"Galaxy Surfactants Limited Q3 and 9 Months Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Galaxy Surfactants Limited Q3 FY2018 and 9 Months FY2018 Earnings Conference Call, hosted by ICICI Securities Limited. 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sanjesh Jain from ICICI Securities Limited. Thank you and over to you Mr. Jain!

Sanjesh Jain: Good afternoon and on behalf of ICICI Securities, I welcome you all for Galaxy Surfactants Limited's Q3 and 9 Months FY2018 Results Conference Call. I also take this opportunity to welcome the management team from Galaxy Surfactants Limited. Today we have with us Mr. U. Shekhar, Managing Director and Co-Founder, Mr. Ramakrishnan, Co-founder & Director, K. Natarajan, Chief Operating Officer and Mr. Ganesh Kamath, Chief Financial Officer. We will start the call with brief opening remarks from Mr. Shekhar followed by an interactive Q&A session. I would like to hand over this call to you Sir for your opening remarks.

U. Shekhar: Thank you Sanjesh. A very good afternoon and welcome to all of you. Firstly I wish to thank all of you for your warm and stellar reception to Galaxy's IPO. We are thankful to you. Now I do presume that you have had an opportunity to go through Galaxy's presentation, which was sent yesterday.

Now I would like to brief you on how Galaxy has built itself over the last 37 years to a globally reputed and recognised brand in the personal and home care industry. Galaxy was promoted in 1980 by five friends and since then has built itself into a globally reputed supplier of personal and home care ingredients to various manufacturers across the globe including the major FMCG brands, local and regional brands and small customers in the focused geographies.

Galaxy has been having a very, very long and enduring relationship with each of these customers. We have grown with the customer's growth, we have grown with our country's growth and we have been having a very significant position in the Indian market as well as the AMET markets, when I say AMET it is Africa, Middle East and Turkey. This has been enabled by a very robust product portfolio addressing the diverse customer needs catering to the oral care, hair care, fabric care, skin care categories and so on.

Galaxy has very chosen and wide product platforms which enables it to create value for its customers and create solutions for its customers and this has been an important aspect of the long enduring relationships it shares with them. Proven R&D capabilities have been a part of Galaxy right from the beginning. Galaxy has been at the forefront when it comes to innovating products and solutions for matching our customer's needs. For example, whether it is Preservatives or Sunscreens or Mild Surfactants or Proteins etc.

Now Galaxy classifies its products into two broad ranges, Performance Surfactants and specialty care products. Performance Surfactants are those substantive raw materials in customer's end products like shampoos, liquid detergents and so on and an example of these products are fatty alcohol sulphates and ether sulfates which address the cleansing and foaming needs.

We also make speciality care products that have unique functionality to the customer's end products. For example, viscosity building or protecting against the suns rays or UV absorption, preservation, conditioning and so on. Galaxy has over 200-product range distributed between the performance surfactants and specialty care products addressing the diverse customer needs. Galaxy has manufacturing facilities located in India, the Africa, Middle East, Turkey that is at Egypt and in USA. I would also like to convey to you our professional experienced management team. Almost 15 years back Galaxy inducted leading and reputed members who have made their mark in the industry into our independent board, today the board is managed by four independent directors, three executive directors and four non-executive including two promoter directors, totaling 11.

Now let me come specifically to Q3 and the year-to-date December performance for FY2018. Since we have migrated to Ind-AS in the current fiscal the comparable financials for the previous years have not been provided in the presentation, it will only be possible for us to discuss the same in May when we have the full year that is FY2018 performance review, but nevertheless we shall brief you with the overall business performance as well as provide you with the requisite insights, which will enable you to not only understand but also monitor our business performance on quarter-on-quarter basis as well as year-on-year basis.

As you know, we consider volume growth, EBITDA growth sustainable to growing EBITDA margins, PAT growth, return on capital employed, cash from operations and a stable working capital cycle as some of the key parameters, which hold the key towards our business delivering superior and scalable growth. We have a two-pronged mutually complementary strategy that is growth in both, the emerging markets and developed markets, driven by increasing our share and sustainable growth in both the categories that is the performance surfactants and specialty care products.

Having said that I would like you take the opportunity to brief you with our results. For the period ending December 2017 that is nine months April to December 2017, we saw a volume growth of 10.8% versus the previous year. The standalone business reported a 9% volume growth on the back of a strong domestic business volumes growth of 12.6%. Our subsidiaries have reported volumes growth of 13.6% during the said period on the back of 13% volumes growth in Africa, Middle East and Turkey and 4.2% volumes growth in the rest of the world markets. Performance surfactants during the said period have seen a 12.3% volumes growth and speciality care products an 8% growth. Growth has been diverse, robust and spread across customer segments and geographies.

