



“Heranba Industries Limited Q1 FY-23 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Heranba Industries Q1 FY23 Earnings Conference Call hosted by YES Securities Limited. As a reminder, all participant lines will be in listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “*” then “0” your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Udit Gajiwala, from YES Securities. Thank you and over to you sir.

Udit Gajiwala: Thank you, Kathy. Good evening everyone. On behalf of YES Securities I welcome you all on the Q1 FY23 Earnings Call of Heranba Industries Limited. From the management side we have with us Mr. Raghuram K. Shetty the Managing Director; Mr. Raunak R. Shetty, Executive Director; Mr. Rajkumar Bafna the Chief Financial Officer and Mr. Varshit Shah, Strategy Advisor to the company. We’ll start the call with a brief opening remarks from the management side, and then open the floor for questions. Thank you and over to you, Mr. Shetty.

Raghuram K. Shetty: Good evening. Thank you everyone, for taking your valuable time for Heranba Q1 FY23 earnings call. The company registered a revenue growth of 3% year-on-year to 3619 million in Q1 FY23 navigating a challenging macro-economic development and late onset of monsoon in the domestic market. Our EBITDA margins during quarter were impacted by higher raw material prices, rising in power and fuel costs, coupled with supply chain related constraints. However, the company products are experiencing a pickup in demand moving to good rainfall across India, with a healthy reservoir level, setting a positive sentiment for the agro chemical industry. The ongoing CAPEX at our Sarigam facility is shaping up well. Heranba will continue to leverage with integrated manufacturing facilities, wide distribution network, presence across the value chain and thrust on R&D to offer high quality varied products, aiding farmers to enhance their crop yield and income.

The company looks forward at new product registration, thereby expanding its diverse customer base and driving Heranba next wave of growth. We revised our annual guidance for FY23 to 15% to 17% growth in sales, and 16% to 18% EBITDA margins, as a company is well poised to build on the strong operational competencies developed over the last few years. I’m hopeful the company will continue to grow and surpass new milestones in the coming years. We continue to see FY23 as an important year in Heranba trajectory and are optimistic of the future. I will now hand over to Mr. Raj Bafna our CFO to take you through the financials. Thank you.

Rajkumar Bafna: Thank you, sir. Good evening, everyone. I would like to briefly touch upon the key performance highlights for the first quarter ended 30th June 2022. And then we’ll open the floor for question-and-answers. Now moving toward financial highlights for the quarter ended 30th June 2022. Revenue from operation is Rs.3619 million in quarter one FY23 as compared to 3514 million in quarter one FY22. EBITDA at Rs.507 million during the quarter with EBITDA margin at 14% in quarter one FY23. Profit after tax stood at Rs.337 million in quarter one FY23 as compared to 474 million in quarter one FY22. The company’s domestic to export mix stood at 70:30 in quarter one FY23 as against 62:38 in quarter one FY22. Heranba exports were under check due

to fetal logistic constraint, however the sector fundamental continue to remain strong on a medium term and long term basis. That continued the update on financial, now we can now open the floor for question-and-answer.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. First question is from the line of Yogesh Tiwari from Arihant Capital Markets. Please go ahead.

Yogesh Tiwari: Sir, just wanted to understand first on the revenue part. So, as in the commentary that the revenue growth was lower because of the monsoon. So, can we quantify what would be the impact of delayed monsoon on the revenue aspect?

Management: Not exactly, if you can say the over technical for the export side has de-growth of that business because the de-growth if you can see the year-on-year there is a 33% de-growth of our exports business for all domestic formulation business has grown up around 23% year-on-year basis.

Yogesh Tiwari: And what would be the drivers for the decline on the export front?

Management: Exports mainly due to if you can say there are some countries having a lockdown like China and other countries also that has impacted us further.

Yogesh Tiwari: So, can we expect reversal in this or in the next quarter?

Management: Yes, you can foresee that China has slowly open up all the country like lockdown has lifted not restricted like last quarter in that. And we are hoping to that we will achieve the same growth pace in the next two quarters also.

