in the phase of approvals for the projects for the Japanese project for the other European projects as well. And we will prepare the base in FY26 to start the commercial supply in upcoming years.

Ankit Gupta: OK, OK. And if you can talk about the Japanese the MOU that we have entered with the Japanese company. So, we are planning to you know like for three like it will start it is for three years with the extension of two years. So, let's say at when you like reach the peak. What kind of peak revenues can this contract generate for us?

Parth Kothia: Gunjan, you want to take this over?

Gunjan Kothia: OK. Hi, since the Japanese projects is more on a spec chem side and currently, we have started submitting small samples for the approvals, so approval is ongoing at the moment and also this project requires some special infrastructure dedicated to it. So, we have planned that infrastructure to be built once we get the approval from this Japanese company. So, I think it will take one or two years to get project started on a commercial scale, but one thing is for certain that as the Japanese company has shared quite confidential information and as the project is proceeding smoothly, this project will certainly be one of our top projects, so we are quite positive on this MOU that we have signed with a good leading Japanese company and you can certainly see the effect of this project in upcoming years, but at the moment we are on the approval status and the R&D status,. The extension of MOU is there because the technology transfer might take a little bit more time, so they have kept 3 + 2 years of our clause. But from the speed of the project that is ongoing at the moment, we are confident that the approvals and the validation will be concluded by the mid of calendar year 2026.

Ankit Gupta: OK. Mid of calendar year. So next year it will complete it, it will be completed. So, when do you expect to start the?

Gunjan Kothia: So, by the next year, this time we will have the samples and the small quantities approved, so in next year you may you may see some of the commercial pilot scale, small quantities, but the year after we will start selling good commercial quantities so. Because Japan is Japan, they are a bit slow in commercializing and you know, evaluating things and making sure that things will work out for them, for sure in the future, so their speed is a little bit slow compared to the other countries, but once they sign anything with you or they join hands with you, that is going to be commercialized or that is going to take shape in the future that is for sure.

Ankit Gupta: And so, will we be building plant at the Ankleshwar unit or we are looking to develop the Dahej also for this Japanese contract?

Gunjan Kothia: At the moment we are going to use up the Ankleshwar facility and also as you know we have recently joined one of the acquired one of the neighboring lands. So, we would be expanding in that space.

Ankit Gupta: Yeah

Gunjan Kothia: But going forward in the future after three or four years, we feel that the capacity needs to be increased for some of the chemistries then we would start expanding at the edge. So, at the moment what we have planned is we are building up the common infrastructure that is required at the Dahej site like an office or a lab or a fire hydrant system, a security cabin, a canteen like we are building up the common facility in this year, so from next year we can decide which chemistry or which project we want to focus on and we will plan accordingly at the Dahej site. So but at the moment, the manufacturing infrastructure is being expanded at the Ankleshwar site only because we have ample space after acquiring the neighboring land.

Ankit Gupta: Sure, sure. And the potential, the revenue potential from these three products that we'll be doing, so let's say 28-29, you might see you know full ramp up of all the three products. So, what kind of revenues can we expect from this Japanese contract?

Gunjan Kothia: At the moment, on a safer side, the peak revenue is 30 plus crores, but it can reach up to, can go up to double. But what Japanese team has conveyed us it can reach at its peak for 30 plus for a year.

Ankit Gupta: OK. And what will the margins here in this in this contract?

Gunjan Kothia: Similar, we would try to maintain the margins around 24-26% but with the volumes, the margin can be decreased, but initially the margins would always be around 30%. But as the project gets commercialized, we would try to maintain our healthy margins around 26 or 24%.

Ankit Gupta: OK, OK. Just one last question before I come back in the queue. Just on the agro products that we had launched, you know how is the ramp up happening there?

Gunjan Kothia: So, in this year, we have already got the approval status from the customer. We have supplied some small quantities and they have satisfactory made the end use product. The company is now in the phase of registering the product to launch in the market. And they are expecting to place a small commercial order in next year calendar year 2026. And their prediction is that the product would reach at its peak in next 3 to 4 calendar years.

Ankit Gupta: OK. And what can be the speed revenue like? How can, how big can this fill up?

Gunjan Kothia: It would be in a similar scale at with the Japanese. It's 30-35 plus CR.

Ankit Gupta: OK. Thank you, and wish you all the best.

Gunjan Kothia: Thank you.

Moderator: Thank you. We have our next question from the line of Aditya Pal from MSA Capital Partners. Please go ahead.

