"Galaxy Surfactants Limited Q3 and 9M FY2022 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Galaxy Surfactants Limited Q3 and 9M FY2022 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not 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 call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Unnathan Shekhar, Promoter and Managing Director, Galaxy Surfactants Limited. Thank you and over to you Sir!

Unnathan Shekhar: Thank you. Ladies and gentlemen, a very good afternoon to all of you. I am delighted to welcome you all to the first earnings conference call of the year 2022. Let me take this opportunity to wish you all a very happy and prosperous year ahead. Hope the year 2022 brings success, good health and fortune for all of us. Before we dwell into the details, I would like to remember author Charles F Glassman's famous quote – "Short-term pain leads to Long-term gain". This quarter required your company to make certain quick and strategic decisions.

The decision to either go for short-term gains or take the pain but ensure steady long-term gains. We chose the latter. In a quarter marked by significant volatility on account of rising feedstock prices, supply chain constraints, we had the option to either declare force majeure and not clear the pending backlog of previous quarters or service our customers first. Rising feedstock prices and freight rates meant we had to choose between re-discussing the concluded contracts which constitute nearly 60% of our business and seek price hikes or take the short-term pain and seek the increase in the coming quarters.

In line with Galaxy's motto of customer first and considering the long-term strategic relationships that we have built over the years with our customers, fulfilling our commitments made to them was our priority. By sacrificing the short-term gains, we believe we are fortifying our long-term goals. Yes, we do agree this did impact our performance in the Q3, but I am pleased to share the qualitative gains we have made with all our customers on account of this will yield significant fruits going ahead. It gives me immense pleasure to share with you that all our key customers have acknowledged and appreciated our commitment. We, therefore, believe this quarter in turn has laid the foundation for our next decade of growth, as they say, 'without commitment you cannot have depth in anything whether it is a relationship or a business.'

Coming to the business performance, the scenario in this quarter was like that of the previous one. Supply led volatility continued in the Q3FY22. The sudden surge in prices of fatty alcohol, crude and freight rates especially in the developed markets in October, November vis-à-vis September accentuated the situation.

While volumes have remained flat year-on-year, the decline in EBITDA per metric tonne impacted our overall performance significantly. Both these factors need to be understood in the global context. Crude derivatives, fatty alcohol and fatty acids constitute nearly 80% of our raw material buying. Compared to Q2FY22, each of these rallied anywhere between 10% to 47% in Q3FY22. Given that the bulk of our business is contractual by nature, the pricing mechanism in place will ensure that these incremental costs get passed on with a lag of one quarter.

While specialty products and the RoW markets reported growth, the sudden surge in freight rates to Europe and the USA along with the unavailability of containers adversely impacted margins. A significant share of speciality business is contractual with a quarterly lag. Nearly one-third of our specialty business in the US and the European Union are DDP transactions. Unavailability of trucks along with port congestion issues led to additional detention charges which further dented margins.

Export incentives realized in Egypt in Q3 FY2021 to the tune of Rs.14 Crores was not realized in the current quarter. The decision to honour our contractual commitments in choosing short-term pain over short-term price hikes or force majeure adversely impacted our EBITDA by approximately Rs.5 Crores.

This quarter also saw your company moving towards natural gas instead of coal at our Tarapur plant. This again was a move made keeping in mind our long-term sustainability goals despite the high natural gas prices. This though adversely impacted our EBITDA for this quarter by approximately Rs.2 Crores. While raw material availability improved in this quarter vis-à-vis Q2FY22, container unavailability resulted in delayed shipments which resulted in a loss of volumes compared to the previous year in our major surfactants. This again adversely impacted our EBITDA by another Rs.5 Crores.

