

6th June, 2024

VCL/SE/15/2024-25

To
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001
Scrip Code: 516072
Through: BSE Listing Centre

To
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex, Bandra (East),
Mumbai -400 051
NSE Symbol : VISHNU
Through : NEAPS

Subject: Transcript of the Earnings Call held on 3rd June, 2024 on Q4FY24 Financial Results

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find transcript of the Earnings Call held on Monday, 3rd June, 2024 to discuss Financials Results for Q4 FY24.

This information will also be available on the website of the Company www.vishnuchemicals.com

Kindly take the same on record and disseminate on your website.

Thanking You.

Yours faithfully,

For Vishnu Chemicals Limited

Vibha Shinde
Company Secretary & Compliance Officer



**“Vishnu Chemicals Limited
Q4 FY24 Earnings Conference Call”**

June 03, 2024



**MANAGEMENT: MR. SIDDARTHA CHERUKURI – JOINT MANAGING
DIRECTOR – VISHNU CHEMICALS LIMITED
MR. HANUMANT BHANSALI – VICE PRESIDENT,
FINANCE – VISHNU CHEMICALS LIMITED**

**MODERATOR: MR. MEET VORA – EMKAY GLOBAL FINANCIAL
SERVICES**

Moderator: Ladies and gentlemen, welcome to the Q4 FY24 Earnings Conference Call of Vishnu Chemicals Limited. hosted by Emkay Global Financial Services. All participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the initial remarks conclude. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Meet Vora from Emkay Global Financial Services. Thank you and over to you sir.

Meet Vora: Thank you. Good afternoon everyone. Welcome to the Earnings Conference Call of Vishnu Chemicals Limited for the quarter and year ended 31st March 2024. I would like to welcome the management and thank them for giving us this opportunity to host them. We have with us today Mr. Siddartha Cherukuri, Joint Managing Director and Mr. Hanumant Bhansali, Vice President, Finance.

Before we begin this call, I would like to point out that the discussion during this call may contain forward looking statements reflecting the company's current view of future events and their potential effect on Vishnu Chemicals operating and financial performance. These statements involve uncertainties and risks which may cause actual results to differ. The company is under no obligation to provide subsequent updates to these forward-looking statements.

I shall now hand over the call to the management for their opening remarks. Thank you and over to you sir.

Siddartha Cherukuri: Thank you Meet and good afternoon everyone. We have ended this financial year on a strong note. For the full year we generated an operating revenue of INR1,213 crores with an EBITDA of INR202 crores and a PAT of INR101 crores.

The EBITDA margin expansion was driven by disciplined focus across both value addition and backward integration initiatives. Our performance was empowered by the belief of being persistent, taking measured risks and keeping the communication simple with our customers and employees. New cash flow from operations grew 179% during H2FY24 compared to the first half of FY24 demonstrating the cash generation capabilities of the enterprise and strengthening our financial position.

Macroeconomic headwinds faced during FY24 proved this year to be significant test. Our perseverance aimed at improving the profitability of the company while prioritizing customer success led to several collective accomplishments during this year.

We have acquired Ramadas Minerals Private Limited during this financial year. With the plant being operational, we have saved valuable time compared to embarking on a green field project. Ramadas's addition to our portfolio has strengthened our business from a long term perspective as it enables us to curtail the cost of raw materials, ensuring continuous supply for our customers and create greater value for our shareholders.

We also commissioned a state-of-the-art precipitated barium sulphate plant and a 4.3 megawatt solar power plant during FY24. These accomplishments not only enhance our operational capacity but also reflect our commitment to sustainable growth and energy conservation. Our unique capabilities like flexible product mix and process innovation executed over the year makes us one of the most efficient producers of chromium and barium chemicals in the world.

We have entered FY25 with the same core belief of doing business with efficiency, nurturing complex chemistry and grow in the areas that will provide sustained economic and commercial benefits to the company.

Now I will hand over to Hanumant who will provide further details on our financial performance. Following that, we look forward to addressing your questions. Thank you very much.

Hanumant Bhansali:

Thank you Mr. Siddartha and good afternoon everyone. The consolidated sales in Q4 FY24 was INR300 crores compared to INR304 crores in Q3 FY24. On an annual basis, the FY24 sales were INR1,213 crores compared to INR1,391 crores in FY '23. The consolidated EBITDA increased by 55% from INR41 crores in Q3 FY24 to INR64 crores in Q4 FY24.

