



November 9, 2021

To,
BSE Limited
Listing Compliance & Legal Regulatory
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

To,
National Stock Exchange of India Limited
Listing & Compliance
Exchange Plaza, Bandra-Kurla Complex,
Bandra East, Mumbai 400 051

Stock Code: 543233

Stock Symbol: CHEMCON

Dear Sir / Madam,

Subject: Transcript of Conference Call held on 1st November, 2021

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Conference Call held on 1st November, 2021 post announcement of unaudited financial results of the Company for the quarter and half year ended September 30, 2021. Transcript will also be hosted on the Company's website www.cscpl.com.

This is for your information and records.

Thanking you,
Yours faithfully
For Chemcon Speciality Chemicals Limited


Shahilkumar Kapatel
Company Secretary & Compliance Officer
Membership No.: A52211





“Chemcon Speciality Chemicals Limited Q2 and H1 FY2022 Results Conference Call”

November 01, 2021

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ANALYST: MR. ROHIT NAGRAJ – EMKAY GLOBAL FINANCIAL SERVICES

MANAGEMENT: MR. KAMAL AGGARWAL – CHAIRMAN & MANAGING DIRECTOR – CHEMCON SPECIALITY CHEMICALS LIMITED

MR. RAJESH GANDHI – WHOLE TIME DIRECTOR & CHIEF FINANCIAL OFFICER – CHEMCON SPECIALITY CHEMICALS LIMITED



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Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY2022 results conference call of Chemcon Speciality Chemicals hosted by Emkay Global Financial Services. 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 this conference is being recorded. I now like to hand the conference over to Mr. Rohit Nagraj from Emkay Global Financial Services. Thank you and over to you Sir!

Rohit Nagraj: Thanks, Vikram. Good afternoon, everyone. I hope everyone is in good health and on onset of Diwali. I wish everyone a prosperous and Happy Diwali. I would like to welcome the management and thank them for giving us this opportunity to host Q2 concall. We have with us today, Mr. Kamal Aggarwal, Chairman and Managing Director and Mr. Rajesh Gandhi, Whole Time Director & Chief Financial Officer of Chemcon Speciality Chemicals. I shall now hand over the call to the management for their opening remarks. Over to you Sir! Thank you.

Kamal Aggarwal: Thank you very much. Good afternoon, everybody. On behalf of Chemcon Speciality Chemicals Limited, I extend a warm welcome to everyone for joining us on call today. On this call, we have been joined by our Whole Time Director and CFO, Mr. Rajesh Gandhi and SGA, our investor relation advisors. I hope everyone has got an opportunity to go through the financial results and the investor presentation which have been uploaded on the stock exchange as well as on the company’s website. We will give you a quick snapshot of our company and then Mr. Rajesh will walk through the financial performance.

We are a prominent manufacturer of specialized chemicals such as CMIC and HMDS, which are principally used in pharmaceutical industry and also produce inorganic bromide, which are used as completion fluids in the oil field industry. We are pleased to share that we have delivered another quarter of a positive performance as all our key products witnessed robust demand. We have registered a production volume of 1420 metric tonnes in total with an operating income of Rs.61 Crores for the Q2FY22 and we will highlight recent developments on each of the chemicals in our portfolio soon. Firstly, on HMDS, the backward integration of unit seven and eight was completed in the first week of September after which the P7 unit commenced operation. For Q2 FY2022 HMDS contributed Rs.19 Crores revenue which is around 31% of our total revenue. This was primarily for the production of critical raw material TMCS at our factory. This was a major milestone for us because it provided a second source for the raw materials which is in addition to China..

The next product is CMIC for the quarter CMIC has contributed around Rs.17 Crores which is around 28% of our total revenues. We are attempting to maximize the utilization of current facilities which will add an increased production capacity by 10% to 15% in the next quarter. In addition, due to the strong demand in the local market, we will add around 1200 tonnes at P8 facility. We do not have recent figures however import accounts for 40% of India’s consumption as a result there is a great prospect for this product. Post commercialization of the P8 unit, we will be the largest manufacturer of this product in the world. Oilfield chemicals for the quarter,