Aditya Pal: Thank you so much for the opportunity. Just so before, before we get into the projection and what the future lies, what lies first in the future Gunjan, Parth, are we trying to enter the GLP 1 supply chain for at least the molecules that are going off patent in many geographies in FY26 for a pharma segment?

Gunjan Kothia: Yes, thank you for your question. So GLP 1, so as of now we are not working for any of the products in pharma sector for the GLP 1.

Aditya Pal: Understood. And if I say FY27-28, two years out, three years out, we have got multiple crams project under our belt now and side by side, so having a lot of discussions with a lot of multinational clients. So, in your vision where can you see the revenue going from a 100 crore today to say in FY28 where with everything that we have today with all the capacity we have today. Where do you think of what is your vision, where we can go by FY28-29?

Parth Kothia: So, I would say like the growth which we have seen in previous years as well and how we expand. So, we don't see the linear growth but definitely FY26 while the year is for the consolidation, we are very confident that the recent crams project and other agro projects where we have received approval from the customers, we will see the commercialization in next 3-4 years. So once the approved products which goes commercialized in 3-4 years, we will see like the growth like revenue doubling from here and that will meet our internal benchmarks of 20 to 25% growth, CAGR growth for 3-4 years.

Aditya Pal: Understood. And when we are looking at FY25's revenue, what would be my what would be out of 109 crores, what would be the crams revenue and what would be our non-crams revenue?

Parth Kothia: So roughly approximate its around 15 percent, 15 to 20% from the crams revenues, so crams goes into two different end use application and so I would say around in the range of 15 to 20%.

Aditya Pal: Understood, understood. And the number that you sent to the previous participant, those are annual revenue figures, right, not quarterly?

Parth Kothia: Say again?

Aditya Pal: The figures that of 30 crores and 60 crores to the previous participant, those were annual revenue?

Parth Kothia: Annual revenue, correct.

Aditya Pal: Got it. Got. It so that's all from my side. I'll come back in the queue.

Parth Kothia: Thank you.

Moderator: Thank you. We have our next question from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Hi, good afternoon, everyone. So, uh, my first question is uh, you know if you can talk a bit about you know you mentioned that the project sizes have moved from 80 to 100 tons to maybe more than 500 tons now or at least the inquiry level you know that is the kind of inquiries that we are getting so, uh, you know, if you can talk about, you know, what kind of pipeline you have for larger size project. So, if you talk about overall pipeline, how many molecules you know you're working on at the development stage, how many commercial and you know how you want this pipeline to move over next two years? And out of those molecules that you're working on, how many of them are you are working for a larger size of the project, let's say more than 100 tons?

Gunjan Kothia: Alright, so Parth I will take this question. So, from the volumetric point of view, all our past products has been in range of like 50 tons or 100 tons or max 150 tons, but the upcoming projects they are all above 200 metric ton. So, the Agro project that we are doing with the European company, the peak volume that has been shared by the customer is 500 plus metric ton. And the Japanese project volume also that has been shared by the customer to reach at its peaks is 250 plus metric ton. Now to produce these products, we would use some of our existing infrastructure, but we are also building up some strength in the flow chemistry because these projects require one of the stages to be conducted in the flow chemistry and that's why we are consolidating and building up the capacity around the new chemistries that we are lacking at the moment, so we can take them to the commercial scale. And talking about our R&D strength and the projects that we do per year; we at least close down on 6 projects every year in the labs. And of that six projects, we then coordinate with the customers. Some of them gets commercialized in two or three years, some of them get commercialized in 5-6 years. So, as you rightly said, we are doing lots of crams projects at the moment. So, we have also have more and more opportunities on the crams because if we talk about SGRL image in the market at the moment, we have built up an image such that we focus on a chemistry-based projects and we are more interested in taking custom synthesis projects rather than doing the projects that are already available in market or the people that are already buying from China. So, we are not focusing on the China plus one rather than we are focusing on doing customs synthesis project where the customer has either a trade secret or a patent filed on it. So, all our projects are quite unique in the sense that they have developed by the customers and they are also I think the only you know one that can be done in India or we are the only one doing in India. But our project selection from now on and in the past few years has always been that we are a reliable manufacturing partner for a European, or a Japanese, or a US customer in this spec chem field where they are looking for an Indian manufacturing player who can help them to scale up the manufacturing capacity so that they can launch the product timely into the market irrespective of their end application.