Yogesh Tiwari: And sir just wanted to understand if this reversal is possible, then what would be the reason for the decline in guidance from 18% to 20% to 15% to 18%?

Management: Because we are a little bit conservative in that because it's still our opinion, of that because the guidance has not been drastically changed, we are guided by around 18% to 20% now we are coming to around 16% to 18% growth in that. So, we are confident to achieve that growth impact.

Yogesh Tiwari: And sir if you can share the drivers behind the 16% to 18% growth. So how much will be volume lead and how much will be no product mix and how many products are you looking to register and launch?

Management: So, even if you see today, because the input prices have gone up. But the final price, product prices have not gone up. We foresee that maybe in the coming days that prices should go up. So there will be some price growth. But you can say it would be more of a 50:50 volume plus price growth that will drive this 16% to 18% jump.

Yogesh Tiwari: And how many products are we looking to launch?

- Management:** We have already launched one and we plan to launch one more in this year.
- Yogesh Tiwari:** So, total two products in FY23?
- Management:** Last year also we had launched two, this year we plan to launch two, one we have launched, one we have not launched yet.
- Yogesh Tiwari:** And sir on the raw material front. Are we seeing any softening because of the decline in commodity prices and will we benefit in Q2 from the decline in commodity prices?
- Management:** Yes. Slightly it has come down, the prices in Q1 were way high and now the prices slightly started softening. So, that would also have some, we would have some advantage of that because the final prices have not gone down accordingly, it is stable today.
- Yogesh Tiwari:** So this gross profit margin of about 32% this would be the bottom as of now?
- Management:** We could say something like that.
- Management:** We can say that because I think so the worst is behind us. And we will see the uptick margin from the next two quarter or a couple of quarters also.
- Yogesh Tiwari:** And sir lastly, on the price it's like we can assume that we will take a price hike in the coming days to pass on the increased raw material cost, so price hike?
- Management:** We have some price hike in this quarter also and we try to cope up the losses which we are getting in first quarter also.
- Management:** Both the sense price hikes slightly and RM price also soft.
- Yogesh Tiwari:** And what would be the approximate range like 3% to 5% something like that, price hike?
- Management:** 3% of you can say. In some products there are hikes and some there are not.
- Moderator:** Thank you. The next question is from the line of Bhavya Gandhi from Dalal & Broacha. Please go ahead.
- Bhavya Gandhi:** I wanted to know we have seen a serious increase in our employee cost on Q-o-Q basis what is the reason for the same?
- Management:** Q-o-Q basis is an increase of around 20%, if you compared to whole year basis it will be remade on only 7% to 8% growth in the employee cost because the Q4 versus was there. This is the reason.

- Bhavya Gandhi:** Okay. And on the export front how much of our revenue comes from exports to China, what was in this quarter and in previous quarter as a percentage to sales?
- Management:** As a percentage, it will be about 25%.
- Bhavya Gandhi:** And in last quarter what was it?
- Management:** It was in that range only, this year we could not sell in China, but otherwise generally it is around 25% of exports, you can say around 12.5% approximately.
- Bhavya Gandhi:** On overall revenue, right?
- Management:** Overall revenue yes.
- Bhavya Gandhi:** And in this quarter, we've not sold anything to China?
- Management:** We have sold but not major.
- Management:** In the second quarter it will be good.
- Bhavya Gandhi:** Okay. And will that be sort of postponed to Q2 or will that demand go away?
- Management:** No, somewhat postpone to Q2.
- Bhavya Gandhi:** Okay. And also on the five molecules front, how many have we launched?
- Management:** Actually when our Sarigam facility would be on stream so we will not yet launch those products.
- Bhavya Gandhi:** Okay. None of them have been launched and when will the Sarigam facility come on stream?
- Management:** The first block would be by Q4 FY23.
- Moderator:** Thank you. The next question is from the line of Vicky Waghvani from YES Securities. Please go ahead.
- Vicky Waghvani:** I just wanted an update from the new subsidiary which we launched last year Mikusu, any update you would like to share on that?
- Management:** For this quarter, Mikusu has not so operational because month of the 9th April we have formed a subsidiary, which is still open you can see the dealer distribution network and other trying to HR and other activities is going on that, the full fledge activity will be done in the quarter three itself.
- Management:** Already in three states we have appointed the staff, man power there and also identified stock points in three states and fourth state also we have identified state head as well as stock point.