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we have registered revenue of Rs.23 Crores in the bromide business. Our oilwell completion chemicals segment has recovered well in the first half of the financial year on the back of rebound of the oil and gas industry expansion activities. Globally our market share would be around 3% in terms of the production across all bromide capacity. We currently have a robust order book and anticipate that these chemicals will thrive in the coming quarter. Apart from these three products we also have 4 CBC and 2,5 DHT and a high purity HMDS in our portfolio. We have built high purity HMDS capacities that primarily serve the semiconductor sector, rubber manufacturing silicon and pharma applications amongst other things. Product approval on the other hand is taking longer time than we projected and this quarter is no different. Both 4 CBC and 2,5-DHT are still in preliminary stages and are expected to perform gradually. 4 CBC is widely used in pharmaceutical and agrochemical industry, 2,5-DHT is predominantly used in pharmaceutical industry in the preparation of potential antiviral and antitumor agent. It is the key starting material for lamivudine. During the quarter, we were obstructed with an unfortunate external incident. Due to this external incident, Pollution Control Board of Gujarat had issued a closure notice, which led to the production loss. Although we had about 15 to 20 days of finished goods inventory which has been dispatched to the client on prerequisite schedule and the impact in Q2 FY2022 was insignificant. The same has revoked last week and currently all our facilities are running at full capacity. We are a zero liquid discharge company and adhere to the best practices required as per the global standards. We are a renowned and well qualified supplier to all major pharmaceutical MNCs. Our operations have continued to operate efficiently and compliantly within the framework for the past two decades. P8 & P9 facilities will be ready in the next month for the trial run and we expect to commercialized from January 2022 onwards. We are happy to announce that we have inaugurated plant 10 at the same location for other pharma intermediate products. We are targeting this facility to come up onstream by FY2023. Our goal is to add more value-added solutions that will help us sustain our business while also allowing us to take new steps forward. We are well positioned to benefit from India's structural position as a leading supplier of chemical products to global MNCs. Now I hand over the call to Mr. Rajesh Gandhi for giving you the financial performance.

Rajesh Gandhi:

Thank you Mr. Aggarwal. Good afternoon, everyone. Q2 and H1 FY2022 has been positive quarter for us as our key product witnessed robust demand. Q2 FY2022 total revenue stood at Rs.61 Crores, domestic market contributed around 57% whereas international market contributed the remaining 43%. Total production volume for the Q2 was at 1420 metric tonnes as compared to 1788 metric tonnes same period last year. This was lowered due to backward integration since the P7 unit started operation in the first week of September. In terms of chemical wise revenue breakup HMDS reported revenue of Rs.19 Crores, CMIC revenue stood at Rs.17 Crores, oilwell completion revenue stood at Rs.23 Crores. EBITDA for the company stood at Rs.19 Crores in Q2 FY2022 with a margin of 30.9%. Net profit for Q2 FY2022 stood at around Rs.15 Crores. Half year ended FY2022 results total revenue stood at Rs.118 Crores for H1 FY2022 against Rs.107 Crores of H1 FY2021. Domestic market contributed around 63% whereas international market contributes around 37%. Production volume was at 2849 metric tonnes for the H1 FY2022 against 2765 metric tonnes of H1 FY2021. In terms of chemical wise revenue breakup in H1



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FY2022 HMDS revenue stood at Rs.49 Crores, CMIC revenue stood at Rs.36 Crores, oilwell completion revenue stood at Rs.28 Crores. EBITDA for the company stood at Rs.36.8 Crores for H1 FY2022 against Rs.37.3 Crores of H1 FY2021. Net profit stood at Rs.28 Crores for H1 FY2022 against Rs.24 Crores of H1 FY2021. Our short-term borrowing has been reported as Rs.63.4 Crores at the end of September 2021 to maintain bank limit and their requirement the same has been repaid on the following day. With this we conclude the 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. We have our first question from the line of Rahul Veera from Abakkus Investment. Please go ahead.

Rahul Veera: Happy Diwali in advance Sir. Sir now I just wanted to understand in terms of GPCB notice they have given a temporary revocation so what does this mean and how are we trying to address this?

Kamal Aggarwal: In Gujarat when the pollution control board gives a closure to any of the unit on the basis of the undertakings and implementations that we carry out, they permits a unit to operate for a period of three months. During these three months, we will be having multiple visits and monitoring the unit. If they found it to be in line with the policy of pollution control, they will give an extension of further six months followed by permanent revocation, so it is a step wise process and that is how they follow it.

Rahul Veera: Sure since we earlier mentioned that we have the inventory of close to 15 to 20 days. So Q2 numbers were pretty much in line, so for Q3 going forward we almost lost 25 days of production in October. So how do we look at the production and the volumes going ahead and some of our clients like Laurus Labs and others have given a volume on the higher side, so how do you think this will play out Sir?