Dhwanil Desai: OK, got it. So currently how many projects that 15-20 crore revenue that you talked about on the cram side of it, that is a you know overall you know what it's a combination of what 4-5 commercial molecules or more or less than that and then going into next two years, how do you see this number of molecules changing? Of course, you indicated that the volumes for each molecule are moving from more than 200 tons, but the number of molecules wise, how do you see the trajectory as today and going forward in next two to three years?

Gunjan Kothia: So, year on year, the revenue from the Crams will keep on increasing. I cannot comment on the figures exactly, but what it is now and what it is currently around 15%, definitely it will grow to some extent or it will grow to maybe double or triple the current extent in the future. But in how many years, I cannot say for sure, but going forward in the future, our plan is to increase the revenue from the Crams stream mainly for two reasons. First, they are chemistry driven and second, they are customer specific and they are a stable project for the future. So, our existing products which are like a generic products you know that there is always a competition and there is always the sacrificing of the margins and the volumes and but the Crams project because they are customer specific and because they are application specific. So, the revenue from them will be quite like.

Gunjan Kothia: Hold on. Sorry.

Gunjan Kothia: Sorry. So, the revenue from them would be quite stable, but I would not be able to comment on the figures, but for sure you would see the revenue from the crams increasing in the future financial years.

Dhwanil Desai: Last question. So, I think we are putting up, you know some utilities and common facilities in Dahej and you know if I understand correctly that Dahej was predominantly allocated to large projects done probably for captive you know, projects of some customers, you know when the scale was required, right? So, are we kind of seeing such opportunities and hence, you know fortifying in next year and hence we are kind of preempting this or this is more of a putting these facilities up and then you know as and when opportunities materialize will put up the you know, the other infrastructure in place? So how should we look at it? This is a precursor to some large projects you know culminating in FY26. So how we should look at it?

Gunjan Kothia: It's a combination of both. Definitely we are reserving that land to put up a bulk project dedicated to a customer, but also if the bulk crams opportunity arises and we want to set up our own block dedicated to that project, we would be using Dahej land, but for sure, as you rightly said. We would utilize Dahej only for the bulk projects and the small volume custom synthesis projects would be done at Ankleshwar site.

Dhwanil Desai: Ok, understood and just one clarification, I think Parth mentioned that you know this year will be a year of consolidation, you know, so I assume that we are saying that FY26 top line also we should assume a flattish kind of a number. Is that the right understanding?

Parth Kothia: So, I think FY26, we will see a growth from here from the current financial year FY25, but not the drastic increase in terms of absolute number and percentage.

Dhwanil Desai: You mean top line, right? I understand, margins will..

Parth Kothia: Top line.

Dhwanil Desai: OK. Margins will decline from whatever 35-36% to 24 to 26% range and there will be a moderate growth in top line. That's how, we should look at FY26?

Parth Kothia: Correct.

Dhwanil Desai: OK, got it. Thank you and wish. You all the best.

Parth Kothia: Thank you.

Gunjan Kothia: Thank you.

Moderator: Thank you. We have our next question from the line of Kiran B from Table Tree Capital. Please go ahead.

Kiran B: Sir, thank you for taking my question. So, 2 questions from my end. Given you know FY2025 we have built capacity Block 7, FY26 year of consolidation. We are doing a lot of trials. Across pharma, agrochemical polymer, all these product categories do we have any single or two or three products which can take which can add 100 crore revenue additional in FY27 or will that be over a period of time and FY29 is when we will see 200 crore revenue?

Parth Kothia: Gunjan, you want to take this?

Gunjan Kothia: So, talking on the projects at the moment, we don't have a single project which would contribute revenue wise as 100 crores. We have a small project, medium sized projects whose annual peak volume from revenue wise would reach to 30 or 35 plus a year. And so, when Parth said that our revenue would go double so this is projected to go double in next three to four financial years when all these crams are expected to reach at its peak. So, the current revenue, which is around 100 plus a year from the existing products would continue. And we are trying to maximize the volumes in our existing products and also, we are trying to gain some more revenue from the new products that are recently commercialized just on the generic side, but if we combine the peak of crams and our existing revenue, considering both things in the future, in next 3-4 financial years, our revenue would go double.

Kiran B: Got it. Got it. And the second question is apart from the agro chem, you know and the Japanese customer are we adding, I mean I think a year and a half back when you had organized some investor meet you had mentioned something happening in the EU space, in the renewable energy space. Is there any progress on that or is that like a stalled project and is that will that add like 28-29? Is that part of the 200 crore in 3-4 financial years also?

Gunjan Kothia: Sorry, I'm confused. Renewable as in you mean to say we were going to put up some sustainable renewable energy generation or the projects in the renewable?

