"Galaxy Surfactants Limited Q1 FY2020 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Galaxy Surfactants Limited Q1 FY2020 Earnings Conference Call. This conference call may contain forward looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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, please signal an operator by entering "*" then"0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Unnathan Shekhar, Promoter & Managing Director of Galaxy Surfactants Limited. Thank you and over to you Sir!

Unnathan Shekhar: Thank you very much. A very good afternoon to all of you ladies and gentlemen. We are delighted to welcome you all to this first concall of the financial year 2019-2020.

Ladies and gentlemen despite a slow and subdued environment in India and Egypt, Galaxy has been able to log in a 4.4% volumes growth and a 15% earnings growth for the quarter gone by. This is particularly encouraging as despite the headwinds, Galaxy continues to grow and deliver consistently in line with our motto of sustainable and consistent growth.

Before we get into the finer aspects, let me give you an overview of the Home and Personal Care industry in India and globally. As far as India is concerned, the Indian Home and Personal Care industry is showing definite signs of a slowdown. Growth has been slowing for the past three quarters. The volume growth which stood at 10% in Q2 FY2018-2019 now stands at 6.2% i.e. for the current quarter; primarily due to the declining rural spend and slowdown seen in the rural markets lately.

There have been demand cutbacks and this has affected our volumes for the quarter gone by. The India business declined 3.7% on volume basis. Unavailability of a key raw material for our performance surfactants also contributed towards this decline. Cumulatively, this had an adverse impact of 5% on the total India volumes. Had the same not been there, India would have logged in a 1% volume growth against a decline of 3.7% recorded as of now, but the scenario remains unchanged and we remain cautious.

Given the slowdown that our customers are experiencing, Q2 could be in line or slightly slower than Q1. Compared to the previous year when Q2 saw a significant uptick in India volumes, this time Q2 can be weaker. If you take the AMET region, while the environment remains tough in Egypt, rest of AMET has shown signs of improvement. The recovery in Egypt remains slow but steady. As a matter of fact, sequentially Egypt has logged in a volume growth of 8% but year-on-year basis the same has declined by 17%.

We believe it will take one more quarter for the growth to return. Rest of AMET remains positive and we continue to grow ahead of the market. The same grew 7% year-on-year basis for the quarter gone by. Overall the Home and Personal Care industry remains mixed with some markets showing signs of growth.

If we come to the Rest of the World, our specialty products continued to gain traction in the Rest of the World markets. Preservative and milder surfactants have done well. This has enabled us to carry forward the momentum from last year and record a 26.5% year-on-year growth for the quarter gone by. Quite a remarkable achievement given the slowing environment and trade barriers imposed i.e. removal of India from the US list of GSP beneficiary countries.

The momentum will continue but with the base effect setting in, growth percentage will be lower going ahead. Ladies and gentlemen, we are pleased to share that the new performance surfactants plant of 50000 metric tonnes in Jhagadia became operational this quarter. It shall take care of the growth in demand for performance surfactants going ahead for the next three to four years. Our capex plans for the specialty products remain on track.

Our new launches, part of our sustainable and green innovation basket of products are receiving a positive feedback from our customers. The emerging categories like baby care, naturals, face care, and men’s grooming not only offer significant room for growth but also via the e-commerce channel, we are seeing emergence of many smaller micro-market players.

Galaxy through its wide product basket, strong technical and formulations expertise is capitalizing on the same. With capex plans in place, we do see this business gaining traction in the medium term, not only with our MNC customers but also with emerging startups. The gestation period is usually two to three years, but post that stickiness and value accretion is high.

I would also like to clarify that while our volumes have grown 4.4%, EBITDA at 11.7% and PAT at 15%, the revenue shows a decline of 7%. This has been due to the decline in fatty alcohol prices, the major raw material for our performance surfactants which corrected 19% during the quarter gone by from USD $1435 per metric tonne to USD $1160 per metric tonne. Performance Surfactant volumes remained flat and specialty care segment grew 11.5%. Our EBITDA per metric tonne improved to Rs.17766 per metric tonne from Rs.16598 metric tonne, a growth of approximately 7%. The revenue mix of the segments stood at 60% performance surfactants and 40% specialty ingredients.

The ROCE/Return on Capital Employed stood at about 26.5%. So ladies and gentlemen before I conclude, I would like to state that despite the gloomy environment, we at Galaxy remain committed and confident about our growth journey going ahead. Thank you, ladies and gentlemen.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question is from the line of Mayank Hyanki from Axis Mutual Fund. Please go ahead.

