

October 22, 2026

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Dear Sir/Madam,

Sub.: Transcript of the Earnings Conference Call held on October 19, 2026 for Q2 & H1 FY27

Ref.: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our intimation dated October 14, 2026, regarding Earnings Conference call with Analyst(s)/Investor(s) held on Monday, October 19, 2026, we would like to inform that the transcript of the aforesaid conference call is enclosed herewith and the same is also available on the website of the Company at www.rossari.com/announcement under the head 'Investor Call'.

The same may please be taken on record and suitably disseminated to all concerned.

Thanking you,

Yours Sincerely,

For Rossari Biotech Limited

Parul Gupta
Digitally signed
by Parul Gupta
Date: 2026.10.22
19:20:59 +05'30'



Parul Gupta
Company Secretary & Head - Legal
Membership No.: A38895

Encl.: as above

ROSSARI BIOTECH LIMITED

(An ISO 9001:2015 & 14001:2015 Certified Company) (CIN: L24100MH2009PLC194818)

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“Rossari Biotech Limited
Q2 & H1 FY27 Earnings Conference Call”
October 19, 2026

“E&OE - This transcript is edited for factual errors and readability. In case of discrepancy, the audio recordings uploaded on the stock exchange on 19/10/2026 will prevail.”



**MANAGEMENT: MR. EDWARD MENEZES – PROMOTER AND EXECUTIVE
CHAIRMAN – ROSSARI BIOTECH LIMITED
MR. SUNIL CHARI – PROMOTER AND MANAGING
DIRECTOR – ROSSARI BIOTECH LIMITED
MR. KETAN SABLOK – GROUP CHIEF FINANCIAL
OFFICER – ROSSARI BIOTECH LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to the Rossari Biotech Limited Q2 and H1 FY27 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company and may involve risks and uncertainties that are difficult to predict.

Please note that this conference is being recorded. I now hand the conference over to Mr. Edward Menezes, Promoter and Executive Chairman, Rossari Biotech Limited. Thank you, and over to you, sir.

Edward Menezes:

Thank you and good evening and a very warm welcome to all of you joining us for the H2 & H1 FY27 Earnings Call of Rossari Biotech Limited. We are pleased to have you on this call to discuss our operational and financial performance. I'm joined today by Mr. Sunil Chari, Promoter and Managing Director and Mr. Ketan Sablok, Group Chief Financial Officer and the SGA team, our Investor Relations Advisor.

I hope you had the opportunity to go through our financial results and investor presentation, which are available on the stock exchanges as well as our company's website. We concluded the first half of FY27 on a very strong note. The Q2 FY27 revenue grew by 19% year-on-year to Rs. 698 crore and EBITDA grew by 21% year-on-year to Rs. 87 crore, marking our highest-ever quarterly revenue and EBITDA.

The growth was broad-based with all three of our business divisions contributing. The external environment during the quarter continued to remain dynamic. Raw material prices stayed volatile. The ongoing geopolitical situation in the Middle East kept pressure on freight and logistics and customers across several end-user industries remain cautious in their buying behavior.

Despite these headwinds, we delivered a gross margin of 31.6% and EBITDA margin of 12.5% in Q2 FY27. Innovation remains central to our long-term strategy. Our new Rossari Global Research and Innovation Centre at Navi Mumbai is steadily ramping up and is helping us shorten the journey from idea to commercial scale.

Having launched over 70 new products in FY26, our pipeline continues to strengthen with a sharper focus on intelligent, sustainable and application-led chemistries such as biosurfactants, personal care ingredients, pharma excipients, agro formulations and solutions for the oil and gas industry. Looking ahead, our priorities for the remainder of FY27 are clear.

Drive optimum utilization of the capacities we have built, accelerate the commercialization of new products and further improve operational efficiency. Supported by strong R&D capabilities and a healthy balance sheet, we remain confident of delivering sustainable and profitable growth in medium to long term. With this, I now invite Mr. Sunil Chari to share his perspective on the business performance and our strategic priorities.

Sunil Chari:

Thank you, Edward sir and a warm Namaste to everyone. The first half of financial year '26, '27 has been a period of steady execution for Rossari. In each of the last two quarters, we have delivered revenue of close to Rs. 700 crore, compared with an average of around Rs. 565 crore per quarter in the first half of last year.

We have achieved this scale-up despite raw material volatility, geopolitical uncertainty and a cautious demand environment and it reflects the strength of our diversified portfolio, our long-standing customer relationships and the focused execution by our teams. We remain committed to continuing discussion and engagement with our customers to deliver tailored solutions according to business requirements.

During the first half of FY27, HPPC, Textile Specialty Chemicals and Animal Health and Nutrition grew by 24%, 24% and 19%, respectively. This growth has been driven by a higher share of value-added products and by increasing our wallet share with customers across end-user industries. On the export front, we continue to target new customers in both new and existing geographies across Southeast Asia, Bangladesh, Turkey, Latin America and Africa.

And increase our wallet share with existing partners. Our new blending facility in Thailand is ramping up steadily. It is helping us serve customers in Southeast Asia with customized formulations, faster turnaround times and lower exposure to freight volatility. I am pleased to share an important update on our Saudi Arabia initiative.