Kamal Aggarwal: With respect to the October production loss of about 22 days we hope part of that we will be able to ramp up. The prices of the product have gone up drastically for example on an average we had about Rs.522 revenue from CMIC and today it is about Rs.600. For HMDS, we had somewhere about Rs.480 as an average realization of half year. Today, we are selling it at Rs.1500 a kg so the revenues, the profitability, and the volumes we will be able to cover up during the Q2 and the following period.

Rahul Veera: Right fine. Sir for the high grade HMDS specifically from the semiconductor perspective are we in terms with any of the large manufacturers of, have we got any commitments from them?

Kamal Aggarwal: Semiconductor industry is still reluctant to accept the Indian origin material. We are working very hard on that however for the rubber industry, which uses it for body implants and other specialized applications, they have accepted, and the things have started moving to that industry.

Rahul Veera: Sure, fair point Sir. That was very helpful. Thank you.



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- Moderator:** Thank you. We have the next question from the line of Kumar Saumya from Ambit Capital. Please go ahead.
- Kumar Saumya:** 4 CBC revenue in the last quarter was around Rs.2.5 Crores so if you could highlight what was the revenue in this quarter for 4 CBC?
- Kamal Aggarwal:** I do not have the revenue figures on my table. I would give you 64 tonnes was the total volume of last quarter this quarter we had a volume of only about 19 tonnes. The volume has decreased from 64 tonnes to about 19 tonnes.
- Kumar Saumya:** And the realization?
- Kamal Aggarwal:** Realization is about 87 lakhs.
- Kumar Saumya:** On this P8 plant that we have started so that is adding around 1200 tonnes of products so total capacity will now go to 3000 for CMIC right?
- Kamal Aggarwal:** Part of the P8 has been commenced it is for backward integration of HMDS that we started manufacturing TMCS of our own. The second part of that is for CMIC -1200 tonnes which we hope we will be able to start by next month.
- Kumar Saumya:** The total capacity would be now 3000 for CMIC?
- Kamal Aggarwal:** For CMIC the total capacity will be 3000 tonnes .
- Kumar Saumya:** Sir on P9 side so what is the product and capacity?
- Kamal Aggarwal:** For P9 products, we are yet to disclose products to the market because we are facing some competition from the competitors. So it is not advisable to disclose at the present stage.
- Kumar Saumya:** Sure, and Sir on the capex side we have already invested Rs.30 Crores in the first half so what is the outlook for the full year?
- Kamal Aggarwal:** That Rs.30 Crores was part of the IPO proceeds that we had received. We had projected around Rs.41 Crores as capex for this year, so we will be completing that within the financial year and there would be an additional outlay of somewhere around Rs.50 Crores for the year 2022-2023
- Kumar Saumya:** Next year?
- Kamal Aggarwal:** Yes.
- Kumar Saumya:** That is all. I will come back.
- Moderator:** Thank you. We have the next question from the line of Rohit Nagraj from Emkay Global Financial Services. Please go ahead.
- Rohit Nagraj:** Thanks for the opportunity. Sir the question is on the GPCB issue if you could just dwell a little more in detail about what was the issue and why we had this closure notice and what are the



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remedial actions that we are taking so that the entire issue is resolved in the next three months?
Thank you.

Kamal Aggarwal:

Mr. Rohit, the primary thing is when we got the closure notice we simply attempted to get it revoked in principle. Our primary target was that the plant must be operative, so we opted on that. However, if we talk of the issue, we used to sell about 500 tonnes of hydrochloric acid every month. Now this was all under the guidelines of pollution control board with all the permission available with us. It was all shipped with the invoices under information and intimation before dispatched to Gujarat Pollution Control Board. However, some of the transporters organized and then they were manipulating some nuisance with one tanker that was caught by GPCB that they were playing with. Although it was not the relatable to Chemcon but still the closure was given. Going into the depth, that because the plant is operational since seven days now, we have started working in depth for digging out the facts and figures, we could come out with a figure that it was a flammable material that was caught by GPCB, hydrochloric acid is never flammable. It is the fact that the impurities available in that tanker were never used as any chemical in our premises. The analysis report shows that the hydrochloric acid was having a contamination of phenol. Chemcon in the history has never touched phenol in the premises of manufacture. Gujarat Pollution Control Board visited Chemcon and checked all the seven storage tanks. None of the storage tank has got any phenol impurity however the HCL caught that they are blaming us is with phenol as an impurity. All these things we are compiling them, we will take up the matter with GPCB and we assure you we will come out clean. However, the impact that had happened a loss of nearly 40 days of production.