So, in the coming month you will be appointing in more states, by year end we will be around seven to eight states will be completed and next year, the business will be good in this company.

Vicky Waghvani: Okay. So any revenue expectations you can share from the subsidiary for financial 23 and next year?

Management: Around 25 crores this year and next year it will be approximately 75 to 100 crores, approximately 75 crores next year.

Vicky Waghvani: Okay. That was very helpful sir. Sir can you please share any top three to five molecules which give us how much percentage of income, top three to five molecules if you can share the percentage share of income from them?

Management: Today if you know because our portfolio is yet focused on insecticides. And we are strong in Parathyroid so our top three molecules if you say will be Parathyroid itself, which would be around 30%, 35% of our total turnover.

Vicky Waghvani: And total Parathyroid if we see how much percentage of top line it would be?

Management: It would be around 57%, 58%.

Moderator: Thank you. The next question is from the line of Amit Kumar from Reliable. Please go ahead.

Amit Kumar: Opportunity for chemical industry with my understanding of the market is for last few years, because China had initially stopped a lot of manufacturing because of pollution. And then of course the lockdown is supposed to help with their major volumes come from there in terms of exports to other countries which compete with us. So that probably had been expedited the last two quarters, but in the last two quarters we have slipped. What are we doing to control the situation in the future?

Management: Would you rephrase that question?

Amit Kumar: China had offered chemical industry in India a big opportunity, because they stopped manufacturing a lot of chemicals because of pollution control. This happened something like last four years, three, four years. And then of course the lockdown there, the supply chain got affected, a lot of companies had a difficult time, but some other countries are able to grow much faster, including India some company like GSF has been able to grow, far-far higher like Sumitomo have been able to grow at a rate which they had never grown, but so did good growth. But during the last two quarters it has not been something great to speak off. I would like to know what proactive corrective measures is the company taking.

Management: As in you want to know from the sales side to China or purchase side?

Amit Kumar: Management side, it's an opportunity China is an opportunity according to my understanding of the market.

Management: So, many things what we do is, one we are looking into products where China is strong, and which has a good market so accordingly we have been anyways in the past conference calls also, we've mentioned that we are very actively putting in registrations in multiple countries for multiple products. So this registration itself takes a long time. And accordingly our R&D is working on these products, you mentioned about the five products, but there are around 15 products that we are simultaneously working at our R&D level. So as and when we see there is good scope, and once we get the registrations in we'll be setting up these products also in our facility, and we'll see some sales maybe from next year. We'll see it for two products we've mentioned that we'll start sales next year, and over three years, you will see there'll be a lot of difference in our overall product portfolio as well.

Amit Kumar: So you're confident of recovering from whatever projection you have reduced to a much better in the next three years?

Management: Yes, we have reduced for the current year it's not.

Amit Kumar: I know that.

Management: I'm also considering a conservative view.

Amit Kumar: Okay, the management is quite confident of it?

Management: Yes, 100%. The long term we are quite confident.

Moderator: Thank you. The next question is from the line of Yogesh Tiwari from Arihant Capital. Please go ahead.

Yogesh Tiwari: Just on your guidance, we understand that because of the challenges in first quarter, the guidance has been lowered from 18% to 20% from revenue to 15% to 18% margin from 18% to 22%, 16% to 18%. But, if we can recover the long term guidance should continue to remain that or that is from FY24 or even that would be lower?

Management: Long term guidance will be 18% to 20% EBITDA and 18% to 20% fixed.

Varshit Shah: So Yogesh, Varshit here. So, you need to understand that Q1, the challenges were more artificial in nature like lockdowns, it had nothing to do with the fundamental demand supply situation if you see. So, inability to ship and access to market was limited in Q1 for all the participants in the industry, not just Heranba so, there's nothing company specific thing which we're trying to solve or we had a problem in Q1. Hence, the management is fairly confident of the growth prospects. And this is the reason why we are going aggressive on such large CAPEX as well.

