Meghmani Finechem Limited

Registered Office : "Meghmani House", B/h. Safal Profitaire, Corporate Road,
Prahladnagar, Ahmedabad - 380 015. Gujarat. INDIA. I T : +91 79 2970 9600 / 7176 1000
E : helpdesk@meghmanifinechem.com I CIN : L24100GJ2007PLC051717

MFL
Your essentials. Our expertise.

28th April, 2023

To,

National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) Mumbai 400 051 **SYMBOL:- MFL**	BSE Limited Floor- 25, P J Tower, Dalal Street, Mumbai 400 001 **Scrip Code: 543332**

Dear Sir,

Sub.: Transcript of Earnings Conference Call held on 25th April, 2023 for Q4 & FY2023 - Audited Financial Results

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Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith transcript of Earnings Conference Call held on 25th April, 2023 for Q4 & FY2023 - Audited Financial Results.

The said transcript is also available at www.meghmanifinechem.com in the Investor Relations section.

Thanking you,

Yours faithfully,
For Meghmani Finechem Limited

KAMLESH DINKARRAY MEHTA
Digitally signed by KAMLESH DINKARRAY MEHTA
Date: 2023.04.28 17:51:05 +05'30'

K. D. Mehta
Company Secretary & Compliance Officer
Membership No. FCS 2051

Encl.: As above

"Meghmani Finechem Limited
Q4 FY2023 Earnings Conference Call"
April 25, 2023

MANAGEMENT: **MR. MAULIK PATEL – CHAIRMAN AND MANAGING DIRECTOR – MEGHMANI FINECHEM LIMITED**
MR. KAUSHAL SOPARKAR – MANAGING DIRECTOR – MEGHMANI FINECHEM LIMITED
MR. SANJAY JAIN – CHIEF FINANCIAL OFFICER – MEGHMANI FINECHEM LIMITED
MR. MILIND KOTECHA – HEAD INVESTOR RELATIONS -MEGHMANI FINECHEM LIMITED

MODERATOR: **MR. ROHAN OHRI – EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to the Meghmani Finechem Limited Q4 FY '23 Earnings Conference Call hosted by Emkay Global Financial Services. We have with us today Mr. Maulik Patel, Chairman and Managing Director, Mr. Kaushal Soparkar, Managing Director, Mr. Sanjay Jain, Chief Financial Officer, Mr. Milind Kotecha, Head Investor Relations, and Mr. B. Ravi, Advisor.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rohan Ohri from Emkay Global Financial Services. Thank you and over to you.

Rohan Ohri: Thank you, Ryan. Good evening, everyone. I would like to welcome the management and thank them for this opportunity. I shall now hand over the call to the management for the opening remarks. Over to you, gentlemen.

Maulik Patel: Thank you, Rohan. Good afternoon, everyone, and welcome to the call to discuss MFL Quarter 4 and FY '23 performance. I believe you had an opportunity to view the earnings presentation that was released earlier today. FY '23 has been an exciting year even after a lot of volatility for the business. The realizations for all the products were at peak at the starting of the year and have reached to a bottom level by the end of the year. Even after this, our top line for the year as a whole has increased by 41% to INR2,196 crores.

In FY '23, we have commissioned various projects. We commissioned CPVC resin, epichlorohydrin, and additional capacity of caustic soda. This new and additional capacities have contributed marginally for the year as a whole and will contribute in a sizable way in FY '24. The capex that we are already working on in FY '24 towards additional capacity of CPVC resin and chlorotoluene and its value chain will bring volume growth in FY '25.

In quarter 4 FY '23, we witnessed volume growth of 15% year-on-year and 13% on quarter-on-quarter basis. Even after realizations for all the products had cooled off, we were able to witness growth in top line on account of volume contribution from existing as well as new products commissioned in FY '23. In quarter 4 FY '23, derivatives and specialty chemical segment has contributed 38% of the top line versus 19% in quarter 4 FY '22.

Our transitions and the diversification towards derivatives and specialty chemical segment is now reflecting in numbers. Contribution from derivatives and specialty segment will keep on increasing as CPVC and ECH will contribute sizable way in FY '24 and also because our all-future expansion plans are towards this segment for the business. We have proposed final dividend of 25% on face value of INR10, INR2.5 per equity share. All our expansion projects related to additional capacity of CPVC resin, chlorotoluene and its value chain and R&D center are moving as per the schedule and will get commission within the timeline that we have specified. This will drive the growth for FY '25.

We are focused to do continuous expansion in high value and high growth products, strengthening our integrated complex and catering to diversify industries to bring continuous and consistent growth in the business.

I now hand over to the call to Mr. Sanjay Jain, our CFO who will take us through the financials.

Sanjay Jain: Thank you, Maulik. Let me first talk about the quarterly numbers for Q4 FY '23. Year-on-year we witnessed revenue from operation growth of 13% to INR562 crores backed by volume growth of 15% despite of realization Q4 for various products. Volume growth of 15% majorly coming from the commissioning of the new capacity that is ECH and CPVC and partially from the existing product, otherwise the issue is down by 23%.

In line with our transition plan, derivative and specially chemical segment contributed 38% of the revenue in Q4, 24 against 19 of Q4 of last financial year. EBITDA de-grew year-on-year basis on account of decrease in realization and consumption of the high-cost inventories. On year-on-year basis there is negative growth for PAT also on account of higher depreciation and finance expenses on account of the commissioning of new capacities which a commission made of the financial year.

On annual basis in FY '23, we grew by 41% as revenue from operation to INR2,188 crores backed by high realization and volume growth of 9%. EBITDA and PAT grew in line with the revenue growth. PAT grew by 40% to INR353 crores. Return of capital employed stood at 32% in FY '23 against 29% in FY '22 and return of equity stood at 40% in FY '23 versus 36% in FY '22. Our net debt has decreased by INR112 crores to INR877 crores in FY '23 versus INR989 crores in FY '22.

In FY '23 we have redeemed the preference share of 62 crores and have outstanding at 150 crores as on March 31, March '23 compared to INR211 crores as on March 31, 2022. The net debt-to-EBITDA has improved to 1.3x in FY '22 against 1.9x in FY '22, on account of absolute growth in EBITDA and decrease in the debt with repayment. Net debt equity of the companies also stood at 0.08x in FY '23 against 1.3x in FY '22. In FY '23 in total we spent INR416 crores on capital expenditures. The same was INR456 crores in FY '22.