Despite all these challenges ladies and gentlemen, there were many bright spots. The structural uptick we have seen post COVID as far as our India business is concerned continues with our volumes rising by 11% vis-à-vis the pre-COVID average. Barring any demand cutback or downtrading on account of inflationary pressures, we remain optimistic. Though the supply-led volatility continues, we see the same improving quarter-on-quarter. Adaptation and experience will ensure better response and execution going ahead. We do believe the worst is behind us and while this has been a difficult phase for us, we at Galaxy believe the executional challenges we are facing today are laying the foundations for our next decade of growth. We should see better quarters going ahead. I can confidently say this as the decline in EBITDA per metric tonne has been arrested with the Q3 EBITDA per metric tonnes coming in around Rs 13,468 per metric tonnes versus Rs 12,900 reported in Q2FY22. We see this further improving towards a stated band of Rs 16,000-18,000 per metric tonnes in the coming quarters.

Robust risk management system and adequate pricing revisions will ensure that the surge in feedstocks and freight rates will be taken care of in the prices in the coming quarter. With the availability scenario improving barring any global slowdown due to inflationary pressures, we are equipped to cater to the robust underlying demand.

The phase-wise operationalization of our new Capex remains on track, the same will be completed by April 1, 2022. This should again aid our performance in FY 2022-2023.

Ladies and gentlemen, to sum up, the current scenario reminds me of a famous quote by Joyce Meyer - "If you are strong enough on the inside, you can handle anything that comes at you on the outside". While the external scenario remains extremely uncertain, internally we are taking the necessary steps to enhance our performance stability and delivery. With the passage of time, we hope to become stronger and more resilient to battle the challenges coming on our path Thank you, ladies and gentlemen.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Rohit Sinha from Sunidhi Securities. Kindly proceed.

Rohit Sinha: Thank you for taking my question Sir. Since we have shown good volume growth in India business as well as in rest of the world, just in AMET region, just apart from the container issues and logistic thing, is there any other issue which has impacted the volume and when we expect this volume to be on the positive side going forward and the recovery would help us to regain our EBITDA per tonne above 14000 in coming one or two quarters?

K Natarajan: First I will answer your last question first, so obviously very clearly okay, we will go back to the band of Rs.16000 to Rs.18000 per metric tonnes of EBITDA from the coming quarter. That is what Shekhar said that the worst is behind us okay and then we have fortified ourselves well to be able to respond to the market situation. As regards your question with regard to the volumes in AMET, apart from the supply chain challenges that we are having in terms of incoming raw material majorly into our Egypt location, on the demand side, I think with reference to Turkey volumes, that was because of the local issues in Turkey in terms of the exchange depreciation. Barring that in all the other markets demand is pretty robust. Within Egypt also we are seeing that things are better. So we do not see anything significant moving other than this in terms of the demand side and we do see demand coming back progressively from the coming quarters. But the challenge is in terms of the incoming supply chain that has to improve, we are already seeing some green shoots and we expect that this would sustain.

Rohit Sinha: Okay so just in terms of our performance and specialty care segment, do we see recovery on both sides? What kind of traction we are expecting in both these segments?

Company Speaker: On the specialty side, if you see the rest of the world, it registered a very good growth despite the supply chain challenges that we had. We are also seeing in terms of our new products that the project that we are commissioning in Jhagadia and Nebula in Tarapur. We already do see a good amount of traction in terms of the orders. So we are now working at the full stream to be able to meet those particular demands, which already were delayed because of the project getting delayed due to COVID. And with regard to the preservatives component of our specialty segments portfolio, we have done exceedingly well and we see this particular momentum continuing.

Rohit Sinha: Okay and lastly on the margin side. Obviously this is I believe the worst would be over for us from here on. So just on the costing side, the fatty alcohol prices are still on the higher side and I think VVS has also filed for a sensitive view on this fatty alcohol product. As you are saying that one-quarter lag is there for a pass on, so from all the contracts which are already in place, how many contracts, I would say have been revised and are yet to be revised so that from the coming quarter there would be an impact on the margins as well.

