"Chemcon Speciality Chemicals Limited Q3 FY2022 Results Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2022 Results Conference Call of Chemcon Speciality Chemicals Limited hosted by Emkay Global Financial Services. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for 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. Rohit Nagraj from Emkay Global Financial Services. Thank you and over to you Sir!

Rohit Nagraj: Thank you. Good afternoon everyone and I hope everyone is keeping well. I would like to welcome the management of Chemcon Speciality Chemicals and thank them for this opportunity. Now we have with us the senior management team represented by Mr. Kamal Aggarwal, Chairman & Managing Director and Mr. Rajesh Gandhi, Whole-Time Director and Chief Financial Officer. I shall now hand over the call to the management for their opening remarks. Now over to you Sir!

Kamal Aggarwal: Thank you. Good noon to everybody. On behalf of Chemcon Speciality Chemicals Limited, I extend a very warm welcome to everyone for joining the call today. I hope you and your loved ones are safe and doing well. On this call we are joined by the Whole-Time Director & CFO, Mr Rajesh Gandhi and the SGA our investor relations advisors. I hope everyone has got an opportunity to go through the financial results and the investor presentation, which has been uploaded on the stock exchange as well as the company's website. We will give you a quick snapshot of the recent developments and then Mr. Rajesh will walk through the financial performances.

Our company has reported a decent performance in Q3 FY2022 despite our facilities being non-operational during the initial period of the quarter. It was nonoperational for a period of more than about 25 days. All our key products like HMDS, CMIC, and bromides have delivered a noteworthy performance. In total, our production volume stood at 1333 tonnes for the Q3 FY2022 with an operating income of Rs.49.5 Crores.

On product performance, first I would like to update you on HMDS that has contributed Rs.36 Crores of revenue during the quarter. The overall pricing of HMDS has been volatile during the quarter and it varied in the range from Rs.1500 per kg to 700 per kg. This has also impacted overall turnover figures. We have successfully commenced the commercial productions of plant number P8 facility among the two plants that were part of the IPO proceeds to be put up at Manjusar in Vadodara. The company has added an additional capacity to produce 2400 metric tonnes per year of Trimethylchlorosilane. that is TMCS a basic raw material for net production of HMDS. This is a significant achievement for the company as we have completed our backward integration process to produce essential raw material that is TMCS, which is largely used in the production of HMDS. We are confident to report a healthy business in the coming quarters.

Now I would like to highlight you on CMIC that has contributed around Rs.5 Crores of revenue during the quarter. The chemical has reported muted business primarily due to the lower demand as the clients were unable to source other key raw materials as well as had a limited business cycle for the product Tenofovir. The global supply chain has disrupted the overall business momentum across many Pharma MNCs. The overall demand of CMIC chemical is very strong and we have healthy enquiries for the next two to three quarters. Due to strong demand in the local market, we will be adding our additional capacity of 1200 metric tonnes per year at P8 facility by the end of current month, making us the world's largest CMIC producer with a total capacity of 3000 metric tonnes per annum. The import of CMIC in the domestic market accounts about 40% of India's consumption indicating that the product has a very bright future.

On oilwell chemicals for the quarter, we have registered revenue of Rs.8 Crores in the bromide business. Our oilwell completion segment has performed marginally better as overall offshore oil and gas wells are fostering gradual growth in the drilling and completion fluids market. With crude price inching up, we expect demand of this chemical to restore steadily. Apart from these three products, we also have HMDS with a very high purity which is utilized for the electronic and the health market. We have 4 CBC, 2,5 DHT in our product basket. Both the products 4 CBC and 2,5 DHT are still in the preliminary stage and we expect them to perform well in the coming time. High purity HMDS primarily serves the semiconductor, the rubber manufacturing silicon and pharmaceutical applications, among other things. There is no commercial pickup in this chemical as overall approval time is taking longer than our expectations. We firmly believe that these chemicals will create value for our customers and in turn will drive the revenue and margins for the company to upwards. Currently the expansion of plant nine is in progress and is expected to commercialize in Q1 2023. We are happy to announce that we have started mechanical construction of the plant number 10 at the same location for other pharma intermediate products. We are now persistently focusing on restoring business growth in our product portfolio and expanding our global footprint to create the sustainable business in long term. I would hand over to Mr. Rajesh for the financial highlights. I request Rajesh to please go ahead further.

