Operator: Sigachi Industries Limited Q2 and H1 FY27 earnings conference call hosted by Go India Advisors. As a reminder, all participants will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during the conference call, please signal the operator by pressing star and zero on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand over the floor to Mr. Adith from Go India Advisors. Thank you, and over to you, sir.

Operator: Thank you, Akash. Good afternoon, everyone. It is my pleasure to welcome you on behalf of Sigachi Industries Limited. Thank you for joining us today for the Q2 and H1 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 call 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 the opening remarks. Thank you, and over to you, sir.

Amit Raj Sinha – MD & CEO: Thank you, Adith. Good evening, everyone, and welcome to the Q2 FY27 earnings conference call of Sigachi Industries Limited. The financial results and the investor presentation have been uploaded on the stock exchanges. I hope everyone had the opportunity to review them.

As we progress through FY27, our focus remains on translating our strategic priorities into measurable business outcomes. We continue to strengthen our core excipient business while advancing capacity expansion, broadening our product portfolio, and building business capabilities across API, O&M, and food and nutrition. Across these businesses, our emphasis remains on disciplined execution, operational efficiency, and profitable growth, supported by a clear focus on customer requirements, innovation, and long-term value creation.

The 12,000 metric ton per annum MCC expansion at Dahej SEZ is expected to be commissioned in Q2 FY28, taking our total MCC capacity to approximately 30,000 metric ton per annum. Our growth agenda is further supported by the CCS facility at Dahej, with commercialization also expected in Q2 FY28. Together, these projects will strengthen our manufacturing capabilities and position us to address a wider range of customer requirements.

On the innovation front, we further strengthened our PureCoat coating portfolio with the launch of four new offerings: PureCoat Flavor for odor masking, PureCoat TiO2 Free, PureCoat Pearl featuring natural silicate or silica-based pigments with iron oxides, and PureCoat MP, developed using a natural polymer like pullulan as an alternative to synthetic polymers. These additions reflect our focus on developing coated solutions that address evolving customer requirements and expand formulation possibilities across the pharmaceutical industry.

Our API business continues to progress toward building a broader portfolio and strengthening its regulatory readiness, while our O&M vertical remains an important contributor to business diversification. Alongside growth, we remain focused on improving operational efficiency, cost discipline, quality, safety, and governance across our facilities. We believe that sustainable growth must be supported by strong execution, responsible capital allocation, and consistent attention to

Report is AI-generated and may contain inaccuracies.

operational performance.

To our employees, customers, partners, lenders, and shareholders, thank you for your continued trust and support. We remain committed to translating our strategic priorities into sustainable business performance and long-term value creation.

With that, I now invite our CFO, Mr. O. S. Reddy, to take you through the financials and operational highlights for Q2 FY27. Thank you.

O. S. Reddy – CFO: Thank you, sir, and good evening, everyone. During Q2 FY27, Sigachi reported total operating income of Rs. 130.45 crores. EBITDA for the quarter stood at Rs. 19.2 crores, with a margin of 14.72%. Net profit came in at Rs. 8.78 crores, translating to a profit margin of 6.82%. The MCC segment contributed Rs. 91.22 crores, while the O&M and API segments recorded revenues of Rs. 13.93 crores and Rs. 16.67 crores, respectively. That concludes my updates. We can now open the floor for questions. Thank you.

Operator: Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press star and one on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing star and one again. In the interest of time and to give everyone a fair chance, we request participants to restrict themselves to three questions initially and follow the queue for more questions. Ladies and gentlemen, if you have any questions, please press star and one on your telephone keypad.

The first question comes from the line of Mr. Darshil Jhaveri from Crown Capital. Please go ahead, sir.

Darshil Jhaveri – Crown Capital: Thank you so much, sir. Good evening, sir. Firstly, congratulations on a good set of numbers, sir. I just wanted to know that we had given guidance of 650 crores and 18% EBITDA for the full year. Are we sticking by it? Because, seeing the H1 EBITDA, it looks a bit on the higher side, sir. What are your thoughts about that, sir?