The domestic business made up for 34% of the total business whereas exports or international business made up for 66% of the business. This mix has more or less remained the same compared to FY2017. To sum it up, we have increased our share in the emerging markets of India and AMET on the back of double-digit volumes growth, which has been higher than the market growth rate. Market growth as you know in India averaged around 7.5% to 8% and in the AMET region it averaged approximately 4% to 4.5%. The home and personal care categories growth in India for the last year has been around the 5.5% to 6% mark and it has again been about 4% in the Africa, Middle East and Turkey markets, thus to repeat and reiterate Galaxy has grown higher than the market.

Our EBITDA margins have remained stable and steady around 12.5%. So to conclude the year-to-date performance our volumes for the period nine months ending 2017 stood at 146381 metric tonnes. The revenue from operations stood at approximately 1819 Crores, EBITDA stood at about 226 Crores, PAT stood at about 118 Crores and the EPS stood at about 33.29 for the nine month period.

Quickly coming into Q3 performance, I need to mention that this is strictly not comparable because the previous three months of 2016, that is the last quarter of 2016 had demonetization impact. Q3 of 2016 was a demonetization quarter. Though we have had a significant growth in this quarter on a comparable basis; these are not strictly comparable because Q3 2016 being the demonetization quarter. However, this quarter we have maintained the tempo and the momentum on the back of whatever we stated about the nine months period and before I conclude I would like to highlight some of the key developments and data points, which should throw light on the outlook and the growth prospects going ahead.

We have undertaken debottlenecking of capacities of certain key products, which will add to the growth momentum going ahead. We see this operationalizing at different points of time in FY2019. R&D continues to create and develop new products and these will again be rolled out in the periods to come. Thank you all for listening in and with this I would like to – also before I conclude I would like to hand over to Mr. Ganesh Kamath to give you a brief overview of the finance of the company.

Ganesh Kamath: As far as the financial management of the company goes what we have done is that we have gone by a portfolio approach where essentially we distribute the demand in terms of markets, in terms of products groups and in terms of customers. Now each of these product groups and each of these customers have different margin levels at which we operate. Hence, whatever appraisal which happens, it happens at the portfolio level in totality and not only that as far as the exchange is concerned we have hedged position and even we have hedged position as far as the commodity risks are concerned that is the basic raw materials, so these risks do not influence our profits as much, though there is substantial volatility in this.

Coming to the impact on the conversion into INR, there is a translation impact which generally flows on the exchange rates, which are used for the subsidiary companies, the books of which are maintained in US dollars. So the average exchange rates used for respective periods bring about a translation impact in INR converted consolidated financials, which have been shared with you. So summing up this is the financial model on which the company operates. We can now start with the question and answers.

U. Shekhar: Yes we can now start with the question and answer sessions. Sanjesh over to you!

Sanjesh Jain: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. We have the first question from the line of Sanjesh Jain. Please go ahead.

Sanjesh Jain: Thank you Sir. Couple of questions from my side; first on the volume growth we have said that we are outperforming the market can you throw some light what is driving this growth, which is significantly higher than the underlying market and how do you see this going forward?

U. Shekhar: Kindly could you introduce yourself please?

Sanjesh Jain: This is Sanjesh from ICICI Securities.

U. Shekhar: As you know the Indian market has couple of reasonably matured categories such as toothpaste, shampoos, and powder detergents and there are certain sunrise or emerging categories such as liquid detergents, face wash, hand wash, liquid dish wash and so on. Galaxy's ingredients obviously straddle across all these categories, though we talk about an average growth rate of 7.5% to 8% for the personal homecare industry in this country, these individual categories growth rates vary from category-to-category, so Galaxy has a significant position in each of these categories and has been able to build and share the growth in each of these categories and very obviously one should say that there has been also a capturing of share from other players as far as these periods is concerned.

Sanjesh Jain: On speciality side, can you throw some light how do you see this business shaping up and when do you see this mix changing favourable in your side?