Rajesh Gandhi: Thank you Mr. Aggarwal. Good afternoon everyone. Q3 and nine months 2022 has been decent quarter for us as our key product witnessed robust demand. Q3 FY2022 performance is as follows: Total revenue stood at Rs.49.5 Crores and domestic market contributed around 77% whereas international market contributed around 23%. Total production volume for the Q3 stood at 1333 metric tonnes. Segment wise revenue is as follows: HMDS revenue stood at Rs.36 Crores, CMIC revenue stood at Rs.5 Crores, oil well completion revenue stood at Rs.8 Crores, EBITDA stood at Rs.17.3 Crores in Q3 FY2022, and net profit for Q3 FY2022 stood at Rs.13.5 Crores. For nine months performance as follows: Total revenue stood at Rs.168 Crores, domestic market contributed around 67% whereas international market contributed around 33%, and production volume for nine months FY2022 was at 4182 metric tonnes. Segment wise revenue for nine months as below: HMDS revenue stood at Rs.85 Crores, CMIC revenue stood at Rs.42 Crores, oilwell completion revenue stood at Rs.36 Crores, and EBITDA stood at Rs.54 Crores nine months FY2022. Net profit for nine months FY2022 stood at Rs.41.5 Crores. With this I conclude this presentation and open the floor for further discussion. Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Kumar Saumya from Ambit Capital. Please go ahead.

Kumar Saumya: Good afternoon, just wanted to understand two things so firstly on the TMCS side so with this 2400 MTPA capacity what will be the share of your captive consumption, what will be the proportion which will be secured captively and what proportion will be sourced from outside?

Kamal Aggarwal: Saumya Good Afternoon, We have been utilizing 100% of the TMCS that will be produced in plant for our captive consumption only. We are one of the largest importers of TMCS and this will help us in utilizing these capacities for the domestic production of HMDS and with the expanded volumes of HMDS, we will be not requiring any additional quantities for the imports, so expanded volumes of HMDS will consume the domestic produced TMCS.

Kumar Saumya: The total requirements of TMCS will be made through this unit?

Kamal Aggarwal: Yes for the expanded volumes and not for the total demand. This will not help us in growing the topline, but will help us in growing the bottomlinse.

Kumar Saumya: Margins would be better?

Kamal Aggarwal: Yes margins would be better.

Kumar Saumya: Secondly on the bromide segment since the last quarter we had seen a significant growth in realization, which has come back to 115 this quarter so if you could throw some light why is this volatility quarter-on-quarter?

Kamal Aggarwal: The volatility depends upon the demand supply gap as well as with the market pricing of the raw material. Now with our own manufacture of TMCS, we will be able to partially stabilize the pricing of raw material and then we will be able to market them in a different way. However, as on date, we are banking upon the raw material imports and the price varies like anything..

Kumar Saumya: Sir bromides also, bromides have also seen realization fall from 400 to 115 in this quarter?

Kamal Aggarwal: The bromide has not given a fall in the pricing it is given in their volume as well as the value ; the price is growing for the bromide . The price it used to be Rs.138 to Rs.145 per kg, in current situation it is about Rs.175 per kg so there is an increase of more than 20% ; however, the volumes have dropped. It will be growing in the future as the crude oil prices are moving up.

Kumar Saumya: If you see sequentially Sir last quarter we did about 584 tonne kind of bromide, this quarter we have done around 700 tonne so looking at the revenue last quarter we did Rs.23 Crores this quarter we have done Rs.8 Crores in bromide, the realization seemed to have dropped sequentially quarter-on-quarter?

Kamal Aggarwal: It is international demand supply gap, in which we are facing the limitations , but current quarter yes, it is running very good.

Kumar Saumya: How is the pricing for HMDS in the current quarter?

Kamal Aggarwal: HMDS current price is $10. $10 is the import price as on date i.e say about Rs.750 and plus added the taxes. The domestic sales what we are carrying out as on today is about Rs.850.

Kumar Saumya: Thank you Sir.