Company Speaker: So one of the things is, with regard to the fatty alcohol price increase has been very significant over the last 30 days, the way the crude oil has moved. so when we are getting in the context of ensuring that appropriate calls are taken on the pricing and the contracts get tied up. With regard to the other minor feedstock costs that are there those also have gone up significantly and have started stabilized at that high level. So we do not see any additional challenges moving forward. So Q3 as you rightly said it was worse because everything happened suddenly and significantly in terms of price increases over a period of 45 days beginning September till almost the end of October. Everything went up.You take the crude petroleum any minor raw materials like you take caustic, you take sulfur so everything moved up significantly. So those things are still higher but they are stabilized at those high levels so then once it stabilize our ability to be able to manage the pricing is significantly superior and that is what is happening.

Rohit Sinha: Okay, that is it from my side. I will come back in queue. Thank you.

Moderator: Thank you. The next question is from the line of Sanjesh Jain from ICICI Securities. Kindly proceed.

Sanjesh Jain: Good afternoon Sir. Thanks for taking my questions. Few questions, first on the price hike itself if I look at the gross profit per kg, we are already at Rs.44 per kg which is probably among the highest. Does it indicate that we are able to pass on most of the raw material inflation. Is it just freight cost which is hurting us to reach the EBITDA per kg or do you see there is a combination of both so reaching EBITDA per kg will be incrementally easier that is number one. Number two on the volume side, though this quarter has been flattish that is predominantly because of the AMET, do you think from here on the volume should increase with the supply chain easing out. I do not know what is the situation of ethylene oxide availability, I think that was one of the things which was hampering us in terms of volume growth because we have been consistently talking of demand being robust and we having a delayed supply which means there is a good order book which is pending and the execution of which will accelerate. How should we see volume growth these are the two initial questions.

Company Speaker: First is the ethylene oxide situation has started improving from December. As of now, we do not see any further cause of concern. So it has improved that is one. Second is with regard to question on the gross profit per kg going up, as we said we have been able to pass on increases but so it has been with a lag, so it is not that you are able to pass on increases the moment they happen, so that is a challenge you had because as things go up month-on-month, it also important that we are able to properly take the price increases. So that is very important, so as we see moving forward, we do see that our ability to pass on the cost increases is pretty much good.

With regard to the volume growth, we do see that things are improving okay and we are already seeing that if you look at say, Africa, Middle-East, Turkey, rest of the world, the underlying demand is robust, but you if you look at Latin America, if you look at North America, North America the local trucking and everything is a very significant challenge, and port clearance and local trucking also. Europe is much better than North America and Latin America. Asia Pacific and AMET have improved quite a bit. So if this is the sort of traction we have, I think the volume growth should be picking up moving forward with this supply chain challenge easing.

Sanjesh Jain: And we are seeing the sign of supply chain challenges easing out right?

Company Speaker: Yes, we are so as I told you, North America, the challenge is not with the ship reaching the port but the major challenge is the internal transportation because of lack of availability of trucking. So that is so whenever we have delivered duty paid shipments delivery terms of doing it at the customer's factory, there the challenges are significant. So if you look at Latin America, it is still pretty bad in terms of transit times and availability of freight space on the ships. Europe is much better, APAC has improved and our AMET also has improved.

Sanjesh Jain: And then we said that we would take a price hike post quarter and we are already probably mid of February, one-and-half month into this quarter. Have we seen that flowing into our margins and are we getting that early signs of recovery of these?

Company Speaker: Yes, very clearly we are getting those early signs, very clear.

Sanjesh Jain: Got it. Just wanted to understand on the new product commissioning, the commercialization we are hoping from the Q1 FY2023 onwards, are we fully utilizing the existing capacity, so is it safe to believe that the ramp-up in this capacity will be much faster because the commissioning of these plants is happening with six or eight months delay right. So how is the situation of the existing facility and is it fair to assume that the ramp-up in this would be earlier or slightly faster than what have we been doing historically?