Mayank Hyanki: Congratulations on a great set of numbers. Just wanted to know what is the outlook on India going forward both near term and from medium term perspective?

Unnathan Shekhar: As I already told you our customers have certainly been facing a slowdown driven by a couple of factors and parameters. The first is of course the rural slowdown. Rural has been slowing compared to the previous quarters. Secondly, I think in the trade channels there is a reduction in terms of carrying inventories, which has also resulted in less orders from the trade channels for our customers. And all these are resulting in lesser offtake from our customers. As you would have heard during the various conference calls of our customers, the customers remain hopeful. They do think that with monsoons being above average, possibly from the third quarter with the festival season coming up, H2 should be better. So we should hope for the best and we remain optimistic about the Indian growth story. Possibly there might be a quarter or two here and there of some volatility but we do remain committed to the India growth story going forward.

Mayank Hyanki: Sir, to add to this question, if we look at your volume degrowth in this quarter and given the fact that none of the FMCG companies have actually shown degrowth. They have grown at least a bit let us say 3% to 6%. Now given that that this inventory decline that is happening in the system, the inventorization is impacting you first, because you might be lead indicators. So is it possible that actually for the next two quarters our India business can remain pretty soft and may deteriorate further on from here?

Unnathan Shekhar: I would not hazard any guess. What I would like to only state is that we need to be cautious and be conservative.

K. Natarajan: If you ask me in terms of what is happening over the last few weeks, it does not give us an indication that everything is doom and gloom, we do see things getting back to normal soon and I could only say that we are cautiously optimistic and we have no reason to be hazarding any guess in terms of we being too pessimistic. That is the way I would put it.

Mayank Hyanki: Next question from our side is that what would be your capex outlook for the next two years?

Unnathan Shekhar: Capex outlook we have already outlined. I mean we are invested in the performance surfactants capacity went on stream in this particular quarter. Last year we incurred approximately 169 Crores and as you know our performance surfactants plant in Jhagadia went on stream and as a matter of our installed capacity as of now has gone up from 368000 tonnes to 436000 tonnes all put together, all regions put together including Egypt, USA, etc. Then as far as FY2020 is concerned we will be incurring approximately 125 Crores, which will include both specialty, R&D, infrastructure and TRI-K.

Mayank Hyanki: So this would be on top of what we have already capitalized from this new plant?

Unnathan Shekhar: Yes.

Mayank Hyanki: Sir, then next year FY2021?

Unnathan Shekhar: FY2021 also we believe that the capex will be on the similar lines. See, during the IPO time itself we had said that we are envisaging a total 300 Crores capex over the next three years. We are already now at 300. As you know we do invest in anticipation in terms of our optimism as far as the markets are concerned.

Mayank Hyanki: Thank you Sir.

Moderator: Thank you. The next question is from the line of Sanjesh Jain from ICICI Securities Limited. Please go ahead.

Sanjesh Jain: Good afternoon to everybody. Thanks for the opportunity. Couple of questions on the India side. Now this decline, which we have seen of 3.7% YoY in volume if I cut it by the customer, how much it has come from MNC, Tier II and Tier III? Is it more towards Tier III or is it more towards MNC? Where have we seen this decline?

K. Natarajan: It is more towards MNC.

Sanjesh Jain: It is more towards MNC. So, Tier III you are telling is stable.

K. Natarajan: Yes, because if you look at the major inventory corrections always happen by the Tier I customers.

Sanjesh Jain: That is one. Number two, on the AMET side, now that we have stabilized and we are now coming to a favorable phase, what the growth look like here because you did just say that it has grown at 8% sequentially. Is it fair to assume that in remaining nine months in Egypt we can deliver a 7% to 8% kind of a growth?

Unnathan Shekhar: Yes, if you look at the AMET region Sanjesh, I think the average growth rate is around about 4% to 5% or so. So, we would be growing ahead of that.

Sanjesh Jain: That will be like 6% odd, is it fair to assume?

Unnathan Shekhar: Yes.

Sanjesh Jain: We mentioned in our opening remarks that few markets are growing, where a few markets have slowed down. I know Egypt was a trouble side for us, but which are the other markets where we are growing?

Unnathan Shekhar: We have grown in Turkey, we have grown in UAE, we have grown in Morocco and we have grown in Tunisia. So these are the markets where we have grown.

Sanjesh Jain: How do we see LATAM because that I guess is one opportunity which has still not completely been captured by us?