With this we can now open the floor for Q&A session.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer-session.

Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Our first question comes from Dhruv from Vasuki India Fund. Please go ahead.

Dhruv: Hi, thanks for taking my question. Am I audible?

Maulik Patel: Yes.

Dhruv: Yes, a couple of questions on my side. So, firstly, how was the performance of chlorine in this quarter and what was the percentage that was sold via tonners? And second was, what was the margin in the costing business for this quarter?

Milind Kotecha: So, in terms of chlorine, again, in this whole quarter have remained a bit negative. And considering in terms of take-off, again, as we have increased the CPVC, the percentage of chlorine consumption in-house is around 65%. And in terms of EBITDA margin, as you would have seen, the company as a whole is around 28%. So, we would avoid giving EBITDA margin product-to-product, but you can assume that it is in the same range between 26% to 30% put together.

Dhruv: Okay. So, this 65% of chlorine consumed in-house also includes the one which we sell to Meghmani Organics or that's separate?

Milind Kotecha: So, yes, that includes. So, 65% when we say that includes the pipeline customers, which is like in-house consumption only.

Dhruv: Okay. So, 35% was sold outside through tonners?

Milind Kotecha: Yes, that is through tonners. But as you know that we are again increasing the capacity of CPVC, resin, plus entering into chlorotoluene. So, we expect that when both these plants are commissioned, the 65% will move to 75% and then further products will lead this to 85%. So, our target is to reach 85% consumption of chlorine in-house by in a matter of two to three years.

Dhruv: Got it. And if you decline 23% is what you mentioned, so the margins in caustic business will remain in the range of 26% to 30% or they were lower?

Milind Kotecha: Yes, it should be in that range because even the raw material prices have been cooled off. So, it would be in that range.

Dhruv: Okay. Got it. Thanks, Maulik.

Milind Kotecha: Yes.

Moderator: Thank you. Our next question comes from the line of Babi Jay from Salkar investment. Please go ahead.

Bobby Jain: Hello. For the INR155 crores operating EBITDA, how much did ECH and CPVC contribute?

Milind Kotecha: See, again, in terms of EBITDA, we are not sharing product-to-product wise. But again, in terms of ECH also and CPVC also, this would be in, I mean, put together would be in the range of 25% to 30%.

Bobby Jain: 25% to 30% of INR155 crores, correct?

Milind Kotecha: INR155 crores, I mean, where did that number come from?

Bobby Jain: If you're operating EBITDA, right, for this quarter?

Milind Kotecha: Yes, definitely. No, not, I'm not saying that way. Because when I say 25% to 30%, that is a part of a percentage as a top line.

Bobby Jain: No, I'm interested in the EBITDA margin, not top line?

Milind Kotecha: The EBITDA margin, that's what I'm saying.

Bobby Jain: No, not the EBITDA margin, the absolute EBITDA contribution out of INR155 crores?

Milind Kotecha: Again, we would avoid giving number wise breakup in terms of the product wise for the EBITDA also.

Bobby Jain: Then how to make out whether you're actually profitably selling these chemicals or not? Because it's easy to get revenues, right? It's harder to make profits out of that.

Milind Kotecha: Yes, that is right. But considering the market scenario, we believe to be in a competitive, considering that there are other various players also, it's beneficial that we don't share from the business perspective.

: Understand. Were they profitable? Did they get the profits you were expecting when you put up the plant?

Milind Kotecha: Yes, what we have anticipated in that line, the profit have been in that range. Initially, for a quarter or two, when you have a high cost inventory at that time, at that particular quarter, you get a bit impacted. But overall, if you look at the current raw material price and the selling price, the margin remains intact, which is in the range of 25% to 30%.

Bobby Jain: Okay, and in terms of the investments you have put up, right, for the ECG plan and the CPVC, what is your target return on investment?

Milind Kotecha: So in terms of ECH and CPVC, so that stands for any product that we enter into. Our focus is on the return on capital employed. And considering the profitability that we have estimated while putting up the plant, our ROCE in this, both the projects will be 25% or above that.

Bobby Jain: But how are you able to predict that given that you don't have control over the prices?

Milind Kotecha: See, prices, if you see in the market, that has remained in the range with the raw material prices. So if you track both the things put together, then you will see the margin has remained intact. But again, we would definitely not buy on spot and sell on spot. So again, the raw material that we have in our hand, with that lag only, there will be an impact on a margin for that particular quarter or maybe six months, till the time inventory I have. Otherwise, on a normal basis, one can, I mean, in this particular range, 25% to 30% margin is achievable.

Bobby Jain: I understand. You said in the last call that the, some of the ECH contracts would come up for negotiation. How has that panned out, for those customers who are buying it from outside sources?

Maulik Patel: Yes. So, yes. So we have existing in India, we are already, we are discussing with the players. We are starting selling also to the big players also, in contract also. And we are also doing the same contract with the European customers and the US customers. So the tank, we have invested in the infrastructure in Houston for the US market, and we also invested in Antwerp for the European market. And we have already sailed the first vessel from India, and it is almost arrived in Europe. And US, the first vessel will be sailed from the next week onwards there.

Babi Jay: So for FY '24, you mentioned ECH would start contributing significantly, right? Is that going to be exports or what percent is going to be exports versus domestic?

Milind Kotecha: So in FY '23, the exports as a company put together is around 4%. And considering the ECH export that we are expecting in next year, that percentage would go somewhere around 9%-10%.

Babi Jay: So 90% of ECH you are going to sell domestically next year?

Maulik Patel: 10% of the company as a whole we are going to export. So particular about the product?

Bobby Jain: I am not asking as a whole. For ECH specifically, are you going to be selling the bulk of it domestically or exports?

Milind Kotecha: It's going to be mix of both. Looking at the current situation, it looks like that it would be in the range of 40%-60%. So 40% would be somewhere like exports and 60% domestic at current situation.

Bobby Jain: Okay, and CPVC would be 100% domestic?

Maulik Patel: Yes.

Bobby Jain: Right. And one question on caustic soda, do you produce it in the form of liquids or flakes?

Maulik Patel: Both the forms, liquid and flakes both.

Bobby Jain: Right. So there's been quite a bit of price difference between the two. The price fluctuation has been much higher for the liquid, has it not?