- Yogesh Tiwari:** Sure, got it. And just last if you can share the CAPEX number for FY23 and if possible FY24 also?
- Management:** FY23 we are expecting around 130 to 150 crores and net FY24 is around 100 and 125 crores.
- Yogesh Tiwari:** 135 crores in FY23 and FY24 about 130 crores?
- Management:** Right. Around 250 crores in two years.
- Moderator:** Thank you. The next question is from the line of Vaibhav Gogate from Ashmore Group. Please go ahead.
- Vaibhav Gogate:** Could you elaborate on the reasons for subdued revenue growth in 1Q, I joined a bit late?
- Management:** The revenue is de-growth only the, because the main part of the exports has de-growth by around 33%, that's the major reason for the over top line has not met over targeting.
- Vaibhav Gogate:** Okay. So, did you have any raw material bottlenecks, which sort of prevented you from fulfilling the order book?
- Management:** No raw material bottleneck supply side I don't see any issue in that only for the reason for the if the RM prices has gone up in that quarter. China is a main for that.
- Management:** There is lockdown in China. So, overall demand in the industry itself was a little subdued, not for Heranba but the insecticide market itself was subdued. And so, we also had similar impact.
- Management:** So Vaibhav if you see Q4 and Q1 are the lean season for most part of the globe except China and some small countries in Southeast Asia. Hence for China Q1 and Q4 are peak quarters as you see in terms of technical sales for all Indian players that's the reason why you see that being slightly higher on a revenue fund particularly with respect to China because they have shift to India and then the formula subsequently and then sell in the season market.
- Vaibhav Gogate:** Okay. So what is China as a percentage of sales in Q1 and Q4?
- Management:** Overall sales is around 12%.
- Management:** That is on an annualized basis. So, we can definitely come back to you on quarter-on-quarter country specific sales.
- Management:** Q2 it will be recovered, whatever lost Q2 it will be recovered mostly.
- Vaibhav Gogate:** Okay. Could you elaborate on power and fuel cost related headwinds, like what was the power and fuel cost in this quarter versus let's say, last year same quarter?

- Management:** The same reason for the ingredient or the impact of around we can see almost 80% is hike in our power and fuel cost index mainly due to the steel prices in that, coal prices because the coal prices has gone up sharply in this quarter, the steel prices and gone up and mostly around you can see the power or fuel cost has increased by around 80% to 90% in this quarter, if you compared to year-on-year basis.
- Vaibhav Gogate:** Got it. So, in this 53 crore of other expenses, how much would be power and fuel cost?
- Management:** Power and fuel cost it will be around you can say 14 to Rs.15 crores. You can say Rs.5 crore per month in this case.
- Vaibhav Gogate:** So, this cost won't go down significantly in the coming quarter as well right?
- Management:** Almost till now it has not been drastically change in the power and fuel cost in that, it will I think so remain in that.
- Management:** Unless the coal prices comes down.
- Vaibhav Gogate:** So, this time around you have not given segment wise revenue details could you give a break up of domestic and international sales of technical and formulations for this quarter?
- Management:** Presentation but right now I can elaborate on that, over the total domestic sales is around 70% and this export is around 30%.
- Vaibhav Gogate:** Okay. And which segments have declined substantially?
- Management:** The overall technical exports has declined.
- Moderator:** Thank you. The next question is from the line of Rohit Nagraj from Centrum Broking. Please go ahead.
- Rohit Nagraj:** My first question is, we had a challenging quarter. But how has been the performance over the last one and a half months for this quarter in terms of sales in China, and generally the recovery in terms of raw material pricing so do we expect for full year or earlier guidance of 18% to 20% of EBITDA margins can be caught up, given the pricing environment on raw materials side is slightly alleviating going forward. Thank you.
- Varshit Shah:** Yes Rohit, Varshit here. Firstly, July and August have been robust growth, I don't have a number, but it is significantly largely in line with the trend for the full year which you delivered for FY22. So, the Q1 revenue mix was just a blip because of factors beyond the control of the company and the industry. So July has been perfectly normal for us so far, even August so far it has reportedly normal for us in terms of growth. Because the lockdowns have been lifted in China as well as the ports have opened up in China as well. So the export has bounced back to normal growth rates. Only some part of Q1 which we have made revenue probably will not be