The company registered an EBITDA margin of 21% in Q4 FY24, an increase of 766 basis points during the quarter ended 31st March 2024. The consolidated PAT increased by 34% from INR21 crores in Q3 FY24 to INR28 crores in Q4 FY24. The net profit margin of the company in Q4 FY24 was 9.2% compared to 6.8% in Q3 FY24. On the standalone front, the exports accounted for 48% of the total sales in H2 FY24, up from 44% in H1 FY24. The standalone sales of the company recorded a marginal decline of 4% from INR253 crores in Q3 FY24 to INR243 crores in Q4 FY24.

Notwithstanding the declining top line, the standalone EBITDA rose by 37% on a quarter-on-quarter basis from INR33 crores in Q3 FY24 to INR45 crores in Q4 FY24. Our standalone EBITDA margins were 19% in this quarter compared to 16% in Q3 FY24. The standalone PAT for Q4 FY24 was INR23 crores compared to INR22 crores in Q3 FY24.

The net profit margin on a standalone basis remained at the same 9% on a quarter-on-quarter basis. The fourth quarter and the full year highlighted the resilience demonstrated by Vishnu Chemicals Limited. In fact, we recorded the highest-ever volumes produced and sold in FY24.

On the balance sheet front, the company has reduced its long-term borrowings by nearly INR90 crores in FY24. This reduction indicates an effort to lower our debt, which has improved the company's financial stability and also reduced the interest expenses. The debt-to-equity ratio was 0.45 as on 31 March 2024.

The company has a continuous track record of paying dividends. This year, the Board has recommended a dividend of INR0.30 per equity share of face value INR2 each for the year FY24. The same shall be paid subject to approval of the shareholders. I request the members of this call to note that our results and investor presentations have been uploaded on the stock exchanges and the company's website.

With this, I conclude my opening remarks and we can now commence the Q&A session.
Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch tone telephone. If you wish to remove yourself from the question queue you may press star and two. Participants are requested to use handsets while asking a question. Ladies and Gentlemen, we will wait for a moment while the question queue assembles. Again, if you have any questions at this moment please press star and one. Our first question is from the line of Sagar Jethwani from Philip Capital. Please go ahead.

Sagar Jethwani: Thanks for the opportunity, my voice is audible?

Moderator: Yes Sir, your voice is audible but there is some background noise. Just hold, is it better now?

Sagar Jethwani: Just hold, is it better now?

Moderator: Much better Sir, please go ahead

Sagar Jethwani: My first question is that are we on a track to take the price hike in Q1 FY '25 as we guided earlier? What would be the quantum of these price hikes, and will it be across the product portfolio? That is my first question. Second, what led to this kind of a margin expansion during the quarter, and will these margins be sustaining going ahead? Third is on the capex guidance for FY '25, if you can give some details on that. And lastly, apart from the chrome metal, any other new products that are in pipeline, if you can share that?

Siddartha Cherukuri: Yes. Good afternoon. So, regarding the price hike, yes, in certain products, we have already announced that given the market conditions and overall demand in those, value-adds have been quite strong. So, I think we will be able to have at least 4% to 5% increase in certain value-added products but generally speaking, in our core product, we are not foreseeing any significant price increase during this quarter, which is sodium dichromate, whereas in our barium vertical, we are seeing a good price increase happening during this quarter and even the next quarter. We are looking at least 10% to 15% price increase both in the domestic as well as export market.

So, the margin sustainability is looking quite steady, reason being the backward indication project is progressing well. We have seen a better yield, especially with respect to our CO2 acidification. This quarter, we have achieved 90% and this is going to continue.

And what we are seeing is also the soda ash prices increasing in the quarter to come. So, that is definitely going to add in terms of improved EBITDA margins in the next quarter. And the capex guidance, right now, we are quite focused. I mean, we are going to see 10,000 tons of additional dichromate capacity going to come online towards the end of this quarter. And we'll be, right now, more focused on achieving the desired outputs from the capacity built. And probably towards next quarter is when we can get towards our capex plan.

Sagar Jethwani: Yes. And lastly, on the products and pipeline?