The Board has approved the leasing of land to Rossari International Limited Company, our wholly owned subsidiary for setting up a Greenfield manufacturing facility in the Kingdom of Saudi Arabia. This builds on the in-principle approval granted by the Board earlier and is a key stepping stone in Rossari's international growth journey.

The project will improve our access to key raw materials through a strong petrochemical ecosystem and brings us closer to regional and international demand centers, including the specialized opportunities in the Middle East oil and gas sector. From a long-term perspective, this facility will help us serve and align with emerging industrial requirements in this market.

We'd like to share the key details of the project once they are finalized. As I have mentioned earlier, our margins are yet to reach their full potential and we are actively working on various cost optimization measures to improve them. Our strategic initiatives like monetization of non-core assets, rationalization of lower-margin businesses and improvement in product mix are progressing in the right direction.

We will continue to sharpen our focus on the core B2B business and we expect these initiatives to start reflecting in our overall performance over the medium term. Overall, we remain very confident about our prospects. Our scale, improving capacity utilization, a strong product pipeline and an expanding international presence are the building blocks of a more scalable and resilient Rossari. Our priorities remain centered on disciplined execution, margin improvement

and stronger returns on our existing asset base. Thank you once again for your continued support and I now invite Ketan-ji to take you through the financial highlights.

Ketan Sablok:

Thank you, Mr. Chari and good evening, everyone. Let me take you through the financial highlights for the quarter and for the half year ended 30th September, 2026. For the quarter ended FY27, our revenue from operations stood at Rs. 697.6 crore, which was a growth of 19% Y-o-Y over Rs. 586.1 crore in Q2 FY26.

This marks our highest-ever quarterly revenue. Gross profit also grew by 19% Y-o-Y to Rs. 220.3 crore and by 6.7% on a quarter-on-quarter basis. Gross margin stood at 31.6%, in line with the Q2 FY26 and around 200 basis points higher than the 29.6% we reported in quarter 1. This sequential improvement was driven by a better product mix.

The EBITDA grew by 21% Y-o-Y to Rs. 87 crore, our highest-ever quarterly EBITDA. The EBITDA margin stood at 12.5% compared to 12.3% in Q2 FY26 and 11.6% in Q1 FY27, an improvement of 91 basis points sequentially. Employee costs grew by 15% Y-o-Y and other expenses by 19%, reflecting our continued investment in people, new geographies, the Thailand facility and our newly set up R&D center.

Profit after tax grew by 5.5% Y-o-Y and 11% Q-on-Q to Rs. 38.9 crore and the diluted EPS for the quarter was at Rs. 7.02. Coming to the divisional performance, the HPPC revenue grew by 18% Y-o-Y to Rs. 541.9 crore in Q2 FY27 and by 20% to Rs. 1,095.1 crore in H1 FY27. The growth was led by value-added products in personal care, agro surfactants, adjuvants and other oil and gas solutions.

On the other hand, constrained ethylene oxide availability continued to limit ethoxylate volumes and cautious customer ordering kept HPPC revenues broadly stable on a sequential basis. In the textile chemicals side, the revenue grew by 26% Y-o-Y to Rs. 120.8 crore in quarter two FY'27 and by 24% to Rs. 226.9 crore in H1 FY'27. Sequentially, Textile Specialties grew by around 14%. This was driven by our export markets, including Bangladesh, Southeast Asia, Turkey and Latin America, and also contributions from our Thailand facility. The new fiber chemical division and a higher share of silicon-based and sustainable auxiliaries added to these higher revenues.

The Animal Health and Nutrition revenue grew by 11% Y-o-Y to Rs. 34.8 crore in Q2 FY'27. From H1 FY'27, AHN grew by 19% to Rs. 72.8 crore. The growth was supported by the vitamin premix plant, trace minerals and our enzyme and probiotic portfolio. On the core B2B and institutional B2C business, excluding the institutional and B2C business, our core B2B business delivered a revenue of Rs. 619.9 crore in quarter two FY'27, registering a growth of 21% Y-o-Y.

The core B2B EBITDA also grew by 15% Y-o-Y to Rs. 87.2 crore and an EBITDA margin of 14.1%, compared to 14.8% in Q2 of FY'26 and 13.5% in Q1 FY'27. The Y-o-Y moderation in

margin reflects the raw material and freight environment and our on-going investment in seeding some new businesses and geographies.

Our institutional and B2C business reported a revenue of Rs. 77.7 crore in quarter two, a growth of 3% Y-o-Y. More importantly, profitability improved significantly. This business reported a positive EBITDA of Rs. 0.2 crore compared with an EBITDA loss of Rs. 3.7 crore in Q2 FY'26. This improvement reflects our calibrated steps on portfolio rationalization, product mix and cost discipline. We will continue to focus on improving the quality of revenues across these segments.

