SIGACHI INDUSTRIES LIMITED

CIN : L24110TG1989PLC009497

To | Date: August 20, 2026

The Manager	The Manager
BSE Limited P. J. Towers, Dalal Street Mumbai-400001(BSE Scrip Code: 543389)	**National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai- 400051 (NSE Symbol: SIGACHI)

Dear Sir/Madam,

Sub: <u>Transcript of the Earnings Call for Q1 FY 2026-27 Results</u>

Unit: Sigachi Industries Limited

In continuation to our letter dated August 13, 2026 audio recording of Q1 FY 2026-27 earnings call, please find attached herewith the transcript of the earnings call held on Thursday, August 13, 2026 at 4:30 PM IST. The same is also available on the company's website at www.sigachi.com

Request you to kindly take the same on record.
Thanking You,

Yours faithfully
For Sigachi Industries Limited

VIVEK KUMAR
Digitally signed by VIVEK KUMAR
Date: 2026.08.20 17:44:54 +05'30'

Vivek Kumar
Company Secretary & Compliance Officer

"Sigachi Industries Limited
Q1 FY27 Earnings Conference Call"
August 13, 2026

MANAGEMENT:	**MR. AMIT RAJ SINHA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – SIGACHI INDUSTRIES LIMITED** **MR. O.S. REDDY – CHIEF FINANCIAL OFFICER – SIGACHI INDUSTRIES LIMITED** **MR. VIVEK KUMAR – COMPANY SECRETARY AND COMPLIANCE OFFICER – SIGACHI INDUSTRIES LIMITED**
MODERATOR:	**MS. RIDDHI SHAH – GO INDIA ADVISOR**

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY27 Earnings Conference Call for Sigachi Industries 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Riddhi Shah from Go India Advisors. Thank you and over to you, ma'am.

Riddhi Shah: Thank you. Good afternoon, everyone. It's my pleasure to welcome you on behalf of Sigachi Industries Limited. Thank you for joining us today for Q1 FY27 earnings call. We have on the call Mr. Amit Raj Sinha, Managing Director and Chief Executive Officer; Mr. O.S. Reddy, Chief Financial Officer; and Mr. Vivek Kumar, Company Secretary and Compliance Officer. Please note that today's discussion may include certain forward-looking statements and must therefore be viewed in conjunction with the risks that the company faces.

I would now like to hand it over to the management for opening remarks. Thank you, and over to you, sir.

Amit Raj Sinha: Thank you, Riddhi. Good afternoon, everyone, and welcome to Q1 FY27 Earnings Conference Call of Sigachi Industries Limited. The financial results and investor presentations have been uploaded on the stock exchanges. I hope everyone has had an opportunity to review them.

We enter FY27 with a clear focus, execution, innovation and creating sustainable value. Q1 reflects our continued commitment to strengthening our core business while advancing the strategic initiatives that will support Sigachi's long-term growth ambitions. Operations remained stable throughout the quarter with healthy customer engagement across key geographies.

Our cellulose-based excipient capacity stands at 18,000 metric tons per annum with export accounting for over 53.5% of the production. 12,000 metric ton per annum MCC capacity expansion at the Dahej-2 continues to progress on schedule and upon commissioning, which is targeted by Q2 of FY28 will take our total cellulose-based excipient capacity to 30,000 metric tons per annum. In parallel, our 1,800 ton Croscarmellose Sodium facility at Dahej SEZ continues to advance supporting our overall move of higher-value excipient categories and a stronger overall product mix.

On the innovation front, during the quarter, we launched HiCel SMCC Nutra, a unique combination of microcrystalline cellulose and magnesium aluminometasilicate, purpose-built to address flowability, compressibility and processing challenges in the nutraceutical formulations. This launch reinforces our strategy of moving up the value chain with differentiated application-specific excipients and extends our platform further into the food and nutrition space.

Our API business also continues to evolve and continues to support our CEP filing pipeline as we build towards a regulated market expansion. Our O&M verticals remain a steady, scalable contributor aligned with our long-term growth priorities.

We also continue to strengthen governance, safety and ESG practices across our manufacturing facilities through online processes improvements, capability building and compliance-focused initiatives. As we look ahead through FY27, our priorities remain centered on disciplined execution of our expansion projects, strengthening our product portfolio and improving profitability through consistent operating performance.

To our employees, customers, partners, lenders and shareholders. Thank you for your continued trust and support. We remain committed to delivering on that trust through consistent execution in the quarters ahead.

With that, I now invite our CFO, Mr. O.S. Reddy, to take you through the financials and operational highlights of Q1 FY27. Thank you.

O.S. Reddy: Thank you, sir, and good afternoon, everyone. During Q1 FY27, Sigachi reported total operating income of INR121.27 crores. EBITDA for the quarter stood at INR16.5 crores with a margin of 13.6%. Net profit came in at INR8.14 crores, translating to a PAT margin of 6.76%. The MCC segment contributed INR82.74 crores, while the O&M and API segments recorded revenues of INR13.06 crores and INR21.68 crores, respectively.

That concludes my update. We can now open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rahil Dasani with MAPL. Please proceed.

Rahil Dasani: Yes, good afternoon. First of all, thank you for this opportunity. First of all, I would like to understand what's the demand and pricing scenario in MCC right now? It seems that majority of the Indian players are expanding their capacities. How worried are we about an oversupply situation arising whereby prices may drop a lot? If you can just help me out there.

Amit Raj Sinha: So, Rahil on this point, I would like to say, see it's not always the capacity which makes a difference. It is also in terms of your regulatory compliance and the quality in terms of getting an approval from the regulated customer, which actually is relevant in terms of capturing the export markets. I agree that there are a reasonable number of players who are adding in capacities. But historically, we have seen that the Asia Pacific region has had a CAGR growth of 7% to 8%. And there are reports which indicate that up to 2025, this will continue to grow at a reasonable pace. I believe by 2035, the market is expected to touch a size of $1.4 billion.