Maulik Patel: Yes, the price fluctuation is higher in the liquid in the last couple of quarters. But in the solid also now the price is also, because looking at majorly from liquid to solid only the energy cost will come into the picture. And looking at the current energy is on the higher side; the difference is little on the higher side compared to the previous years.

Bobby Jain: Okay, and is there any caustic soda India imports currently or is it all completely self-sufficient?

Maulik Patel: On the eastern side, yes, there is a caustic soda people are importing for the alumina business and the western side also because of the high demand there is an import but it's negligible quantity compared to the demand on the western side. So there is a slight import is coming.

Bobby Jain: Okay, all right. Thank you very much.

Maulik Patel: Thank you.

Moderator: Thank you. Our next question comes from the line of Dr. Amit Vora from The Homoeopathic Clinic. Please go ahead.

Dr. Amit Vora: Yes, just a minute. Am I audible?

Management: Yes, yes.

Dr. Amit Vora: Sir, I have a question on the inventory levels. If you see last three years, our inventory levels have gone up from 54 and 21 to 154 and 22 and now it is 211. So can you just explain about this?

Sanjay Jain: There are few factors which led to this increase in the inventory level in FY '23 vis-à-vis FY

'22. The level of INR154 crores has gone up to INR211 crores because there are major processes like ECH, CPVC which was not there in FY '22. The inventory of that has been there.

Second thing, we have a model that there was an export for ECH in bulk quantity that is also in the under-transition that also fall under the inventory as on 31, March 2023 and since the operation is increasing, the inventory pertaining to spares has also gone up little bit because overall the operation is increasing.

Dr. Amit Vora: And what is the caustic soda realization in this quarter, in the last quarter of the FY '23?

Milind Kotecha: The caustic soda realization for Q4 FY '23 is around 45,000 kind of.

Dr. Amit Vora: 45,000?

Milind Kotecha: FY '23.

Dr. Amit Vora: FY '23 complete or just Q4?

Sanjay Jain: Q4 is 38,000.

Milind Kotecha: Q4 is 38,000.

Dr. Amit Vora: Q4 is 38,000. And the capacity utilization of caustic soda for Q4?

Maulik Patel: Yes, on the increased capacity, it was around 78%. 78% after increasing the capacity.

Dr. Amit Vora: On 4,10,000, it is 78%?

Maulik Patel: Yes.

Dr. Amit Vora: And the cost realization is 38,000.

Maulik Patel: Yes.

Dr. Amit Vora: Thank you so much. That has answered my question. Thank you so much.

Moderator: Thank you. Our next question comes from the line of Jaynam Ghelani from Swan Investments. Please go ahead.

Jaynam Ghelani: Hi, sir. Thanks a lot for the opportunity. So I just wanted to know what was the realization for CPVC and ECH during the quarter?

Milind Kotecha: CPVC and ECH realization for the quarter. Again, see, ECH realization would be revolving somewhere around 1,20,000 to 1,25,000. And the CPVC would be somewhere around

1,50,000 to 1,60,000.

Jaynam Ghelani: And how is the imports from China affecting the pricing in the CPVC segment? Because I've observed that it has been increasing the past quarter. So do you think that this will be the bottom price for CPVC or is this further expected to go down?

Maulik Patel: Yes, it can further go down slightly from here. But Yes, but the demand is also increasing in India. So I think I don't think so it is going to be big drastic change from this current level.

Jaynam Ghelani: Okay, so max you can say 5 to 10% decline from here.

Maulik Patel: Yes. So it is also based on the PVC price. Yes. Because PVC price is also decreasing.

Jaynam Ghelani: That’s it from my side. Thank you.

Moderator: Thank you. Our next question comes from the line of Archit Joshi from B&K Securities. Please go ahead.

Archit Joshi: Good evening, sir. Thanks for the opportunity. Sir, could you throw some light on our initiative in chlorotoluene’s? I think we are seeing some bit of competition also coming in a couple of more players having some concrete plants and Chlorotoluene and the value chain, of course, as you have mentioned in the presentation. So what are the products you are targeting? What will be the application area? And is this similar to what our competitors also plan?

Maulik Patel: Yes. So, Archit, this is a first time in India, we have started focusing on this project in India. And we have already started a construction. Our project is almost 60% to 70% is completed. And we are going to commission by quarter for this financial year. And chlorotoluene, if you see right now in India, it is everything is imported. And the major application is agrochemical and the pharmaceutical industry. And there are in the chlorotoluene and value chain, there are 100 kind of products which is there. And out of that, we have selected in the first phase around 15 kind of product and selected four to five different chemistries right now in the first phase.

And that is going to be commissioned by quarter 4. The second phase, we are going to add further chemistry in the down the line. And that is going to be in the second phase of chlorotoluene and its value chain, which is we are working in the R&D center right now, which is from Ahmedabad, you know, from our headquarter. And that is we are going to create a new R&D center, which is there we are focusing on the second phase of chlorotoluene and value-added products. So what are our competitors and what kind of products they are coming into? We have no idea right now. Yes, so this is our status of the project. Anything if you'd like to know about more about the chlorotoluene, you can ask questions here.

Archit Joshi: Sure, so thanks for that clarification. Sir, you mentioned about chemistries that you're going to add. So could you explain what are these? Are these a little more on hydrogenation and things like that? Because I think it requires a bit of complexity for us to go down in the value chain. So what are the chemistries we'll be incorporating in this entire process?

Maulik Patel: So in the first phase, as we are doing a chlorination of toluene, which is our strength, because in that majorly energy is another requirement, which we already have in our existing complex. Down the line, we are going to do the further chlorination, like a photo chlorination kind of product, which is mixed chemistry. And then further down the line, we are focusing on the hydrolysis and a cyanation kind of product. So this is going to be in the first phase right now. Nitration and hydrogenation and the other down the line chemistry, which we are not focusing in the first phase. We might think in the second phase down the line.

Archit Joshi: Understood, sir. Understood. And so one last question. What would be the revenue potential that you might be looking at in the first phase? And what kind of margins would this make? Would this be like a percentage margin or we are looking at some convergent margins that we anticipate maintaining?

Maulik Patel: Yes. So looking at our project analysis, you know, we rightly said, you know, we are doing import substitute, but at the same time, our ROCE requirement of the project to go ahead in the board is around 25% ROCE minimum. So on the minimum side and that based on that, we have selected this project. And initially in the first phase, we are targeting around for more than around INR300 crores kind of turnover from this project.

