NGL Fine-Chem Limited

Regd. Office : 301, E - Square, Subhash Road, Vile Parle East, Mumbai 400057, Maharashtra, INDIA.
Tel.: 022-40842222, 26108030, Email : info@nglfinechem.com, CIN : L24110MH1981PLC025884, Website : www.nglfinechem.com

August 20, 2022

To,

Listing Department,
The BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001.

Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1
G Block, Bandra Kurla Complex,
Bandra East, Mumbai 400050.

Sub: Transcript of Concall with Investors held on 17th August, 2022
Scrip Code: 524774 NGL Fine-Chem Limited

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we wish to inform you that the Company participated in the Investors Conference Call on Wednesday, 17th August, 2022 on financial results for the 1st quarter ended 30th June, 2022. No unpublished price sensitive information was shared/discussed in the meeting.

We enclose herewith the transcript of Concall with the Investors.

Kindly take the same on your record.

Thanking you,

Yours faithfully,
For NGL Fine-Chem Limited

NGL FINE CHEM LIMITED

Pallavi Pednekar
Company Secretary & Compliance Officer
Membership No: A33498

Encl: As Above.

“NGL Fine-Chem Limited Q1 FY-22-23 Earnings Conference Call”

August 17, 2022

MANAGEMENT: MR. RAHUL NACHANE – MANAGING DIRECTOR
MR. RAJESH LAWANDE – WHOLE-TIME DIRECTOR & CFO
MS. PALLAVI PEDNEKAR – COMPANY SECRETARY

Moderator: Good morning, ladies and gentlemen and welcome to the Q1 FY22-23 Earnings Conference Call of NGL Fine-Chem 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 phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Pallavi Pednekar. Thank you and over to you ma'am.

Pallavi Pednekar: Thank you Michelle. Good morning, everybody and a warm welcome to you all. My name is Pallavi Pednekar – Company Secretary, NGL Fine-Chem Limited. On behalf of the company, I would like to thank you all for participating in the company's earning call for the first quarter for FY22-23.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's conference call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made and information currently available to management. Audiences are cautioned not to place undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's conference call is purely to educate and bring awareness about the company's fundamental business and financial results for the quarter ended on 30th June, 2022.

I would now like to introduce you to the management participating with us on the call. We have with us Mr. Rahul Nachane – Managing Director of the company and Mr. Rajesh Lawande – Whole-time Director and CFO of the company. Thank you and over to you, sir.

Rahul Nachane: Good morning. I am Rahul Nachane. I welcome all of you to the investor/analyst call for Q1 22-23 for NGL Fine-Chem Limited. I will take you through the performance of the company for the current quarter.

In Q1 22-23 we saw the sales decrease to Rs. 62.94 crores as compared to Rs. 75.91 crores in the same quarter last year, resulting in a decrease of 17% in sales. The profit after tax declined to Rs. 52 lakhs as compared to Rs. 19.35 crores in the same quarter last year resulting in a decrease of 97%. Sales for Veterinary API decreased to Rs. 55.41 crores in Q1 '22-23 as compared to Rs. 57.51 crores in Q1 '21-22, resulting in a decrease of about 4% in sales of the Veterinary API segment. Sales for Human APIs decreased to Rs. 2.62 crores as compared to Rs. 3.26 crores in the earlier quarter resulting in a decrease of 24%. Sales of intermediate and other items decreased to Rs. 1.94 crores as compared to Rs. 12.73 crores in the same quarter last year.

Margins have decreased substantially primarily as the gross material cost has risen from 41% in Q1 '21-22% to 53% in Q1 '22-23. This is primarily due to two significant factors. Firstly, the price of chemicals and commodities have appreciated significantly. The first increase was around July-August in 2021 after the easing of COVID restrictions and the subsequent demand surge and the second increase in February-March 2022 on account of the war between Russia and Ukraine. Secondly, we have a time lag between the price increase and it's passing on to customers. Furthermore, there are a few products where the price increase could only partially be passed on. Power and fuel costs have also gone up by over 1% while other operating expenses have gone up due to normalization in operations post the lifting of COVID restrictions. EBITDA has hence decreased to about 12% in Q1 this year as compared to 31% Q1 last year.