Unnathan Shekhar: We are there in LATAM. However, LATAM as a market has been sort of a very market which has had a quite a bit of degrowth over the last maybe about three to four years or so. Only last year, it is just about showing signs of recovery. We do pretty well from our TRI-K business as far as LATAM is concerned.

Sanjesh Jain: But from the performance product side, are we present in LATAM?

Unnathan Shekhar: Yes. We are.

Sanjesh Jain: So, we have a presence and that market seems very bad.

Unnathan Shekhar: Yes.

Sanjesh Jain: Now coming to this new plant, which is commercialized, what was the utilization level for Jhagadia plant in 1Q?

K. Natarajan: In fact, we just started the plant towards the end of March and then we will have to go through customer approvals of the plant.

Unnathan Shekhar: In spite of it being the same technology, the customers have a protocol of getting a sample, and then testing it, means there are various SKUs and giving their approval. This normally takes approximately two and a half to three months.

Sanjesh Jain: Which we have now crossed?

K. Natarajan: Yes, which we have now crossed, so that will start. We already started transitioning some customers into this particular new facility. It is happening in stages and moving forward I think we will see good amount of volumes happening from there.

Sanjesh Jain: But on the cost side, because it is a continuous plant, I think, we should be running the plant completely, right now the power and fuel and all those costs are now captured in the P&L?

Unnathan Shekhar: Yes, obviously yes.

Sanjesh Jain: That means as the utilization levels should go up from here assuming India comes back, this should give us an operating leverage and the margin expansion?

Unnathan Shekhar: Perfect.

Sanjesh Jain: Thanks and best of luck.

Moderator: Thank you. The next question is from the line of Sneha Talreja from Edelweiss Financial Services. Please go ahead.

Sneha Talreja: Good afternoon Sir. Congratulations on a very good set of numbers. My question is pertaining to Rest of the World you have grown phenomenally even in the particular quarter and you had grown even in the last quarter so just would like to know where this growth coming from? Is it with the new customers' acquisition or is it the same clients you have acquired in the last year which are giving you growth now?

Unnathan Shekhar: Both. This is growing with customer's growth as well as creating new customers.

Sneha Talreja: Can you give any numbers that how many customers you would have added in this particular quarter?

Unnathan Shekhar: Approximately total I think only five customers, we have added.

K. Natarajan: Giving us contribution above 10 lakhs.

Sneha Talreja: Would you have a number of how much would be the contributions from these new customers if at all you want to add the number of customers added even in the last year?

Unnathan Shekhar: I think approximately this should have fetched some 0.6% of total volumes and 0.4% of revenue on the overall basis.

Sneha Talreja: That is still very small.

Unnathan Shekhar: Yes.

Sneha Talreja: Sir, the second question is pertaining to Egypt. You said, you have seen sequential improvement happening. Can you just highlight what is the scenario there? How has MNCs in the particular market reacted and what is the situation right now?

Unnathan Shekhar: I think it is slowly coming back to a steady state. I do not think it has fully recovered, but one thing is the decline has stopped that is what we can say.

Sneha Talreja: What is the customer's response in terms of are you getting visibility going ahead. They have seen volume growth and everything because you will be the first mover?

Unnathan Shekhar: Yes, our MNC customers are Tier I customers are slowly regaining their market share whatever we had lost.

Sneha Talreja: I will get back in the queue. Thanks.

Moderator: Thank you. The next question is from the line of Nav Bhardwaj from Anand Rathi Shares and Stock Broking Limited. Please go ahead.

Nav Bhardwaj: Thank you. Congratulations on great set of numbers gentlemen. Sir, just a followup question on the Rest of the World, just continuing as to which area is globally are you seeing this revenue coming from and which Tier I, II, III, which kind of customers are we talking over here?

Unnathan Shekhar: These will be all categories of customers, but the key markets would be US, European countries, Thailand, Vietnam, China. These will be the countries.

Nav Bhardwaj: Pretty diversified. Thank you. The other is more about the raw material prices that are fallen have we been able to lock this in for the coming couple of quarters or how does it work on the raw material part? Can we extend these margins that we have made is my question?

K. Natarajan: We do not speculate the raw material prices or try and predict as to whether they have bottomed out and then measure our costs, because that is not in compliance with the risk management framework we have. Our whole objective is to ensure that we keep the risk minimized to ensure that we do not have any significant impact in case any major corrections happen. So we ensure that we keep our buying in line with our sales pipeline, so that we keep the risks minimized. That is the way we approach. The margins that come into the books are essentially a clear correlation with the way that we manage our risks and any in terms of trying to second guess the market and take positions is a total anti-business to our risk management framework, which we will not do, but one thing we can say is that the risk management framework is very robust and we will be able to tide over any volatile situation that we may have in terms of raw material.