Archit Joshi: Got it, sir. So just one question I had about the on the chemistry side. So is this the ring side or the side chain chemistry that we are targeting, planning to introduce?

Maulik Patel: So we are going to start with the ring and then followed by side chain.

Archit Joshi: Got it, sir. Thanks. Thanks a lot for this clarification. All the best. Thank you.

Moderator: Thank you. Our next question comes from the line of Rohit Nagaraj from Centrum Broking. Please go ahead.

Rohit Nagaraj: Yes. Thanks for the opportunity. The first question is, so we have our capex plan, which is planned out for FY24. After that, what is the kind of capex that we are looking at in FY25 and afterwards?

Maulik Patel: So one thing, you know, like we are starting a chlorotoluene and value chain as a first phase as a part of value chain. That is our first phase right now we are doing. CPVC expansion, which we are doing it, that will result in 2025 in terms of the volume. And in 2026 onwards, the chemistry which are working right now, as Milind has said that, you know, the 75%

chlorine consumption is going to happen in-house right now after chlorotoluene and the CPVC. And the further, we have a plan to go up to 85 percent of the chlorine consumption as well as other derivatives consumption, which we already have. So we are thinking which is our strength and which can increase the integrated complex of our existing product and that kind of derivatives and the import substitute derivatives we are focusing in right now. So we have not disclosed right now, but at the right point of time, we are going to disclose once the board will approve.

Rohit Nagaraj: Right. Got it. My second question is in terms of the R&D capabilities. So you talked about multiple chemistries in the initial phase and then further moving up the value chain. So what is the R&D initiative that we have taken in terms of teams, in terms of collaboration with any other, you know, universities or so? And what is our focus over the next couple of years once we start building up, I mean, once we built the R&D facility? Thank you.

Maulik Patel: Yes. So it's a good question. You know, we have already started focusing on this R&D of chlorotoluene value chain, I think one year before. And the first phase, whatever we are targeting chemistry, as we have mentioned recently, that chemistry is already done. All the chemistry project is done at the R&D level. All are completed. Now we have to execute in terms of the engineering and the site commissioning only. The second phase, we have just started a work of the chlorotoluene and for that already the people who are experienced in the similar chemistry we are hiring right now.

So we currently we have around 20 to 25 people we are working in the R&D right now. And over a period of time, we will increase the strength once our first phase was going to be commissioned. So this is just the beginning in terms of the R&D spending in terms of the specialty chemical. But this strength, this team will continuously increase towards the value-added chemistry in the chlorotoluene value chain right now.

Rohit Nagaraj: Sure. That's all from my side. Best of luck. Thank you.

Moderator: Thank you. Our next question comes from the line of Aditya Jhaver from AT Investments. Please go ahead.

Aditya Jhaver: Can you give me the volume data for CPVC regime and H2O2 and CMS?

Maulik Patel: Sorry?

Aditya Jhaver: CPVC regime, H2O2, hydrogen pressure and chloromethane volume data.

Milind Kotecha: So CPVC regime, volume data. See, we can, what we can convey is that it has run at the capacity utilization of around 90 percent. And hydrogen peroxide we have given right, it's somewhere around 98% to 100%. So any other product that you were talking about?

Moderator: Chairman, the line of the participant has been dropped. We take our next question which is from the line of Niraj Mansingka from White Pine Investments Management, Private Limited. Please go ahead.

Niraj Mansingka: Yes. I just wanted to know the volumes of electro chlorohydrin for the quarter.

Milind Kotecha: Sorry? So again in ECH the capacity utilization is around 40 percent.

Niraj Mansingka: Okay and what was in the Q3?

Milind Kotecha: So Q3 is very negligible. So it was gradually increasing and that's where we have reached in Q4. And as Maulik earlier specified in the call that we have ready with the infra and the goods are started moving in the global market also. This number should improve from the Q1 onwards.

Niraj Mansingka: And as we are speaking what will be the volume utilization for ECH?

Milind Kotecha: I mean we just started the April so I guess 31st March is something which is I mean more reliable so that is 40% as I said in ECH.

Niraj Mansingka: Okay. And the other question I wanted to know Maulik bhai is on this chloromethane product that you have downstream for us. Can you share some more how much value does India import and do you see yourself being the only player in say five, three, four years from now for the chloromethane derivatives and how much investment can go into this chemistry and the entire chloromethane derivative?

Maulik Patel: Yes so see chloromethane capacity which is right now majorly application is pharma segment as a solvent and another segment is a refrigerant gas and third is a PTFE and PTFE kind of product. So these three segments are growing. Everybody is expanding capacity. You know the refrigerant gas you know earlier people used to manufacture R22 for the chloroform consumption now the new next generation gas is R32 which is consumed MDC. So now everybody started focusing the investment towards R32 and the MDC consumption will grow which is 60% of the part of the chloromethane production. So R32 is going to be the next product globally which can consume as a refrigerant gas and I think existing refrigerant gas people they are also expanding capacity in India.

The same time the PTFE capacity is also people are expanding so the R22 consumption will remain as it is or it will increase further in terms of the as the PTFE capacity of India is increasing and the pharmaceutical consumption was little down last couple of quarters. So it was little down but it may increase as you know the normal situation will happen and now we can see that again the pharma segment also started picking up slowly compared to last couple of quarters. So you know so earlier India used to import a lot MDC as well as chloroform but now if you see the domestic manufacturing capacities are also coming because people are planning down the line chemistry of refrigerant gas and the PTFE expansion. So and the import may reduce over period of time in India that's what we believe based on the current situation.

Niraj Mansingka: Okay so is it likely that you will be making R32 in longer period of time?

Maulik Patel: Sorry?

Niraj Mansingka: Is it possible that you will be making products like R32 from your side?

Maulik Patel: No right now we don't have any focus to manufacture R32. Right now our focus is very clear in terms of the capex where we are going to spend. First we will reach 85% of the internal consumption of the chlorine content and then probably we might focus on the other value chain. Yes.

Niraj Mansingka: And just a question related only. Is chlorotoluene what was the imports of its chlorotoluene and its derivative in the say FY22 or 23 whatever number you can share us?