U. Shekhar: What I would like to tell you is that both of these are mutually complementary categories, as a matter of fact speciality ingredients cannot stand by themselves, we have made this classification only from the context of risk management and financial management, so emerging markets like India, Africa, Middle East an Turkey will be largely driven by performance surfactants because in any emerging market the growth of these categories will be built on the basis of performance ingredients because as I told you the performance ingredients form the substantive raw materials, which contribute cleansing, foaming, etc., of the various personal homecare products and the speciality ingredients contribute to specific functions like say UV absorption, preservation, conditioning and so on, so these are mutually complementary and both of these will grow in emerging markets, as a matter of fact the speciality ingredients largely address the premium segment what is the called the prestige segment, which are today largely in the matured markets like America and Europe, where in Galaxy sells its speciality ingredients today, a major portion of it or a major volume of it is placed in the matured markets like America and Europe, the emerging markets like India and AMET are slowly catching up on the speciality ingredients, so we would continue to grow in both the categories which are complementary that is performance surfactants as well as specialty care products.

Sanjesh Jain: This year was an abnormal year because we had GST, last year, we had demonetisation things are not settled down, so how do you see FY2019 panning out, because most of these things are behind, do you see underlying volume growth picking up and hence you are doing much better than what have you done this year?

U. Shekhar: What we can say is that Galaxy right from its inception has grown with the market and grown with all the customers in the market, on the back of the strong relationship that it has enjoyed and has built over the years with all these customers, we enjoy really long term relationship with all our customers, whether it is global multinationals or local regional players or even small customers, so we would continue to grow at certainly above the market and then being in a market, which is consumer staples, we should say this should experience consistent and continuous growth as a matter of fact the various research reports have talked about a growth of 8% to 9% over the next six to seven years as far as this country is concerned and Galaxy will be very much a part of this growth.

Sanjesh Jain: That is quite helpful and best of luck. Thank you.

Moderator: Thank you. The next question is from the line of Prashant Poddar from ADIA. Please go ahead.

Prashant Poddar: Good afternoon Sir. This is Prashant Poddar from Abu Dhabi Investment Authority. Thank you for giving me the opportunity to ask a question Sir. If I were to break my question into different markets, AMET, which is one of the largest segment actually for you in general we are seeing more volatility in terms of economic prospects as well as I am assuming I have not looked at numbers, but I am assuming that their GDP growth must also be slowing down, but for you the volume growth has been about 13% in that market and there was no GST base etc., there as well, so April to December 13% growth in that market can you break this up into general market growth conditions there, market growth I mean your consumers growth and your market share what is happening there really, which is giving you this 13% growth?

U. Shekhar: Prashant, as you know we are placed in the export zone of SEZ in Egypt, so whatever we manufacture we address both the local market as well as exports from there and when we talk about exports we export to the various Middle East countries including Turkey, Jordan, countries in Africa we also export to USA, some parts of Europe as well as Latin America. We should admit that the last one-and-a-half years has been pretty challenging as far as Egypt local market is concerned on the back of your devaluation of the currency. As a matter of fact the local Egypt market has seen a significant amount of contraction, so Galaxy has had to face this particular challenge and therefore expand its presence and contribution from markets outside of Egypt and this is something we did pretty well. In terms of finding new markets in the Africa, Middle East region and strengthening the relationship that we enjoy with our existing customers in the other countries outside of Egypt and that has led to Galaxy's performance of what you call volume growth in the AMET region.

Prashant Poddar: Can you help us understand incrementally this segment of yours AMET as such, so we understand we have a fairly good idea of the Indian consumer market as such, but because AMET as this represented as mix as you said of various countries, various customers and many of these are not so close to what we understand, would you be able to help us understand what kind of volume growth this market can see over next seven, eight years as you give it for India?

U. Shekhar: Yes, broadly Prashant I would say that for us in India, it is largely the personal care market, the homecare market is only now growing and emerging whereas in the AMET region, our ingredients are largely addressed to the homecare segments. As you know, Egypt has a very good liquid dish wash market as well as liquid detergent market. The personal care market is comparatively less. The homecare market what we call the homecare market including liquid detergents and liquid dish wash form a substantial chunk of our market in the AMET region and we should also say that we did increase our presence as far the local detergent market also in Egypt in the last year, those products, which we were not there significantly in the previous years, okay. What we call in the performance surfactants what we call the linear alkylbenzene sulfonate we had a significant growth as for as the last year compared to the previous year. So what I would like to summarize as far as Egypt is concerned that it largely addresses the home care segments.

Prashant Poddar: So in terms of incremental business do you think you will be able to do more of personal care there?