O. S. Reddy – CFO: Thank you, Darshan. This year, in the first half, we have reached around 250-plus crores of turnover, and in the second half we have planned to increase capacity within the existing capacities themselves. There is also further business that will contribute to top-line and bottom-line growth. At the beginning of the second half, we also expected better margins and better top-line growth.

However, out of the 650 crores of top line, there may be a slight reduction because earlier, at the beginning, we thought our new 12,000 metric ton MCC project would come on stream a little earlier. There will be some deferment. More or less, we can reach around 600 crores. There will be a slight slippage in this.

Darshil Jhaveri – Crown Capital: Okay, fair enough, sir. But with regard to margins, can we achieve 18%? I am assuming it will be a bit difficult for the full year, but in H2, can we achieve at least 18% in terms of margins? How do you see the environment right now?

Report is AI-generated and may contain inaccuracies.

O. S. Reddy – CFO: Yes. In the second half, there will not be any further increase in fixed overhead costs. There will be an increase in revenue, which will also result in higher margins. The sales mix is also going to change. The co-processed variants and special grades will be higher in the next 6 months. That is the reason margins will increase, so in the next 6 months, or the next half year, we can achieve improved margins.

As of now, the margin is around 15%. There will definitely be an increase in the second half, considering the fixed expenses, fixed overheads, and the margins from special-grade and co-processed grades.

Darshil Jhaveri – Crown Capital: Okay, fair enough. Just one last question from my end, sir. Looking at all this, I understand that our capacity expansion is a bit delayed. So, for next year, what would be our target in terms of revenue and margins, if you could help us with that, sir?

O. S. Reddy – CFO: Next year, once our 12,000 metric ton capacity is commissioned toward the end of Q2, there may be a delay of one or two months here and there. After that, 12,000 metric tons at around 250 rupees, and at 90% utilization, operationally around 10,800 multiplied by 225, will result in more than 200 crores of top line, or 243 crores.

Darshil Jhaveri – Crown Capital: Okay, 200 crores of revenue. This year is 600 crores, so next year we can easily cross 800 crores of revenue?

O. S. Reddy – CFO: Yes, even more than that. Our other businesses will also contribute. The 243 crores is coming from this, and the other businesses are also there. Next year should be better.

Darshil Jhaveri – Crown Capital: Okay. I have more questions. I will rejoin the queue. Thank you.

O. S. Reddy – CFO: Thank you, Darshan.

Operator: Thank you, sir. The next question comes from the line of Mr. Vansh Solanki from RS Pinc Ventures. Please go ahead, sir.

Vansh Solanki – RS Pinc Ventures: Hi. Good evening, Mr. Reddy. My question is again on the revenue that the previous participant asked about. You also mentioned that the 650 crores would be reduced to around 600 crores. As you just mentioned, we have done 250 crores in H1, which would require a 40% increase in revenue in H2. Will it be possible for us to achieve a direct 40% increase in H2? We have no new—

O. S. Reddy – CFO: Yes, because we are expecting better capacity utilization from the existing plant as well. We are expecting an increase in the immediately upcoming period, in another 15 days around the 15th. The API business will also show good growth. The other segments, including O&M, are also doing well. That is the reason we are expecting good growth in the second half.

Vansh Solanki – RS Pinc Ventures: API had also been given a target of 90–100 crores a year before Q1, and we are at only around 35–40 crores in H1. We will need a run rate of 30 crores per quarter in H2 to reach the 90-crore mark. What addition is coming that will lead to this growth, because no plant capacity is coming and nothing else is there?

Report is AI-generated and may contain inaccuracies.

O. S. Reddy – CFO: Yes, Mr. Solanki. The only thing is that the Q2 revenue has been deferred to the third quarter. Some customers requested dispatches in the third quarter. That is the reason we are expecting good revenues in Q3 and Q4.

Vansh Solanki – RS Pinc Ventures: Okay. You also mentioned that utilization will increase. What is the capacity utilization for Q2?