On the balance sheet side, our balance sheet remains healthy with strong liquidity and comfortable leverage. Gross borrowings reduced by around Rs. 46 crore during the first half to Rs. 361.8 crore. Net debt stood at Rs. 221 crore compared to Rs. 248 crore in June '26 and Rs. 281 crore in March '26. Our net debt-to-equity ratio stood at 0.16. Working capital days saw a significant improvement and reached 86 days in Q2 FY'27 from 97 days at the end of FY'26.

Our priorities going forward remain optimum asset utilization, operating leverage and a better product mix along with working capital efficiency and strong cash flows. Together with a prudent approach to capital allocation, this should further strengthen the balance sheet. That is all from my side. We can now open the floor for questions.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Maitri Shah with Sapphire Capital.

Maitri Shah: Yes. Just a couple of questions from my side. Firstly, this quarter, we have seen exports contributing close to 31% and this proportion has been increasing quarter-on-quarter. Where do you see the contribution coming from? What are the segment that are driving this growth coming in from the export side? And maybe two years from now, how do you see the proportion from this business kind of increasing and ramping up?

Ketan Sablok: Yes. Thank you, Maitri. Yes. So we have been able to accelerate our export revenues now for the last few quarters. This quarter was especially a very strong quarter for us on the export side. And primarily, the exports were driven both in the HPPC and in the Textile segment. So with textile, we have been talking for some time now of the Thailand facility coming in.

I think that also played a good role this time for the textile exports to grow. And within that, we have also looked at a lot of new geographies, especially in Southeast Asia, in the African continent and now we have also looked at new areas in the Latin American space. That is helping the textile register a good growth on the export side.

Parallely, the HPPC continues to show a strong export push. In fact, in this, growth we have seen of almost 34% in the export revenue Y-o-Y and almost 35% quarter-on-quarter. The major contributors are HPPC and the textile business. And I think going forward, as you asked, we expect this trend to continue. While I cannot really tell you about this kind of growth coming

every quarter. But definitely, our target is that exports should slowly become a larger portion of our overall revenue.

We have already hit 27% if you see on a H1 basis. This quarter, we were 31% of our overall revenue. So our first target, I think by the end of this year should be that at least 30% plus of our revenue should come from export and we have been working towards that. And I think now the numbers are quite visible in this quarter at least.

Maitri Shah: Thank you. That is great to hear. And on the HPPC side on the export business, are we seeing growth coming in from more higher-value products like the oil and gas contributing more? And what sort of margin differential you are seeing on the export sales and on the sales in the domestic market, if you can -- yes, just some color on that.

Sunil Chari: Hello. This is Sunil Chari, good evening. As you see, our export and our B2B EBITDA margins are increasing every quarter now. And this quarter, our EBITDA margins for the B2B business was 14.1%. And the focus has been on a very prudent product mix where higher-margin products are being sold in the export, but also in the domestic market. We have had a rationalization by tail cutting.

Tail cutting means with the bottom 5% of the products who have the least margins are cut off from the tail and we stop producing or selling those products. And this focus on product mix optimization has helped us get better gross margins and also EBITDA margins. I do not have the exact details of what is sold in the last quarter in terms of products. But the higher gross margins and higher EBITDA is a proof of the same.

Maitri Shah: And we also mentioned we have taken a lot of portfolio rationalization on the B2C and institutional business. And currently, we are at kind of EBITDA breakeven margins. So going forward for the next two quarters, do you expect this business to turn a bit EBITDA positive? Also, what plans do we have for the B2C business? We were planning on kind of having a sale of that business. Just some color on that as well.

Ketan Sablok: Yes. So Maitri this quarter, I think after many quarters, we saw this B2C business breaking even. I think we have done a lot of portfolio rationalization, a lot of the low-margin products we have not really gone ahead in a very big way to promote. And that is also visible in the fact that the B2C revenue has not grown to a large extent.

Our aim now is to make this business profitable -- so two-pronged approach we are doing. One, as I said, we are looking at higher-margin products in this as well as some sort of a cost restructuring, cost optimization activities, which have also been started internally.

So our aim is that at least in the next two quarters, at least H2 should also be an EBITDA positive second half for us. And overall, on a full year basis, we should at least breakeven in this business because the first quarter, we had a loss. On our plans for this business, we still are on that plan

of moving out of this B2C business. We will do that, as we had said last time also, at an appropriate time and at an appropriate value.

Till we reach that point, I think our aim is that we should still run this business on a positive note and that is what we are doing. But our overall plan still remains to move out of the non-core businesses that we have.

Maitri Shah: Got it. And just lastly, on the oil and gas business that we have in the HPPC segment. Any sort of outlook you have where are the sales coming from? Which regions are we targeting? Are we targeting the U.S. as well? Because I think the oil and gas kind of segment is growing a lot over there right now. So yes, just some color on the oil and gas business in the specialty chem, yes.

Sunil Chari: So as you know, we have been talking about the oil and gas business. Primarily, our focus is now the India market and the Middle Eastern market, but also Kazakhstan, Turkmenistan, Uzbekistan on those belts. U.S., we have distributors who sell into the oil and gas industry, but we do not have exact figures on segment-wise on what they're selling into. But where we sell, it is basically India, Middle East and the East European part of the world.