U. Shekhar: We are very much having a share of personal care and as the personal care grows in that particular market at let us say 4% to 4.5%, we will participate in the growth. One another important thing that I would like to convey to you Prashant is that because of the devaluation of Egyptian currency exports from Egypt have become pretty attractive so our customers are setting up production capacities in Egypt to take advantage of these benefits from the Egyptian government and the Egyptian government is also extending incentives for exports from Egypt into other countries so they look at Egypt as a manufacturing hub for the other markets in Africa, Middle Eastern and Turkey region.

Prashant Poddar: Okay and coming back to India as you said that India is mainly personal care market for you right now it is only now that people are going to liquid detergents, etc., so I am assuming that you must be getting a very good share of that high end liquid detergent market in India. So in India when we say consumers segment let us say personal wash and homecare that category must be growing on an average at 5%, 6% but your mix could be growing at a much higher rate because what is depressing this growth rate is lower end detergents mainly so could you help us understand that bit has to what should be the understanding?

U. Shekhar: Emerging segments are certainly higher than the average growth rate and Galaxy has an important play in these particular emerging categories so we would be the beneficiary of those particular growth rates. Similarly for example as far as personal care is concerned, the face wash category and hand wash categories again are higher in terms of growth rates compared to the other categories like shampoo or fabric wash that you talked about.

Prashant Poddar: Thank you Sir.

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

Sneha Talreja: Good afternoon Sir. Thanks a lot for taking my questions. As you were mentioning that the growth are come from both emerging and the old categories that we have already had so could you quantify something in what terms like how much is the growth from the new categories like face wash, dish washes that you were mentioning?

U. Shekhar: We would not be able to really do that very well because I think the best data for these will come Nielsen. We would not be able to really provide you the accurate figures.

Sneha Talreja: But how has it been historically like if I look at three to four years how much off it would have come in newer categories?

U. Shekhar: These are certainly small categories related to the overall size of the personal homecare industry in this country see even today I think the face wash category is approximately Rs.1000 Crores but it is high value item, the volumes will be significantly low because if you say average price of a face wash will be approximately about Rs.800 to Rs.1000 a kilo so the volumes are low here compared to let us say shampoos so the premiumization will happen as we go forward and so but today India still is largely at the mass and if at all some mass brands, real premium brands are very, very few.

Sneha Talreja: Sir if you could as you were also mentioned that we have grown about the industry rate can you just give some clarity regarding market share currently?

U. Shekhar: We have very, very significant market share over the last 37 years, Galaxy has grown with the country's growth and this country has grown at least 100 times in the last 37 years and we have grown with every single customer whether it is global multinational or regional major or local major or small customers. So galaxy has significant share in this country.

Sneha Talreja: Okay any approximate sense that which category would have grown more for us whether it was MNC or regional or local player?

U. Shekhar: See we grow across all categories if you talk about the last nine months. I need to say as far as we can talk about that only on global basis, on a global basis, we have grown with T1 at almost 14% and with T2 at about something like 18% and T3 grown at about 4%, at a global level.

Sneha Talreja: That is for nine months?

U. Shekhar: That is for nine months.

Sneha Talreja: Thanks a lot Sir. This was really helpful.

Moderator: Thank you. The next question is from the line of Madhav Marda from Fidelity Investment. Please go ahead.

Madhav Marda: Sir thanks for your time. Just wanted to understand that going into the next two to three years how do we see our product mix changing in terms of the performance in the specialty because as you mentioned the specialty is higher margin product, how is the product mix change in terms of the volume growth and how would you think that for translate into our EBITDA margin, which is at 12.5% do you see that sort of going to 14% odd something like that?

U. Shekhar: I would like to repeat and reiterate that both of the product segments are mutually complementary. As a matter of fact the performance surfactants drive any emerging market. As we said India is still largely on the mass segments, but the premium products are few but they will grow over a particular period of time so the prestige products are largely centered in developed markets like American and Europe so Galaxy will grow in both these segments and we also have high value products in the performance surfactants. So the ratio of volumes will more or less remain the same that is in terms of two-thirds and one-third. What is important is that we will grow in both the segments, both the segments we will grow.

Madhav Marda: Okay but in terms of our margins do we see a gross margin sort of moving up or do we sort of just say that you are going to stay at similar levels going forward?

U. Shekhar: We have say more or less similar the only thing what will happen is I will hand this handset to Ganesh Kamath to talk this.