Moderator: Thank you. The next question is from the line of Mulesh Savla from Shah & Savla LLP. Please go ahead.

Mulesh Savla: Thanks for taking my question. Sir can you update us on the pollution control litigation that is pending before Gujarat Board and also we have made some payment of about Rs.60 lakhs so what could be the ultimate penalty that we are liable to pay and how soon we should be able to complete this litigation and come out clean?

Kamal Aggarwal: Thank you Mulesh. I was just noting down and splitting your question into three parts. Firstly the update is that the plant was given a permission to run for a period of three months, the normal practice is the plant is always given a period of three months repeated three months three times and that makes it to up to a year and thereafter it is given a full time full permission or total revocation has been done after observing for more than 12 months. In our case whatever details they had asked us to carry out within our plant we could successfully complete up that within the first three months itself and we instead of repeating the revocation of three months we have requested them for a full permanent revocation of the injunction. The ball is in their court. They have already made the visit to the plant and we are awaiting the outcome of that. We are expecting within a week to 10 days we should get the permanent revocation of the order and avoiding the quarterly revocations at the plant. In respect to your second part that is Rs 50 lakh paid as compensation.

Mulesh Savla: We paid some Rs.10 lakhs also prior to paying Rs.50 lakhs right?

Kamal Aggarwal: Rs.10 lakhs is a bank guarantee given to them it is not paid to them. In the eventuality that we are not performing as per the requirements of the GPCBP they have the right to encash that bank guarantee. Rs.10 lakh is bank guarantee and Rs.50 lakh has been paid as interim amount for them.

Mulesh Savla: Are we expecting any further penalty to be paid or not and another thing I think some case was scheduled a few days back and which could not be taken up so when is the next hearing fixed up?

Kamal Aggarwal: Rs.50 lakh that has been paid is lying with them and we do not expect any more addition to be done in that. Post revocation, we would be taking up the matter with them to refund us this amount because according to the company we have not carried out any wrong or illegal thing within our premises or outside the premises. In respect to how soon we will be able to do that I have updated you it should be taking about a week to 10 days

Mulesh Savla: No I just wanted to know, I think some case hearing was fixed up last month or something and which could not be taken up due to COVID so I think some fresh date must have been given to us for the hearing of the same case?

Kamal Aggarwal: It is a matter to be taken in the High Court. We will be taking the matter as the High Court are working only virtually on emergency cases. Within the next week we will be filing that to the High Court.

Mulesh Savla: First class and my second question is on Sir capacity utilization seems to be a little poor in HMDS and oil well whereas I feel CMIC probably we are using good so just can you update us on the capacity utilization and going forward how they are going to remain in the coming year and about that high purity HMDS which we have started manufacturing what is the traction and did we get any breakthrough with a semiconductor producer or some rubber companies or something like that so can you just update us on those facts? Thank you.

Kamal Aggarwal: You can consider more than 25 days the plant could not be operated because of the restrictions by GPCB so it is less than 65 days production and we have carried out to the best possible. In respect to the high purity HMDS, the rubber industries have already started. We have started supplying commercials to them and semiconductor is still to enter.

Mulesh Savla: Sir thank you so much and that is all from my side. All the very best.

Moderator: Thank you very much. The next question is from the line of Satish Kumar a shareholder. Please go ahead.

Satish Kumar: Good afternoon Sir. Thanks for the opportunity. My first question is how is the demand for HMDS now and how much quantity we are expected to do it in the Q4?

Kamal Aggarwal: We do not have inventory of less than half day production in our premises. Whatever we are producing it is sold and dispatched on the same day. That is the scenario as far as HMDS is concerned. Quantity demand is good, it is the volumes that we will be able to produce in Q4 and we will be able to supply that.

Satish Kumar: We are in a position to produce I think around 1500 do you think we will be able to run at full capacity?

Kamal Aggarwal: No, the plant would not be able to run at full capacity, but around 65% to 70%, which is a general trend in the business we will be able to achieve that.

Satish Kumar: The second is CMIC also you said there are very good orders for next two to three quarters so there also are we in a position to utilize the full capacity during this quarter?

Kamal Aggarwal: We have the dispatch schedules and the order book for the current quarter and it is for the full production of the current quarter.