Demand for our products has been subdued during the current quarter and the same trend continues in Q2 this year. Part of the reduction in demand is on account of high prices and part due to stock equalization being done by customers. We have however maintained the leadership position in our top five products wherein we account for over 50% of sales while in the next five products we are the second largest supplier. Pilot scale up of two products was achieved during Q1 '22-23 taking our Veterinary API product market to 21 APIs along with 2 Human Health APIs. We have also commenced manufacture of an Ecto-parasitic through our subsidiary Macrotech and commenced exports of this product. We anticipate exports of about Rs. 6 to 8 crores of this product during the current year. Current capacity utilization is only at about 70% after factoring the Macrotech expanded capacity available to us. The greenfield expansion at Tarapur is progressing with civil construction proceeding as per schedule. In terms of equipment ordering, we have slowed down the process in view of the high commodity prices prevailing currently. As per the schedule, equipment ordering should have commenced in May, 2022 but has now been delayed to November, 2022. We will have a relook on this schedule once we are closer to the date. Due to this decision the greenfield expansion is now expected to be completed only in early 2024. We are focused to continue investing in maintaining our market position by remaining cost competitive, reliable and offer high-quality solutions for all our customers. I have now completed my opening statement, can now open the floor for discussions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rahul Jain from Credence Wealth.

Rahul Jain: Two things just to understand with regards to the demand and the cost side of it. You have mentioned in your presentation that the trends of price increase seem to be now easing and you expect the reduction to continue in the current quarter. If you could share some more details in terms of the cost part, if possible, try to quantify it in terms of various cost pressures which were being faced earlier. How are they panning out now? Are you seeing, what kind of reduction is being visible now and what is the expectation going ahead? With regards to the demand part, last time you had mentioned and in your initial remarks also you mentioned about cost price pass on. All you mentioned in the previous call there was a resistance from the customers in terms of the price increase and thereby the demand also had suffered. With regards to the demand when do we see things improving now, are customers still continue to hold the demand or is there some change and how do you look at the demand in the coming 2-3 quarters?

Rahul Nachane: To answer your question, its broadly classified in two parts. The first being the demand and the second being the cost pressure. With regard to demand, high price increases have put a dampener on quite a few of our products. Customers are now using old inventory and trying to reduce their fresh buying so that they are not saddled with high-cost inventories. Secondly there is also a resistance from the market because we are in the end selling to companies which in the end sell to farmers. So, its entire cycle is a B2B segment and there is a pushback when it comes to higher prices from the farmers also. All this has built in a lag in demand. Companies are waiting and watching to see how the prices will behave and are keeping their fingers crossed that hopefully prices will start easing little bit and then demand will come back. The second part of demand is also because of challenges in different markets. China is a fairly good market for us. From March to June this year, there has been hardly any export to China. We have seen almost 70% drop in sales, primarily because they closed down due to COVID restrictions, Shanghai and Beijing was closed and regional restrictions were imposed. We are seeing demand situations sporadically in other markets also. To your question about when do we expect demand to normalize, we expect this probably take a 3 to 6 months more for things to start regularizing. The current quarter also looks quite subdued. We hope to see a little bit of recovery probably in Q3 but I think the strong recovery will probably come more in Q4 this year. With regard to the cost pressures, cost ooks like it has peaked around July. We see that prices of chemicals and other commodity chemicals are slowly coming down. But the decrease is very slow right now, & it's not too rapid. Prices had almost doubled and we have now seen probably a 10% to 15% reduction in pricing. As it goes on, we hope that over the next 3 to 4 months these prices will also come down and that should lead to better recovery for us. Does that answer your question?

Rahul Jain: Sure, that is quite helpful. Just one last bit. Can we say this could be among the worst quarter, the quarter gone by could be the worst quarter and things could better off than the quarter gone by? Maybe gradually and slowly but do we feel that somewhere we have gone to the worst?

Rahul Nachane: I think that the answer is yes, we have seen the worst situation in the current quarter. It should definitely start improving as we go along because it was a double whammy -there were very high costs because we have not seen these kind of prices which we saw in April-May this year. I've never seen those kind of prices for raw materials and huge amount of pushback from customers. Yes, hopefully this has been the worst quarter for us.

Moderator: The next question is from the line of Rajat Setiya from iThought PMS.

Rajat Setiya: My first question is about the total capacity that we have at the moment. You mentioned 70% utilization. My question is what is the maximum achievable capacity? Is it 100%, less than that or more than that?

Rahul Nachane: At 100% capacity we can probably reach a turnaround between Rs. 375 and 400 crores. We are trading at barely 70% of that level currently.