Ganesh Kamath: As far as the gross margins are concerned, our business model measures the EBITDA growth versus your volume growth because as stated earlier in the opening session, the raw material prices are volatile. Given the raw material prices when you calculate as a percentage of your sales, you may not get an EBITDA margin which is representative of business model. So what we look at as Shekhar mentioned now; we look at growth in both categories. So you will have a portfolio growth rate, which is available to you. Now against the portfolio rate how your EBITDA has performed, how your PAT has performed and what does it mean on investment profitability in terms of ROCE and ROW. This is the matrix, along which we monitor the profitability of the business.

Madhav Marda: Thank you.

Moderator: Thank you. The next question is from the line of Amol Kotak from Max Life Insurance. Please go ahead.

Amol Kotak: Good afternoon. What is the steady state growth would you need more manufacturing capacities going forward or I mean you mentioned in your debottlenecking some of your production capacity for some products? Could you just highlight more on what would be the strategy there?

U. Shekhar: Amol, we have always been proactive in terms of creating capacities in anticipation of growth so because the capex implementation periods being reasonably long and when I say in India it can be anywhere from the date of conceptualization to date of commissioning as much as 2 to 2.5 years because of the various permissions, which are required we always look at capex horizon of anywhere from 4 to 8 years or so. As far as fortunately for us in India in Jhagadia, we already have an existing unit and most of the permissions are already there so any expansion will be in Brownfield expansion and most of our expansions will take place in Jhagadia only because that is where we have extra land, which is available. So in terms of capacities, we would take anticipatory action to ensure that we are capacity ready in terms of our customer's requirements is concerned or the markets requirement is concerned. Similarly same is the case even in Egypt.

Amol Kotak: Egypt would also be Brownfield I mean if at all?

U. Shekhar: Yes because Egypt we have some extra land available in our existing premises.

Amol Kotak: So what sort of capital expenditure would come out of this I mean how much will you spend?

Ganesh Kamath: Approximately together I think it should be in the range of around Rs.80 Crores to Rs.100 Crores.

Amol Kotak: This is each year or two years?

Ganesh Kamath: No. I am talking about the projects, which are currently being executed.

Amol Kotak: Are we looking at any inorganic growth?

Ganesh Kamath: Nothing in the drawing broad as of now.

Amol Kotak: Thank you so much.

Moderator: Thank you. The next question is from the line of Anubhav Sahoo from MC Research. Please go ahead.

Anubhav Sahoo: Sir, I had couple of questions one is regarding the wanted to get a sense of raw material lauryl alcohol how if the pricing now and how are you managing the price for little volatility in this case?

K. Natarajan: Good afternoon. Since April 2017 I think fatty alcohol market has been extremely volatile in the sense you had yo-yo situation in terms of both the amplitude and frequency. In terms of the prices, prices have been very extreme and we have a good risk management framework in place which ensures that we have been able to manage the situation pretty well without any impact to our bottomline. If you ask me today what it is. Today the prices have come down significantly over what is happened in terms of CPOs coming out in the last two months but if you ask me in the last one week the same have started showing signs of going up. We do expect that this volatility will remain in the coming year and we are well positioned to manage this volatility

Anubhav Sahoo: What are key concerns in that case like why such a volatility happening I mean if you can give some thoughts?

K. Natarajan: Volatility is essentially led by the vegetable oil prices there is mainly CPO and CPKO and they are essentially supply led so if you have any issues in terms of supplies then you have an issue in terms of the volatility. What is critical for us is to ensure how we are able to read the market well and are able to manage our positions in a way that volatility does not have any significant implication on our profitability.

Anubhav Sahoo: Does it have any implication in the reset contract we said which we have with MNCs the time period in which used to get recent earlier probably it was so months probably that time period has reduced has it some implication on the contracts?

K. Natarajan: What we have is that we have a very robust risk management. That is what I told you, which ensures that we do not have each of this retained in our books.

U Shekhar: It is always we ensure that all prices are adjusted and everything is passed on. This has been our experience and track record over the last many years. We have been able to pass on any sort of increases to the final customers.

Anubhav Sahoo: Sir just wanted to understand what is the time period of that lag?

K. Natarajan: We have sudden thing where essentially it is all the contract provides for is being passed on online basis. It ensures we do not have any issues.

Anubhav Sahoo: Sir, if you can also give a sense on the volume growth like how much of that is like a contracted which we have a good visibility because I understand for the large clients we have contracted commitment as far as the volume is concerned and less so for the regional and smaller players. So if you can give a split of that how is it?