Kiran B: Just something around windmill, wind turbine specialty chemicals is what we were talking about 1 and a 1/2 years back, Sir.

Gunjan Kothia: Ohh, OK, OK. So that we are already catering to that company in the EU region. But again, that company has a little bit slowdown in their uptake. So that project is already commercialized and they are using the product in the manufacturing of the blades of the windmill. That project is already commercialized, but the customer is having some hiccup in their launch of the product.

Parth Kothia: I think that was the past project that we were talking about during like last one and half years back. But this product is I think 4 years old product that we're talking about.

Kiran B: Got it, got it, got it. Got it. OK. So that project is already commercialized part of the 109 crore revenue thing, OK.

Gunjan Kothia: Yeah.

Kiran B: Got it, got it. Got it. OK, perfect. Sir. Thank you so much.

Gunjan Kothia: Thank you.

Moderator: Thank you. We have our next question from the line of Ayush Mittal from Mittal Analytics. Please go ahead.

Ayush Mittal: Yeah. Hi, Gunjan and Hi Parth. So having followed the company for a while now, what I want to understand is that I think till sometime back the kind of outlook we were having was very robust and we were looking on a very good we were on a very good growth path wherein we had a pipeline of cram projects under hold and all those things, but as of now, for the current year and the recent performance has been weak and we are not seeing much signs of growth. So, what has changed in last six months or so? Any particular project on which you're banking on?

Parth Kothia: Yeah. Thank you, Ayush. I can take the question. And then we can add on. So, I think for the current year, I can just comment that what has changed is in the domestic part for the decline of product realization, we have seen that there is competition where we have enjoyed good margins, good prices for a couple of years. And I think this is the third or fourth year of those products where we have seen 30%, up to 30% of the price decline for that so that is one of the reasons where we have seen a decline in the current financial year. Second is European slowdown. So, our major market as of now is also European market where we do the pharma intermediates export. The customer which we supplied to at the big pharma companies from based in Europe, they have seen de-stocking as well as low realization or low I would say sales from their end product which in led decreases our product pharma intermediates. So that's one of the second reason for the pharma for the European region. In terms of crams, we are still getting the same commentary that the one of the crams was commercialized, the other 2 - the Japan one is on the good path, which we anticipated rather that we are anticipating that it will take much longer time, but the customer is replying faster. So, we see that we will get some kind of commercial approval in the current year in financial year and we will start initial levels of commercial supply in next calendar year second-half or I think quarter 2 of calendar year 26. So, in terms of projections of forecast which we had for the crams, it still remains same in terms of Japan market as well as Europe market.

Ayush Mittal: OK. So, I think there were 4 molecules that we were working on with the customers, right?

Parth Kothia: Yeah. So, what I think we have previously mentioned as well is that in the last like previously two years ago where we mentioned that three crams' projects we are giving, but then crams where the nature is dependent on the customer and product and end user as well. So sometimes it gets commercialized within one year, 1 – 1 and 1/2 years. Sometimes it takes a lot of time, so after that press release as well. We have signed couple of crams projects but we have stopped giving specific crams like previously where we have signed with the customers. We are just giving tentative that for this region for Japan region or for Europe region we are doing a crams project. So, we have after that 3 crams project we are still signing and we are still doing some of the other works with the other customers in those regions for the crams project, but we have not specifically given press release, I would say so for the plans project we would happily give on advice public when we see a commercial contract and agreement with the customers. So currently pilot trials and R&D has been going on and we have we have so far received a green signals from the customers.

Ayush Mittal: OK. Second, if I look at the margin profile, it is still pretty high. While we have been talking about moderation for some time. So, is it that we have been doing some commercial supplies because of which our margins are very high and as the volume scale we have to offer the price reduction?

Parth Kothia: Yes, so for quarter four of last year, that was the first quarter where we started the commercial supply. We anticipated that the customer would normalize the margin, but we were able to enjoy the higher margin for the current financial year till Quarter 4 of this year. Going forward, we are seeing that like from this current year to quarter one of FY26, we are seeing the normalizing or decreasing pricing for the crams project. I would say we were able to enjoy the better margins due to the different route of synthesis that we have for that crams project because customer has two or three suppliers and the other suppliers, they had approved price point which we were able to supply at the higher margin for that specific year. So, from current year we are seeing that it will normalize.

Ayush Mittal: OK. OK. The other thing that I noticed in the investments that we have been making, if I see the CapEx that we did two years back, definitely there was a large amount that went towards the land of the land, but it was a higher number. The same it was for last year, but for this year the CapEx amount has reduced versus last year. What kind of capex are we looking at FY26?