O. S. Reddy – CFO: For the half year, in the second half, it is almost 79.91%, or around 80%, at the Dahej unit, and around 79% at the Jhagadia unit. Overall, utilization is nearly 80%. There will be another 10% increase in another 15 days, from November 15 to 20.

Vansh Solanki – RS Pinc Ventures: Okay. And what is the MCC revenue target [cut off]

Operator: Vansh, I am sorry to interrupt you. I request you to join the queue again for more questions, sir.

Vansh Solanki – RS Pinc Ventures: Okay, sure.

Operator: Thank you, sir. The next question comes from the line of Mr. Rupesh Tatiya from Long Equity Partners. Please go ahead, sir.

Rupesh Tatiya – Long Equity Partners: Hello, sir. Thank you for the opportunity, and congratulations on the decent margin performance. First, what was the volume of {? MCC ?}?

O. S. Reddy – CFO: Can you please repeat? What is the volume of?

Rupesh Tatiya – Long Equity Partners: MCC, MCC and allied products.

O. S. Reddy – CFO: On the contribution side, around 70% of the revenue contribution is from MCC, O&M is 11%, API is 13%, and other allied products are around 7%. That is the percentage-wise contribution.

Coming to the volume, we produced and sold almost 7,128 metric tons.

Rupesh Tatiya – Long Equity Partners: Okay. So, in Q1, I think it was around 3,500, or 3,400 and change, so around 3,500. This quarter looks like roughly 3,700 tons.

O. S. Reddy – CFO: Yes, more or less, it is a little higher than Q1.

Rupesh Tatiya – Long Equity Partners: When do you expect to reach the installed capacity of 4,500 metric tons per quarter? When do you expect to reach, say, 4,200?

O. S. Reddy – CFO: It will reach that level by Q3. Within another 15-20 days, our capacity is going to increase, on November 15 itself. In Q4, we will be reaching almost the full 4,500 metric tons.

Rupesh Tatiya – Long Equity Partners: Okay. That is good to know. The second thing is that some other players in the industry reported very good margins, but our margin performance is relatively moderate. Are there any reasons for that?

Report is AI-generated and may contain inaccuracies.

O. S. Reddy – CFO: It is gradually improving. If you see the average price realization, it was 241.36 in Q1, 262.83 in Q2, and for the entire H1 it was 252.16. In comparison, it was 216.42 in H1 of the previous year.

Because of the sales mix, realizations are increasing and are also on the higher side. Overall profitability was affected by last year's incident, but now it is settling down, and there is an improvement every quarter. Comparatively, Q4, Q1 is better, and Q2, compared with Q1, Q2 [trails off]

Management: Is better, and again Q3 would be better, and Q4 would be even better. Quarter-on-quarter, there will be an improvement and efficiency will increase at all levels.

Rupesh Tatiya – Long Equity Partners: Okay. Then, on the API segment, sir—

Operator: [cut off] I would request you to join the queue again for more questions, sir.

Rupesh Tatiya – Long Equity Partners: Sure.

Operator: Thank you. Ladies and gentlemen, if you have any questions, please press star and one on your telephone keypad. I repeat, if you have any questions, please press star and one on your telephone keypad. The next question comes from the line of Mr. Ankur Savaria. Please go ahead, sir.

Ankur Savaria: Good evening, sir. What is the update on the reimbursement from the insurance company?

Management: Yes, Mr. Ankur. The reimbursement process is ongoing. Recently, they asked some further queries, and we submitted the information. We expect it this month, but in any case, before December, we will receive it. They also indicated that there could be a discount of 5–10%, and we expect to receive the amount.

Everything is clear now. The scrap was also auctioned by the insurance people, and we expect to receive the amount by November or December. We hope to receive it before December. There is no uncertainty from the insurance company's side either. All our questions have been answered, and all the required information was submitted. The surveyor [trails off]

Ankur Savaria: And there are no issues—yes.

Management: Yes, it is clear now. Discussions between the surveyor and the insurance company are ongoing.

Ankur Savaria: What is the approximate amount that you are expecting?

Management: The total receivable is around 49 crores, but they have indicated a discount. There would be a 10% discount.