Rahil Dasani: Okay. Maybe if you can give me a bit more specific around the pricing as to how is it fairing since the last two, three, two, four quarters? What sort of changes have we seen in the realization in MCC?

O.S. Reddy: Yes, Rahil, here Q1, there is an average realization of INR241.36 per kg. And previously, it was INR216 per kg. There is a good increase this time.

Rahil Dasani: When you say previously you mean when?

O.S. Reddy: Previous quarter. Q4.

Rahil Dasani: Previous quarter. Okay. So you're saying quarter-on-quarter, we have seen such a large increase?

O.S. Reddy: Even from the beginning, there is a good increase, quarter-on-quarter or continuously.

Rahil Dasani: Okay. And so why is this happening? What is suddenly changing in this segment so much because MCC is not a very high complexity product. So what is changing right now that is leading to so much demand and so much realization increase? What's going on there? Is there like global plants have shut down or something else?

O.S. Reddy: No, no, it's not like that. See, here, In MCC, people think that there are no entry barriers at all. Anybody can come and play. But here, there is a vintage also takes place and the expertise, even the other players that I can quote here, Aurobindo sometime back, they had opened Crest Cellulose and they have incurred losses and then they sold their unit to Roquette. But, people will see this product will be used in API, mostly in formulations, this will be used. API cost will be on higher side, always when we compare it to MCC, far, far high.

If they take this substandard or even unregulated or even those who is not proven in terms of their quality and customer satisfaction if they use, they may incur huge losses or the damage will be on higher side. That is the reason they don't prefer. Because Sigachi is known for quality and customer satisfaction. That is the reason we have good product demand is there.

Rahil Dasani: Got it. And just one last question on the MCC before I go to CCS. It seems that we have lost some market share to some of our local peers. What's the strategy to get them back? And why should the customers come back to us again? Or will the strategy be to -- since there is so much demand, we just capture demand from new customers and that's how we do it.

Amit Raj Sinha: No, no. In fact, we have lost market share primarily because we have had a shortfall in our capacity. There has been a reduction in our capacity by about 6,000 metric tons per annum. And because of that, we have not been able to supply to our customers. So naturally, our customers wherein they have approved the other players will move to the other place because they can't stop their production. So we are quite hopeful that for the kind of relationships which we have cemented over the last 3 decades, once the capacities come back on track, we will be able to regain the bigger share of our customers' wallet.

Moderator: Thank you. The next question is from the line of Rupesh Tatiya from Long Equity Partners. Please proceed.

Rupesh Tatiya: Hello, sir. Thank you for the opportunity. And congratulations on maintaining the margins and good results from Q4 to Q1. It's good to see the turnaround. So, first question, I think is, in the Q4 call, you said API revenue can go to INR90 crores to INR100 crores. I think in this quarter, it was around INR18 crores. So how do you see the ramp-up through the quarter? Is there some seasonality? When can we hit INR25 crores, INR30 crores quarterly run rate in the API business?

O.S. Reddy: Yes. This quarter, we have done around INR21 crores. And in the second and third subsequent quarters, we will do good and then we hope we'll achieve our targets.

Rupesh Tatiya: So, are there any products driving this?

O.S. Reddy: Yes, some new molecules are there. Even some molecules, even Sparsentan and Zestrapin and Bempedoic acid, there are other molecules where we can get higher margins also and good business also is there. Hope, our revenues will go up and all those margins also are going up.

Rupesh Tatiya: Okay. Okay. The second question, sir, is I think we have given revenue guidance sort of INR650 crores to INR675 crores. So, we need to hit INR160 crores sort of quarterly run rate INR160 crores to INR170 crores, so I think in this quarter, we came up fairly short INR120 crores. So were there any issues that you faced in this quarter? And is there some change in the guidance or we will see significant ramp-up starting Q2?

O.S. Reddy: Second half onwards, sir, these revenues will go up. It is as planned there in, Q1 also, only small variations are there. But otherwise, we are on track.

Rupesh Tatiya: So there is no change in the guidance? INR650 crores to INR675 crores, there is no change in the guidance?

O.S. Reddy: Yes, yes. There is no change in guidance.

Rupesh Tatiya: Okay. Okay. And how about margins, sir? Margins also, I think it's now 13% in Q4, now 13% forward. So we'll still feel like we'll hit 18% for the full year?

O.S. Reddy: Yes, yes. As planned, more or less, we are on track only.

Rupesh Tatiya: So what would be some drivers for margins to go from 13%, in some quarters, you will have to hit 20%, 21% margins. So are there some one-off expenses or gross margins will improve or some operating leverage play out? Can you give some drivers that will make sure that the margin goes to 18% to 20%?

O.S. Reddy: Yes, yes. The fixed costs remain constant, and we are expecting our revenues will go up and indirect costs will remain as is, that is the reason the margins also will go up. Once the revenue increases, the fixed cost, there is no change and margins that we expect, anyway, that is a natural phenomenon that revenues will go up. And we are expecting quarter-on-quarter improvement is there in terms of revenues also.

Moderator: Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital. Please proceed.

Ankit Gupta: Yes. Thanks for the opportunity. Sir, on the MCC side, if you can talk about the demand from smokeless tobacco snuff, which is known as we have been reading that snuff is almost have 60% to 70% MCC. So how is the demand from that segment? Are we catering to this segment? And how do you see growth from this segment for us and as well as the industry?

Amit Raj Sinha: Thank you, Ankit, for this question. Ankit, the smokeless tobacco industry is at a very nascent stage. So firming up a schedule of a demand and the possibility of growth in that segment is still very nascent. I wouldn't really be able to speak up and give you a commitment on what is it that we look forward for probably in the next 3, 4 quarters or maybe in the next couple of years.

But what I see is that in the tobacco industry, there is a reasonable shift from the typical traditional tobacco, the smoking tobacco to the smokeless tobacco. And for that, the formulation entitles that there is a need for cellulose MCC in that. So there is a reasonable demand moving up in that direction, but it will be difficult to give you future guidance on that.