Nav Bhardwaj: Sir it would be prudent to actually work with long-term ROCE hurdle rates that we talk about rather than locking any kind of others?

K. Natarajan: We will not do anything just to do something short-term.

Unnathan Shekhar: It is not our thing to speculate.

Nav Bhardwaj: Thank you so much. All the best going ahead.

Moderator: Thank you. The next question is from the line of Paresh Jain from Bajaj Allianz General Insurance. Please go ahead.

Paresh Jain: Good afternoon. Sir, just wanted to understand that India volumes have degrown as the Indian FMCG market has shown an increase. So, I think you mentioned something but I missed that part. If you can just take me through that?

Unnathan Shekhar: Can you repeat please?

Paresh Jain: I am saying the India volumes had actually shown a degrowth for you, but the Indian market has still grown in low single digits.

K. Natarajan : Yes, correct. So, as we explained based on the way that the FMCG companies reduce buoyancy compared to what has been happening over the last three quarters, so they end up reducing the channel inventory which essentially has an impact on us. So they can talk of the growth but then the impact on us will be in terms of inventory reduction that happens. That essentially is what the explanation for this. It should be happening from their channels but inventory reduction obviously has an impact on offtake from us.

Unnathan Shekhar: Also we did tell that we also lost some production because of a key raw material unavailability during this particular quarter because of a shutdown by our key raw material supplier. It took more than expected terms time in terms of shutdown as a result of which we lost certain production in this quarter. Apart from that we also lost some production for about two days because our major power outage in our Taloja factory.

Paresh Jain: Had these two elements not been there?

Unnathan Shekhar: We would have a 1% volume growth against a decline of 3.7%.

Paresh Jain: What you are saying that the primary sales by FMCG companies have impacted your volumes?

Unnathan Shekhar: Yes.

Paresh Jain: Thank you.

Moderator: Thank you very much. The next question is from the line of Jasdeep Walia from Infina Finance Private Limited. Please go ahead.

Jasdeep Walia: Thanks for taking my question. Sir, I just wanted to understand the pricing specialty products, so there also you pass on lower RM cost to your clients or you are able to retain correction in RM prices?

Unnathan Shekhar: Obviously, the specialty products are disengaged from raw material relationship price. Lauryl Alcohol is not the main raw material as far as specialty ingredients are concerned.

Jasdeep Walia: Sir, what percentage of RoW sales is US and Europe?

Unnathan Shekhar: Significant, major. A very major quantity will be US and Europe.

Jasdeep Walia: Sir, would it be like 90%?

Unnathan Shekhar: No. Not 90%.

K. Natarajan: It would be about 70% to 75%.

Jasdeep Walia: Thank you Sir. That is all from my side.

Moderator: Thank you. The next question is from the line of Ritesh Gupta from Ambit Capital. Please go ahead.

Ritesh Gupta: Good set of numbers. Just two questions from my side. Just on the gross profit growth versus volume growth rates. We see a meaningful difference on per tonne basis your margins improved significantly, now there are two legs to it. One is that your specialty grew by about 10% to 11%, so is it fair to understand that the entire gross margin improvement or the gross margin growth is primarily because of increase in specialty product sales? Secondly palm oil prices also had a meaningful decline along with currency also kind of benefiting you guys in this quarter. So which of these two, or what kind of margin attribution would be done to these two factors?

K. Natarajan : See, we were able to get margin improvements both in the specialty segment and in the performance surfactants segment. The way we managed the sort of portfolio mix that we had and the way we managed the raw material risks and the costs and the operational expenses also was a significant aspect as to how and why the margins went up. So it is both. It is both specialty and performance surfactants contributed to the margin increase.

Ritesh Gupta: So, basically if we maintain this kind of mix, I mean, these gross margins on a per tonne basis are clearly sustainable,.

Unnathan Shekhar: But we need to of course clarify that this mix will always undergo a change. As we have said we are committed to grow both on performance surfactants and specialty ingredients. So, this percentage split is always a derivative rather than an objective.

Ritesh Gupta: Yes. Just the RoW growth if I understood it correctly, it is basically the specialty portfolio that is seeing the incremental traction in the RoW portfolio is what is driving the growth and this kind of growth you think is possible for at least next two three quarters?