recovered some part of it, but we will try and recoup as much as possible in Q2, because as you can understand insecticides it is used in certain applications, the copy will damage. So they will not come again and by this. So there's no pent up demand scenario. But whatever the orders are there, we have a lot of orders in hand in China as well. And in terms of margins, we have to be conservative given the raw material scenario, rather than raw material also, the steam cost is, the coal cost and power fuel cost is elevated as we speak today. We are slightly conservative in terms of guiding EBITDA margin ranges between 16% to 18% at this point in time, if things cool off in H2, there is scope to improve on those.

Rohit Nagraj: Right, got it. Second question is on our Greenfield or ongoing CAPEX in Sarigam. So what is the status, when are we expected to commission this facility and what kind of contribution we'll see in first year of its operations. Thank you.

Management: As we said, the overall CAPEX plan are shaping us well, and we are on target on that. And as we said earlier also the quarter four of this year we will start, commence our production first plant phase one.

Rohit Nagraj: Right. And any number that you want to put out for FY24 in the initial from the first plant we expect certain kind of revenues?

Management: Almost over because as we earlier guided on this it's a technical plant that whatever the capacity we had it will be turnover ratio around three and a half to four times in that range.

Rohit Nagraj: Got it. In terms of the global, we had headwinds predominantly from the exports market. And we've seen there have been issues in the US and Europe. So, are there any material changes in the perception of the customers in terms of liquidating the stocks at their end or probably just waiting for providing additional orders or things are relatively back to normalcy, what is your perception about the global market overall, Thank you.

Management: The global market, when it comes to US, Euro unlike other markets have been doing well and generally, the market opens in Q3 and Q4 for any Indian or for any company. So we are seeing good demand, but we do not have a lot of registrations in these countries. So accordingly, being a newer geography, we'll be able to get whatever best we can in these two geographies. Putting a number today would be very tough.

Rohit Nagraj: Right. But we continue to believe that we will be able to maintain our margins when we enter into this market we will not go only for volume growth per se in the initial period?

Management: We will maintain margins also.

Rohit Nagraj: Right, got it. Just one last question on the R&D front. So, currently how many products are there in terms of development phase and the potential in terms of introduction so in your remarks you said that two products will be commercialized this year, what is the total pipeline and maybe the commercialization schedule and the potential opportunity for these products. Thank you.

- Management:** In the R&D actually we are working on many products simultaneously. Some would make sense that we would commercialize. So you can say around 15 products we are already looking at, at the R&D level. And five we have already shortlisted at registration activities are on, two we will be launching next year.
- Rohit Nagraj:** Right. Any potential market size for these five products, including these two which will be launched?
- Management:** Around \$750 million.
- Moderator:** Thank you. The next question is from of Vaibhav Gogate from Ashmore Group. Please go ahead.
- Vaibhav Gogate:** What is the quantum of price hike that you have taken that will help you inflation?
- Management:** It is almost around 3%.
- Vaibhav Gogate:** So, will that be enough to sort of maintain EBITDA margins going ahead?
- Management:** Yes, maintain the EBITDA margins and the volume growth also, because we are a little bit change in the product mix also.
- Vaibhav Gogate:** Okay. So in this 16% to 18% revenue growth guidance, what is the underlying volume growth that you're guiding for?
- Management:** Volume growth, if you say around 8% to 10% will be the volume growth in that range.
- Vaibhav Gogate:** So, this price rise will be evident in the coming quarter or it will take some time for it to reflect in the **-32:14.?**
- Management:** Some product we have already changed, some prices hike there. And because it is an ongoing process also, we are changing according to the market conditions on that.
- Moderator:** Thank you. The next question is from the line of Bhavya Gandhi from Dalal & Broacha. Please go ahead.
- Bhavya Gandhi:** Sir, I've done some extrapolation revenue from China would be around 170 on annualized basis. And even if we generate 40 crores of EBITDA on annualized basis for this quarter, it would be around seven, eight odd crores and still if you add that to the overall EBITDA it would be still much lower than Q1 FY22 as well as Q for FY22 also. So can you just elaborate what was the other reason for dropping EBITDA margin because roughly once we add that China issue it would be around 54 odd crores of EBITDA which is significantly lower than 65 odd crores?
- Management:** The main reason is from three reasons which I mentioned is that, was the reason of the raw material prices has gone up because raw material prices have gone up the entire product range