Ankit Gupta: Are we supplying to the industry? And how much sales contribution does it have to our overall MCC segment?

Amit Raj Sinha: I think it will be a tricky thing to give because we supply to many formulations. Likewise, we don't really have the upfront data on how much is the quantity we supply for the tobacco industry from our distributors. Just about all of it is exported out. There is none of it in India.

And the export is primarily through the distributors. And from the distributor's side, they cater to different formulations based on supply-demand gaps and requirements. So it will be difficult. But I could tell you that it is a reasonable bit.

Ankit Gupta: Okay. Because what we read is that this industry itself is growing at 40%, 50%.

Amit Raj Sinha: Yes. I think that gradually, the smokeless tobacco industry would taper down and would have a steady growth. 30%-40%, is actually unrealistic to maintain.

Ankit Gupta: Sure. And sir, second question was on the CCS side. So here, we will not be making the key raw material for this, which is CMC, and we will be procuring that from China. So like how much cost advantage does CMC provide, like what kind of margins do we see in CCS segment if we procure CMC from, let's say, I think China is the biggest supplier there, so if you can share your views on that?

Amit Raj Sinha: Absolutely. So I would say that if there is somebody who's making a product at a better cost and you're able to kind of get it at a good price, you should probably be just buying it from them rather than trying to integrate yourself all the way up to the KSM. So China, of course, has got lakhs and lakhs of tons capacity of CMC in place.

So, I think it would be futile to just add up additional CMC capacities in-house, wherein I will probably have only a couple of thousand tons of CMC to be made, wherein my cost will be far more than what I buy from China. So it is business sense at this moment to just procure it from a big player of CMC.

Ankit Gupta: Sure. And sir, if you can talk about how this market is shaping up on the CCS side. What we understand is it's largely been dominated by the large excipient manufacturers like Roquette and other players. So if you can talk more about what are the realizations here? What kind of margins are we targeting here? And how do you see the growth in the segment?

Amit Raj Sinha: Yes. So because we are already entrenched in the supply chain, I mean, we are already there in the pharmaceutical excipient supply chain. So the way microcrystalline cellulose is wherein it's a binder, the CCS becomes a disintegrant. And both of these functionalities are essential for tablet making, so that makes it easier.

Now when my customer is already taking in MCC and he is taking in the other product, other complementary excipient products from the other players, they'll be more than happy to look at us as Sigachi as an established Indian player to explore additional excipients. So that is how the whole supply chain will pan out.

And over and above that, in terms of margins, it is far more healthier than what the MCC margin is. So that gives us strength because the chemistry here is much more complicated than the cellulose chemistry of MCC.

Ankit Gupta: Sure. So can we assume margins here can be in the range of 25% plus, even if we import CMC from China?

Amit Raj Sinha: Absolutely, Ankit, you're right.

Moderator: Thank you. The next question is from the line of Nalin Shah from NVS Brokerage. Please proceed.

Nalin Shah: Good afternoon. Let me offer my congratulations to the management that after such a big disaster, you have come back and started the normal operations. So we are very happy to see the company coming back.

Amit Raj Sinha: All your blessings and the goodwill of all our customers, our investors.

Nalin Shah: Always there, sir. Always there. Thank you. Now my question is a very broad question that somewhere during this period, you had said that now since you will be coming back to normalcy and starting it, then you are planning that this somewhere around INR650 crores, INR700 crores top line and about some INR85 crores to INR100 crores bottom line.

My first question is whether are we somewhere near that and we would be able to achieve that? I think, the pre this thing, disaster, this is the numbers which were there. So whether you will be able to reach that level in the current year or maybe next year, that is? some light you can throw on that.

And my second question is that have we been compensated in terms of, I mean, loss of property, etc, by the insurance cover, then what is the amount we have either received or we are in the process of receiving it or something, which will help us in understanding our working better?

O.S. Reddy: Yes. Thank you, Nalin Shah. Your first question, we have given in the last earnings call, the guidance of INR650 crores to INR675 crores. More or less, we are on the track and we hope we'll achieve the target. And coming quarters, quarter-on-quarter, improvement would be there. And in revenues also will go up. And as the fixed costs remain constant, the margins also goes up. We are on track more or less.

Nalin Shah: So, shall we achieve the pre-disaster level, whatever the best performance you had posted, current year should we reach that?

O.S. Reddy: Yes, sir, that's what. What guidance we have given, we are on track. The first quarter would be these levels and the next quarter also, we planned quarter-wise, we are on track.

And coming to your next question relating to the insurance. Insurance, the assessment is done, and they have sent it to the insurance company. And the e-auction they have initiated and that is in process. A few reports they have asked further and those reports also will be submitted this week.

And there is an indication that in this quarter, maybe before end of the September, we'll receive either the full claim with some discount or some ad hoc amount. That's what the recent estimate and the information given by the company.

Nalin Shah: Okay. Congratulations to you and I think best of luck for the new innings now.

O.S. Reddy: Yes. Thank you.

Moderator: Thank you. The next question is from the line of Amit Vora from Ginar Consultants. Please proceed.

Amit Vora: Good afternoon, gentleman. And thank you for the opportunity. A few of my questions have been answered. I'll keep it brief. The first thing is that what has been the utilization for this quarter?

O.S. Reddy: This quarter, utilization at overall for all the company level, 76.8% is there; at Dahej unit 76.5%; and Jhagadia, it is 77.16%. And on an average, 76.8% is there. In next quarter, it will go up. Quarter-on-quarter, it will go up. And also at the same time, we are planning to increase capacities by debottlenecking.

Amit Vora: All right. Sir, we are already almost half the quarter of Q2 is also done. So you will have a fair idea on how things are and that shows in your body language also that pretty confident on achieving the full year number that you had guided in Q4. So we are definitely looking forward for that number to be reported.