Ankur Savaria: Since your preferential issue has been rejected, how does the company plan to raise money for the capex?

Report is AI-generated and may contain inaccuracies.

Management: For the time being, we have our own internal accruals to start with, and we are also expecting the insurance proceeds. Further, we need to take action to raise funds by way of debt or equity. Since the preferential issue has been canceled, at the appropriate time we will make the required disclosure.

Ankur Savaria: So, the preferential share issue is now out of the picture, right?

Management: No, that has not been ruled out. However, it is not wise to discuss that aspect right now. We will make an announcement.

Ankur Savaria: Okay, sir. Thank you for answering my question.

Management: Thank you, Ankur.

Operator: Thank you, sir. Ladies and gentlemen, if you have any questions, please press star and one on your telephone keypad. The next question comes from the line of Mr. Raghav from Quadron. Please go ahead, sir.

Raghav – Quadron: Good evening, and thank you for giving me the opportunity to ask the question. My question is more on the fundraise. Why were the funds not raised for the company, and what are the plans for the future? Are we considering debt to fund our expansion plans?

Management: Yes, Mr. Raghav. Both options are open, including debt as well as equity. As I said, at the appropriate time, after discussions, we will make an announcement.

Raghav – Quadron: Is there any particular reason why the preferential allotment of 200 crores that the promoters were putting in was not completed?

Management: Yes. After the issuance was decided, after the Board approved it, and after the information was given to the exchanges, we received many calls from well-wishers, investors, and prospective investors. They asked why we were diluting so much at that price.

The price was 26.4 rupees as per the SEBI calculation, and the issue was proposed at that price. However, later the share price sharply increased to almost 39 rupees. We received many calls saying that we had missed the opportunity. At this point, it was not wise to dilute at that rate.

The promoters also considered the matter. They were the major beneficiaries of the issue. Even though they had discussed it with people, they concluded that, in the best interests of the company and its shareholders, the issue should be called off. Now we will see what can be done and what best can be done in the interest of the company.

Raghav – Quadron: Okay.

Management: Thank you.

Operator: Thank you so much, sir. The next question comes from the line of Mr. Gourav Kumar, an individual investor. Please go ahead, sir.

Report is AI-generated and may contain inaccuracies.

Gourav Kumar – Individual Investor: Good evening, sir. Currently, MCC is the major contributor to our revenue, correct? In the future, do we have any focus on other business segments that could become comparatively equal to the MCC segment, or that we can grow further in [trails off]

Management: Yes, sir. In the near future, MCC will remain the major contributor. Next to that, API will also increase. We expect better improvement in the API business. O&M is also steadily growing, with almost a 10-12% margin and revenue contribution to the overall company.

Gourav Kumar – Individual Investor: Going forward, MCC will remain our major contributor, correct?

Management: Yes, correct. It is our cash cow, with good margins and top-line contribution. There are good possibilities for growth, and of course, the other segments are also there. There are good possibilities for major growth in these areas as well.

Gourav Kumar – Individual Investor: Okay, sir. Thank you.

Management: Thank you, Gourav.

Operator: Thank you so much, sir. Ladies and gentlemen, if you have any questions, please press star and one on your telephone keypad. I repeat, if you have any questions, please press star and one on your telephone keypad. We have a follow-up question from Mr. Darshil Jhaveri from {? Crom Capital ?}. Please go ahead, sir.

Darshil Jhaveri – {? Crom Capital ?}: Hello?

Management: Hello. Yes, sir.

Darshil Jhaveri – {? Crom Capital ?}: Thank you so much for allowing me a follow-up question, sir. Based on our realization and volume, I think we can do roughly around 100-110 crores of revenue in MCC in Q3, and Q4 may be a bit higher because of volume growth. Even with that calculation, or assuming API does 80 crores, I do not think we can reach 600 crores. Is 550 crores a more realistic target? That is the figure I am arriving at based on our capacity constraints and realization.