Company Speaker: So if you look at the plant that they are commissioning in Jhagadia, I think the existing capacity has been very well utilized so that the ramp-up will happen fast. But if you look especially at Tarapur which is in the process of commissioning that actually is a mini plant, more from an innovation-led requirement and certain products that we are building in terms of certain market size capacities, there ramp up will be slower than what it will be at Jhagadia area, but it will certainly be much better, but it will be slower than what it is the Jhagadia.

Sanjesh Jain: Has capacity issue hampered our growth in the speciality part, particularly in the preservative now that we have been running preservative at a fairly high level for last one year. Do you think the commissioning of this preservative plant in Jhagadia will unleash some of the growth in the speciality, is it would be a fair assumption?

Company Speaker: In terms of the way that we are growing in preservative portfolio year-on-year, we have capacity sufficiently available to cater to this event. There are certain new capacities setting up with regard to certain new age preservatives, that is where that commissioning will enable us to get in better product mix.

Sanjesh Jain: Got it and last any future capex plans we are doing now that these planned ones are ready to commission. What is the plan for FY2023 and FY2024 in terms of product portfolio and capex?

Unnathan Shekhar: The capexes will continue. We will continue to spend approximately Rs.150 Crores to Rs.200 Crores every year, at least we are able to see the visibility of this for the next two years.

Company Speaker: Even this year nine months period, we have already made an outlay of around Rs.150 Crores.

Unnathan Shekhar: Yes, we have already made an outlay of Rs.150 Crores for this first nine months.

Sanjesh Jain: Just a follow-up one, can you share what are the products which we are looking to expand in FY2023 and FY2024?

Unnathan Shekhar: This will be across all the ranges but mainly specialty products.

Sanjesh Jain: That is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Rohit Nagraj from Emkay Global. Kindly proceed.

Rohit Nagraj: Good afternoon Sir and thanks for the opportunity. The first question is, whether any orders were postponed to Q4 due to force majeure and other reasons probably that may have some impact in terms of volumes and revenues for Q4? Thank you.

Unnathan Shekhar: Firstly, Galaxy has not declared any force majeure. So the force majeure is not in our dictionary. We stand by our commitment. Certain orders will get deferred to this particular quarter in terms of fulfilment. So they will get fulfilled with the lag primarily only because of the delay in the arrival of the raw materials.

Rohit Nagraj: Got it. The second question you mentioned about EO availability improving from December, but given that the crude prices are increasing, again your prices also must be increasing. So whether we have the ability to pass it on. And secondly, the same question on LA in terms of the last one-and-half months how the pricing movement for Lauryl alcohol or Lauryl acid has been and whether again that will have an impact in terms of pass on with a lag of two to three months or so? Thank you.

Unnathan Shekhar: Passing on is a matter of only contract. That will be done but what is important is whether this passing on to ultimate consumers is going to be tenable. Now that is where we need to be very clear in the sense that now the entire industry as to what you call, calibrate itself into ensuring that the final consumer is not impacted much otherwise he is going to resort to cutting back in his own consumption or down trading.

Rohit Nagraj: Got it, just last clarification on volume growth guidance, now given that in nine months we have done about 2% volume growth, what will be the volume growth guidance for FY2022 and next year FY2023 given the conditions that are prevailing now and probably the long term orders in hand. Whether we will again scale back to our previous guidance of 6% to 8% volume growth? Thank you.

Unnathan Shekhar: Yes, we always aspire to be at our volume growth of 6-8% that will be our attempt and at this point of time, we are pretty buoyant about it.

Rohit Nagraj: And for FY2022?

Unnathan Shekhar: FY2022 I think we would possibly close at about maybe about 3% or so.

Rohit Nagraj: Thank you so much and best of luck Sir.

Moderator: Thank you. The next question is from the line of Mayur Liman from Profitmart Securities. Kindly proceed.