The second question is, sir, considering the fact that we had a big loss, which is there in our P&L. So why do we have this tax liability, sir? Just wanted to understand.

O.S. Reddy: That is MAT is there a minimum alternate tax based on that, it has come after set off losses. But balance loss, that can be set off in the future years.

Amit Vora: Right. Two more questions, and I'll join back in the queue, sir. One is promoter had told about buying from the open market. So whenever the time is there or whatever it is, I hope that commitment stays.

O.S. Reddy: Promoter, we have never said that we'll buy in the open market.

Amit Vora: So this forfeit has happened, sir, of the warrants, so my mistake, sir, apologies for that. The forfeit of the warrants has happened. So is there any way that promoter is looking forward to buy anything from the open market considering where we are and what we are going to achieve? Just a question if that can be answered.

O.S. Reddy: If anything is there, we'll make an announcement, sir.

Amit Vora: Sir, one last feedback, sir. You are giving your results very late and there is very less time to analyze, sir, between the result and the conference call. I'm new to the company. That's why I'm not aware if this has been the trend. Sir, if you can change this a bit, it gives us some understanding on what questions we can ask and we will be better prepared, sir.

O.S. Reddy: Yes, sure.

Amit Vora: Because it was just 10 minutes, sir, for the call to start and the presentation was given. So in the presentation, there is an agenda item saying guidance, but I did not see anywhere about the guidance mentioned. So when we are talking in the call, you are mentioning. So just a feedback, sir, if you can just be a bit.

O.S. Reddy: Yes. On only thing is as per the statutory requirement, all the meetings we should convene like NRC Committee, Audit Committee meeting would be there and also followed by Board meeting and at length that will be discussed. That is the reason. After conclusion of the Board meeting only, we can make this report and then we can do it now immediately.

Amit Vora: Yes, sir. So give some time, sir, at least 1 more hour, sir, between your Board meeting ending and the conference call, sir. Any which ways, it is at 4:30, we can keep it at 5:30 it will not change anything, that gives us a better time to analyze the things, sir. That's it.

O.S. Reddy: Yes, yes. Okay. We will see.

Amit Vora: Yes. Thank you and all the very best, sir. I'll get back in the queue, if any questions.

O.S. Reddy: Thank you. Thank you.

Moderator: Thank you. The next question is from the line of Deepak Chokhani from Raedan Capital. Please proceed.

Deepak Chokhani: Yes. Hi. Sorry, I missed the answer on insurance. By when are you expecting that, sir? Did you say December?

O.S. Reddy: No, September, sir. September, as per the recent information in September, either the full claim with some discount or some ad hoc amount would be given.

Deepak Chokhani: Right, right. And are we planning any capital raise in the near future given the capex, which is coming?

O.S. Reddy: Yes, sir, at the appropriate time, once that is finalized, then we'll come with an announcement, sir.

Deepak Chokhani: Okay. And my last question is, I think last time you mentioned that the Dahej plant expansion will happen by Q4 of this financial year. And in the opening remarks, I think I heard Q2 of next fiscal. Is that correct?

O.S. Reddy: Yes, yes. Last earnings call, we said that Q1 of FY28, but it is likely to get delay. Earlier we thought we can complete by the end of Q1 or beginning of Q2. That's why, we are our project people, have confirmed that Q2. That is the reason we have mentioned Q2 FY28.

Deepak Chokhani: Okay. So do you anticipate any further delay beyond that?

O.S. Reddy: Yes. As of now, in the recent meeting, that is the expectation. Mostly we will complete by that time. In Q2. Q2 FY28.

Deepak Chokhani: And I believe there's INR100 crores further capex to be done approx. You can correct me on that. How do you see that funding to come from?

O.S. Reddy: Either from bank finance or equity, anyway, we are just discussing about preferential issue, just we are thinking. Once that is concluded, then we'll come up with an announcement, sir.

Deepak Chokhani: Perfect. Thank you, sir. All the best.

O.S. Reddy: Thank you.

Moderator: Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please proceed.

Darshil Jhaveri: Good evening and thank you so much for taking my question. Firstly, congratulations on a great set of results, sir. Sir, I just wanted to note our margin trajectory. So when we say that I think last year, we said around 18% to 20% margins. So right now we've done 13% even if our revenue ramp up by Q3, Q4, will we reach 18% is what we're saying? Are we saying that exit run rate will be 18% or full year consolidated can be 18%, sir?

O.S. Reddy: Full year EBITDA we have expected is 18%.

Darshil Jhaveri: That would mean that our Q4 should be a bit higher than 20% because that's how we'll reconcile that, right? That's why I was a bit skeptical on that part, sir.

O.S. Reddy: Yes. Once the revenue goes up, then that is possible, and we are on track. As projected in Q1, we have expected this much revenue and EBITDA margin. And next coming quarters, it will go up. More or less, we are on track, and we hope we'll achieve this.

Darshil Jhaveri: Okay. That's really great to hear, sir. And sir, just wanted to know in terms of like our capex, so could you just say what is the capex you're going to do in FY27 and '28? And how much of it is yet to be spent like this?

O.S. Reddy: Yes. FY27 around more than INR100 crores we are going to incur. And FY28, it would be another INR150 crores to INR200 crores would be there.

Darshil Jhaveri: INR150 crores to INR200 crores will be there. And for this, we are going to be relying on internal accruals and borrowings? Or are we planning some fund raise in case, sir?

O.S. Reddy: Yes. That's what now, we can borrow and as well as we can raise some preferential equity that we'll come up with an announcement once that is finalized.

Darshil Jhaveri: Okay, okay. Fair enough, sir. That's it from my side. Thank you.

O.S. Reddy: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Ankur, an individual investor. Please proceed.

Ankur: Good evening, sir. Mostly all my questions have already been answered. One thing I'm still not sure, is there any new capacity or something new that we are going to make in the coming 9 months because I'm still not sure how can we achieve the target that has been set by you about INR600 crores, INR650 crores revenue? In case, our 75% utilization is already there. Is this still workable, because if in case 75% capacity is utilized and we are doing a revenue of INR120 crores. So how does the math work out, sir, for INR650 crores?