Moderator: The next question comes from the line of Gagan Dixit with Emkay Global.

Gagan Dixit: First, my question is about the capacity ramp-up. So around 50,000 tons of the new ethoxylation in Dahej capacity is now built, sir. So what utilization do you expect in FY28 and '29? And what peak revenue does that support? Or is it the same 4x asset turnover still holds, sir?

Ketan Sablok: Yes. So as we have said earlier, this the peak utilization will happen about 2 years post the assets coming into commissioning. So probably we'll have the peak utilization targets by end of FY28. And we still stick to the target of 3x of the CAPEX value to be the peak sales revenue.

Gagan Dixit: And sir, in this EO -- is it a constraint in the EO supply or consumer demand for that currently? And how much is the additional ethylene oxide that you secured from the Reliance expansion, sir?

Sunil Chari: Namaste, this is Sunil Chari. Last quarter, we had a constraint on EO supply from our supplier, which is Reliance. We are hoping that this quarter, we should not have the EO constraints. The new expansion will come up in 2, 3 quarters. And as soon it comes, we should get a higher allocation than the current ones. We do not have any confirmation from Reliance on how much quantity will be allotted to us.

Gagan Dixit: And sir, about the margin mix, sir. If you see over the next 1 or 2 years, what is the share of the revenue do you expect from the value-added product business lines like pharma, oil and gas, personal ingredients versus the commodity ethoxylates? And what is the typical margin premium these carries in these new businesses?

Sunil Chari: See, as you would have seen our earnings presentation, which we uploaded. We have got the EXCiPACT registration for our Unitop plant. And this allows our surfactants, which are

excipients in the pharma industry to be exported without any audits from the customers. This also reduces a lot of audits and cost for the customers, but also for us.

But the pharma approvals you know take close to 6 months to 2 years, depending on the customer, geography. And we are gradually ramping up the pharma exports. Last year, it was about Rs. 50 crore of pharma exports. And this year, we are confident that we'll have a very good growth in the Pharma segment.

Our exports in pharma also is picking up every quarter. And we see pharma, food, aroma as new lines where we want to focus on higher-margin products. So going forward, we would continue to focus on higher gross margin products and lower margins for all new products which we are launching.

Gagan Dixit:

And sir, my final question is about the cash allocation, sir. So over the next 2 to 3 years, how much will the free cash will be split between the debt reduction and Saudi Arabia? Because I think debt-free also removes significant amount of annual interest. That's something how you want to go with it, sir?

Ketan Sablok:

Yes. So again, our first priority now with the cash flows would be to reduce the debt. That's what we've been doing in the last 2 quarters. And I think now with most of the CAPEX spend done, we'll have some more spends in this year, but not to the extent that we've already done. And then going forward, our CAPEX spend in India will be significantly low.

And most of it will be in KSA once the project, etcetera, is finalized. And we also hope that by that time, we will have some of these non-core businesses also sold. We expect that a lot of these cash flows, which will come in both from exiting the non-core business and the cash generated from the current operations, firstly will go into debt reduction.

And parallelly, depending on how the Saudi project time lines come in, we will also put in money there. Of course, Saudi project will have equity and a mix of debt also, but that we will work that out once we have more understanding of the kind of the size of the CAPEX and the time lines. But yes, currently, all cash flows will go into debt reduction.

Gagan Dixit:

Yes, Yes. That's from my end, sir. Thanks for the elaborate answer, sir. Thanks.

Ketan Sablok:

Thank you.

Moderator:

The next question comes from the line of Nitesh Dhoot with Anand Rathi Institutional Equity.

Nitesh Dhoot:

My first question is on the core B2B EBITDA margin that was at about 14.1% versus 14.8% year-on-year, and that's even on a 21% revenue growth. So 20 bps consol margin improvement came entirely from the institutional or the B2C swing. So without that swing, the consol margin would have been about 11.9%, if I'm not wrong. Could you please give some color on what compressed the core margin year-on-year and how to get back above 15% there?