Parth Kothia: Right.

Ayush Mittal: And by like the aggression that we were having on the CapEx side, has that been reducing now?

Parth Kothia: No. So, it still remains same. So, I would say manufacturing Block 8 was commercialized in this current FY25 on quarter one and then now going forward, the current construction of the next manufacturing block while you have visited the site, you can see the construction of the next manufacturing block just it just right to Plant 8 is ongoing. So, we are doing CapEx for the manufacturing block as well as the new pilot plant near to the existing one for the plant 4. So, in terms of CapEx, we are still going, I would say aggressive or we are still focused on the new projects and accordingly doing CapEx, our blocks are specified to the chemistries. So as and when we see the demand for the specific chemistry, increase in the demand for the existing products of the new projects, then we do the CapEx. So, it is still going on, I would say.

Ayush Mittal: How much should be the CapEx for FY26 broad number of planning that you have?

Parth Kothia: Approximate around 15 cr.

Ayush Mittal: 15 cr. OK.

Parth Kothia: Yeah.

Ayush Mittal: OK.Thank you .That's it from my side.

Parth Kothia: Thank you.

Moderator: Thank you. We have our next question from the line of Rupesh Tatiya from Intelsense Capital. Please go ahead.

Rupesh Tatiya: Hello, Sir. Thank you for the opportunity. My first question for you on this Japanese project. Can you give some idea about you know the end industry for the product, kind of chemistry we are doing? Is it a multi-step complex product or is it is it you know a large volume bulk volume you know KSM +1, KSM +2 products? If you can give some idea about these things, they'll be very helpful.

Gunjan Kothia: Hi. So, at the moment we would not be able to share the end application because the customer is quite secretive of the end application before the launch of the product in the commercial market. But I can definitely comment on the complexity of the molecules. So, the molecule in total is a combination of six different steps that are required to manufacture this product. Also, what I can say is for this product there is only one manufacturer in the world that is located in the Asia continent, like specifically in Japan market. And hence the customers demand is expected to uprise in the future for the launch of the product and we have got this opportunity because we have been able to prove the capacity to develop this product using our existing chemistry and also some new technologies that we have added to our portfolio. But once the customer is comfortable, then we can share the end application but at the moment I would not be able to share the end application, but for sure I can say that it's a quite complex product and customer has trusted us with this project and it is going well on the way of getting commercialized in future.

Rupesh Tatiya: So, so just one clarification, Sir, this product that customer is doing, is it like a new innovative product or is it like an already commercialized product?

Gunjan Kothia: It's a new innovative product.

Rupesh Tatiya: OK. And then there are already 1 supplier in Japan and we have the second supplier?

Gunjan Kothia: So, while doing the R&D and product development, they have taken this material and developed one domestic source. But they are also looking for another source to be developed. They had an option to go either to China or India and they have selected to go with India and we are the chosen partner.

Rupesh Tatiya: OK. And which chemistry is this, Sir? I don't know coordination like that, hydrogenation. Some idea if you can give about the chemistry?

Gunjan Kothia: Still, at the moment I would not be able to share that, but going forward in the future once things are definitely approved from the customer side, we would be giving a press release on the same.

Rupesh Tatiya: OK, OK. And the end, I mean the potential for the end product, is there any view you're able to share at this point of time?

Gunjan Kothia: So, the potential from the revenue wise, it can reach to 35 plus year I would say on a safer side at its peak, but looking at the customers speech and their projection, it can go even higher.

Rupesh Tatiya: OK. OK sir. My second question, Sir, is this Agro chemical product that that we are doing is, is it an innovator molecule or is it off patent molecule?

Gunjan Kothia: No. Again, that is the innovator molecule. The patent lies with the customer. And synthesis and manufacturing is done by us. The customer has just been granted patents 2 years back, so they still have 18 years left in the market to rule this product and we also have high hopes for this product as well.

Rupesh Tatiya: So that also is a new product for the customer also and the market development has still has to happen for that product as well.

Gunjan Kothia: Yes, yes. So mostly all of our cram's projects are innovative molecules that are first to be released in the market.

Rupesh Tatiya: And there also Sir are there like multiple suppliers for that product or we are like the primary supplier for that agrochemical product?

Gunjan Kothia: For all the Crams project, they already have a supplier either in China or in the domestic region. But we are the only one from India that they have chosen to work.

