

Business Updates

- The major feedstock which is fatty alcohol and is 50% of RM costs have corrected by 50% in just last year itself
- The magnitude of price movements have been very severe across the RM basket
- The Indian business continues to outperform and there is a strong possibility of 8-10% volume growth across all categories in the Indian market
- The Turkish and African market continue to pose a challenge since the last two years but some stability is coming back
- The focus in FY24 will be to ensure sustained volume led growth. The last three years volume growth has been flat and growth has come in from realizations and efficiencies

Participants

Nippon India Mutual Fund

ICICI Securities

Smifs

Securities Investment Management

Nuvama

Centrum Broking

Mac Pro Research

East India Securities

Falcon Investments

QnA

- There have been some overhang of inventory de stocking in the US market and the discussions with customers indicate that it should reduce from this quarter onwards
- In Europe there is an underlying demand cutback because of the recessionary conditions while in the USA the destocking happening over last six months should end in the current quarter
- The pain in the European market will last longer than in Europe
- The maintenance capex on an annual basis is Rs 150-170 crores
- There has not been any significant change in product mix but within the products some better cost management and sourcing capabilities have helped in moving the EBITDA/ton upwards

- The freight rates have come down by a very big margin in Europe & USA and the specialty ingredients go into high value products which have not been in demand due to higher inflation in those countries
- Whenever a currency devaluation happens in a country it takes around 9 months for the customers to come to a sort of demand equilibrium in terms of new prices and that is the time that it should again take in African economies
- In terms of new innovations the company has come up with multi functional products for various end use benefits but the demand has to revive and especially in premium end products
- There is a revival in consumption happening in rest of Africa other than Egypt and also in Turkey which has been witnessed in the last quarter
- The average capacity utilization currently stands at around 65% across the 200 products in range
- The performance surfactants are those which have fatty alcohol as its feedstock and because this is such a volatile commodity the sourcing of this requires a lot of experience