- Ketan Sablok:** I have not understood your arithmetic on Nitesh. Can you just repeat your question?
- Nitesh Dhoot:** So year-on-year, sir, if we look at the core EBITDA margin, that's at about 14.1% versus 14.8%, right? And the consol 20 bps improvement that is coming through is largely because of the B2C swing that came about where you ended positive on your B2C on the institutional business. So without that swing, the consol margin would have been 11.9%. Am I clear, sir? Hello?
- Ketan Sablok:** Okay. See, without the B2C business, our EBITDA margins are at 14.1%, right?
- Nitesh Dhoot:** No. I'm talking about the consol margin would have been lower. In any case, I mean, the question is that, you know, what has compressed, you know, the core margin year-on-year despite the revenue growth, you know, that we see? And, you know, what steps are we taking? Or, you know, what is our outlook on how to get it back above the 15% indicated numbers?
- Ketan Sablok:** See, I really have not understood your working, so maybe we can connect later. But on the EBITDA margins, if you see, Y-o-Y, we are down from 14.8% to 14.1%. See, the expenses on freight have significantly impacted in the current year. Even though our exports have grown significantly, the freight costs have almost doubled, tripled over what they were in the first half of last year or Q2 of last year. That has significantly impacted our EBITDA margins.
- I think as we start -- apart from this, raw material prices, especially prices of some of our core raw materials like phenol and all have gone up significantly over what they were last year, while we have been able to pass on most of these increases, the freight element still remains a challenge for us. And not all customers are really ready to absorb the entire freight increase.
- There is an understanding how much we'll absorb, how much we'll be able to pass out. But overall, we are, I think, still working on this freight element. But otherwise, I think the business in terms of growth, in terms of volumes has shown a significant improvement over what we had done last year.
- Nitesh Dhoot:** Okay.
- Moderator:** Does that answer your question, Nitesh?
- Nitesh Dhoot:** Yes. Okay. Yes. Sir, can you also help us with the volume growth for Q2 segment-wise?
- Ketan Sablok:** Yes. See, we don't give the split specifically, but most of the growth that you have seen has all come out of volume because a lot of the prices have, you know, kind of softened with the raw material prices in the early part of Q2 had come down. We had to also reduce prices of some of our products. This growth that we have seen in the second quarter is most of it is a volume-driven growth.
- Nitesh Dhoot:** All right. And sir, just one last small on the AHN bit. There the growth rates, you know, have come off. Is it like a seasonal or customer-specific thing? Or if you could just help clarify that?

- Edward Menezes:** Yes. That is true. Generally, the second quarter is the weakest for the AHN division. The third and fourth quarters will peak. Even with the low season, we have done pretty well, clocking about Rs. 27-odd crore. The next two quarters are going to be the peak season for Animal Health.
- Nitesh Dhoot:** Okay. Sir, just one last, if I may, sorry. Can you help us with the blended utilization numbers on the total capacity and specifically for Dahej I, II and Unitop Phase 1,2 ethoxylation?
- Ketan Sablok:** Yes. On a blended level, the capacity utilizations are at about close to 60%. The new ethoxylation facility that has come up earlier this year or late last year, I would say, is currently at about 30% utilization, and we are slowly ramping that up.
- Hopefully, we expect by the next year with the Reliance capacities also coming in and the flows of EO also increasing by probably Q2 or Q3 of next year, we should have a healthy utilization of the new ethoxylation facility also.
- Nitesh Dhoot:** All right, sir. Thank you so much and wish you the best for the coming quarters.
- Ketan Sablok:** Thank you.
- Moderator:** The next question comes from the line of Hemkesh Khattar with Green Portfolio.
- Hemkesh Khattar:** My first question was regarding the upcoming plant in Saudi Arabia. Is there any time line that the management is targeting that by this particular financial year, we are targeting to start commercial operations? Or they are still in the, like, outline phase, so there's no set time line for this?
- Ketan Sablok:** Yes. For the KSA project, if you see, we are taking, a step-by-step approach. We had first taken an approval from the Board to, you know, start exploring the initiatives of Saudi. We did that, you know, for, you know, last 8 months, 12 months, and we've zeroed down on the strategy for Saudi in terms of the plan, the area, the potential feedstock suppliers, etcetera. And we've been talking to all the relevant authorities there in terms of the process approval and how we can take the project forward.
- And now, in this quarter, we have taken, again, an in-principle approval from the Board for leasing out land in KSA for the project. There, currently, a piece or parcel of land was offered to us, and we've decided to go ahead and lease it and probably we'll do some initial activities like fencing, boundary wall, etcetera, in the next few months.
- And parallelly, we are, as I said, in discussions with potential suppliers of feedstock and parallelly internally working also on the overall product, the CAPEX, the market size, both the domestic market in KSA and the export markets in GCC, Europe, etcetera.
- Those activities are parallelly going on. Once we have the entire blueprint on paper and the financial for the project done, we will go back to the Board to seek approval for the next step to

go ahead, and that's when we'll be able to give you a little more color and light in terms of the time lines, the cost and, you know, what exactly we are going to do in KSA.

As of now, whatever we've done, we've talked about it, the land, etcetera. The next steps, once they get firmed up, we'll come back and talk about that.

Hemkesh Khattar: Okay. And this...

Ketan Sablok: Hopefully some of these developments will happen over the next 8 months to 12 months.

Hemkesh Khattar: Understood, sir. Thank you. And sir, next question was regarding the core B2B business. We have seen steady margins of like around 14% for this business for last, I would say, 2 years, 2.5 years now. And in the earlier call also, you mentioned that the aroma business and pharma business you are targeting and ramping up as they, you know, offer higher gross margins for you. In the core B2B business, what kind of margins are you expecting going forward, like FY27, FY28 and '29?

Ketan Sablok: Yes. I think as we have talked about in this quarter, the initiatives of pharma, we are now, you know, taking that up, taking it forward. We have this audit, which we have cleared. You know, these things, especially these businesses in pharma, etcetera, as Mr. Chari said, takes a little time in terms of approval and all. We are in that process.