Rupesh Tatiya: OK. OK. That's interesting and answer this non. So, 110 crore the revenue we did for FY25 roughly you are saying 15-20% is roughly 25 crore is from crams let's say and 85 crore is from non-crams. So there if you can give you know some idea about, I mean you have said pricing has dropped by 25%, but if you can give some idea about, you know, competitive intensity, is there like a structural trend that the margins now in this part of the business will be lower or I mean what is what has happened in that part of the business?

Gunjan Kothia: Parth can comment.

Parth Kothia: Yeah. Yeah. So, in terms of on these domestic products where we are seeing 25 to 30% of like margin erodement, I would say. Currently we are saying that these are the lowest margin. So, the prices cannot go beyond lower than this. Also, we are one of the largest manufacturers of those products. So, we are the lowest cost manufacturer of that products for the domestic market. So, in terms of margins for the domestic part, it cannot go below this which we have realized currently.

Rupesh Tatiya: This maybe if you can give some idea about the therapy, which therapy in these products are in. Is it like ARV or is it some other I don't know corticosteroids or something? If you can get some idea about the therapy where you are facing this pricing pressure and margin pressure?

Parth Kothia: I think it is an, antipsychotic and anti-depression.

Rupesh Tatiya: OK. OK. And another thing is now, I mean we have 95 crore of you know net block and another maybe 15-20 crore will get added. So roughly let's say 120 crores in FY26, how shall we look at the utilization of your assets, right? Because uh, I think we we've always said I think 2X asset plans if my understanding is not wrong so how do you see the asset utilization over let's say next 2-3 years?

Parth Kothia: So, I think so as of last year, FY24, the net margin like asset turn was three times. Currently it's around 1 and 1/2 to 2 times. Going forward we will see two times the asset turnover for the net as property, plant and plant and machinery going forward.

Rupesh Tatiya: This is including land you are saying right? Two times.

Parth Kothia: No excluding land, just the planting machinery.

Rupesh Tatiya: OK, OK. So, it's the plant and machinery, we will see two times as it asset turns?

Parth Kothia: Two times asset turn, yeah.

Rupesh Tatiya: OK, OK. OK. Thank you. Thank you for answering m questions.

Parth Kothia: Thank you.

Moderator: Thank you. We have our next question from the line of Mayank Agarwal from Scientific Investing. Please go ahead.

Mayank Agarwal: Yeah. Hi. Thank you for the opportunity. I have three questions. The first one is like what is the reason for slowdown in Europe like have the company lost any client or exactly what is the reason like is it temporary or like how we plan to overcome this situation going forward?

Gunjan Kothia: Hi, I can take this. So, the intermediates or the products that we are supplying already to our European customers, those were of quite generic API and as the new APIs are taking shape, the customer has focused on new API launch and also, they are gaining the volumes, hence the whole generic volumes of the have slowed down and that has led to the decrease in the purchase power. So that was one of the basic reasons for the slowdown in the Europe the uptake in the intermediate.

Mayank Agarwal: And what would be the?

Gunjan Kothia: And I think this is the lowest that we have anticipated. And the customers like we have been discussing with the customer and they have told that this is the lowest that it can go. But that is the core reason, because new and new generation APIs are coming. The generic volumes or the old API volumes are slowly going down compared to the newer molecules that are launched in the market.

Mayank Agarwal: OK. And what will be the like situation going forward?

Gunjan Kothia: I think so this is the lowest that they have told us it will go. So, at this stage or at this volume, it will be quite stable, but it will not go any further than this. But this is the lowest dip that can go in the future or this is the current situation that is stable right now.

Mayank Agarwal: OK. And like our next question is like how much of the business is backward integrated and when we see like we have our ability to handle complex chemistry like how do we define what is complex chemistry and what are our skill sets here?

Gunjan Kothia: So, when we talk about the complex chemistry, our past projects has been either 2 steps at max or sometimes 3. Now all the new molecules that we are taking are at least four steps or six step projects, which requires multiple chemistries, master or expertise, so all our projects or all our crams projects are at least four or five steps at top, they are going up to 8 steps as well.

Mayank Agarwal: OK. And like what would be the revenue share from our top five products and top five clients like?

Parth Kothia: I can take this. Revenue from top five products would be roughly around 65%.

Gunjan Kothia: Right.

Mayank Agarwal: And from top five clients?

Parth Kothia: Yeah. So top five is 65, so top three would be around 50 to 52. Top five would be 65.

Mayank Agarwal: OK. And is there any figure like which has like some threats to the group or something like that and going forward?