Rohit Nagraj:

Right Sir fair enough. That is all from my side. Thank you so much.

Moderator:

Thank you. We have the next question from the line of Aayush Agrawal from Mittal Analytics. Please go ahead.

Aayush Agrawal:

Good afternoon, Sir and thank you for the opportunity. Sir I have a couple of questions. First one is that since we have a large enough market share for our major products HMDS and CMIC in the domestic market and we are doing a large expansion in CMIC of 1200 tonnes so first I would like to understand what is our export revenues from HMDS and CMIC in FY2021 and what it was in H1 this year?

Kamal Aggarwal:

. In respect to CMIC we do not have much market share, or we do not have any exports rather so we do not have any revenues out of that. In respect to HMDS I do not have the revenues for the exports for this quarter or for half year.

Aayush Agrawal:

How do we plan to sell this 1200 metric tonne capacity of CMIC, are we trying to explore the export market or are we doing anything on that side?

Kamal Aggarwal:

CMIC is consumed in the globe by only two countries one is China, and one is India. India is the major user of that followed by China. Now India has a consumption of roughly 5000 tonnes per year. There are other two manufacturers that are Anshul Chemicals an Excel group company and



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Paushak Limited that is Alembic Group company. Collectively both are making less than 1000 tonnes of this product. With our production capacities of 3000 roughly even if we are able to make about 85% to 90% so about 2700 to 2600 tonnes plus 1000 tonnes will come to 3600 tonnes. There will be still gap from the import available. We hope we will be able to cope up with the domestic market only. However, commercially we are able to export this product to China also. Chinese users have already approved our products and commercially also it is suitable however because we are getting a better realization in India compared to China, we are using it. However, exports to China are still profitable to Chemcon but not up to the mark.

Aayush Agrawal: Thanks for the detailed answer, Sir and similarly if you can explain for HMDS what is the export market like and what are our plans to growth there?

Kamal Aggarwal: Export of HMDS is also in similar position. More than 25000 tonnes of HMDS are consumed globally and roughly about 5000 tonnes in India. We have opened up the doors to the globe. It is utilized in pharma industry as well as in rubber and semiconductor industry. Our products has started going through countries like Japan, Thailand, then USA, Germany, and Russia. This sort of countries we have already started penetrating for HMDS for semiconductor industry as well as for rubber applications in US that is one and second. As far as China is concerned, you see we are nearly at par with China in terms of international market. We may not be having very good margins, if we compared China in the international market so we are at par with them. We are working out hard putting up our efforts and we will be able to penetrate other parts of the world soon.

Aayush Agrawal: That is, it from me. I will come back in the queue.

Moderator: Thank you. We have the next question from the line of Amit Shah from Ace Securities. Please go ahead.

Amit Shah: Sir our new products like 4 CBC, 2,5-DHT, and HMDS how have they performed during the quarter?

Kamal Aggarwal: So 2,5-DHT and 4 CBC have not performed well we are not up to the satisfaction to the management. However, we are working on that. Hopefully in the Q4 we will be able to do something better which will be giving some compact to the balance sheet.

Amit Shah: Sir you are seeing growth in the coming quarter in these products?

Kamal Aggarwal: I hope that should give a separate column wherein the figures can be mentioned in Q4.

Amit Shah: Sir can you quantify this growth in somewhere?

Kamal Aggarwal: I would not be able to do that now. It is difficult to say that.

Amit Shah: Sir these products would have a better margin than our company margins or how would it be?