Maulik Patel: So chlorotoluene as I mentioned one particular product is not we are going to manufacture. We are going to target I think 15 to 20 different products line and Yes so it is a group of products so it is very difficult to comment on one particular product in terms of volume.

Niraj Mansingka: No I am asking the group of products. You said there are 15-20 products you are targeting and there are 100 products that there are derivatives of chlorotoluene. So I wanted to know what is the imports that India does on those entire basket.

Maulik Patel: Right now we understand that you know as our strategy is very clear we are targeting 50% domestic market we will absorb because everybody would like to keep a two vendors so the import will continue. But we are targeting just a replacement of the 50% out of domestic market and the 50% we are going to export. That is a strategy we have kept mind in India because in terms of volume I would say around it is continuously increasing if you see the last 3 to 4 years data because as a China plus one all specialty and agrochemical companies they are increasing their dependency on India like all specialty chemical companies are increasing and the new molecules there are lot of more opportunity they are giving to the Indian market rather than the Chinese market you know. So I would say the future opportunity will be more in this current set of products which we are planning to manufacture in the first phase.

Niraj Mansingka: Okay I will come back to queue. Thank you very much.

Moderator: Thank you. Our next question comes from the line of Hitesh Bhutani an individual investor. Please go ahead.

Hitesh Bhutani: Hi thanks for taking my question. I just wanted to know about the ECH utilization in the current quarter as we were expecting that with the China opening up there would be orders coming in. So are seeing something better on that side?

Maulik Patel: Yes so right now as we are saying that we have run in quarter 4 around 40% of the capacity but the China is opening up the second time in the world the renewable energy demand is also picking up. So the windmill market is opening up very fast and which is also a major consumption for the epoxy resin. So I would say Yes from the quarter 1 onward and we have also started infrastructure in Europe and US. So Yes that will open up and the quarter 1 onwards from this year onwards our volume will increase from 40% onward quarter-on-quarter based this year.

Hitesh Bhutani: Okay great. And I was also looking for a better clarification like we have said that we are expecting to reach INR5,000 crores by 2027. So I can see that we have a roadmap till 3,000 till FY25 with our new capacities coming in with the chlorotoluene and CPVC. So are we expecting to foray into something new chemistry or are we looking to expand in toluene chemistry only?

Maulik Patel: Also Yes I think we will do both, the new chemistry as well as the toluene downstream also we will expand further. So we are targeting both and third if there is an opportunity in the existing product also we will also think of the existing expansion of in the existing product line also. So all three segments we are focusing to reach at INR5,000 crores.

Hitesh Bhutani: Okay and what was the ECU realization on our like different segments can you bifurcate on that?

Milind Kotecha: Sorry ECU realization for?

Hitesh Bhutani: For all the segments like chlorine and hydrogen peroxide and everything.

Maulik Patel: I won't be able to give product wise, but the ECU caustic soda that we generally share, is somewhere around 38,000 in Q4 FY'23.

Hitesh Bhutani: And since we have already started the downward journey in the prices so are we seeing further downward movement in the prices or is there a cap that we can expect like this won't go down from this price point?

Milind Kotecha: See again when the 38,000 is not something which is a downward which this looks more like a realistic kind of a situation. So in the current situation if you see that has happened in line with the energy prices and considering the situation when there is a global slowdown and there is a subdued demand at this level this price has kind of a stable out. And looking at this situation we expect that it might be at this level or it might go up down the line.

Hitesh Bhutani: Okay. Thank you so much for taking the questions. I'll get back in queue.

Moderator: Thank you. Our next question comes from the line of Darshil Dhavidi from Crown Capital. Please go ahead.

Darshil Dhavidi: Hello. Hi. Good evening and thank you so much for taking my question. So I just wanted to ask all our new capacities are now come in for nearly two quarters. So what kind of revenue jump we might be able to see in FY'24?

Milind Kotecha: So in FY'24 again what we would I mean see we expect volume growth in the range of 15% to 20% and that will drive the value growth somewhere around 20% plus. So that is what we are expecting to happen in FY'24.

Darshil Dhavidi: Okay. So and that because of that our margins will remain in 30% range right?

Milind Kotecha: So margins we had earlier also specified like last since last April we are specifying that our margin would be in the range of 28% plus minus 2 and that is something which can sustain for a longer period of time. So this year or even for the coming years 28% plus minus 2 is a sustainable margin.

Darshil Dhavidi: Okay so that I think helps me a lot. And I was sorry the earlier participants we asked the vision would be just 3,000 by FY'24 and 5,000 by FY'27. That is our basic vision that we are planning sir right?

Milind Kotecha: We have, I mean see we have given a long-term number. We would avoid giving a yearly kind of a guidance. What we have given is INR5,000 crores for by FY 2027.

Darshil Dhavidi: Okay. Thank you sir. That helps me a lot. All the best sirs.

Milind Kotecha: Thank you.

Moderator: Thank you. Our next question comes from the line of Riya Mehta from Aequitas Investments. Please go ahead.

Riya Mehta: Hello. Thank you for giving me the opportunity. My first question would be in regard to caustic soda. What is the power cost right now for us? And I think last quarter we had some high-cost inventory of coal right now. What would be the…

Sanjay Jain: Okay. Coal if you look at the power cost the coal prices have increased by almost 30% compared to last year. And from quarter-to-quarter basis the coal price is a little bit cooled off by 15% and the power generation costs also move in the same line.

Riya Mehta: So almost 15% reduction.

Sanjay Jain: Quarter-to-quarter it is almost down by 14% sort of thing. In line with the coal prices.

Maulik Patel: Yes. So normally -- coal is such an inventory where we don't have a very heavy stock. People don't keep very heavy stock. Normally it will be absorbed whatever the past order or something is there it is absorbed in couple of months' time. Normally it is started rolling if the price is down then we can get an advantage in one quarter itself.

Riya Mehta: So more or less if we see on a quarter-on-quarter basis our realizations have fallen to the similar extent of our reduction in power cost?

Maulik Patel: Yes. So it is the inventory. So coal prices in a couple of months it is getting the realistic figure what is going on right now in the existing market. So it is not much difference in terms of the timeline.

Riya Mehta: Okay. And in terms of ECH what are the volumes? So give me the production numbers for ECH and CPVC.

Milind Kotecha: I mean in ECH again we can give the capacity utilization that we have done in Q4 which is…

Riya Mehta: Forty percent. Yes I think that you have mentioned. And for CPVC?