O.S. Reddy: Yes, Ankur. Thank you, Ankur. This balance capacity utilization also will happen. And also, we are increasing the capacities by debottlenecking adding 1 shifter or some blender, small equipment will add and then we'll increase the capacity. We'll find out the ideal time and then we reduce the gap so that we can increase the production. That is one thing.

And also we are expecting a better change in mix of the products. Even co-processed, where we'll get higher margins. There we are concentrating and we'll get more versions of that kind, which gives higher margins. With that, this thing, we can increase revenue as well as margins. Even our API business also we are going into the high margin products. That is the reason we have we are expecting, we have expected that INR650 crores to INR675 crores of revenue and also the 18% of EBITDA we hope we'll achieve.

Ankur: Okay. And sir, I understand that this insurance amount it takes time because the unfortunate incident that took place, I'm sure that the company has a lot of regulations that they have to go through before they disburse the amount. But if in case it still prolongs further, let's say you are expecting it in September and let's say it takes more time, so will our capex that we are proposing to do up to INR50 crores, will that be hampered if in case the amount gets delayed sir?

O.S. Reddy: We have various options are available, sir. Even we can raise funds, term loan we can take. As of now the company is debt-free. We don't have any term loan. And term loan we can take and also we can raise preferential equity or even preferential warrants. We will come with we will finalize and then we will come up with an announcement.

Ankur: Sir, my only issue with preferential is that last time when we did the preferential shares, some of the promoters shares were forfeited because the amount was not deposited in time. So that is my only concern here, because preferential shares would require again the same process to take place and again the promoters or non-promoters to deposit the money in time. That is the only concern.

O.S. Reddy: In that case, anyway bankers are ready to provide loan to us. As of now we don't have term loan and they are ready to fund us. Even last time that has some misplanning took place in the last moment because of unexpected holidays. And hope every time it will not happen the same thing. Of course, we have not finalized any option, but once we finalize then we will come up with an announcement.

Ankur: Okay, sir. Thanks a lot for answering my questions and all the best, as the other person said, sir, the second innings sir. I really hope that the turnaround comes soon sir.

O.S. Reddy: Yes sir. Thank you.

Moderator: Thank you. The next question is from the line of Gautam Karwa, an Individual Investor. Please proceed.

Gautam Karwa: Hello Sir, how are you? One question was that the insurance claim is being delayed, which may be causing some other capex issues. So, when do you expect the insurance to be approved and your share will be credited, or what amount are you expecting?

O.S. Reddy: Thank you, Karwa Sir. This insurance, since it is a claim is on higher side, they are taking a lot of time and there is a delay. And this, as for the latest information, now the assessment they have completed and derbies also they have e-auction took place and as for the latest information we expect that the claim will be settled in full by September or at least ad-hoc amount will be received in by September. If claim is settled, some discount would be there. That is the indication, with some discount that would be settled.

Gautam Karwa: The second question Sir is that your total sales of March 26 Q4, and June Q1, have been almost similar, but on the other side, if we look at the cost of material purchased in of stock and changing in inventory, your usage of stock material has reduced in this quarter. So what has happened, has efficiency increased or what has happened that your consumption of raw material has reduced or the stock has reduced?

O.S. Reddy: Yes, yes. Efficiency improved and consumption is on lower side. Margins also it leads for margins. It depends upon sales mix also. And there is a slight variation, not very high, slight variation is there but that is positive and we expect that positive consumption in coming quarters also.

Gautam Karwa: If sales continue like this, achieving your target of INR650 crores or INR675 crores will become very difficult, won't it?

O.S. Reddy: Yes, yes, we hope we are on the track and we will achieve. As projected our turnover will be these levels only in Q1 and quarter-on-quarter the turnovers, revenues will go up and margins also expected to increase.

Gautam Karwa: Thank you.

O.S. Reddy: Thank you. Thank you.

Moderator: Thank you. The next question is from the line of George from Equity Intelligence. Please proceed.

George: Hi, good evening, sir. I wanted to understand your API business a little bit more. Could you like explain your top three molecules and whether you have added any new molecules in the current year versus the last? And also if you could share an update on your cystic fibrosis product, like when can we expect the revenues to start flowing in?

O.S. Reddy: Yes. In API we have new molecules like Sparsentan and Bempedoic Acid is there and which gives higher margins and this quarter we achieved around INR21 crores of top line and next quarter, coming quarters, quarter-on-quarter there will be improvement and we are expected to achieve more than INR100 crores to INR110 crores or even more than that also, but as of now, easily we can achieve.

George: Okay. So was there some inventory destocking issue in Bempedoic Acid, because I was listening to some other companies with a similar product. Is that issue still there or what is the outlook?

O.S. Reddy: No, no, no, not there. These are the new molecules and there would not be any inventory stocking. We produce and sell. There is no need to hold it also, based on the orders we plan.

George: Okay and on your cystic fibrosis product?

O.S. Reddy: That is there. But even before that, the existing product will fill the capacities. We are expecting maybe next year the revenues or at the end of the year. There are inquiries, orders are coming, but we are busy with this current product. And next quarter we'll get more clarity on that.

George: Okay. Okay. Thank you, sir.

O.S. Reddy: Thank you. Thank you, sir.

Moderator: Thank you. The next question is from the line of Rahil Dasani from MAPL. Please proceed.

Rahil Dasani: Yes. Thanks for the opportunity again. Three questions from my side. First question is how big the CCS market in India and globally if you can maybe share it in value and tonnage terms

Secondly, this being a new first time product for us, how quick will the utilization of this product be, as customers would maybe need to verify and approve our product and setup? That's my first question.

Amit Raj Sinha: Yes. Rahil, the CCS market in India is estimated at about $100 million.

Rahil Dasani: Okay.