is there, okay and second season for our the power and fuel cost has gone up by around 70% to 80%. Because it hit all, also put in the EBITDA margin because only the China region is not there to the put down EBITDA of around 5%.

Bhavya Gandhi: Okay. And how many total registrations do we have as on 30th June?

Management: 408.

Bhavya Gandhi: Okay. And last quarter how many registration did we have?

Management: Quarter-to-quarter we'll have to see, at present we have, we can **(Inaudible) 34:11** 31st March is around 395.

Management: Around 395.

Bhavya Gandhi: 395 Okay. And sir which cities do we export In China?

Management: It is not city wise, generally we have customers and generally shipped to Shanghai so they then **(Inaudible) 34:33**.

Bhavya Gandhi: Right. But sir in Q1 Shanghai port was fully operational?

Management: In the last quarter in Q1 whatever we shipped was from different that were operational **(Inaudible) 34:52** port was there.

Management: Last quarter actually Shanghai port was fully blocked so we shipped to two separate ports one – **35:05** I'm not able to recollect.

Bhavya Gandhi: Okay. And with respect to cash flow from operations, how much is it for this quarter?

Management: This quarter is some part negative operation for cash flow because there is always a high inventory scenario for the June quarter itself.

Bhavya Gandhi: Right, roughly if you could just put the number?

Management: Quarterly numbers is around 10 to 15, if you can see negative some CAPEX from operations.

Bhavya Gandhi: Okay. Till now how much CAPEX have we done for Sarigam facility if you know you have to put it together till date how much we have put?

Management: Total put together is around 35 to 40 crores.

Management: Made expensive, but it is only **(Inaudible) 36:02**. It will be costlier will come now onwards.

- Moderator:** Thank you. The next question is from the line of Rajesh Jain from NP Investments. Please go ahead.
- Rajesh Jain:** Sir, my question are on the export market what is the latest on US business we have supplied one confinement of insecticide so did we supply the second one so what are the plans to ramp up there?
- Management:** You want to know the percentage or you want to know the situation?
- Rajesh Jain:** No, after I have supplying the first consignment, have we made any more supplies and what is the status now?
- Management:** Yes, we made two supplies last year and this year, we have got a tentative order partial we will have to ship as a trial order. If that is successful then we will get a good order.
- Rajesh Jain:** So if it is not confidential, what was the quantum of these two, three orders that we have supplied, and once it is confirmed, what could be the magnitude of that order?
- Management:** For the current year no. Last year, it was in between 3, 3.5%.
- Rajesh Jain:** 3% to 3.5%?
- Management:** Yes, last year.
- Rajesh Jain:** Last year and how much it could be this year?
- Management:** This year we won't put a number today because it's a new geography for us. And we would better wait because now we are just sending the trial order, so we would be happier to announce about the percentage of our sale once we get the order.
- Rajesh Jain:** Sir, then what was this earlier two consignment we had supplied, was this also a trial order or different one?
- Management:** No, first was a trial order then we got a repeat order.
- Rajesh Jain:** Okay. So this again, the trial order you are supplying is for a new product?
- Management:** No, for the same product but formulation.
- Rajesh Jain:** Formulation, okay fair enough. And this we will come to know by when, by end of H1?
- Management:** By Q3 end we will get to know.

Rajesh Jain: Okay, that is very nice to know sir. Sir, my second question is regarding Europe, where you had mentioned we have four registration, three for Parathyroid and one for herbicide. Have you started making any supplies there?