Milind Kotecha: CPVC it is around 90%.

Riya Mehta: Ninety percent of the 30,000 which has been entirely commissioned.

Milind Kotecha Yes.

Riya Mehta: And in terms of the coming so generally I think ECH cycle is on an annual basis. So would we, is it likely to assume that the current 40% is likely to sustain with plus or minus 5% to 10% for the full year?

Maulik Patel: So no I think you know now the export infrastructure as we have started so there is a high possibility it will increase further from quarter one this year onwards Yes from 40% Yes.

Riya Mehta: Okay. And so for caustic soda as a whole since lot of capacity has come on stream what kind of demand slowdown are you seeing if any?

Maulik Patel: Yes normally if you see in the past every year like one plant of sizable caustic soda plant is easily absorbed in India. So in the current -- we are still that if any new plant will come in once in a year it will easily absorb in one year time. Definitely couple of quarters we find it little over supply will be there but eventually it will be absorbed. So that's what we see in last five years whoever has done the expansion eventually it is absorbed in the market in one year time.

And looking at the current expansion all the companies all the chemical companies and the specialty chemical companies which they are spending irrespective of the current market scenario. So we think that the caustic consumption will easily absorb in next six-month time you know.

Riya Mehta: Right. And are we seeing any dumping from China?

Maulik Patel: China will never export for Indian market you know if you see the history…

Riya Mehta: So I think last couple of quarters that they were exporting chlorine and the chlorine prices because of that the caustic were down. So are we seeing the similar phenomena happening?

Maulik Patel: No. China in Indian market they never export. Only in India it is coming from the Iran and the Middle East side. You know China is not exporting to India.

Riya Mehta: Okay. Fine. I think that's it from my side.

Moderator: Thank you. Our next question comes from the line of Amarnath Bhagat from Ministry of Finance of Oman. Please go ahead.

Amarnath Bhagat: Yes. Hi. Am I audible?

Maulik Patel: Yes.

Amarnath Bhagat: Yes. Just two, three quick questions. Just all raw material prices whenever it is fluctuate either go up or go down. Is it a pass through?

Maulik Patel: Yes. Normally it is pass through but normally whatever the inventory you have you have to absorb. So in every product every inventory level is different depends on the supplier situation of that particular time. So normally it is pass through but if so as I mentioned inventory it depends on the inventory level and the product which product and which inventory which raw material particularly you are talking about. But normally it is pass through.

Amarnath Bhagat: Is it CPVC and ECH?

Milind Kotecha: Yes. Eventually it is pass through. Yes. So pass through is majorly happening because there is a good demand for this products in the market.

Amarnath Bhagat: Yes. That means if the price goes up it is not difficult for you to pass it to the customer and the demand is supporting the price escalation?

Maulik Patel: That's right. But see normally in some product it will take one or one quarter or two quarters depends on the market situation. But Yes. Eventually it is pass through.

Amarnath Bhagat: Yes. Okay. So and second thing is see this last year we heard a lot because of this China lockdown their consumption came down drastically and now from January onwards the China has opened up their economy is now full fledge. Now how do we characterize that impact on your company? Means they are opening up fully as an economic cycle. How does it impact to you either in terms of availability of your raw material or the product demand or prices of the product?

Maulik Patel: Yes. So in China see definitely there is something in China is changing. It can impact the overall part of the world indirectly or directly. The same situation happened with in the chemical segment also because they are majority of the chemicals. They are the biggest supplier to the world. So their internal consumption it will not increase because they are very opportunistic in terms of the manufacturing. You know when they require there is a local demand is there in the internal market. They give always a priority and the export market they consider as a secondary market.

So right now after the new year and everybody will think that their economy will open up and will start picking up. But that's what we are not seeing as of now. But eventually it will happen and they will reduce the dumping of the products in terms of the world market. So Yes there is an indirect impact in India also. But thanks to the -- in terms of the duty protections whatever having some of the products I think that will protect us in terms of the margin and in terms of the business.

Amarnath Bhagat: And are you are you feeling some kind of an advantage of China plus one. So you are not a major exporter at the moment but are you getting a sense that there is a system of demand for some of the products which is generally being procured from China and there is a tendency to procure that from India. I'm talking about the product you are dealing with?

Maulik Patel: So Yes I would say that yes because the two major reason you know like there are over dependency of all big multinational companies in China. So they wanted to risk. They wanted to divide in the future. So new more business are coming to India. So you know immediately…

Amarnath Bhagat: But are you get the advantage?

Maulik Patel: Yes indirectly the domestic consumption, as the domestic specialty chemical companies they are expanding indirectly we are getting a benefited and advantage in terms of the supplying to those companies. And like chlorotoluene is one of the examples. Second way like US there are Trump tax which is given in 25% duty to the Chinese manufacturing companies. So that Trump tax also indirectly helps to the Indian manufacturers to supply more to the US market.

So Yes this kind of protection also supporting for the Indian manufacturing companies and if you see the like European situations last one year and even in the current times a lot of mid-sized specialty companies and a lot of mid-sized chemical companies they are struggling a lot even though gas prices reduce come back original level but still if you see they are not they are suffering because they cannot increase nobody is thinking of any expansion or any capex plan in the European chemical market.

So all those volume people are thinking now to manufacture in India. So Yes indirectly because of whatever the reasons Ukraine war or the Trump tax or we are getting indirectly advantage as a Indian as a chemical manufacturing.

Amarnath Bhagat: Thank you very much. The last part was it reflects you this energy cost whether the power and fuel cost which is a part of your major expenditure. Now we can see the coal prices on a downtrend of course in the later part it is it has increased plus other fuel expenditure also came down in the last few quarters. How does it impact your cost structure in terms of savings or if there is saving you can pass on to the customer this one as well?

Maulik Patel: Yes so I Yes that is right if you see the overall portfolio of our products here chloroalkali was the with the product where our dependency on the power side is very high and that also if you see on other derivatives where we are expanding and where we are doing capex where the power intensity is very low in terms of compared to the chloroalkali level.

So the power dependency on the chloroalkali side we have little on the higher side but that also thanks to the government of Gujarat also they have come up with a very great policy where you know we can get a long-term contract with solar and renewable power where we can reduce our energy cost.