Satish Kumar: So with both HMDS and CMIC are expected to run at whatever the practical possible full capacity utilization so we should expect some good revenue during Q4?

Kamal Aggarwal: We will be doing that because the CMIC optimum capacities we are running and with the addition ofP8 in March, we will be able to add on further volume. We hope we will be able to do better compared to the year-on-year what we have been doing.

Satish Kumar: Sir my next question is on this high purity HMDS for the semiconductor industry it was taking more time, but we were to supply in both silicon as well as in the pharma industry could we get any breakthrough in that?

Kamal Aggarwal: It is through the pharma industry particularly the high purity rubber that is used for the body part implants and we have the bid too in that, we are already supplying now the commercials.

Satish Kumar: But is this margins are same as the high quality HMDS?

Kamal Aggarwal: It is absolutely same whether it is used for the electronic or for the rubber the margins or the sale price realizations are identical given the quality is identical so the product has started moving commercially.

Satish Kumar: It is nice to know that. Sir my last question is on the TMCS which we have put up the capacity for 2000 metric tonnes is there any plan to increase this capacity?

Kamal Aggarwal: Raw material limitations are there. It is used for Hexamethyldisiloxane (HMDSO) as a raw material and there are very high limitations of that. We are evaluating the international market for this raw material. Suppose our 2,5 DHT , 4 CBC able to get through the international market for raw material we will be able to utilize that for expanded volumes.

At that stage we will take the call whether to go ahead for the expansion or not. As on date we do not have any plans as such.

Satish Kumar: Thank you very much Sir and wish you all the beset.

Moderator: Thank you. The next question is from the line of Ayush Agarwal from Mittal Analytics. Please go ahead.

Ayush Agarwal: Good afternoon Sir and thank you for the opportunity. Sir my first question is the 2400 TMCS manufacturing how much of it require for our current HMDS manufacturing?

Kamal Aggarwal: See about 1.5 kg of TMCS is required to manufacture 1kg of HMDS so it will be able to cope up for something like 1800 tonnes.

Ayush Agarwal: So almost one third?

Kamal Aggarwal: Yes definitely, Out of the total capacity .

Ayush Agarwal: Sir what is then the raw material to manufacture TMCS?

Kamal Aggarwal: It is Hexamethyldisiloxane (HMDSO).

Ayush Agarwal: HMDSO so are we manufacturing HMDSO in house?

Kamal Aggarwal: No.

Ayush Agarwal: So we are procuring HMDSO and charging it with HCL then?

Kamal Aggarwal: We procure HMDSO we convert it to TMCS and then TMCS is further converted to HMDS.

Ayush Agarwal: Right and what is the HMDSO situation like are we able to procure this material and what are the prices like?

Kamal Aggarwal: It is procured from the domestic market as a byproduct coming out during the manufacture of CMIC and the prices of this also varies with the price of a final product HMDS. It moves in proportion to that.

Ayush Agarwal: Alright and how are the raw material prices of CMIC behaving, are we are we seeing any pressures on what is the supply chain like?

Kamal Aggarwal: CMIC raw materials are stable . There is no increase or decrease..

Ayush Agarwal: Also in P8 we were supposed to manufacture one other chemical what is the status on that?

Kamal Aggarwal: Plant number eight is for CMIC 1200 tonnes and 2400 tonnes of TMCS. TMCS it has already started producing, CMIC by the end of the current month it will be starting the production. Plant number nine is under implementation and by Q1 FY2023 we will be able to produce that product.

Ayush Agarwal: Alright so Guanine is the new product that we will manufacture in P9 and there is no other new product?

Kamal Aggarwal: No.

Ayush Agarwal: That is it from my side Sir. Thank you. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Amit Kothari from ACE Securities. Please go ahead.

Amit Kothari: Good afternoon Sir. Thank you for taking my questions. Sir I have couple of questions firstly can you highlight some more details about our three new products with respect to 2,5 DHT , 4 CBC etc?

Kamal Aggarwal: Right as I already updated high purity HMDS has been commercially started. 2,5 DHT we are still to get the approval, 4 CBC it is not upticking in the market much it is on a very small scale compared to what we had expected.

Amit Kothari: So we are approaching new clients for all these three products?