Unnathan Shekhar: As we have said the base effect getting in, the growth percentage will be a little lower because the base is getting increased quarter-on-quarter.

K. Natarajan: But the momentum is good.

Unnathan Shekhar: The momentum is good. The momentum will continue.

Ritesh Gupta: Entirely this 19% will be in the employee cost and other expenses combined is broadly due to the new plant that you commissioned, nothing else to read into it?

Unnathan Shekhar: Yes, you are right.

Ritesh Gupta: Thank you so much.

Moderator: Thank you. The next question is from the line of Srinivas Seshadri from Mirabilis Investment Fund. Please go ahead.

Srinivas Seshadri: Sir, just a couple of questions; one is on the RoW front, you had mentioned in the annual report that the growth will go back to the historical trends. So even after the Q1 strong performance, do you expect the overall growth to go back to the earlier levels being prior to FY2019? Second is on the last year same quarter you had some nonstrategic sales so what is the like-for-like growth in this year of course Q1 if you adjust for this?

K. Natarajan: The growth we have reported is for like-for-like only, after taking off the opportunistic sales that we talk about. So it is like-to-like comparison.

Unnathan Shekhar: We have mentioned that your prior period is about 10% to 12%, now we had even mentioned that India's forecast in terms of growth rates was supposed to be pessimistic 9% and optimistic 12%. However for this quarter, the growth rate for India has certainly been lesser than even the pessimistic forecast that we talked about. But then we are certainly optimistic as far as this country is concerned. We do believe that whatever is happening is a short-term phenomenon.

Srinivas Seshadri: Thanks for that Sir, but my question was specifically for the RoW business. In the annual report it is mentioned it will go back to the historical trend?

Unnathan Shekhar: Yes, historical trends is what 10% to 12% or so.

Srinivas Seshadri: Thank you Sir.

Moderator: Thank you. The next question is from the line of Rohit Nagaraj from Sunidhi Securities and Finance Limited. Please go ahead.

Rohit Nagaraj: Thanks for taking my question. Congrats for a good set of numbers. Sir, in the last concall, we had cited that we will have a volume growth guidance of around 8% to 12%. Do we still stick to it after the Q1 results?

K. Natarajan: See, we do because this is only one quarter that has passed by and the major has been in terms of India has been where we have had this particular softening, but then Egypt and AMET has been turning around pretty well. Rest of the World we are going pretty well. So, I think we will have to wait for one more quarter but we are optimistic in terms of getting to those numbers moving forward. That is the way I will put it, but yes it all depends on how well India recovers and we have reasons to believe that India will recover quickly.

Rohit Nagaraj: That is interesting. Sir another thing is we have recently seen a deal of Huntsman where they have divested their surfactants business, so are we seeing such kind of initiatives that other players and are we vying for such opportunities of inorganic growth?

K. Natarajan: We always will consider any inorganic opportunities that present themselves as long as it is in line with the strategic goals. So, we are open and this is what Indorama's buyout of Huntsman is more on the petrochemical side. If you look at globally, the details if we go through I think the major will be on the petrochemical downstream that is what has interested Indorama, the way we read it. So, Huntsman essentially they got into a lot of divestures earlier as well in terms of their business in Europe and all that. So, to answer your question we are always to put it specifically yes we are always open to exploring these sorts of options as long as it is in line with the strategic goals.

Rohit Nagaraj: But are such opportunities coming better than or rather more in numbers than what it was earlier because of the general slowdown globally?

Unnathan Shekhar: I do not think so.

Rohit Nagaraj: Thank you and best of luck.

Moderator: Thank you. The next question is from the line of Sanjesh Jain from ICICI Securities Limited. Please go ahead.

Sanjesh Jain: Thanks again for the follow up question. Couple of bookkeeping questions; our finance cost has come down any particular reason? has our net debt come down?

K. Ganesh Kamath: Two things, both average borrowing has come down as well as the borrowing cost in Egypt has come down.

Sanjesh Jain: So, net debt remains same as it was in the previous quarter.

K. Ganesh Kamath: Yes.

Sanjesh Jain: Second is what is the impact of Ind-AS 116 on our books?

K. Ganesh Kamath: It is very, very marginal.

Sanjesh Jain: No, on the EBITDA level, it should be beneficiary, right?

K. Ganesh Kamath: At the EBITDA level, it is beneficiary.

Sanjesh Jain: How much is it Sir?

K. Ganesh Kamath: Around some 50 lakhs or 60 lakhs.

Sanjesh Jain: So small.