Rajat Setiya: So, we can do 100%. It's possible practically.

Rahul Nachane: Well 100% theoretically is not workable but we have reached close to 95%-98% capacity utilization level in our earlier years.

Rajat Setiya: All right. The new CAPEX that we are putting up, now there must be some cost overrun. What's the overall estimate and what has been the cost overruns?

Rahul Nachane: Earlier the total cost was estimated at about Rs. 100 crores and then revised to Rs. 140 crores and we saw that prices of steel were not coming down. So, the prices are pretty high, so we'll probably end up with about Rs. 140-150 crores. In view of surplus capacity available currently with us, we have deffered the investment by 6-month period and we thought let's take a chance to see whether prices can come down a little bit so that it will help us save some money in our investment.

Rajat Setiya: This 100 to 140-150 is purely cost overruns like its purely inflation and all, right?

Rahul Nachane: That is right. Yes.

Rajat Setiya: Now we are delayed by 6 months, so anytime during the next 6 months if we see the prices coming down, we may speed up our CAPEX plan, right?

Rahul Nachane: That is right. Yes.

Rajat Setiya: You had also mentioned I think during the AGM that capacity will increase by 60% post the new CAPEX. Let's say with the current capacity we can do 400 as the outer limit. Are we seeing that with the new capacity can do 40 to 50 crores of revenues?

Rahul Nachane: Yes, definitely Rs. 200 crores more yes.

Rajat Setiya: One final question. What has been the trend of us gaining market share over the last 12 months across products?

Rahul Nachane: Well, we have maintained our leadership position in all the products which we have got. We are #1 in six products right now and we are #2 in another five products after that. So out of 21-22 products we have got, we have a fairly large leader position in over 11 of them.

Rajat Setiya: The top five you mentioned, the next five you're saying you are #2 and the market share would range from what to what broadly?

Rahul Nachane: It varies from product to product. Let me say that the total probably the current basket which we are doing, total market potential should be close to about Rs. 1,500 crores.

Rajat Setiya: Potential like market opportunity for those five products is 1,500 crores.

Rahul Nachane: Not just the five products, of all the products which we are currently doing, the 22-23 products which we are currently doing.

Rajat Setiya: Can you also break it down into top five or next five in the rest?

Rahul Nachane: I don't have that data off-hand to tell you right now.

Rajat Setiya: No problem. But is this something that over the next call if you can share?

Rahul Nachane: Definitely.

Rajat Setiya: That will be helpful.

Moderator: The next question is from the line of Ankit Gupta from Bamboo Capital.

Ankit Gupta: I just wanted to understand the new two products that are being developed. What can be the revenue potential from these two products, let's say if not this year but from FY24 onwards?

Rahul Nachane: I was not able to hear you clearly. You're saying revenue potential of which product?

Ankit Gupta: The two new products that we are doing at the trial run.

Rahul Nachane: Yes, there are two products which we have done. They should be having a revenue potential of regulated world market should be in the range of about Rs. 60 to 80 crores.

Ankit Gupta: 60 to 80 crores from each product, the market size?

Rahul Nachane: All put together.

Ankit Gupta: On the CAPEX side, you said the revised limit. So, when can we expect the new CAPEX to be completed, the greenfield CAPEX to be completed?

Rahul Nachane: If we start by the end of this year the equipment ordering we should be ready by about Jan-Feb 2024.

Ankit Gupta: Jan-Feb 2024. We normally take at least 6 months to for stability data and all to be ready. Let's say we can expect the ramp up from Q2 of FY25?

Rahul Nachane: That is right. Yes.

Moderator: The next question is from the line of Dhwanil Desai from Turtle Capital.

Dhwanil Desai: The first question is you said that in terms of cost pressure Q1 may be the worst quarter. Do we expect our gross margin to normalize in the range of 55% to 58% in next couple of quarter?

Rahul Nachane: I think within two quarters would be ambitious. It will probably take another three to four quarters to get to that level.

Dhwanil Desai: We have already taken price increase to cover about 50%-60% of the RM and other cost price increases or it's little more or less than that? How much we are able to pass on to the customer?

Rahul Nachane: We have been able to pass on roughly about 50%-60%.

Dhwanil Desai: Second question is on the poultry product. I think last time you mentioned that the one of the products we discontinued and the other one is doing quite well. So how about scaling up that? I think we were doing around 6 to 8 crores on that product. How do we see the scale of that product?