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- Kamal Aggarwal:** No margins have to be in line with the market. The only thing is 2,5-DHT has got a better margin in line with our existing products, 4 CBC the margins are lower.
- Amit Shah:** Any revenue guidance for FY2022 and FY2023 Sir?
- Kamal Aggarwal:** I have been always telling that we do not work on the revenues rather we work on the bottomline of the company. We always work on the PAT, but we always make a target of the PAT, and we attempt to achieve that and we have been working on it. We have been performing. You can compare the bottomline it has always been growing.
- Amit Shah:** Thank you Sir.
- Moderator:** Thank you. We have the next question from the line of Satish Kumar from Shareholder. Please go ahead.
- Satish Kumar:** Good afternoon. Thank you for the opportunity. Sir this is a followup question on the average selling price of HMDS which you mentioned so you said from Rs.290 per kg for HMDS it has gone up to Rs.1500 is that is what I heard is it right?
- Kamal Aggarwal:** Yes, you are right and today the HMDS sales price is Rs.1500 a kg or equivalent to \$20 a kg.
- Satish Kumar:** Sir I think in the AGM to one of the shareholder questions you had mentioned that the target to do around 3000 metric tonnes during the current year and we have done around 1039 metric tonne for the first half for the current financial year so would it be possible to make up the balance quantity during the H2?
- Kamal Aggarwal:** It is not 3000 tonne, we will be inching to that. We have done nearly 1000 tonnes.
- Satish Kumar:** Sir 1039 to be exact as given in the investor presentation?
- Kamal Aggarwal:** Right.
- Satish Kumar:** So, what I was asking is, is it possible to do around 2000 in this remaining five months or so or no?
- Kamal Aggarwal:** We have the capacity, we will attempt to utilize that, we are working hard, but even if we are able to achieve 90% of that, the profitability will be major part because the price rise is always available to us. The value additions have been multiplied and we had good enough volumes as stock of raw material purchased at the older price so that would be an add-on advantage in the current financial year.
- Satish Kumar:** Sir my next question is regarding P8 and P9, you said P8 and P9 would be ready for the commercial run maybe next month and by Q4 they would start producing the products. Since P9 we would make CMIC I think we could ramp up the production immediately?
- Kamal Aggarwal:** P8 one part of that we are using for CMIC to ramp up the production and second part of that we are utilizing it for TMCS, so TMCS we have already started utilizing that, for CMIC 1200 tonnes



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we will be able to take up as commercial productions from the next quarter from January onwards.

Satish Kumar: So, the capacity is around 300 metric tonnes for the quarter so that you can ramp up immediately since the demand is there?

Kamal Aggarwal: Yes definitely. We will be able to put in the production of 300 tonnes for the current financial year.

Satish Kumar: Sir but for the new product that you are planning to take out from P9 you had mentioned that it would require some three to six months since you need to get the approvals and all so what is the current indication Sir, when will you start able to commercially sell those products from plant nine?

Kamal Aggarwal: We hope production will start from the Q4; however, commercialization in 100% effect should be taken further about one more quarter.

Satish Kumar: Can we expect from Q1 of next financial you should start able to take out revenues?

Kamal Aggarwal: We will be able to take around 75% of the production to be sold in the next financial year of the capacity.

Satish Kumar: That is very good to know Sir. Sir you have also announced for the capex for the new plant P10 any indication you could give us how much is the capex and how much revenue we can expect from that plant?

Kamal Aggarwal: The capex to revenue ratio are nearly 1:4. If you see our history, it is in line with that, but we do not bank up on the revenue here better bank up on the payback period. Maximum one-and-a-half year is the payback period for the investments that we carry out in capex.

Satish Kumar: Sir but how much capex you are planning for P10 Sir?

Kamal Aggarwal: Rs.50 Crores.

Satish Kumar: Sir this new line which you have purchased from the IPO or just before the IPO so after this P10 I think you will have some more space to put up one more plant right Sir?

Kamal Aggarwal: We have that space to put up one more plant but then we are planning to utilize it for a non-productive purposes also say for example the warehouses of the highly flammable chemicals so we will be completing that land but then we are in discussion always with the adjacent people it is a green area so adjacent lands we are working upon negotiating with them. Hopefully in the next three to six months if it is successful, we will be announcing that.

Satish Kumar: It is good to know that Sir. Sir my last question is about the new products that is one is high purity HMDS so you said for the semiconductor it was expected to take some more time and for



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the rubber industry I believe they have given some approval so when can we expect some sales of this product?

Kamal Aggarwal: HMDS high purity we have already started selling that to the rubber industry that I already updated you for the pharmaceutical rubber industry; however, selling it to the other section of electronics, getting it approved is a very tedious job we never expected like pharma. Pharma we get the approval within a stipulated period of one-and-a-half years or something like that or it goes even up to three years of course in certain cases, but this is taking something more than that maybe because the COVID has resulted into delay of analyzing and testing and approving or maybe other reasons. It is moving slow so I would not be able to give you an any comment on that. However, the high purity HMDS, we have started selling it to the rubber industries and we have started getting the revenues out of that.

Moderator: Thank you. We have the next question from the line of Rahul Veera from Abakkus Asset Manager LLP. Please go ahead.