Parth Kothia: So apart from the legacy business is still stable from the demand from the customers and the new projects which we see when they increase their demand, the proportionately, the ratio of the existing molecule decreases, that's it. We don't anticipate it any drastic change in that.

Mayank Agarwal: OK. And like one question like can you elaborate more about the type of work like the company doing pharma and agrochemical in terms of work quality, nature of projects, clients, future opportunities and risk and all?

Parth Kothia: Can you repeat again? Sorry, I lost your voice. Can you please repeat again?

Mayank Agarwal: Yeah. Just wanted to understand like can you elaborate more on the type of the work the company do in pharma and the agrochemical business in terms of work quality, nature of projects, clients, feature opportunity and risk and all?

Gunjan Kothia: So, the projects that we have taken now or in the future, all are crams project. All our innovative projects and the customers are expecting them to reach at its peaks in next three to four years. All projects are complex chemistry driven projects at least four steps going up maximum up to 8 steps. And so. And also, there will be no initial dip like that we have seen now decrease in the revenue as I told the European customer has just got a patent on it just two years back. So, all the projects are quite innovative. They are the patent owners and we see quite a promising future in upcoming years from those projects.

Mayank Agarwal: And the agrochemical part.

Gunjan Kothia: Yeah, the agrochemical part, the customer has the patent with them and we are doing the crams for them for the intermediate.

Mayank Agarwal: OK. Thank you so much.

Gunjan Kothia: Thank you.

Moderator: Thank you. We have a follow up question from the line of Ayush Mittal from Mittal Analytics. Please go ahead.

Ayush Mittal: Yes sir. Couple of questions that I have that I have. One, if you look at the journey that we have been trying to transform on the cram side and we have been building a lot of infrastructure means that you're getting new contract. Can you tell us more about apart from the existing clients or the Japanese clients, what kind of business engagements or other opportunities are you seeing now, especially given that Cram has become a very hot area, is it that you're also seeing too much of competition or you are seeing decent opportunities for a company and if they are more tie up going to happen in pipeline.

Parth Kothia: I can take this, Gunjan. Thank you, Ayush.

Gunjan Kothia: Yeah.

Parth Kothia: So, I think the good way to see crams is what we have experienced as well because previously also as I mentioned earlier that we used to do a similar kind of model with the customer where they used to provide us the technology and we used to scale up and supply the manufacturing part and the commercial part as well. What we have experienced and noticed in the current year is from the European as well as Japanese market, more and more from the Japanese market is where we have delivered the initial smaller quantity, smaller volume product in the crams market. They were happy with the turnaround time. They were happy with the specification and the quality and everything, pricing as well. So that's why they come, they come back with the other two or three new projects from the same trading firm from the Japanese market. We have been getting more and more inquiries for the new projects. It could be for the existing like they want to replace the existing supplier or it could be for the new projects where the innovative product is there, where the customer has the patent and everything. So why we are seeing more influx of inquiries from the cram scene, like, because this was recent meeting only 15 days ago with one of the Japanese customers that he mentioned while visiting the facilities that now, when they mention our name to the customer, to the end product, they are also getting affirmation and confirmation from their end product customers that they we are one of the approved suppliers for the other projects that they have seen or they have done with us. And that's why we are willing to open for the new projects. So, I think that's why we have been getting more and more inquiries and projects for further discussion.

Ayush Mittal: OK. And give us the kind of infrastructure investment the like, I think you have stepped up for large R&D setup also now. Given the investments we have done and the capacity we have built, what do you think we'll be able to utilize them well enough given the near-term challenges that the company is facing?

Parth Kothia: For the current existing capacities, the new addition of capacities you're asking, correct?

Ayush Mittal: Yeah. I mean company has invested a lot into R&D, into the infrastructure, into the capacity in last two years. And as of now, if this growth is not going to be very high, then how do you intend to utilize it well enough?

Parth Kothia: So, I think whatever R&D or the expense which we have done in capacity building as well as the pilot or research and development is for the projects that we anticipate. So, without that kind of CapEx or investment in R&D or the manufacturing capability building, the customer wouldn't, I would say there would be no project agreement with the customer. So, while we see that customer wants the sample within next six months or eight months, we have to invest certain technologies or certain I would say equipments, chemistries, all technical know-how and that requires a certain investment. Moreover, I think previously it was just the start. Going forward, there are some of the crams project or some of the projects, I would say not to mention just the crams that requires a new set of CapEx where the technology is also new for us. As Gunjan mentioned, flow is one of that and there are other chemistries as well which will require higher end of CapEx, not necessarily for the building of new blocks but in the existing infrastructure as well.