Rahul Nachane: that the product is already scaled up. In the financial year, we sold about a ton and half of that product. In the current quarter we have already sold 1100 kilos. So, it's doing quite well. We expect sales of between Rs. 8 and 10 crores from that product in the current year.

Dhwanil Desai: Last question. When you say the total market potential all 23 products is 1,500 crores, that is the entire market, right? And then we will be getting certain market share out of that?

Rahul Nachane: There is a world market and there will probably be shared between probably 25-30 companies which will participate in that market.

Dhwanil Desai: So, 1,500 crores is the total for market and we are vying for decent market share in that 1,500 crores?

Rahul Nachane: Correct, yes.

Moderator: The next question is from the line of Rohit Balakrishnan from Ithought PMS.

Rohit Balakrishnan: On this demand scenario, just wanted to understand you mentioned that largely cost has been a deterrent for the end customer and hence your customers as well. Do you see that as a temporary phenomenon or assuming that the inflation if not increases but still if it does not decline, do you see this to persist this demand scenario to sort of be weak or at some point of time when the inventories will be over, they have to come around and increase and start buying the products? I just wanted to get your view.

Rahul Nachane: Yes. Demand has been suppressed due to different factors. The largest of course has been the pricing. In a B2B business there is a lot of pushback when it comes to increased pricing. The second has been in the far-east market because of restrictions in China, so Shaghai port was deadlocked and not taking any new shipments almost from March till about early June. Even today it takes to about close 3 weeks to clear consignments from Shanghai. That's a gateway to China for us. And then we have some other markets like Turkey where they are facing very high inflation, almost 70% inflation going on right over there. There have been these pockets where there are in different markets there are different challenges which are creating these issues. It's a cyclical thing which will probably take about a year for it to turn around and settle down completely. So, this is probably the worst quarter. We expect the pressure to continue in the current quarter also and then start easing more towards Q3 of the current year.

Rohit Balakrishnan: If you were to think about some of these markets like China, Turkey which you say are facing their own issues, some temporary, some more structural. So, is it possible to probably say what kind of revenues in your view at this point of time where you can say these are the problematic markets where we are selling and what percentage of our sales would be coming from these markets? Just a rough estimate. I don't want exact numbers just to get broad sense if you have that.

Rahul Nachane: Turkey has been accounting for almost about between 4% and 5% of sales for us while China has been accounting for close to about 8% to 10% of sales for us.

Rohit Balakrishnan: Slightly different question, I think a few quarters back almost 6-7 quarters back you had spoken about that you see events opportunity in the business for at least next 8-10 years and you don't see any issue in terms of the overall market potential or dynamics from a structural point of view. Obviously at that point of time the situation was much different in the sense the demand was very strong and we were doing very well. I just wanted to get your view given things have changed quite a lot in the last probably 3-4 quarters. I just wanted to get your view from your vantage point as you see over the next 4-5 years how do you see this playing out for your company?

Rahul Nachane: Well veterinary pharma industry is pretty stable. We don't see so much fluctuations within demand over a period of time. These patterns are constant. Farmers need to take care of their animals, so pharma is definitely not a discretionary spending. It's a necessity when it comes to spending. I would put this down more to the issues which we are facing right now in terms of economic issues which certain countries are facing, the demand supply problems which are going on right now and which are creating big pressure on pricing. There are these issues like China was coming back with restrictions and very stringent restrictions around March to June this year. These are more like localized issues which are giving a cascading effect. Overall, I don't think there has been any shift in the basic demand or structure for the industry, that would still remain to be strong. Probably '22 is going to be a year which is not so great for the industry but we will definitely recover. I'm very optimistic about this industry.

Rohit Balakrishnan: Just taking cue from some of the questions that you answered for previous participants. You mentioned that about 25-30 players are there in this entire product portfolio that you're working in. Given the strained situation that the market is in, I'm just curious to understand we are in a much stronger position from a balance sheet point of view but do you see any companies which can probably not sustain or not withstand this kind of challenges as per your knowledge and probably that can also open up opportunities for us to gain market share?

Rahul Nachane: About 8 to 10 companies exist here in India and which work in the same product which we do. The rest of them are Chinese companies. I really do not know the structure for the Chinese but in India 3 of them are listed entities, the rest are non-listed. It's a little difficult to understand financial strength of each company. So, I'm unable to answer that question.

Moderator: The next question is from the line of Alisha Mahaval from Envision Capital.

Alisha Mahaval: So firstly, what is the volume growth in this quarter?