Rahul Veera: Sir one very important point that you made was that because the price is high, we will be able to focus on the profitability going ahead as well so you believe that Rs.15 Crores that we are doing will be able to maintain that even in Q3?

Kamal Aggarwal: The present prices that are running up have become stable nearly around \$20 a kg for HMDS and around \$8 a kg for CMIC. I hope as per the information data, movement and calculations everything when we compile that at least for the Q3 it should be maintained; however, we project that till February end these prices should sustain, but if not that at Q4 yes.

Rahul Veera: Sure, and Sir when do we aspire to reach Rs.100 Crores of profitability. Do you think it is achievable in FY2023?

Kamal Aggarwal: Yes, FY2023 we should be able to achieve that. That is our target also. We are working in line for that.

Rahul Veera: Sure, and fine Sir. Thank you so much and best wishes.

Moderator: Thank you. We have the next question from the line of Satish Kumar a shareholder. Please go ahead.

Satish Kumar: Sir just to take it forward what I was expecting is with high purity HMDS to the rubber industry only how much revenue we can expect in H2 of the current financial year?

Kamal Aggarwal: H2 revenue from this, we can expect around 20 tonnes per month.

Satish Kumar: Something that you can give us some figure Sir?

Kamal Aggarwal: \$1.2 million we will be able to expect as a revenue from this.



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- Satish Kumar:** I think you have mentioned for the semiconductor high purity HMDS the margins are on a higher side so even for this rubber industry also the margins would be better than the normal HMDS?
- Kamal Aggarwal:** They are about 95% means 5% less compared to the semiconductor there is hardly any major difference as we are far higher compared to the pharmaceutical industry.
- Satish Kumar:** Sir my second question is about 2,5-DHT I know it is taking more time than what you had planned, and with the current situation when can we start selling this product?
- Kamal Aggarwal:** Still waiting for the approvals but Q4 in all terms and conditions we will be starting.
- Satish Kumar:** You are confident of doing that?
- Kamal Aggarwal:** Yes.
- Satish Kumar:** In the last concall you had mentioned about little bit stress on the working capital more due to COVID as well as increase in sales to pharma industry unlike less of bromide solution now with the things coming back to normal do you expect our working capital pressure would come down now?
- Kamal Aggarwal:** It has already come down. If you see the financials, it has come down to somewhere about Rs.75 Crores as outstanding against Rs.95 Crores.
- Satish Kumar:** Your inventory and everything is expected to reduce further?
- Kamal Aggarwal:** No inventory we would be happy if it remains up because that is giving a very good margin, which is an addition to the regular business, so inventory planning is a different game plan. However, yes, the outstanding to the market we have worked up. It has already been achieved.
- Moderator:** Thank you. We have the next question from the line of Rahul Veera from Abakkus Asset Manager LLP. Please go ahead.
- Rahul Veera:** Sir at the end of H1 our inventories were close to Rs.45 Crores what kind of values we can expect with this inventory given the spread and the current prices?
- Kamal Aggarwal:** This will not become zero. I am buying inventory at the new price also so I will be able to reduce part of the inventory. I will not be able to bring it to nil.
- Rahul Veera:** That I understand Sir but just trying to understand like what kind of revenues can we generate from this Rs.45 Crores so that will be at a very high spread?
- Kamal Aggarwal:** I can generate Rs.100 Crores.
- Rahul Veera:** Okay got it.
- Kamal Aggarwal:** When I refill the inventory that will be at a new price. It will be higher than the present.
- Rahul Veera:** Right so what will be the spread given the new price of the raw materials?



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- Kamal Aggarwal:** New price for raw material versus the present price of HMDS.
- Rahul Veera:** Right fair point. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraint that was the last question. I would now like to hand the conference over to the management for closing comments. Over to you Sir!
- Kamal Aggarwal:** Thanks. Thanks to everybody. I hope it was a live session and good enough to understand Chemcon. We are serving all leading pharma MNCs and for some we have been their business partners for more than a decade. Our continued business with them is testimony to our expertise. We believe pharma manufacturers in India have a lot of rooms to grow and we can assist their requirements in the long term. With this I conclude the call. If you have any queries please get in touch with SGA, our investor relation advisors. Thank you everyone for joining us today on this earnings call. Wishing you all festive greetings of Happy Diwali. Thank you.
- Moderator:** Thank you very much Sir. Ladies and gentlemen, on behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining with us and you may now disconnect your lines.