Management: We started small supplies actually because of COVID lockdown, we are not able to travel much. So, because of that we have not been able to get a lot of business in Europe, but we have registration that will definitely help us going forward. So, we are also being a little cautious and our customers also are giving orders, trial based orders only today they are also cautious, we are also cautious.

Rajesh Jain: Sir, that means in all possibilities it looks like, only we FY24 the sales to these two big countries will ramp up, is this a fair assessment?

Management: Rajesh let me rephrase this in a different manner. So the process to win a customer is that, when you start approaching them generally we first travel to their to their offices in their respective countries like US and Europe. And then they also try and travel and visit our facility and understand our ESG compliance and our safety measures and then generally the business starts. What happened in COVID was that because of international travel was not possibly both from our end as well as the customers are even more cautious in developed countries. They have recently started traveling to India so that's the reason why some of these customers who were kind of we had approached them, but the conversation was stuck because they were not able to travel and audit our facilities as per their standards, which has now begun. Also, we had some customer visits from US. Some European visits are also scheduled towards end of Q3 which is already planned. So these things were actually stuck and since we were new in the geography, so we didn't have existing relationships, long relationships with them that during COVID some of the companies also were able to benefit from the long lasting relationships, our relationships are fairly new. So we wanted them to come and audit our facility so that they're satisfied with the quality of the product as well as our safety compliance. With that being in motion now, we are fairly confident of these things picking up. COVID had a hit on us. But now we have resumed both from our side as well as customer side as well.

Rajesh Jain: With all this visits completing during this year, so we can ramp up the volume from next financial year?

Management: Absolutely, that's how we have planned our Sarigam facility also, we have registrations in place for some of the new molecules as well, as well as the samples and trials have already begun. With these customers, in fact we also have some soft visibilities also in some of the molecules, although since it is not written we cannot comment at this point in time.

Rajesh Jain: Okay. Sir my last question is, in the annual report it is mentioned that we have more than 685 technical and 65 formulations are registered for the export market. So my question to you is, other than Europe and US do we supply so many products to other countries?

Management: No, same product standardization.

- Management:** So, I think you have misread it but the technical information vice-e-versa, but the way that those numbers are reported, for example molecule A we sell in 10 countries, we would call it as 10 registrations so it is not like we have mentioned 600 products if we mention let say we have 100 registrations of technical that means we have 100 selling points in a way it could be let say one molecule with 10 selling point another molecule with 30 selling points.
- Rajesh Jain:** Agreed. So, in a way what, it could be either 685 different products or 685 different countries also?
- Management:** Correct. So, just to correct you what we have given is, for export markets we have 68 technical's in India and 61 formulations.
- Rajesh Jain:** Okay. So that means 68 plus 65. So, these are either the products or the countries where we can supply the product?
- Management:** No okay, so these are registered from manufacture some of the facilities so if you take total global registration including India, 400 registrations in 49 countries. It is given on page #6 of our annual report.
- Moderator:** Thank you. The next question is from the line of Chintan Mehta from Prudent Broking. Please go ahead.
- Chintan Mehta:** Sir, when you see the raw material price increase, if you can name which raw material and how much the price has increased on year-on-year and Q-o-Q basis?
- Management:** With so many crude based raw materials, since the crude price has gone up the RM price also gone up accordingly. So, there are so many numbers it's a big number.
- Chintan Mehta:** Okay. Few of the important raw material name if you can?
- Management:** Acrylonitrile, Phenol, then you have Methanol and C9, Solvents, Isobutene.
- Chintan Mehta:** Okay. In this majority of them are basic chemical that are sourced from the domestically itself, correct?
- Management:** Yes.
- Moderator:** Thank you. Ladies and gentlemen, this was the last question for today. I now hand the conference over to the management for their closing comments. Over to you sir.
- Management:** Last question, or that was the last question?
- Moderator:** Yes, sir that was the last question that was taken.

Management: Thank you so much for participating. And I hope we have answered all your questions. And if there is any doubt you can feel free to contact us. We will be happy to answer all your queries.

Moderator: Thank you members of the management.

Management: Thank you so much.

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