Amit Raj Sinha: And I would put it the average realization is in the range of INR1,200 to INR1,500 on certain occasions and certain specific grade it also touches more than that. So you could make out as to what is the kind of tonnage we have.

In terms of customer changing their suppliers for this, of course, there is a specific pharmaceutical system that is followed wherein people formulate it and then put it under stability. But because, we are already in close connection with our pharmaceutical customers and are part of their supply chain and as an approved vendor, I believe we will be able to accelerate it and take customers on our side.

Rahil Dasani: Got it, very clear. My second question is are we going to use cotton pulp or wood pulp to make this CCS? And how do realizations and margins vary in both of them? If you can maybe give me an idea?

Amit Raj Sinha: So, we wouldn't be using cotton pulp or wood pulp because one of the input materials which is at a certain stage of the process is Carboxymethylcellulose.

Rahil Dasani: No, so I'm saying cotton or wood pulp based CMC. That's what I am saying.

Amit Raj Sinha: Okay. So no, but that is dependent on my supplier. I would want a certain specification of CMC and that is what I will give it to my supplier. He has to make it an alignment with that specification. So that is his lookout.

Rahil Dasani: Okay, got it. Just one last question coming onto back on the MCC side, is the demand in MCC like now established that the realizations are increasing, is the demand in MCC high enough that as and when our capacity comes, that is maybe Q2 of FY28. Our utilization can be very quick and we can scale up that facility very fast since we already have our older customers, Yes, if you can share on this?

Amit Raj Sinha: Yes, Rahil. We believe that we can scale up the capacity utilization of the proposed new facility much faster, primarily because we have been in the supply chain for the last 30 years selling across 65 countries, selling the same product, established supply chain. So I don't believe that there is a challenge in that. So scaling up is not really an issue.

Rahil Dasani: Got it. And just to confirm the CCS pricing, you said you will be pricing your product at INR1,200 crores to INR1,500 crores. From what I had understood the MNCs sell at that prices and the local players are selling it in triple digits maybe.

Amit Raj Sinha: So, I think it's a matter of supply chain, regulatory, customer willingness to pay and so many more things. There is always a range. But we will of course work to see that we price it at the best point wherein customer is willing to pay us.

Rahil Dasani: Fair enough, got it. Thank you very much, sir. That would be all. Thank you.

Amit Raj Sinha: Thank you, Rahil.

Moderator: Thank you. The next question is from the line of Rupesh Tatiya from Long Equity Partners. Please proceed.

Rupesh Tatiya: Yes. Thank you. Thank you for follow-up sir. First sticking up on the MCC so if I do INR82 crores divided by INR241 crores, which was the realization, the volume comes to around 3,400 metric tons, which is basically 75% capacity utilization. Given that we are going to 30,000 in like three, four quarters.

I thought capacity will be running at full, it would be running at 95%, maybe even above 100% with some, trading quantity and all that. So this 75% capacity utilization with such a large expansion, I am not able to reconcile actually. So could you please help with that?

Amit Raj Sinha: We actually didn't understand your question, Rupesh. If you could just, maybe just come up again as to what is it that you are looking at?

Rupesh Tatiya: So sir, we are going from 18,000 to 30,000. I was hoping, I was thinking that we would already be selling, 17,000, 18,000, 16,000 maybe already we will be selling and the demand is so strong that maybe we are even buying some trading quantity and selling. But our capacity utilization is just 75% and we are doing such big capex.

Amit Raj Sinha: That's right, Rupesh. So in FY25 we have sold nearly 20,000. We have sold 20,000. So we had a reasonable chunk of market and our capacity at that moment I think was around 22,000, 24,000. And unfortunately thereafter we had an incident at our Hyderabad facility where we lost 6,000 of capacity.

And that is how we are kind of, limping back to the best capacity of what is possible in our other two facilities for this product. And that is another reason that we believe that when we add in double the capacity of what we have lost, we will be able to gain back markets.

Rupesh Tatiya: But, I mean, you are already selling 20,000 and if I analyze current Q1 number, it is around 14,000. So why, why are we not at full 18,000 capacity utilization? I mean, are we not able to win back the market share or is there some supply side issue?

Amit Raj Sinha: So there is neither a supply side issue nor a market share issue. It is that the plant doesn't turn around so quickly. I wish it was like speeding up on a highway. It's not so easy for turning around every time you move in there is an increase, there is a possibility that the product mix changes.

With the product mix there is a shutdown, there is a start over, there is a cleaning validation which is required to be done there are so many things which go in. And when we have a product mix sometimes the product adds up more value because their average realizations are sometimes touching 600-700, same grade of MCC. So it's a lot of combination which goes in into all these to balance out the capacity utilization, the realization and eventually the margin.

Rupesh Tatiya: Okay, okay. So then, then at least Q4 exit, we should be at 4,500 quarterly run rate? That's a fair assumption to make?

Amit Raj Sinha: Q4 exit should be at?

Rupesh Tatiya: 4,500. 18,000 divided by 4.

Amit Raj Sinha: Yes, at this moment 4,500 is the, the declared capacity. We might probably be at 95% of that, but maybe 4,500, by the time I touch 4,500, my theoretical capacity would have touched probably 5,000, because as a typical process plant we keep debottlenecking to see as to where is it that we are bottlenecking it and give some breather at that particular point. So, but definitely our run rate will be beyond 95%, 96% as we get closer to the year end.

Rupesh Tatiya: Okay, okay.

Amit Raj Sinha: Thank you, Rupesh.

Rupesh Tatiya: I've got it. Yes, sorry, just one more question is there. Hello?

Amit Raj Sinha: Yes, yes, please.

Rupesh Tatiya: Yes, Yes. So second question is, I think in the last call, I think the MCC capex number was given INR106 crores and CCS number was INR90 crores. So that is roughly INR196 crores. And now you are saying INR100 crores capex spent this year, INR150 crores capex spent this year, so INR250 crores. So there is a gap of INR50 crores. So is there some additional product or something going on or the cost of capex has gone up?