Rahul Nachane: We have not seen any volume growth. In fact, we have seen volume decreasing, roughly about 3% more than the value decrease.

Alisha Mahaval: And this is YOY, you are comparing it to Q1 of last year?

Rahul Nachane: Correct.

Alisha Mahaval: Just a clarification, you were mentioning to an all your participant that the new capacity the greenfield is coming in FY24 or FY25?

Rahul Nachane: FY25.

Alisha Mahaval: It will come in FY25?

Rahul Nachane: That’s right. FY24, between Jan and March of 2024 but it will get commercialized probably 6 months later, so the impact of that particular expansion would appear more in 2025.

Alisha Mahaval: The CAPEX for 140 crores that we're doing, this is still 80% and 40% internal accruals.

Rahul Nachane: It's being funded 2:1 ratio.

Alisha Mahaval: Debt is 2.

Rahul Nachane: Yes debt 2 and internal accruals 1.

Alisha Mahaval: In some earlier calls you were mentioning that we do have a US customer who purchases from us semi-annually. Any update on the demand currently from that customer or is that also going to be weak in H1?

Rahul Nachane: No, we have one shipment for that customer which will go in the current quarter.

Alisha Mahaval: So that demand is on track.

Rahul Nachane: He just buys twice a year so it just depends on which quarter he's buying from. He didn't buy anything last quarter, he bought in the current quarter.

Alisha Mahaval: Current quarter means Q2?

Rahul Nachane: Q2.

Alisha Mahaval: In a normal situation you would say that the company can target a 20%-25% volume growth and margins in the range of 18% to 24%. We do understand the high spike is obviously made it unachievable. But is this the kind of target we have for FY24 or will it take longer to reach this kind of growth again?

Rahul Nachane: Current year has been a pretty big surprise and we never anticipated such decrease in the demand. We have been interacting with our customers and they have also been complaining of difficulty in passing on price increases to their end customers. So, this whole cycle is fairly recent. We have just seen about 4 to 5 months of this cycle. I'm unable to comment whether this cycle will pan out in a 10-month period or in a 15-month period or 18-month period because we are still in the early part of the cycle. I might be able to answer your comment a little more confidence probably 3 months from now.

Alisha Mahaval: And just one last question. Any other product launches we're targeting for this year, we did two in Q1?

Rahul Nachane: Yes. In fact, there are two more being planned in Q3 this year and one in Q4, so we plan to commercialize total of five new products in the current year.

Alisha Mahaval: And these will all be Animal API?

Rahul Nachane: All are Animal API, yes.

Moderator: The next question is from the line of Shivan Sarvaiya from JHP Securities Private Limited.

Shivan Sarvaiya: One question around the new CAPEX. In the previous call you had spoken about development of new APIs to fill in the new capacities. Could you comment on the number of APIs that you're targeting to introduce at the new facility, the market size of those and at what stage are we in their development? Are they in the same margins that we've been getting normally in normal situation that is about 55% to 60%, some color on that would be helpful?

Rahul Nachane: We are not waiting for new capacity to come in. We are trying to develop a product line because it takes a good 2 to 3 years for any new product launch to cover the market adequately. By the end of this year, we hope to take our total product basket to about 24 to 25 Veterinary APIs. 24 Vet APIs plus 1 Human API, so we will have about 25 as against 21 which we have today. The second part of your question was on the margins. The margins are a mixed bag because some of them are…but I think overall the product mix is such that we should be able to get to a gross margin of about 55% definitely.

Shivan Sarvaiya: What I was trying to understand is that once we have this capacity up and running what would be the total market size that we would be targeting in terms of the APIs that we would be having in our portfolio? So currently it is 1,500 crores. Assuming we are in H2 of FY25, what would we be looking at in terms of our addressable market opportunity?

Rahul Nachane: Well on the total products which we are looking at, there are two more products which we will plan this year which are basically anthelmintics and the market potential for those is fairly large. We would probably be looking at an additional market of close to about 2,200-2,500 crores. Just a word of caution, the Chinese are leaders in that product. We will be the first Indian manufacturer for these products. It's going to be a challenging situation for us. We are going into a highly competitive market over there.

Shivan Sarvaiya: Could you just repeat the product, I couldn't get it?

Rahul Nachane: These are de-wormers, anthelmintic.

Shivan Sarvaiya: They are having a similar gross profit margin 55%, that is what you said, right?