Gunjan Kothia: So Ayush, in short, so initially what we had done is like we developed different chemistries, we invested in R&D. We put up blocks dedicated to chemistries, and we took some of the Crams project, but on a lower side of revenue or lower side of volume where we have proven our capability to the customers to show that we can deliver what we say. Whereas now we are at a stage where customers really trust us. And they have started giving us the big projects. That's the whole scenario.

Ayush Mittal: OK.

Gunjan Kothia: So now what we are doing is we are putting up a bulk capacity of few chemistries that we feel that it will give us a good revenue in the future and also, we are building up some new chemistry strength as well which customers are expecting from us to get even more complex projects. So going forward in the future, our strength in the crams project is quite I would say unique because we are not developing the chemistry and then looking for projects. At this stage, we are developing chemistries based on the customer suggestion and requirements that is quite niche to the Asian or Indian market. That is what we are doing at the moment.

Ayush Mittal: Got it, got it. OK, thank you.

Gunjan Kothia: Thank you.

Parth Kothia: Thank you.

Moderator: Thank you. We have our last question from the line of Aditya Pal from MSA Capital Partners. Please go ahead.

Aditya Pal: Hi, thank you so much for taking up the follow up. Gunjan, Parth, I completely agree with you'll that the business and the part of the that there is a bit drop in confidence in the commentary, but then we also have a base business right of pharma intermediates as well as specialty chemicals leaving crams aside. If we are saying that our business will double our revenue will double from in the next 3 to 4 years. And we have a lot of crams project coming with each of them at least having a 20-25 crores annual revenue potential. That means that my base business, that is my specialty chemicals intermediate and pharma intermediates will be growing at mid-teens level at the small base. Is that fair to understand then?

Parth Kothia: So. Yeah. Thank you, Aditya, for the questions. So, in terms of commentary, I would say that while we give the conservative commentaries, it's for the time that we are in the business of a nonlinear growth. So, for example, when a customer has given us an approval for the commercial supply there might be a chance that for the next 6 months or eight months or two quarters or three quarters, we will not see this commercial supply of that material. But we will definitely see the supply within that calendar year when the customer has committed. So, we anticipate that currently there are good progress on the project that we are doing. We are getting the customers and everything.

Aditya Pal: I completely agree. I'm not talking about the nonlinear, that is the Cram part, but at least my pharma and my specialty chemical is, at least to a certain extent, a linear business, right?

Parth Kothia: Correct.

Aditya Pal: So, at the small base, we should be expecting at least height in growth. That is my understanding. So, you can please correct me if my understanding is wrong. Change in industry scenario?

Parth Kothia: Right. So, from the existing product portfolio including the pharma as well as the spec chem side, we can see like, yeah, mid team levels growth. For the pharma side, I would say the existing business, the legacy business is the segment when there is no growth because it has like it has gone full potential. But the new projects which are going on the pharma side for the domestic as well as export market will help with the new growth side, not from the existing molecules for the new projects that are working and that are ongoing in the R&D. And in the Spec Chem site same as well, Spec Chem is for the export market somewhat for the domestic market. The existing projects there is a growth potential for the, I would say 12 to 15% growth potential. And those projects are smaller in terms of total market value, addressable value Going forward, the new projects which are ongoing in the R&D will commercialize and that will add to the growth.

Aditya Pal: Exactly my point right that Crams is one thing that will be a nonlinear cut to your revenue maybe in the next three maybe in the next three years. But side by side, you're also strengthening your base business which can increase your overall revenue potential that is your pharma and spec chem. So even though you might go at mid team level maybe for the next 1 and a 1/2 year, but because of the new because of the new molecules being added, you can expediently at least high-teen growth from a pharma and intermediate segment. Is my understanding correct?

Parth Kothia: Correct, correct. Absolutely.

Aditya Pal: Understood, understood. Makes sense. Thank you so much and wishing you and the team all the very best.

Parth Kothia: Thank you, Aditya.

Gunjan Kothia: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today and I now hand the conference over to the management for closing comments.

Parth Kothia: Thank you, Manav. Thank you all for the participation and insightful questions. We appreciate your continued support and interest in Shree Ganesh Remedies Limited. I think we remain focused on executing our strategy, driving innovation and delivering sustainable growth. We'll look forward to updating you on our progress in the coming quarters. Wish you all the good day.

Moderator: Thank you so much, Sir. On behalf of Shree Ganesh Remedies Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Gunjan Kothia: Thank you. Bye.