Mayur Liman: Thank you for the opportunity. I just want to ask what is the outlook for the next quarter, how do you see Q4 now and what is your capex plan for next quarter?

Company Speaker: For next quarter, as I said if you see the Q3FY22 EBITDA per metric tonne improved vis-à-vis Q2FY22 and as we explained moving forward, we expect for the next quarter the EBITDA per metric tonne to be in the guided range of Rs.16000 to Rs.18000 per metric tonne. As for the CAPEX for the next quarter, it is only what we are commissioning as we said one in Jhagadia and one at Tarapur. And as we said for the next year we are having almost a capex of Rs.150 Crores which is already committed.

Mayur Liman: Thank you so much.

Moderator: Thank you. The next question is from the line of Nakshita Mehta from Kredent Info. Kindly proceed.

Nakshita Mehta: Good afternoon and thank you for taking my question. Sir my first question is on the entire specialty chemical space. Almost all of the companies have been affected due to the raw material prices, the input prices right. So how do you see the situation right now and how do you see the situation moving forward say FY2023, if you can just give us an overview of the industry?

Unnathan Shekhar: We need to admit that there has been hyperinflation with respect to feedstocks across categories, across ranges. Crude has shot up and oleochemicals have shot up and not just oleochemicals and crude but all the derivatives we have seen hyperinflation with respect to the raw material prices in the last year. Similarly, we have seen hyperinflation with respect to freight rates across the world. So this is something that we expect it to continue till supply improves which possibly should happen maybe in another about a year or year-and-a-half or so. But in the short term, we do expect these high prices to continue and we need to certainly manage this particular situation.

Nakshita Mehta: A follow up question on this, have we entered into any contracts with suppliers for the pricing or how are we tackling this pricing issue?

Unnathan Shekhar: There are no long-term contracts in these situations, there are only short-term contracts. In this volatile and uncertain situation, there are only short-term contracts, not very, very long-term contracts.

Nakshita Mehta: That is my one question. Thank you so much Sir and good luck.

Moderator: Thank you. We have the next question from the line of Dharmil Shah from Marcellus. Kindly proceed.

Dharmil Shah: I just had a question on the specialty care product portfolio. What has been the product mix within the specialty care. Over the years, a mix for performance and specialty care has been somewhere around 65% and 35%, but what about the product mix within the specialty care products, has it any improved or how do we see it going forward for next three to five years?

Unnathan Shekhar: As you know our specialties consist of various categories. Almost all the categories are growing pretty well that is what we would like to sum up and we are setting up capacities to increase the capacities further, so that is a clear direction that we see in the coming few years.

Dharmil Shah: Okay.

Company Speaker: You also know that we have had our new product that we introduced which is our non-toxic preservative range, GLI 21 is a significantly superior mild surfactant. So this is all something for which we are setting up commercial scale capacities at Jhagadia and that is what is going to be driving the growth moving forward in addition to our traditional preservatives and mild Surfactants.

Dharmil Shah: Okay and my second question was on accounting related. So tax concession that we are enjoying for our Egypt subsidiary, so does it come with a sunset clause or will be having the concession lifelong?

Company Speaker: It is for 25 years from the beginning which means another approximately 14 years.

Dharmil Shah: Okay Sir, thanks.

Moderator: Thank you. The next question is from the line of Vijay Karpe from Bryanston Investments. Kindly proceed.

Vijay Karpe: Thank you for giving this opportunity. What was our specialty care capacity at the end of FY2021 and where will this move to post the commissioning in April?

Unnathan Shekhar: Can you repeat your question. I did not get it properly.

Vijay Karpe: My question is what was our specialty care products capacity at the end of FY2021 and what will it be post-expansion in April?

Unnathan Shekhar: That will be a question that will be difficult to answer because we have different products within the portfolio and there are some products for which we are setting capacities where we have used almost 90%, 100% of the capacity utilization. So post new commissioning obviously the capacity utilization will come down, but that is to prepare ourselves for the future demand growth.