U Shekhar: We would only like to say that we measure ourselves on growth rates on both of these classifications, both performance surfactants and specialty ingredients, because our objective or our strategy is to grow with the market and grow slightly higher than the market, continue to take part in the growth of our customers and as I said both mutually complimentary in the emerging markets as well as matured markets, mutually complementarily both performance surfactants and specialty care products, of course driven by our product innovations and ensuring that we create value for our customers as we always say we are intimately connected with the value chain of our customers whether it is with respect to sustainability or innovation or quality in quality systems, or manufacturing, so this is the way we have built ourselves over the last 37 years with our customers. So our focus is always in terms of how do we create and build value for our customers.

Anubhav Sahoo: Got it Sir. One final question what are your priorities as far as the Brownfield expansion is concerned, which product categories are you looking at and what is the order? I remember I think you mentioned that there are a few projects, which are online but do not know what is the focus area for the company?

U Shekhar: Certainly, these will be on performance surfactants, which will happen both in Egypt as well as India and also certain debottlenecking, which will happen in some of the specialty ingredients because debottling of capacity is always a continuing process in Galaxy.

Anubhav Sahoo: That is very helpful. Thanks a lot.

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

Ashwin Shetty: Thank you Sir. Good afternoon. Thank you for taking my question. Sorry for asking probably a basic question. Sir, we do not use alpha olefin in our products?

U Shekhar: No we do not. We have chosen to focus on the fatty alcohol sulphate and ether sulphates as far as India is concerned. So we have remained with that over the last so many years.

Ashwin Shetty: Sir any implication on GST? Basically we wanted to understand is there any big unorganised competition in our product because of GST? Will that be a benefit to organised players like us?

K. Natarajan: The GST the challenge was at the time of transitioning, but from a business context we do see it is neutral for us, we do not see any significant impact, but only that during transition we had a situation where we had to ensure that we are on-board with our customers, who are essentially very familiar with the whole system and then take them through and then manage the transition. That is how I would like to put it.

Ashwin Shetty: But we do not have any other competition from unorganised players?

U Shekhar: No, not at all. Long-term we expect once GST is fully and very well implemented with no glitches that it should be beneficial for the industry as well as the country.

Ashwin Shetty: One last question in surfactants very bulky product now. I am asking like for example if want to supply to any of our customer in the same north, eastern or southern plants will it be difficult for us?

U Shekhar: No. We supply not only here we supply all across the world. From India as a matter that we move products in iso containers, we move products in 200 kilo barrels, we move products in 1 tonnes TOTS so we have various packing materials and our products are in the form of either pastes or liquids or powder or needles and the solid products get moved in bags and bulk bags so we move our products both in small packs and small containers to really big containers including iso containers. We do move our products in isocontainers right from here United Status to Mexico to Brazil, etc.

Ashwin Shetty: The reason I was asking that our plants are concentrated in the western part of India that is not intention for us to?

U Shekhar: No not all. As a matter of fact, we have been continuously transporting our products to all the parts of our country.

Ashwin Shetty: Thanks a lot Sir and all the best.

Moderator: Thank you. The next question is from the line of Madhav Marda from Fidelity Investments. Please go ahead.

Madhav Marda: Sorry just one more question basically in terms of new products in the specialty side performance side or they any new sort of products that you can for us talk us through that we have not been built in to our I mean our order book anything of that sort, anything that changes there or it is broadly line with what we discussed in the road show?

U Shekhar: Yes particularly one recent development that I would like to share with you is that in recent exhibition, in the HPC exhibition held in Delhi on January 31, 2018 and February 1, 2018 we got a Gold Best Ingredient Award for our product called Galaxy GLI-21. Now this is an innovation, which we are building in a small capacity, which should go online, may be in another couple of months or so. So these have not been taken. Similarly, there are certain innovations on preservatives, which are still under testing with several of our customers.

Madhav Marda: There was a SLS, SLES orders that we were expecting sort of this is that also continuing as planned or any changes there?

U Shekhar: Which one are you talking about?

Madhav Marda: I mean there was a talk about like SLS or SLES order I think for customer?

U Shekhar: On continuing basis, these are continuing businesses.

Madhav Marda: Okay Sir. Right got it. Thanks.

Moderator: Thank you. As there are no further questions I now hand the conference over to Mr. G. Ramakrishna for closing comments. Thank you and over to you Sir!

G. Ramakrishna: Sanjesh and all those so enthusiastically asked the questions and those of you who listened, a special thanks and great thanks. We were pretty excited and awaiting for this conference because this was the first investor conference for us after our IPO and I take this opportunity to thank the investors, the extended family and look forward to the joy of reaping the rewards of future growth and business. Thank you.

Moderator: On behalf of ICICI Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.