So our first phase I think we have announced a couple of quarter back we have announced we are going to commission it but there was a little hiccup in the Gujarat government policy and we are going to commission by next month onwards. So that's how the new energy requirement I don't think so anybody is going to focus in terms of the energy investment. They are going to tie up with such kind of companies who are ready to supply for a long-term contract to company like us and we are going to tie up with them. That's what happened in Europe, US, Japan everywhere people don't invest in the captive power plant. So that kind of scenario will happen in India also and that's how the people will mitigate the risk in terms of the power cost.

Amarnath Bhagat: So can I assume that this power cost henceforth will be a stable one and not fluctuate much like it had happened last year?

Maulik Patel: See this is last year was I think it was in the history it was never happened in the before you know because of the Ukraine war, the gas supply, the global energy situation is like that. If you see the current situation also the energy which is also not in a normal condition I would say not reached to a back to original level of pre-COVID level yet. So Yes situation energy indirectly depends on the global oil price, global gas price or whatever it is happening in the political level. But Yes so it is it's a global…

Amarnath Bhagat: Can we assume some stability at your company level considering you are having a long-term contract or you are planning to have a long-term contract and I will assume the prices will be stabilized there. So in a going forward case if you secure a long-term power contract either from solar or wherever then the stability of the unit cost of the power will be realistically assumed?

Maulik Patel: So frankly speaking like you have asked a question about the raw material situation it is passed on or not, the same situation for the caustic soda because caustic soda we consider power is a part of the raw material. It is not part of the utility. So, whatever the power price scenario in the world depends on the, we have to pass on the cost in the caustic soda.

Amarnath Bhagat: Yes, but the caustic soda market is so volatile. Actually, it is a seller's buyer's market. We are seeing how the price has dropped in the recent past. So, are you in a really position to dictate the price in a such a fluctuating market? Or you have to accept the market price?

Maulik Patel: See we accept the market price but as you see in the past when the, some suppliers or one capacity is coming in the new capacity is coming. So, for the short period of time this will scenario will remain like this little over supply in India but eventually it is absorbed.

Amarnath Bhagat: So, you will get the pricing power you mean to say?

Maulik Patel: Yes, eventually for one or couple of quarters I think you feel that you do not have a pricing power but normally it is after couple of quarters. Then the second thing another thing is now our entire focus whatever we have done in the past is on the I think we have reached to 1200 tons per day capacity which is 4 lakh ton capacity. And now in the next five years our strategy is very clear we are going to focus 100% on the derivative side only.

Amarnath Bhagat: So, value added side where the margin will be improved overall consolidated margion?

Maulik Patel: Yes, like in the earlier remark you know what we have mentioned we have reached to 38% in the quarter four we have reached to 38% of our revenue will be from the derivative rather than the chlor-alkali. So, eventually we are also focusing I think next year end of next year you will see our revenue more revenue will come from the derivative side. So, almost we will reach at 50%-50% level in the end of current financial year.

Amarnath Bhagat: Then in that case, that means if we assume that much of the higher proportion of sales from the value-added services your blended margin is supposed to be higher than what you ended in this quarter. Your ending is around 28%. So, if I assume what you are just saying then your blended margin for the next year or next year onwards is supposed to be higher than, I do not want to figure but at least it will be higher than your Q4 '23 number.

Maulik Patel: It can be but you know if you see from the chlor-alkali side last two years our margin was very healthy because of the global scenario was like that. So, but Yes, I would say down the line down the road you will see our numbers and everything will be more balanced because our products will be you know, now we are catering to 15 to 20 kind of end users in next three to four years' time. So, we will not be only focused on one particular end user, one particular product. Our portfolio will be widely diversified and our end application will be around 15 different segments.

Milind Kotecha: And just to add to what Maulik said in terms of the margins also like what you said is our margins will remain in this range 28% plus minus two so worst case 25 and the best-case kind of a 30 but when we are entering into this derivative products our focus is on the ROCE which will improve like if compared to what we had, when we were just in chlor-alkali. So, what we are trying to do is we are trying to bring consistency in our top line and the bottom line like catering to 15 industries. So, there is going to be one industry which might not perform that well in that particular year but as we will be in the various industries various catering to various industries will bring consistency growth in top line and bottom line also in terms of margin and growth in ROCE.

Amarnath Bhagat: That's really fantastic you know I am trying to understand what if I consolidate what you just now said your next five years 23% revenue stage you are talking about a margin of 28% to 30% on an average in this range with an expected ROCE of an incremental capital between 25% to 30% on a consistency basis of the next three-four years. And that's for a chemical company is fantastic. And I can use this word fabulous and anyway if that happens that's very good but very, very, I can say we are dealing with the entire world chemical companies but this is very surprising that we are hearing from an Indian company something like that. And best of luck for you. Last question if I may, allow please. How much of your material go for as an input to pharma sector on an average Indian pharma sector?

Maulik Patel: So, to be very honest every product line has a different sector to cater. There is all product if you say the chloromethane segment, they have a very high weightage on the pharma sector than the chlor-alkali segment. If you see like epichlorohydrin we will have a little pharma segment around 20% because of the intermediate so every product has a different percentage level dependency in the pharma segment so it is company as overall I think we need to see how much we have. But it won't be like a substantial number of the total revenue.

Amarnath Bhagat: Yes, but why I am asking this question let me clarify that we are very clearly seeing that Indian pharma industry especially the intermediate and the API sector is growing or expected to grow quite rapidly because of the huge capacity they built up. And there is a clear indication that the orders are flowing to them either from China plus one or Europe plus one situation some of the big pharma companies are doing announcement in a big way. And I know some of them getting raw material from you as well. So, I am trying to understand if the pharma API sector or intermediate sector are really poised for a growth for the next four five years down the line? Then how it is going to impact you as a raw material supplier to them.

Maulik Patel: Definitely the pharma segment definitely it will help to absorb all majority of the all the products in India. But we also feel that you know we are diversified because you know agro also sector in terms of volume. There are number of companies are less but in terms of the volume there are huge opportunity in the global situation. So, not only pharma but we are also considering lot of new agro molecule will come in India as a toll manufacturing or custom manufacturing for the global multinational in India. So, and see different segment like B2C segment in India Indian consumption is also increasing in the other part of the industry also. So, we are not focused on one particular line but Yes, our portfolio is going to be more diversified Yes.