Vijay Karpe: Okay, so according to your RHP, your specialty care capacity was somewhere close to 112000 something. So what kind of number is it at the end of 2021?

Unnathan Shekhar: It is almost similar.

Vijay Karpe: Okay and where will it go to in April?

Unnathan Shekhar: This is all something that we do not like to disclose because there are products where the capacity per se does not matter. It is the product that we have set up the capacity for. So these are pretty confidential in terms of what are the volume, capacity increases that we are doing, so we would not like to mention that.

Vijay Karpe: Okay, no problem, we talked about our capex and we will be doing somewhere close to Rs.150 Crores to Rs.200 Crores for the next two years. I just wanted to understand what kind of capex we will be doing post this suppose FY2024, FY2025, will we continue this similar rate?

Unnathan Shekhar: Yes, if you see our track record, we typically do Rs.150 Crores to Rs.200 Crores every year in terms of capex. So that trend will continue.

Vijay Karpe: Got it and the fatty alcohol prices were at $2600 in Q3, where are we now?

Unnathan Shekhar: It is at almost $3000.

Vijay Karpe: Okay and lastly, what was our capacity utilization in the current order Q3 and also if possible for FY2021?

Rahul Agarwal: I think for 9MFY22, it was about 67% and for the previous year, it was about 65%.

Unnathan Shekhar: And for the full year also we will be around the same 67-68%.

Vijay Karpe: Thank you so much.

Moderator: Thank you. The next question is from the line of Rohit Sinha from Sunidhi Securities. Kindly proceed.

Rohit Sinha: Thank you for the followup. This is regarding our R&D segment, how much we are spending in R&D and what is the team strength there?

Unnathan Shekhar: The team strength of R&D is approximately 70 people, made up of Ph.Ds and Masters. The R&D expenditure comes approximately Rs.40-50 Crores every year.

Rohit Sinha: Okay, so just wanted to understand, when we are looking into new products and launching or targeting new products, so how is our approach in terms of finalizing the product. Is it from the customer side or is it what we are trying to create a new product or it is the overall the market demand which is moving more towards oleochemical or something like that?

Unnathan Shekhar: So it is on many fronts. One is of course what we call the consumer to chemistry, we see what are the consumer trends and in a way to respond to these consumer trends. Examples of these are what we did with respect to a number of mild surfactants as well as non-toxic preservatives. Secondly, we take certain specific innovation or development customized to certain specific customers. Third is, we have certain joint development programs with our customers. Fourth is, in terms of what we talked about the movement towards sustainability and green offers opportunities in terms of new products based on renewable and green feedstocks. So our innovation program gets driven from all these fronts and so to sum up again consumer to chemistry, joint development programs, customized work for specific customers and the drive towards sustainability and green.

Rohit Sinha: Okay, fair enough and one thing obviously it is not easy to compare, but still if we compare ourselves with the global player in terms of again targeting new products or targeting the addressable market, where and which company we should be most likely compared to?

Company Speaker: As we said, we are a global supplier to the global brand in the personal care segment, so we have projects on various fronts running with various customers in the home care and personal care segment. In some cases, some of them are very, very focused on home care in some cases they are very much focused on personal care. So we have a combination of approaches. It is not that we pick and choose which customer ultimately it has to be, our whole focus is on the Home & personal care segment which is important.

Rohit Sinha: Okay and I am just looking at any competitor we have to compare with?

Unnathan Shekhar: Possibly our entire focus is on the personal home care industry. We are possibly the only player, whereas all our competitors are in multiple industries, we are possibly the only company that is wholly focused on the personal home care industry.

Rohit Sinha: Okay, that is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Anubhav from MC Research. Kindly proceed.

Anubhav: Thanks for the opportunity. A couple of questions. One is given the new price range for all the feedstocks, I would want to understand what the raw material mix in terms of cost is. How much is due to fatty alcohol and how much may be due to crude derivatives?