Management: Yes, Mr. Darshil. The thing is that up to 550-575 crores is more easily achievable. In addition, we are expecting some stretch business in Q3 and Q4, further new orders, and a better, high-profitability sales mix. Margins should also be better, especially in API. We have received some enquiries. That is the reason we are expecting to reach, or perhaps touch, nearly 600 crores.

As you said, 550 crores is an easily achievable target, but we are stretching a bit and targeting 600 crores.

Darshil Jhaveri – {? Crom Capital ?}: Okay. And regarding EBITDA, what rate are you expecting? We are currently around 15%, right?

Management: Fifteen percent, yes.

Darshil Jhaveri – {? Crom Capital ?}: In Q3 and Q4, what rate can we achieve? Can we reach 20%, or what would it be? What would be our internal—

Report is AI-generated and may contain inaccuracies.

Management: [pause] The overall guidance we are giving is around 18%, but in the second half we are expecting at least 18%, and even better than 18%, so that it will balance out.

Darshil Jhaveri – {? Crom Capital ?}: Okay. I just wanted to understand the [crosstalk]

Management: We can give guidance for the next quarter. Our estimates will also be closer then, and after receiving the orders and everything, we will be able to provide a better indication.

Darshil Jhaveri – {? Crom Capital ?}: I wanted to understand the competitive intensity in the market right now. I think the other players are also operating at near-full capacity. How do you look at it, sir? In our case, will there be some margin pressure, or is there enough business for everyone? How do you see it?

Management: There is always good demand for us. Sigachi is known for quality and customer satisfaction, including timely supply of materials and addressing customers' pain points in the operational flow of materials in capsulation or tableting, and all those areas.

We have never faced this issue. Demand is very high. Right now, supply is the only constraint. We do not see any adverse impact because of excessive competition. We are highly competitive in the market, and our orders have always been higher than our production. Demand is very high.

Darshil Jhaveri – {? Crom Capital ?}: Okay. Fair enough. I have just one last question. If we are planning to fund the capex through debt, what is the peak debt level that we would not be comfortable reaching, sir?

Management: Are you talking about the fundraise or debt?

Darshil Jhaveri – {? Crom Capital ?}: Debt.

Management: Fundraise?

Darshil Jhaveri – {? Crom Capital ?}: Yes, fundraise. If we raise funds—

Management: Fundraise, yes. The fundraise will be used only for this capex.

Darshil Jhaveri – {? Crom Capital ?}: If we use debt, our debt is not very high right now. What is the highest peak debt level that you would want to reach? I think we were around 140 crores in FY26. What kind of debt would we want to have in terms of net debt-to-EBITDA or any other ratio, or in terms of an absolute peak debt figure that you would be comfortable with?

Management: Right now, we have not yet decided. Our bankers are very supportive, and if we want to take debt, it is easily available at competitive prices. At the same time, we can also raise equity. We are discussing it, but we have not yet discussed or decided it. Right now, the debt is very low, on the very meager side. We have not thought about that aspect as of now.

Darshil Jhaveri – {? Crom Capital ?}: Okay. Fair enough. That is it from my side. Thank you so much, sir. All the best.

Management: Thank you, Darshil.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you so much, sir. We have another follow-up question from Mr. Rupesh Tatiya from {? Long Equity Partners ?}. Please go ahead, sir.

Rupesh Tatiya – {? Long Equity Partners ?}: Hello, sir. Thank you for the follow-up. My first question is on API. Can you give us some idea about our capacity and capacity utilization in API? Also, do you have any idea of the order book that would give us confidence that revenue can increase from, say, 35-40 crores to 90 crores this year?

Management: Yes, sir. At present, API capacity is 100 kL. That 100 kL can easily generate up to 100 crores. If we manufacture some value-added products, we can achieve 120 crores, and up to a maximum of 150 crores.

As of now, we are working on sparsentan, and bempedoic acid is also under consideration. Trials have been completed, and these products provide higher margins. That is the reason. As of now, we have 100 kL of capacity.

Rupesh Tatiya – {? Long Equity Partners ?}: What about the order book, sir?