Rahul Nachane: Yes.

Moderator: There is a follow up question from Rajat Sethia from iThought PMS.

Rajat Setiya: Question is regarding the total market opportunity that you mentioned, at what rate that market is growing on a blended basis?

Rahul Nachane: There are no public research which can give us any data about the rate of growth. But a large market growth is coming from better market penetration now and you must be aware that market penetration in areas like Latin America, Africa even here in India for veterinary product has been fairly shallow. As the market penetration deepens it will lead to greater volume growth and demand. But there is no public data which I can quote and tell you what the number would be.

Rajat Setiya: Over the next 2 to 3 years, how many new products do you plan to launch? You've mentioned 3-4 in this year, how many new do you plan to launch over the next 2 to 3 years?

Rahul Nachane: We have a plan prepared for getting to a total list of 30 APIs by 2024.

Rajat Setiya: The new products that we are launching in the next 2 years, so would you be able to share the market size for those products overall?

Rahul Nachane: Give me some time to put it because I don't have these numbers across readily with me but probably, I can answer that question at the next opportunity.

Rajat Setiya: Sure. And the next question is around, you mentioned that there are 20-25 players. So, like we are adding capacity, would you have any idea if any other player or other players are adding any capacity like us?

Rahul Nachane: Well, that's a million-dollar question. I'm sure everybody would be trying to add capacity. It's a highly competitive market. Every company has got its own plans of growth and would like to venture in. As I said there are only 3 players which operate in the public space here in India. There is us, that there is SeQuent Scientific and there is LASA Supergenerics. The rest of the other players are from the unlisted company sector. So, I really do not have access to what their plans are.

Rajat Setiya: One final question, this 1,500 crores market and 20-25 players, so from the outside and I can be completely absolutely wrong here but from the outside it seems too many players competing for this market. How do you see yourself growing from here onwards given this context that you shared?

Rahul Nachane: It looks like there are many players but there are some players which are pretty small companies, so they have limited capacities and they do limited products, probably just one or two products in which they might be competing with us. For them if they go into the fragmented market where their market share is pretty small. If I have to say out of these how many significant players there are which can compete with on a similar scale and size, I would say on a worldwide basis there would be probably just about 10 or 12 out of those 30 who would do that.

Rajat Setiya: Historically we have gained market share and that has been one of the main pillars for our revenue growth. Do you expect us to continue gaining any market share from here onwards as well?

Rahul Nachane: On our top five products, I think I do not see us expanding any further market share frankly because we are already at a very large over 50% market in those. Customers as a strategy prefer to have 2 to 3 suppliers for every product. So that they are not dependent on just one source. We have probably had the potential of expanding our market share in the last 10 products which we have got and that's where we are focusing right now.

Rajat Setiya: With the CAPEX amount obviously shooting up because of the raw material price, I mean materials inflation and all, so do you expect us to continue making similar kind of return on capital that we used to make, that we continue to make till date? Do you expect those kind of return ratios to continue or do you think that we might see a dip there? How are they going to look like?

Rahul Nachane: If we take any 3 to 5 years period and try to look at what sort of return, we are getting, if you look at on net basis then I think I'm fairly certain that will deliver the same. It's quarter to quarter which is a challenge especially in these trying times.

Rajat Setiya: My question was also mainly with regards to the annual numbers and over 2-3 year time there.

Moderator: The next question is from the line of Ankit Gupta which is a follow up question from Bamboo Capital.

Ankit Gupta: You say that the market size for our products will expand from 1,500 crores to 2,300 to 2,500 crores. With the addition of 8-10 products that we plan to add over the next 2 years?

Rahul Nachane: No, with the products we have planned for the current year.

Ankit Gupta: So, the three new products….

Rahul Nachane: The market size of all the 30 products which we do should be in the range of (+3,000) crores.

Ankit Gupta: With the 3 new products that we are adding, one pocket the trial run is going on in the two pockets where basically which are under development. These three products itself will increase our market size by 800 to 1,000 crores?

Rahul Nachane: Yes.

Moderator: As there are no further questions, I would now like to hand the conference over to Ms. Pallavi Pednekar for closing comments.

Pallavi Pednekar: Thank you Michelle. Thank you, ladies and gentlemen. On behalf of NGL Fine-Chem Limited that concludes this conference. Thank you for joining us and you may now disconnect your line. Thank you, Michelle.

Moderator: Thank you. On behalf of NGL Fine-Chem Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.