Kamal Aggarwal: Yes we are approaching and we are also finding an alternate solution to this because it is getting a bit delayed so we are working on alternate solutions, we are looking for the international market as well.

Amit Kothari: Sir my next question would be how is our bromine business doing at this moment and at the current level of crude price how much it can contribute to us in the next year?

Kamal Aggarwal: Bromine related business in the current quarter is running good and we expect around Rs.70 Crores to Rs.80 Crores of topline flowing from year 2023 from bromide businesses and we expect a very good margin out of that looking to the contracts that we have done for the raw material.

Amit Kothari: Sir how is our inquiry side on this business?

Kamal Aggarwal: We have got very handsome inquiries available to us for bromides also in the coming year. That is the inquiries are ongoing for supplies in 2023.

Amit Kothari: Sir can you share some highlights on our client profile in this business?

Kamal Aggarwal: In this business, the client profile includes Halliburton. It includes the Baker Hughes, Schlumberger, this sort of people are our major customers. We have NIS in Serbia and we have some good customers with a lengthy relationship in Azerbaijan also.

Amit Kothari: Thank you.

Moderator: Thank you. The next question is from the line of Rupesh Tatiya from IntelSense Capital. Please go ahead.

Rupesh Tatiya: Thank you for the opportunity. My first question is 4 CBC we have capacity of 1200 metric tonne and 2,5 DHT we have capacity of 600 metric tonnes, at peak utilization what would be revenue potential of these two products?

Kamal Aggarwal: We expect about Rs.100 Crores of revenue from each of the two products, they have 100% peak capacities.

Rupesh Tatiya: Can you split it between 4 CBC and 2,5 DHT?

Kamal Aggarwal: Nearly equal.

Rupesh Tatiya: Currently we were in the process of ramping up but what is the market size for 4 CBC and 2,5 DHT in India?

Kamal Aggarwal: I do not have much details on these two and that can be shared later.

Rupesh Tatiya: My second question is this 2400 metric tonnes of TMCS what is the capex spend and what is the payback period do you expect?

Kamal Aggarwal: Capex was as part of the IPO proceeds we had shown an investment of about Rs.41 Crores in the plant number eight and nine collectively, which has been already done, We do not have the separated figures to provide you on this.

Rupesh Tatiya: But what would be payback for these? three years and four years?

Kamal Aggarwal: The payback should be less than one-and-a-half year.

Rupesh Tatiya: Okay it should result in significant margin improvement?

Kamal Aggarwal: Yes.

Rupesh Tatiya: Another question is CMIC is going into ARV API, ARV API as I understand is a very competitive field so what prevents from your clients to doing backward integration, can you explain what stops them from doing backward integration?

Kamal Aggarwal: Doing backward integration by the clients is in respect to the volumes . CMIC we will be inching to about 3000 tonnes per year. Individually the largest customer would be somewhere about 80 tonnes per month means about 900 tonnes per year maximum so the working of a plant of this size is damn difficult and for them it is not that big volume and value addition because the consumption norm if you see it is not major for their product, this is costing around Rs.400. For the backward integration I think they would not prefer..

Rupesh Tatiya: Then my last question do we have any big Rs.200 Crores kind of product in the pipeline?

Kamal Aggarwal: Yes we do have a couple of big products in the pipeline, which would be coming up in plant number nine i.e Guanine as well as we have the other products to come up in plant number 10 for which the mechanical working has already been initiated by us.

Rupesh Tatiya: Thank you Sir.

Moderator: Thank you very much. The next question is from the line of Dharmavenktesan K B, an Individual Investor. Please go ahead.

Dharmavenktesan K B: Sir my first question is regarding the IPO utilization, we have around Rs.55 Crores still unutilized so do we have to take up any more debt for the completion of the P9 and P10 plants or this Rs.50 Crores to Rs.55 Crores will cover it?

Kamal Aggarwal: Yes the Rs.55 Crores includes the Rs.5 Crores as GCE, which is a general corporate expenses, which can be utilized . The Rs.50 Crores that is we had taken in the IPO considering the utilization in the year 2023 as working capital for the products which will be generated in the plant number eight and nine. Now plant number eight has just started. We propose to utilize this money when we come up with the production of plant number nine.