O.S. Reddy: You are talking about next year? Next year there is another this as you said, 106 is for MCC 12,000 metric tons capacity, and this INR93 crore is for CCS project. And this year we will be incurring around INR100 crores. So already we have incurred some extent, some amount in previous quarter, previous year also. That is the reason this year INR100 crores would be incurring and next year our project will be completed. FY28 Q2 we have mentioned. In next year also some amount will be incurred so that we can complete these two projects.

Rupesh Tatiya: Yes, Yes, sir. So my, my question is MCC plus CCS comes to INR200 crores.

O.S. Reddy: Right.

Rupesh Tatiya: And if I add INR100 crores capex spent this year, INR150 crores capex spent this year.

O.S. Reddy: Yes, there are, yes, there are other plans also are there. We will come up.

Rupesh Tatiya: So what is this INR50 crores will be spent on, that is my question?

O.S. Reddy: Further capacity expansion would be there.

Rupesh Tatiya: In which area?

O.S. Reddy: For other areas and in this area also is there. In MCC also we keep on for every two years to end of years we have to increase the capacities to meet customer demands. We will also come up with an announcement once that is finalized.

Moderator: Thank you. The next question is from the line of Dasu Goenka, an Individual Investor. Please proceed.

Dasu Goenka: Yes. Thank you so much for the time. Just wanted to understand, the first question is in regards to the compensation of the victims. So have we transferred the entire amount? Is the entire amount been paid to them or is there some lapses still going on?

O.S. Reddy: Yes, thank you, Mr. Dasu. This is so far, we have paid INR42 lakhs for each of the beneficiary of the deceased. We have paid. And that is the matter is before court and since we cannot, we cannot comment anything more on that, but we hope there will not be any further liability. Let us see.

Dasu Goenka: But the compensation allowed is INR1 crores.

O.S. Reddy: That it was announced by the state government. And that is there in the recent hearing also the honourable judge has called The Inspector of Factories, and Workmen Compensation Act and PF, ESI. What is the compensation maximum payable as per the statute, was asked.

Amit Raj Sinha: So, Mr. Goenka, this is sub-judice at this moment and it will be inappropriate to deliberate over it.

Dasu Goenka: That's okay, sir. Just want to understand that we have done our obligation, right? Sigachi Industries has done our obligation.

O.S. Reddy: We have provided. Yes, we have provided in the books for the entire amount and we have paid our obligation and anyway, we have to abide by the court of law.

Dasu Goenka: Understood, understood. Another question is in regards to the business continuity insurance of like INR25 crores, out of which like INR16.5 crores was the amount to be received to the company. So is that money also coming later in September quarter itself?

O.S. Reddy: Yes, yes, that not September, it will take another three, four months' time. INR16.5 crores it is expected. We are eligible to get, even though the policy is for INR25 crores, we are eligible for INR16.5 crores.

Dasu Goenka: Okay. And by when, by when we are considering to get the CCS facility 100% like operational?

O.S. Reddy: CCS facility that is in FY28 only that will come into operational.

Dasu Goenka: Okay, alright. Thank you so much. Thank you so much for your time. Thank you.

O.S. Reddy: Thank you. Thank you, Mr. Dasu Goenka.

Moderator: Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please proceed.

Darshil Jhaveri: Hello. Thank you so much for letting me ask a question again. Sir just wanted to understand like I think our break up of revenue this time, nearly 70% of revenues from MCC. So if this trend continues right, so from INR650 crores we have to do roughly around INR450 crores from MCC, right?

And at our full capacity utilization of 18,000 also with our realization I don't think we are reaching that number. Could you help reconciling that like, how are we going to reach there in the next three quarters? Like, if you could break it up because what is our average realization right now and my utilization is not at 100%, right?

Even Q4 we are saying 90%, so how will we reach the INR650 crores figure if you could break up? API is INR100 crores assuming trade and other operational management will be another INR100 crores, but INR450 crores have to come from MCC which is beyond what our capacity is or how could you just help me break it up sir?

O.S. Reddy: Yes, right now the realization rate is INR241 is there, our capacity right now it is around 19,000, 18,000 is there and also another 1,600 is being increased. And also, further increase would be there. And as you said API and O&M will contribute more than INR200 crores. And also, the MCC also, full capacity utilization would be there in the coming quarters. So that the revenue we have already worked out and then it is as per the track, and we hope we will achieve the target.

Darshil Jhaveri: But sir even if it...

O.S. Reddy: Yes, INR241 is there and coming quarters if the 100% utilization is there and even further we wanted to increase the capacities by debottlenecking, the MCC, capacities that is the reason it will go up, we will achieve the expected target. Yes, right now, 18,000 plus 1,600, 19,600, it is already available, further we are going to increase.

Darshil Jhaveri: Sir 19,600 available for three fourth of the year. So that's 14,700. If I do it into 241, that's also INR350 crores. And we are not going to be at full capacity, that's the reason I am just trying to ask about that, sir.

O.S. Reddy: Yes, 19,600 multiplied by 241 if you take, in this first quarter 75% only is there. 19,600 into 241, it is coming around 472. In first quarter there is a shortage is there, but API and O&M will contribute more than 200 or around INR200 crores would be there. And more or less we are reaching. And there are allied trades also are there. Just if you add all these things it is matching. You please recalculate.

Darshil Jhaveri: Okay, fair enough fair enough. Yes, that's it from my side sir. Thank you.

O.S. Reddy: Thank you.

Moderator: Thank you. The next question is from the line of Rahil Dasani from MAPL. Please proceed.

Rahil Dasani: Yes, just two things on the MCC side, are we seeing more growth from the export market or from the domestic market? Where are we seeing more traction right now?

O.S. Reddy: In MCC we usually do in export market only, but domestic also there is a good demand is there, wherever margins are there we are pushing and then we don't want to lose the customers that is also one of the reason and mostly export only would be there.