Hopefully, we will get the approvals now going over the next couple of quarters. And then yes, as I said, as these segments like pharma, aroma, you know, start becoming a significant part of the overall business, we should see steady gross margin improvement, you know, going forward. I think we are still a couple of quarters away from seeing some, you know, significant contributions from these businesses. But yes, we are already online to, you know, expand the scope that we have in both pharma and the aroma space.

Hemkesh Khattar: And sir, you talked about audits. Were these audits customer-related or certifications from regulatory bodies?

Sunil Chari: Regulatory, we explained that EXCiPACT, we already have the approval, the registration, which does not require frequent customer audits. But customers do stability studies in pharma. And in overseas customers, the time taken is more also in MNC customers in India, the time taken is more for stability studies.

So for example, if it is a cough syrup where polyethylene glycol 400 will go or a laxative where polyethylene glycol 3350 will go. They will make samples, do stability studies, do some trials and then go slowly. So ramp-up in pharma is always slow, but it's steady and doesn't go back. So once you get it to the customer, the customer does not throw you out fast. Price and all are not the key criteria for changeover in a pharma kind of excipient.

Hemkesh Khattar: Understood, sir. So safe to assume that pharma and basically the capacity expansion of ethoxylate are the 2 growth drivers until the KSA plant comes, right?

Sunil Chari: Yes.

Hemkesh Khattar: Okay. Thank you, thank you so much.

Moderator: The next question comes from the line of Rohit Nagraj with 360 ONE.

Rohit Nagraj: Sir, first question is probably I missed the comment on ethylene oxide. So how are we placed in terms of incremental ethylene oxide availability? And when is it that -- are now likely to...

Moderator: I'm sorry to interrupt, Rohit, you are not audible. Your voice is breaking. Could you please change your location and ask your question on the handset mode, please, in case you're using hands-free.

Rohit Nagraj: The first question is in terms of EO availability for our incremental ethoxylation capacity. So how are we placed for that? And what is the latest time line that is suggested by Reliance in terms of the newer project commissioning from their side? Thank you.

Sunil Chari: Yes. So we are expecting in the first quarter of next financial year for the Reliance expansion to kick in, and we should get higher amount of EO allocation from the first quarter -- and Yes, thank you.

Rohit Nagraj: Yes. And in time, how are we secured in terms of the incremental availability of EO for our volume growth?

Sunil Chari: At this moment, there is no confirmation on what is the incremental quantities. And hopefully, in the next couple of months, we should get a confirmation.

Rohit Nagraj: Second question is on the exports front. So which particular user segments we have seen that the growth on the HPPC part is coming? And is it only driven from HPPC or there is textile chemicals, which has also taken some part in terms of the exports growth? Thank you.

Ketan Sablok: We saw broad-based growth in the export side. Within the HPPC, I think personal care was one of the key drivers, if you compare it on a Y-o-Y basis. And then also some of the new segments like oil and gas also saw some traction in this quarter. And Yes, it was not only HPPC, the export numbers in textiles were also pretty strong in this quarter. Q-on-Q, if you see almost the textile export revenue grew by -- sorry, Y-o-Y, if you see the textile export revenue grew by about 15-odd percent.

Which was quite heartening because these were the efforts we've been taking over the last, you know, a few quarters in terms of seeding some of these new geographies like Latin America and Southeast Asia, some of the African countries also. Some traction we saw in this quarter. And also the Thailand setup, which we have put, that has also started playing a role in moving up these exports, especially in textile. Yes, so majorly HPPC, which continues to be the main driver, but also textile has shown a significant improvement on the export side.

- Rohit Nagraj:** Sure. Thanks. I'll just squeeze in last one. In terms of the current CAPEX projects, which are in CWIP and in progress, so what are the projects and when these projects are likely to get completed? The context is that once I think these projects are completed, our focus will shift to the KSA investment. From that context, just wanted to know how much CAPEX is remaining, which is currently under progress and across what verticals? Thank you.
- Ketan Sablok:** Yes. I think most of these projects will close by the end of this year. That's what the current plan is. And going forward, I think over the next year, at least we will not have any significant CAPEX spend. And then we'll, of course, look at KSA, which will be the new area. On this CAPEX side, some of the spends will happen on the pharma business, the aroma where we've - in both these places, we've done some piloting. We'll start, you know, setting up some more higher capacity setup.
- Some of them are in CWIP and some more spends will happen. And also, we are doing some new initiatives on the hydrogenation side. That will also come up during this year. Yes, these are basically some of the new initiatives that are going to come up. And hopefully, most of these will happen during this year itself. We should not have any major spillover going into the next year.
- Rohit Nagraj:** Sure. Thanks for answering all the questions and all the best, sir. Thank you.
- Ketan Sablok:** Thank you.
- Moderator:** The next question comes from the line of Saket Kapoor with Kapoor & Company.
- Saket Kapoor:** Yes, sir. Just in continuation to the earlier participant, the capital work in progress is, I think, so closer to Rs. 150 crore. What kind of capacity augmentation would be pencilling in post the commissioning of the same or the capitalization of the same towards the end of the year?
- Ketan Sablok:** I think we'll have another about between Rs. 50 crore to Rs. 70 crore, Rs. 75 crore of spend that will happen in the second half. And then I think nothing beyond that.
- Saket Kapoor:** No, sir. Sir, my question was, we have the closing balance of closer to -- I think so Rs. 150 crore as on 30th September...
- Ketan Sablok:** Yes.
- Saket Kapoor:** Rs. 156 crore. Post commissioning or the capitalization of the sale, what would be the additional capacity added? Or where are we going to add the capacity? And then as you mentioned that we will be spending another Rs. 75 crore. We will be having closer to Rs. 225 crore for this year as a whole? Or please correct me there on that number.
- Ketan Sablok:** Yes. It will be on the spend side, it will be about Rs. 50 crore. Yes, the total capitalization will be to that extent. And these are, as I said, some of the new initiatives that we are doing. We'll have spends on the pharma side, on the aroma chemicals. There is projects we are doing on