Dharmavenktesan K B: What is our capital commitment for P10 ?

Kamal Aggarwal: Capital expenditure will be about Rs.15 Crores and that would be done from the internal accruals.

Dharmavenktesan K B: My next question is regarding the bromide business, if I look through the company's performance in terms of capacity utilization through last three to four years it has been always very low so did the management miscalculate that demand scenario or what exactly is the reason that we have so much unutilized capacity here?

Kamal Aggarwal: In respect to the capacity utilization there is no misunderstanding or there are no miscalculations. The minimum capacity installed, was done however with the improvement in the technology we could deliver much more compared to what we had planned. We expected say for example 100kg and we were able to achieve 300kg from the plant. That was because of the reengineering partially we had done so that is how the 5000 tonnes capacity went up to 14,400 tonnes. That is one so there was no calculation mistake ; it was improvement on the engineering which resulted into this.

Dharmavenktesan K B: So as and when the bromide capacity utilization increased the margin realizations of the business also should trend upwards from here right?

Kamal Aggarwal: Definitely.

Dharmavenktesan K B: What is the outlook on this part of the business you are having maybe next three to four years?

Kamal Aggarwal: In the year 2023 we can expect around Rs.70 Crores of business in this.

Dharmavenktesan K B: With regard to high purity HMDS so as I understand we have started commercial supply to the rubber industry and what is the update on the semiconductor in the industry are we in trial phase or what exactly is going on in that side?

Kamal Aggarwal: Semiconductor industry we are not able to penetrate maybe because of the COVID situation across the globe because we do not have any domestic users all we have is in the Western world ; however, it does not make any difference whether it goes to the semiconductor or to the rubber. The realization, the profitability, the working, and everything remain same for us.

Dharmavenktesan K B: If it is possible to disclose the margin realization between high purity HMDS and HMDS what will be the percentage difference can you disclose or is it confidential or something?

Kamal Aggarwal: High purity margins you can consider about two and a half times to that of the regular HMDS. Suppose regular HMDS is yielding me about Rs.200 that will yield me about Rs.220.

Dharmavenktesan K B: Thank you very much for the opportunity.

Moderator: Thank you. The next question is from Shanti Patel from Shanti Patel Investment Advisors. Please go ahead.

Shanti Patel: Good afternoon Sir. My question is at the end of this year what will be our return on equity and return on capital employed by our company?

Kamal Aggarwal: I am sorry I would not be able to project that and give it to you.

Shanti Patel: Thank you.

Moderator: Thank you. The next question is from the line of Satish Kumar, a shareholder. Please go ahead.

Satish Kumar: Thanks for the opportunity again Sir. Sir this is regarding this high purity HMDS, which you said we have supplied to some rubber industry is it possible to quantify how much we have supplied during the last quarter Sir?

Kamal Aggarwal: During the last quarter we have not supplied anything, but prior to that we had supplied it.

Satish Kumar: Are we supplying during this current quarter Sir?

Kamal Aggarwal: Yes we are supplying during the current quarter.

Satish Kumar: Sir my second question is like CBC there was delay in getting the approvals from the customer we had converted that capacity to manufacture CMIC is there any provision for this 2,5 DHT also to convert into any of the existing product?

Kamal Aggarwal: We are working on that and until now it has not been cleared..

Satish Kumar: Lastly this bromine since for whatever reasons it is getting underutilized, is there any possibility to utilize the ideal capacity for any of the product?

Kamal Aggarwal: We have added certain products which are bromine based to be manufactured in the P8 and we are awaiting the pollution control permission in respect to that. The moment we get that the bromine plant for other than calcium bromide and zinc bromide we will be starting that and there would be a new product value addition . We are just waiting for the clearance from the pollution control board and that is getting again stuck up because of this litigation going on with them.

Satish Kumar: So can we expect that from Q1 of next financial year?

Kamal Aggarwal: Yes 100% we should be able to do that.

Satish Kumar: Thank you very much Sir.

Moderator: Thank you. The next question is a followup from the line of Dharmavenktesan K B an Individual Investor. Please go ahead.