Management: Roughly, this year we will be reaching approximately 100 crores. We reached 38 crores in the first half, and Q3 and Q4 should be good, so we can reach nearly 100 crores. If there is a good order in Q4, we can reach an additional 10-plus 10 crores, or 20 crores, as well. There is a possibility of reaching up to 120 crores in API.

Rupesh Tatiya – {? Long Equity Partners ?}: Understood, sir. The second question is on capex. For the 12,000 metric ton MCC plant, what is the total capex plan and how much have we spent? Also, for the 1,800 metric ton MCC plant, what is the total capex?

Management: Yes, Mr. Rupesh. We have spent around 25 crores so far. The basic civil structure in this area takes a lot of time. Later, purchasing the plant and machinery will take less time. Of course, there is another year from now.

Rupesh Tatiya – {? Long Equity Partners ?}: So, is the 25 crores for both of them combined, or is it only for MCC?

Management: Twenty-five, and then another MCC, 24. The total, all put together, is around 30 crores. Nearly 20 to [trails off]

Rupesh Tatiya – {? Long Equity Partners ?}: Okay. Do you feel there could be any further delay? Initially, we wanted to complete it in Q4 of this year. It has already slipped by 6 months. Do you now feel comfortable with that timeline?

Management: There may be a delay of one or two months here and there. We can complete it along the same timeline, or there may be a delay of one or two months. The project team has indicated that they are sure to complete it by Q2, but there may be a variation of one or two months here and there.

Rupesh Tatiya – {? Long Equity Partners ?}: Okay. Thanks a lot.

Management: Thank you.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you so much, sir. In the interest of time, we request participants to restrict themselves to three questions. The next question is a follow-up question once again from Mr. Vansh Solanki from RSPN Ventures. Please go ahead, sir.

Vansh Solanki – RSPN Ventures: Thank you for giving me the opportunity again. I want to return to the revenue question. You mentioned that MCC utilization is at 80%, and that we generated approximately 175 crores in the MCC segment in H1. Even if I calculate that we reach 90–95% capacity utilization, H2 would generate only around 190 crores from the MCC segment. Can you guide us on how we will move from approximately 190 crores plus 175 crores, or around 360 crores from MCC, to 600 crores, and how the other segments will contribute?

Management: Yes, Mr. Solanki. There is another factor in the sales mix. The mix is shifting toward special grades and co-processed grades. If you compare normal products with co-processed products, co-processed products would be three to four times higher. Special products are also much better. The margins and sales realization for special and co-processed grades are both on the higher side. That is the reason we are expecting an increase.

Vansh Solanki – RSPN Ventures: You mentioned the sales mix. What percentage is normal and what percentage is co-processed now, and how are we targeting this to change in H2?

Management: In Q3 and Q4, there will be an increase of almost 50% over the existing level. The existing level is around 10–20%. We are seeing a significant increase in Q3 and Q4. That is the reason we are expecting higher revenues as well as higher margins.

Apart from this, the API business also has value-added products that we propose to sell in Q3 and Q4. Bempedoic acid and sparsentan are new products that provide good margins.

Vansh Solanki – RSPN Ventures: How are you targeting total MCC for the full year, if you can give us a number?

Management: We can discuss the overall full-year figure, but we have to work out the math. The only thing is that the current total capacity is 9,000, with 4,500 at each unit. The first half is completed, and the balance capacity of around 9,000 minus 4,500 metric tons would be available.

On a quarterly basis, we achieved 3,500 in Q1 and around 3,600–3,700 in Q2. It will gradually increase further in Q3, and in Q4 we will achieve the full 4,500 metric ton capacity.

On top of this, there will be additional income and revenue, as well as higher margins, from the sales mix. This includes API, our O&M business, which is also increasing, and all other allied businesses, where there will also be an increase. Our US subsidiary is also doing well. We are expecting higher margins and revenues from API in Q3 and Q4.

Vansh Solanki – RSPN Ventures: Are there any further projects? Two or three quarters ago, you mentioned that you were starting a new O&M project. Is anything like that coming in Q3 or Q4, or are there any new projects in the O&M business?