Company Speaker: Typically, oleochemical derivatives contribute about 70% of our buying portfolio and the balance is contributed by the Petchem portfolio which is linked to crude petroleum.

Anubhav: Okay, the ratio remains the same?

Company Speaker: More or less.

Anubhav: Basically regarding fatty alcohol supply from the source countries Malaysia and Indonesia, I wanted to understand what is the situation there in terms of supply and when do you think the gap between supply and demand can be bridged?

Unnathan Shekhar: Actually, if you look at it, we have strategic vendors for this, and the issue never has been in terms of their ability to produce and send it out of the factory. The issue has been the logistics in terms of the container availability which as we said we are seeing improvement happening in the APAC region from the month of December. So things are getting much better. The issue never was in terms of the ability to produce, they have always been producing, but it was typically lying at their port for two weeks and three weeks and four weeks for space availability on ships, that was the issue that is getting much better.

Anubhav: Okay and if I put it this way, compared to pre-pandemic times, how is the manufacturing of that fatty alcohol from Malaysia, Indonesia. Has it reached to similar level?

Unnathan Shekhar: They have.

Anubhav: And lastly Sir, just wanted to understand your CAPEX focus for the coming two to three years? You mentioned you will continue with the same run rate of Rs.150 Crores to Rs.200 Crores, which are the areas you would be looking at?

Company Speaker: So as Shekhar said Rs.150 Crores to Rs.200 Crores are in terms of my existing products capacity enhancement in terms of the way the market demand is panning out. Second is in terms of the products coming out of the innovation funnel, so essentially on the things that Shekhar spoke of in terms of products coming out of joint development, arrangements with the customers, we triggered our approach 'consumer to chemistry' where we come up with the product solutions and molecules. The third is on sustainability agendas and both process-related as well as product-related. So this will typically be the sort of five vertical investments that will happen.

Anubhav: Thanks.

Moderator: Thank you. The next question is from the line of Nitesh Dhoot from Prabhudas Lilladher. Kindly proceed.

Nitesh Dhoot: Good afternoon, everyone. I joined a bit late I am not sure this was already asked, but if you could just let me know the recent restrictions imposed by Indonesia on the export of palm oil and palm oil derivatives, how is it going to impact us?

Company Speaker: First of all, this is the way we have to understand, we have spoken to all of our strategic partners in Indonesia, what we understand is that this particular thing which was earlier only for palm oil per se getting extended to palm oil derivatives as well is something that is not tenable at all because the local consumption in Indonesia is significantly lower than what they are expecting in terms of 20% being sold locally before they start exporting. So this is something that they are representing the trade ministry and I think they are at a very advanced stage, we do hope that better sense privileges and things should get resolved early next week that is what is the update that we have from our strategic partners in Indonesia.

Nitesh Dhoot: Okay. Thank you so much Sir.

Moderator: Thank you. The next question is from the line of Nakshita Mehta from Kredent Info. Kindly proceed.

Nakshita Mehta: Good afternoon and thanks for taking my question again. I had a few follow-up questions. One is the volume growth as compared to pre-COVID level and are we expecting it to stay the same as in because in COVID season, the home care and personal care has grown, so are we expecting that to remain at that level or was it just the COVID rush?

Company Speaker: Yes, so one is the base has gone up significantly in terms of the products per se. That is because the hygiene habits of people post COVID have changed irreversibly. That is very clear. Now the growth will happen on that higher base, that is the way things are, that is the fact world over and that is what we are also experiencing.

Nakshita Mehta: Okay and the next question was on the environmental clearances, have you received them for Jhagadia?

Unnathan Shekhar: Yes, we have.

Nakshita Mehta: Thank you.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for closing comments.

Unnathan Shekhar: Ladies and gentlemen, thank you very much. Once again wishing all of you a healthy year ahead. See you again in the month of May. Thank you.

Company Speaker: Thank you and wishing you all a good day.

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