Dharmavenktesan K B: Thank you Sir for the followup. Sir during this quarter we had the plant shutdown for the initial days of the quarter so is it possible to put any sort of revenue number which we lost because of this?

Kamal Aggarwal: The nine months performance of the PAT has been growing, instead of Rs.40.9 Crores the PAT has grown to Rs.41.5 Crores in nine months irrespective of the topline. Now we had faced about 45 days production loss and still we have been able to maintain the PAT of the industry. Instead of topline please look at the bottomline of the industry. We have always been working on the bottomline and we have never worked on the revenue rather we have worked on the PAT.

Dharmavenktesan K B: Yes from the previous concalls also I realized the company is more concerned towards the shareholder value and bottomline I understand that Sir what I am trying to understand here is that even though during this difficult time the company was able to put up such a stellar number so if not for the shutdown what kind of performance are we expecting in the next quarters or the next nine month period is what I am trying to understand here?

Kamal Aggarwal: You can expect about 25% growth on this.

Dharmavenktesan K B: Second thing is like in the previous concalls you have mentioned that there has been some pressure in getting the trade receivables because of the COVID situations I know you cannot disclose the numbers currently, but I just want to understand whether the pressure has eased and we are going back to the normal levels pre-COVID levels?

Kamal Aggarwal: It is not going to the pre-COVID level, but well there is a release of pressure. One more thing I would like to bring it to your knowledge Chemcon is operating with zero bad debt. We do not have bad debts. If you see the history of Chemcon you would not find the bad debt that is the safety we are taking in respect to the business receivables.

Dharmavenktesan K B: I should have conveyed in first but the thing is I congratulate the company on doing an excellent set of numbers in spite of the COVID pressure as well as the shutdown and thank you for the opportunity.

Moderator: Thank you very much. The next question is from the line of Rohit Nagraj from Emkay Global. Please go ahead.

Rohit Nagraj: Thanks Sir. Sir the first question is on the strategy perspective, currently we are a product centric company predominantly from an import substitute perspective so over the next three to five years what is the vision that we are working on in terms of our incremental products lined up or the segments that we are serving or whether we will continue to look at the opportunities, which are on the import substitute or there are certain other opportunities which are also we are currently working on?

Kamal Aggarwal: Here the bromide based product are export opportunity based product. Other than that all the products that we are working upon is we are concentrating on the domestic market as well as an import substitutions, that is the end principle working process of Chemcon.

Rohit Nagraj: Right and Sir at any point in time how many products are we working in the R&D or what is the pipeline that we are working from the commercialization perspective?

Kamal Aggarwal: We are working for more than half a dozen products.

Rohit Nagraj: Got it Sir. Sir my second question is now we are expecting the new TMCS facility will be coming in Q1 and Q4 given that in the initial part you explained the revocation process, if the revocation process continues on a three monthly basis now will it have any impact from the approvals for your facilities and your products which will come up into the new TMCS plants?

Kamal Aggarwal: There cannot be any reason for the revocation process to continue on three month renewal basis. the GPCB has asked us to implement this within a period of one year. we have done it within a period of one month, We do not find any reason for that revocation getting renewed to three month quarterly basis. After consulting respective people who are into the field we have applied this for the permanent revocation.

Rohit Nagraj: Alright Sir. Got it. I think that is really commendable thing to adhere to the GPCB requirements and give them feedback within a very short period of time. Hopefully we will get the revocation order within the next few weeks. Thanks a lot Sir and best of luck.

Moderator: Thank you very much. As there are no further questions I now hand the conference over to the management for closing comments. Over to you!

Kamal Aggarwal: Thank you. We are Pleased to inform you that we have emerged as a leader in producing HMDS and CMIC in the world. High quality standards and impurity checks are the critical area for evaluating our edge on overall production process. The complex chemistry is challenging to the market and difficult to handle on a large scale. This is a tremendous growth opportunity for a qualified manufacturer like us as we have all the key requirements of the pharma amenities. With this I conclude the call. Thank you everyone for joining us today on this earnings call and wish you all a good day ahead. Thank you.

Moderator: Thank you very much members of the management. Ladies and gentlemen on behalf of Emkay Global Financial Services that concludes today’s conference call. Thank you all for joining us and you may now disconnect your lines.