hydrogenation. And there are some expansions or -- which we are doing in the biosurfactant space also. That's a new initiative that we spent good amount last year also, and we've seen some good results. And we are now again planning to do an expansion on that front also. Those will happen across all these segments.

Saket Kapoor: That point is correct, sir. But can you give a number on the volume side or any understanding on the same, sir?

Ketan Sablok: No. Currently, I will not be able to give you any volumes. Let these projects come on stream, then we'll share these numbers.

Saket Kapoor: Okay. Sir, when we look at our H1 EBITDA, I think that is around -- that is Rs. 167 crore and the top line at Rs. 1,400 crore, then 20% growth over the last year. Taking into account the initiatives and the type of inroads that we have in terms of the newer products or the higher-margin products getting the higher share, what should the likelihood of H2 shaping up in terms of the EBITDA margin trajectory, sir? Any color you can share with us?

Ketan Sablok: Yes. So I think this year, we will be at similar kind of EBITDA of around 12% plus/minus. That is what for this year is our take. And as I said, some of these initiatives are still work in progress. We are getting approvals, audits, etcetera.

We are seeding new market, talking to customers. So much of this is a future expectation. So probably next year, we should start seeing improvements in the EBITDA percentage. But this year, I think we would still stick to our 12%, around that EBITDA for the year-end.

Saket Kapoor: And on the revenue growth, sir? This 20% may...

Ketan Sablok: Revenue...

Saket Kapoor: Yes.

Ketan Sablok: Yes. So revenue, see, when we started up the year, we had said that we'll do about similar to the run rate we had done last year. We've done much better than that. But given the current geopolitical situation, the significant issues we are seeing in terms of market demand and the logistics, etcetera, I think it's very difficult for me to hazard a guess what's going to happen in the second half. But I think our initial assessment of 12%, 14%, I think we should do a between mid-teen to a little high-teen numbers for the year-end.

Saket Kapoor: Okay. What in terms of previous H1, that kind of growth looks susceptible for the H2, that understanding is correct, taking into account the current scenario?

Ketan Sablok: Yes, hopefully.

Saket Kapoor: Right, sir. And sir, one small observation. When we represent our results, they are in the millions and whereas when we put forward our investor presentation, they are in crore. So we can opt for

one of the same for displaying the same. I think so that would suffice an understanding also because of the same, having two different ways of expressing the same numbers.

Ketan Sablok: Yes.

Saket Kapoor: And sir, secondly, Yes, you can see that, sir, in millions, we are reporting in results and in crore...

Ketan Sablok: Yes.

Saket Kapoor: We are doing in presentation. So kindly opt for one that will give this similarity.

And sir, when we read your commentary and the thought process, it is quite evident that the strategic levers which you have given about margin expansion, that is firstly, the portfolio rationalization, then shifting to the high-margin part and asset sweating with the calibrated CAPEX, this should all gather steam going ahead also. Although the environment may be dicey and quite susceptible because of the RM issue, I think so we are on a strong track to at least replicate what we did in terms of the revenue profile for H1. Even that understanding is correct going ahead for us?

Sunil Chari: See, we are working hard, and we are very, very happy. If you see our positive cash flow of Rs. 131 crore in the first half, reduction in debtor days, reduction in stock.

Saket Kapoor: Right.

Sunil Chari: And also reduction in net debt from Rs. 280 crore to Rs. 220 crore, making the BRPL business positive. We are working very hard, and we are very happy with the last two quarters' results.

But what is happening is in the global market, the situation is changing so rapidly. We are not able to know whether we'll be able to ship our shipments through Bab el-Mandeb or through Hormuz, or the insurance and the freights are going up.

When the containers are not available, the ISO tanks are not available. Customers are very much worried. The global situation is -- now the Middle East is in a bigger turmoil. All this, when you see to it, we are not able to hazard a guess because of so much uncertainty.

In our internal budgets, we are very positive and very bullish. But we don't want to hazard any guess, give anything, which after 6 months, the investors will say, you said it, and you couldn't do it?

Saket Kapoor: Right, sir.

Sunil Chari: There are so many things beyond our control, and we will do our best as we have done in the past.

Saket Kapoor: Right. And lastly, sir, for the plant visit, can investors or the analyst community look forward to visit our facility and get some further understanding going ahead? Is that a feasible...