K. Ganesh Kamath: Yes. It is very small, because we do not have many leases currently.

Sanjesh Jain: That is it from me. Thank you.

Moderator: Thank you. The next question is from the line of Sneha Talreja from Edelweiss Financial Service. Please go ahead.

Sneha Talreja: Thanks a lot for the followup question. This is pertaining to the leases that you mentioned for a 3.7% decline in volumes in Indian markets was also shutdown from the raw material supplier and the outages which is happening are these reasons sorted out on the particular quarter?

Unnathan Shekhar: They got sorted out.

K. Natarajan: They got it sorted out probably towards the end of last quarter and things are all back on track.

Sneha Talreja: This particular quarter can we see these volumes back which you would have lost in this particular market or does it go to the competition or something?

Unnathan Shekhar: We are optimistic.

Sneha Talreja: Thank you.

Moderator: Thank you. The next question is from the line of Siddharth Mohta from Principal Mutual Funds. Please go ahead.

Siddharth Mohta: Good afternoon Sir. Sir any capex plan within our specialty surfactants if you can help?

Unnathan Shekhar: We did mention that we are incurring a major R&D infrastructure capex at Tarapur. Then we are also incurring capex for some other specialty ingredients at Jhagadia. As you know the capex at Tri-K is under implementation and that should get completed by the end of this year, end of this financial year.

Siddharth Mohta: Sir, lot of pharma companies they are coming into skin care, OTC, so can you play any important role there, something like formulation and all?

Unnathan Shekhar: We are already playing. We are already there.

Siddharth Mohta: Thank you Sir. Best wishes for the upcoming quarter.

Moderator: Thank you. The next question is from the line of Rohit Nagaraj from Sunidhi Securities. Please go ahead.

Rohit Nagaraj: Thank you Sir. Just one clarification on Tri-K, is there any incremental update on the new client addition or any new areas where we are finding the application and what will be the capacity post expansion?

Unnathan Shekhar: See, as far as whatever capex we are incurring in terms of capacity for Tri-K that should take care of our requirements for the next maybe four to five years or so. It is primarily this factory produces cosmetic proteins and it is in the state of New Hampshire. We are going into our own owned premises. Till date, we had leased premises. Now, we are going for our own premises and this should get completed by the end of this financial year. Tri-K is suddenly ahead with respect to innovation as far as proteins is concerned and our main focus of innovation there is vegetable proteins. The industry is moving slowly away from the animal proteins towards vegetable proteins and Tri-K has been quite at the cutting edge of innovation with respect to these vegetable proteins.

Rohit Nagaraj: Thank you so much Sir.

Moderator: Thank you. The next question is from the line of Jasdeep Walia from Infina Finance. Please go ahead.

Jasdeep Walia: Sir, what is the quantum of capex at Tri-K?

Unnathan Shekhar: Tri-K will be approximately $7 million.

Jasdeep Walia: Thank you. That is all.

Moderator: Thank you. The next question is from the line of Dhiral Shah from PhillipCapital Private Limited. Please go ahead.

Dhiral Shah: Good afternoon Sir. Sir, my question is pertaining to the capacity that we have added in the last quarter of 50000 tonnes, so what kind of incremental revenue you are going to generate at full capacity? This will be approximately.

Unnathan Shekhar: 200 Crores over the next four years or so at full capacity, 200-250 Crores or like.

Dhiral Shah: What is the current capacity utilization?

Unnathan Shekhar: The current capacity utilization on an overall basis is approximately 61%. It has come down obviously because we have increased the capacity. Till last quarter, we were talking about 74% or 75% and this quarter it has come down to 61% because the capacity has gone up.

K. Natarajan: Installed capacity has gone up from 368000 last year to 436000.

Dhiral Shah: Sir, you are also going to incur capex of 125 Crores each for this year and next year, so how much capacity you are going to build up then additional?

Unnathan Shekhar: That will be for Speciality care ingredient. It will not be in terms of significant volume. That is under implementation.

Dhiral Shah: Sir, what kind of EBITDA margin you are guiding for this year and next year?

K. Natarajan: We do not guide anything on EBITDA margins, but then we expect the current momentum to continue. We have always said we will be at about 15000 to 17000 per metric tonne band.

Unnathan Shekhar: That will be the band.

Dhiral Shah: Thank you so much Sir.

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

Unnathan Shekhar: Thank you ladies and gentlemen. See you again after one quarter. Thank you.

Moderator: Thank you very much. On behalf of Galaxy Surfactants Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.