Management: We are expecting new projects in Q2 FY28.

Report is AI-generated and may contain inaccuracies.

Vansh Solanki – RSPN Ventures: This is my last question regarding the ground reality. You mentioned that there is significant demand for MCC and CCS, but we are still at only 80% capacity utilization. If our Hyderabad plant was lost, normally all the demand and manufacturing that was being handled by that plant should have shifted immediately to Dahej and Jhagadia. Even after that, we are at 70–80% capacity utilization. Why are we not operating at 90–95% capacity utilization?

Management: Yes, Mr. Solanki. After the Hyderabad plant accident, we concentrated more on safety audits, including internal, external, and customer audits. Because of this concentration, production was lower. The main intention was safety. Safety is the first priority.

We made some changes and installed precautionary measures. Even though no one else in this segment has installed such safety equipment, we incorporated and fitted this equipment into the FBDs and dryers, which are the major manufacturing equipment. That is the reason for the somewhat lower capacity utilization.

All those installations have already been completed. Another installation will be completed around November 15 or 20. We are installing all the safety equipment one by one. That is the reason for the delay. After the installations, we can move toward full capacity utilization.

This is additional equipment. No one else in the segment has installed it, but we have given first priority to safety.

Vansh Solanki – RSPN Ventures: Are all the activities completed now, including the safety audits, or are we still installing some equipment?

Management: Yes. One installation is still pending, and we will complete that in November. We are completing everything one by one.

Vansh Solanki – RSPN Ventures: Yes, please.

Management: One by one, we are shutting down one manufacturing equipment unit while the others continue operating. We are managing it in that manner. That is the reason for the lower utilization. In Q3 and Q4, we are expecting higher utilization, higher revenues, and higher margins.

Vansh Solanki – RSPN Ventures: Just one last question from my side. You mentioned that you have spent 50 crores cumulatively on MCC and CCS so far. How much is required from now, and how much time will the civil structures take? What is the timeline for installing the machinery?

Management: Mr. Solanki, we have almost 1 year. We will complete everything, including the civil portion. Two to three months before completion, we will order the plant and machinery equipment, and it will be ready. After that, it will be installed. Some of the machines have to be installed, and the civil work, including the finishing work, also needs to be completed.

We still have 1 year, and we are also planning the funds. That will be decided in the near future, either through debt or equity. The work will proceed based on that.

Vansh Solanki – RSPN Ventures: How much additional funding is required, from 50 crores to what amount?

Report is AI-generated and may contain inaccuracies.

Management: Around 100 crores for MCC and around 80 crores out of that. For the total capex, that would be mostly 200 crores, roughly 200 crores. Some portion may be through debt and some portion may be through equity. We have not yet finalized that. We will make an announcement.

Vansh Solanki – RSPN Ventures: Will the plants be domestic, or do we have to import them from another country?

Management: Most of the equipment is domestic. Domestic, yes.

Vansh Solanki – RSPN Ventures: Thank you, Mr. Reddy, for the good answers. One last suggestion: if it is possible to have a plant visit at Dahej or Jhagadia, I would like to visit the plant.

Management: Okay.

Vansh Solanki – RSPN Ventures: Thank you.

Management: Thank you.

Operator: Thank you, sir. Ladies and gentlemen, if you have any questions, please press star and one on your telephone keypad.

I repeat, if you have any questions, please press star and one on your telephone keypad.

As there are no more questions, I now hand over the floor to the management for closing comments.

Management: Thank you. As we conclude, Q2 FY27 reflects our continued focus on advancing strategic priorities through capacity expansion, portfolio differentiation, and stronger operational execution. Our focus remains on disciplined execution, operational efficiency, capacity expansion, and improving profitability, while positioning Sigachi for sustainable long-term growth. We look forward to updating you on our progress next quarter. Thank you, and have a great evening.

Operator: Thank you, sir. Ladies and gentlemen, this concludes your conference for today. On behalf of Go India Advisors, we thank you for your participation and for using DoorSabha's conference call service. You may disconnect your lines now. Thank you, and have a pleasant evening.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.