- Ketan Sablok:** Yes. SGA will organize. I'm already in discussion with them. So we'll do that pretty soon.
- Saket Kapoor:** Okay, sir. And I'll join the queue. And congratulations, sir, for the very steady and improved set of numbers. I think so the numbers speak for themselves. Only a small point, sir, as you told about the reduction in debt, what is the current maturities that is needed to be repaid? Or what should be the likelihood to exit the year in terms of our closing debt number? Any color you can share on that same?
- Ketan Sablok:** Sure. These are all mostly working capital debt. This will be a moving number. I said that all the working capital debts, probably by mid of next year, we should become debt-free on that. So as of now, I still hold on to that number of mine.
- Saket Kapoor:** And the long-term borrowing, sir?
- Ketan Sablok:** Long-term borrowing will take its trajectory. If we have good cash flows, we'll pay off earlier also. But on the other debts, probably by mid of next year, we should be debt-free.
- Moderator:** The next question comes from the line of Saurabh Jain with Sequent Investments.
- Saurabh Jain:** No, no, no. My question is already asked. There is no other question.
- Moderator:** Thank you. The next question comes from the line of Madhur Rathi with Counter Cyclical Investments.
- Madhur Rathi:** Sir. I wanted to understand the working capital improvement that we have seen during this H1. Is that sustainable? Or was this more driven by customers giving us better priority in a raw material shortage scenario?
- Ketan Sablok:** No, no. This was, through sustained efforts, which we have done during this year in terms of rationalizing inventory, improving our collection cycle. That's the result of this 10-day improvement that you are seeing in the net working capital position. I think this is a good position we have. I've always said that, you know, we should our aim is to be in that 90-day kind of a net working capital position. I think we are pretty much on that, even lower than that. We are at about 87 days in September. Hopefully, end March also, we will be within this range of 87 to 90 days.
- Madhur Rathi:** Got it. Now sir, coming out to our ROCE, sir, our ROCE used to be upwards of 20%, 25% a few years back, but that has moved to low teens right now. And we are also going to do -- and sir, we've spoken about that we have moved into value-added products. We have acquired Unitop between that. But our gross margin profile hasn't changed and our ROCE profile has declined. So how should I look at this metric going forward?
- And sir, a sub-question would be we'll be doing a greenfield CAPEX in Saudi Arabia. What kind of ROCE or payback profile do we expect this or any new CAPEX that we'll be doing going forward?

Ketan Sablok: Yes. I think you will see ROCE start improving once all the CAPEX spends that we have done in the last 2 years the capacity utilizations start improving in that. And we've always maintained that the initial spreads that has happened for a couple of years, we'll see a little bit of a suppressed number in the ROCE. But as these plants start delivering products and the products we start selling, these are all good margin products. We'll see the ROCE improvements coming in.

Improvement of working capital, reduction of debt, these are all part of that whole process of ROCE improvement. We are on track on that. And hopefully, we'll see these playing out in the ROCE numbers probably in the next year. You'll see the upward trajectory. In terms of our spends in KSA, as I said earlier, we will come back to you with all the details of the CAPEX, the returns, the products, etcetera, at a suitable time when we have internally finalized the entire project plan. Currently, it's only the land that we have taken on lease.

Madhur Rathi: I understand that operating leverage will help us to improve the ROCE profile. But sir, our gross margin profile has stayed the same even with us acquiring Unitop in the meantime, we've moved to value-added products. But still our gross margin profile is stagnant. So why is this not reflecting in gross margin profile at least?

Sunil Chari: See, when we acquired Unitop, the gross margin of Unitop was always much lower than gross margin of Rossari. The expenses in Unitop were lower, and that is why the EBITDA also of Unitop when we acquired was in the range of 12%, 13% EBITDA. Tristar was in the range of 10%, 11%. We have been able to improve these businesses. When we acquired the business, we were, you know, not doing any ethoxylation in-house. We were buying Ethoxylates at credit of 90 days.

And now we have to buy all the raw material for ethoxylation in advance, like, for example, EO is purchased in advance, Hydrophobic Lauryl Alcohol, Nonylphenol, Phenol, Tridecyl alcohol, Phytosterol alcohol. These are all coming, you know, from the oleo route or the petrochemical route, and these are advanced. And that is why our working capital cycle increased. But now, you know, with our focus, the working capital size is now being compressed.

And as Ketan sir said that we would, you know, be below 90 days, hopefully, even in the next - in this current second half. We have not worsened when we combine 2021 you know, figures of gross margins of Unitop, Tristar and Rossari, we are much better than what we were at the end of 2021.

Madhur Rathi: Got it. Sir, that is from mine. Thank you so much and all the best.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we will take that as the last question for today. I would now like to hand the conference over to the management for the closing remarks.

Edward Menezes: Yes. Thank you, everyone, for joining the call today. I hope we have been able to answer all your questions. For any further queries, you can get in touch with our team or Strategic Growth

Advisors, Investor Relations Advisors. Thank you once again for taking the time to join us on this call, and have a good day.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Rossari Biotech Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.