Amarnath Bhagat: Thank you very much Mr. Patel. And best of luck for your all the junctions. And I hope it is really been delivered thank you very much.

Milind Kotecha: Thank you.

Moderator: Thank you ladies and gentlemen in the interest of time we request you to restrict to one question and one follow up question per participant. Our next question comes from the line of Rohit Nagaraj from Centrum Broking. Please go ahead.

Rohit Nagaraj: Yes, thanks for the follow-up. So, I read somewhere that the US, EPA is proposing some ban on chloromethanes if you have heard about it. And if you can just give us any clarification on the same how will it impact the overall chloromethanes landscape in India and probably globally. Thank you.

Maulik Patel: See chloromethane is a product line where so this is a major change people are, because you know it is consumed in three different segment like pharmaceutical segment as a solvent where I think US is not in a big way. Refrigerant gas is another application where US is big. So, refrigerant application and people are coming you know earlier was different refrigerant gas was famous you know because of their deadline and Montreal protocol. People are changing the focus on R22 to R32 as I mentioned.

So, people are you know focusing on the different, different gases different, different time but as a India we believe that in India I think the still I think we are far away from that deadline. And I don't think so till 2,000 I think in 2032 I think we are going to continue with the refrigerant gas what we have right now. And gasses like R32 it will continue in India. So, I don't think so there is a impact on the Indian chloromethane industries because of the US situation.

Rohit Nagaraj: Any impact globally in terms of demand supply mismatch and that may have repercussions across the pricing?

Maulik Patel: Global situation Yes it might change over a period of time because the new refrigerant gas and you know there are new chemistry which is Europe and US which they are adopting. They are consuming different part like you know earlier used to consume chloroform more now they are focusing on MDC more. In the future they will focus something more on other chemistry. So, Yes it keeps changing it is never a constant but Yes but timing of the product in India we feel we are far away from that and it will not change in India. And chloromethane mostly in India it is coming import from not from Europe and US more. You know it is coming more from the China side. So, I don't think it will have a major impact in India.

Rohit Nagaraj: Yes, sure that's all from my side just one request in terms of questions so if the conversation is elongated further. You should restrict the number of questions so that it is fair for the other people who are in the queue. Thank you so much and best of luck.

Maulik Patel: Thank you.

Moderator: Thank you our next question comes from the line of Ashok Shah from LFC Securities. Please go ahead.

Ashok Shah: Thanks for taking my question. Can you just guide me on the, are there any still anti-dumping duty protection is available. And Yes.

Milind Kotecha: Anti-dumping duty is available for the CPVC resin.

Ashok Shah: Not on chlorine and caustic.

Maulik Patel: Chlorine there is no import in India.

Ashok Shah: Caustic.

Maulik Patel: Caustic there was in the past but I think the current pricing is so high so there is no not a duty is applicable on caustic soda right now.

Ashok Shah: Currently in a merchant market chlorine price is in negative.

Maulik Patel: Yes, it is negative, slightly negative Yes.

Ashok Shah: Can you just bifurcate caustic price and chlorine price.

Milind Kotecha: So, in terms of when we share the ECU that is 38,000 for Q4 FY'23 that considers the impact of chlorine.

Ashok Shah: So, it is a minus eight or minus nine for chlorine.

Milind Kotecha: It would be somewhere around minus 2000 kind of thing.

Ashok Shah: Minus 2000 okay. Then at the salt level and the power cost what is the actual cost of products. It comes around 25,000 approximately.

Milind Kotecha: See again as I said earlier we would not be able to share the product wise EBITDA margin but if we consider the company as a whole it will be in the range of 28% plus minus two.

Ashok Shah: Production and cost. I am talking about production and cost for the manufacturing of caustic.

Milind Kotecha: That's what I am saying. We won't be able to share the product wise production cost.

Ashok Shah: Okay. Thank you. And chloromethane does the price is going up or it is down due to import.

Maulik Patel: So, chloromethane's price has almost in Q4 has marginally dropped by say somewhere around 10%.

Ashok Shah: Okay. Thank you, sir. Thank you. That's all from my side.

Moderator: Thank you. Our next question comes from the line of Aditya Dhewat from AK Investments. Please go ahead.

Aditya Dhewat: Hi. I need H2O2 pricing and CMS pricing realization for this quarter.

Maulik Patel: Sorry which realization?

Aditya Dhewat: H2O2 hydrogen peroxide and chloromethane.

Milind Kotecha: So, again H2O2 realization would be somewhere around 27,000 kind of thing.

Aditya Dhewat: And chloromethane?

Milind Kotecha: Chloromethane would be somewhere around 40,000-45,000 kind of thing.

Aditya Dhewat: Okay. And the final question regarding the CPVC. What gives the management the confidence that currently your capacity is 30,000 tons per annum. Now you are increasing to approx. 45,000 tons per annum. And in this quarter, I think it is the above expectation 90% capacity utilization for chloromethane. And what is the demand and what gives the confidence to increase that within a one year?

Maulik Patel: So, you mean to say why we are expanding the CPVC resin capacity?

Aditya Dhewat: Yes. What gives the confidence? Yes.

Maulik Patel: Because India is a net importer. People are importing from other part of the world. And the demand is growing in India. So, we think this is the right product to expand in India. And we have almost reached to 90%. So, we feel this is very easy to absorb in the market also. That's why we are expanding.

Aditya Dhewat: Any further expansion also you have in mind or this is the first phase. And we will evaluate after this.

Maulik Patel: So, whenever we expand, you know, first we try to optimize that particular plant and then we decide the next phase of growth and next phase of expansion. So, currently based on the first phase we have expanded CPVC and now the next phase of CPVC once we reach to 90% we will announce further if there is a point of time if there is a possibility to expand. Yes.

Aditya Dhewat: Okay. Thanks. That’s all for now.

Moderator: Thank you. Ladies and gentlemen, we have reached the end of the question-and-answer session. I now hand the conference over to the management for closing remarks.

Maulik Patel: In conclusion, I would like to convey that MFL team is geared up for the continuous and consistent growth in the business. We are focused to enter into high value and high growth products, strengthen our integrated complex, generate good ROCE for the business. And increasing revenue contribution from derivatives and specialty chemical business. I would like to thank you all for joining us here today. Please feel free to reach out to our IR team if there are still any unanswered questions. Thank you everyone for your participation.

Moderator: Thank you. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Maulik Patel: Thank you.