Rahil Dasani: Mostly export, okay. And for MCC are we primarily targeting Pharma applications or more of Nutra and other applications?

O.S. Reddy: Mostly in export through distributor channel the sales happens. And from the distributor most of the things will go to formulators and also the food and different food supplements and Nutra also. Exactly where the end use would not be, knowing much. But obviously the formulation percentage would be higher side. Contribution would be higher side.

Rahil Dasani: Got it. And same question for CCS, the facility that we are planning are we planning it more towards export or for the domestic market?

O.S. Reddy: More towards exports only.

Rahil Dasani: More towards exports. Okay. Got it, thank you.

O.S. Reddy: Now itself we are getting orders from the customers for the supply of CCS from that is from export customers.

Rahil Dasani: So you are saying without even the capacity we have the orders in, we are seeing inquiry is coming in.

O.S. Reddy: They are asking us, because the MCC customer also requires CCS. Because in the same application the binder and disintegrate both are required. They are asking inquiries are coming from the foreign customers, export customers that is the reason we are expecting more towards export.

Rahil Dasani: Got it. But any reason that even without the capacity these customers are reaching out to us, is there like a shortage in the market right now or something like that?

O.S. Reddy: Yes. Our marketing people they are just, they have indicated that we are in the process of setting up of CCS facility and also the same customer requires CCS also along with MCC.

Amit Raj Sinha: So Rahil, I would just add in here, this is what is actually called as goodwill.

Rahil Dasani: Okay, fair enough, fair enough, got it. Thank you.

O.S. Reddy: Thank you.

O.S. Reddy: Thank you.

Moderator: Thank you. The next question is from the line of Rupesh Tatiya from Long Equity Partners. Please proceed.

Rupesh Tatiya: Yes. Thank you, thank you for the opportunity one more time. So one question sir I have is a bit of longer term trend. So when I look at MCC players in let's say FY 16, 2016, 2017, 2018, everybody was sort of making 12%, 13% margins. And then for a long time from 2019 to 2026 almost the margins went to 20%. So what I want to understand is I mean what, what happened?

What was the realization pre-2019 and did realization significantly move post-2019? Is that why the margin structurally for the whole industry went up or something else happened, some maybe industry consolidation happened, some people in developed world, Europe etc the capacities were close down and we were able to gain market share? So what happened? Yes.

Amit Raj Sinha: So, Rupesh, it's a long answer. If you're comfortable, I think we will tell, because it's a combination of just about everything that you spoke.

Rupesh Tatiya So maybe you can just give a summary sir.

Amit Raj Sinha: Yes, yes, absolutely, absolutely. Not to kind of, pull everybody's time in, but there has been an industry consolidation wherein the world number one leader was bought out by another player in the food and nutrition market. In fact, the world number one leader was bought out twice, I mean, changed hand twice. And that is one part. So there was a reasonable level of consolidation happening. In India also, one of the players was bought out by another European player. So there was ownership changing hands.

The second part is, and which is the most relevant, is that there has been a reasonable level of innovation over the last 10 years or so wherein the product mix has changed. So the number of people who are using the cheaper grade of MCC has reduced, and the people, the formulators who are putting in the more sophisticated, more relevant, innovative MCC has gone up, so that their formulation is able to take in every kind of API and probably tablet it better, the stability remains better. So basically, the innovation has ramped up and the product mix of a typical MCC player has changed, wherein the average realizations have improved.

Rupesh Tatiya: That's very concise sir and just this very final question. In CCS, end pharma formulation, right, can you give me name of maybe three, four large volume product? I understand it, it goes in DC grade, but can you name, top three or four large pharmaceutical formulations where CCS is used?

Amit Raj Sinha: I think that will be a very difficult question to answer Rupesh because we will have to have an understanding of what volumes of which large tablets sell in the market which we're not really aware and adept on. What I could always tell you is that you and me, every all of us end up taking Disprin.

And the moment it is put it behaves like an effervescent tablet wherein it disintegrates and goes up. So that particular property is what is imparted by CCS. So it becomes integral to any formulation.

Rupesh Tatiya: Okay, okay. Thank you. Thank you for being so generous with your time and answers, sir. Thank you so much. Yes.

Amit Raj Sinha: Thank you, Rupesh.

Moderator: Thank you. The next question is from the line of Amit Vohra from Ginar Consultancy. Please proceed.

Amit Vohra: Thank you for taking my follow-up. One question is on the realization sir, you mentioned that the realizations are around 241, what are the current realizations like in this quarter, as we are already entering this core halfway through?

O.S. Reddy: Almost more or less same thing, but gradually in end of the quarter small increase would be there. Quarter-on-quarter improvement would be there. This end and beginning there would not be much variation sir. That is the reason.

Amit Vohra: Alright. And sir any stress on the working capital sir that we are seeing or how is it sir what would be our receivable days currently if we look on balance sheet?

O.S. Reddy: Yes, receivables it is coming down and by the end of the year it will be our aim is around 90 days. We wanted to bring it to that level and slowly. Further we will bring it up to 75 to 80 days.

Amit Vohra: So currently what is that number sir, on receivables?

O.S. Reddy: Right now, it is around 90 plus is there, 93, 94 days.

Amit Vohra: Okay, okay sir. I think I am done with my questions. Thank you so much.

O.S. Reddy: Thank you, sir.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments. Over to you, sir.

Amit Raj Sinha: Thank you. As we conclude, Q1 FY27 reflects a steady execution against our stated priorities. Dahej 2 progressing well, our API R&D capabilities are now being fully operational and a growing differentiated product portfolio with the launches like HiCel SMCC Nutra.

Our strategic direction remains unchanged, expanding capacity, deepening our product mix and delivering consistent profitable growth through disciplined execution. We look forward to updating you on our progress next quarter. Thank you all.

Moderator: Thank you. On behalf of Go India Advisors LLP, that concludes this conference. Thank you for joining us.