- Siddartha Cherukuri:** Well, the chromium metal project, it's progressing well. We have done some pilot work at our R&D plant and we're looking at launching this product towards early next year. And regarding new products, they're still under R&D phase. I mean, I won't be able to talk much about it this year.
- Sagar Jethwani:** Sure. Sure. That's very helpful, sir.
- Siddartha Cherukuri:** Thank you.
- Moderator:** Thank you. The next question is from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.
- Rohit Sinha:** Yes. Thank you for taking the question, of course, and congratulations for a good set of numbers. So, first of all, with our new PBS capacity coming into play and overall, we are seeing some bit of a...
- Siddartha Cherukuri:** Your voice is not audible, Mr. Sinha.
- Rohit Sinha:** Yes. Just a second. Am I audible now?
- Siddartha Cherukuri:** Yes, better
- Rohit Sinha:** Yes. So, as our PBS capacity is on stream and we are seeing a bit of improvement in utilization in overall capacity, so we just wanted to understand what kind of volume growth we should be expecting for FY25 and what sort of price increase potentially we'll be seeing. As you have already indicated, that 4% to 5% kind of price increase will be possible for value-added products. And secondly, since we have done 20+ kind of margin in this quarter, amid, we can say that there's a pressure on the Barium Sulphate side from China, so given the point that going forward, this pressure succeeds, can we expect a better sort of margin in the overall segment?
- Siddartha Cherukuri:** Well, let me put some light on the barium. So, we are expecting at least a 50% volume growth in barium chemicals, although we are seeing some kind of pricing pressure coming from China but that we are able to balance it with offering a better product with the desired packaging to the end-user industry. In terms of, I mean, if I take a consolidated volume growth for the financial year, we are looking at least 30% to 35% volume growth during this financial year.
- Rohit Sinha:** Okay, 30% to 35%, I mean, might be a 3% to 5% kind of price increase possible?
- Siddartha Cherukuri:** Yes, it is. It depends on which product we are talking about and depends upon what our strategy is in, because we are looking at a volume growth and do we want to pass on certain benefits to the customer and keep the volumes up and the revenue up. It's a call we will take, should not be a going concern for us. But yes, on a whole, we will see at about 3% to 4% percent of the price increase.
- Rohit Sinha:** So, I mean, again, on the margin side, I mean, just wanted to get some sense that with a 20% plus kind of margin rendered would be sustainable for us?

Siddhartha Cherukuri: It should be, given that we are talking about the volume growth, definitely the economies of scale will definitely kick in. So that should drive the EBITDA margin. I can't give you the exact number. I mean, won't be able to give guidance for the whole year. But yes, for sure, where we are in terms of the EBITDA margin of 17% to 18%. Yes, that's definitely sustainable. Yes. What we aim for will be 20%. Will that be achievable? I mean, given the order book and given the kind of what we want to do, it is something we will aim for. And, towards the end of year, we will be targeting that kind of EBITDA margin.

Rohit Sinha: Okay. Okay. And can we get just a breakup in terms of revenue coming from our end user industries, like from pharma and from paint industry and all that? What sort of broader sense on the percentage side?

Siddhartha Cherukuri: I won't be able to give you a breakup per se but I can tell you about pharma, which is about 20% to 25% of our revenue. And like the leather industry will be about 15% to 18%. And electroplating and wood preservative application will be close to 20%, 25% today. And we also have now wood pigments and paint industry, which contributes to about 20% and the rest would be others.

Rohit Sinha: Okay. Thank you. That's from my side.

Siddhartha Cherukuri: Thank you.

Moderator: Thank you. The next question is from the line of Suruchi Parmar from NX Wealth Management. Please go ahead.

Suruchi Parmar: Yes. Thank you so much for the opportunity, sir. Sir, I would like to know about your strategy going forward to tackle the sales pressure on the precipitated barium sulphate.

Siddhartha Cherukuri: Hello, Ms. Suruchi. Like I said, it's not to do with the sales pressure. It's more to do with the pricing issue. There is a good, in general per se in the powder coating industry, there's a good growth.

So, we're looking at a year-on-year growth of about 11% to 12%. So, the volumes keep going up. Like when we have any size, the project was just now, the demand has gone up by close to 40% in terms of volume. But being a new player in the market, like we have launched this product in nine months now. I think we made a good customer wins over the last nine months. Obviously, it has come with the cost.

And moving forward, we will definitely work towards direction where we can, get some price increases in this account. But it can be in a very gradual way. So, we have, I mean, the plant is currently operating at close to 60%, 70% and the order book is looking solid. So, moving forward, we will, try to work towards direction where we can announce some price increases and should be accepted. So, volumes are not a concern, more to do with the pricing.

Suruchi Parmar: Okay, so this pricing issue is because of you have said that dumping from China particularly.

- Siddartha Cherukuri:** Yes, I think especially, for the last six months, they've been, especially because the construction industry and the paint industry is not doing very well in China. And for them, India is a big market. So we are, having some challenges with respect to the pricing but it's been taken care of, because we are able to offer tailor-made product with a certain specification and a better packaging. So, by leveraging this, we are able to get some premium over, what Chinese are offering in the market.
- Suruchi Parmar:** So, there must be a difference in quality, what they are offering, and your company is making, correct?
- Siddartha Cherukuri:** Yes. There's a difference in the quality also on the -- in terms of delivery systems what we offer versus I mean it is a lot more flexible.
- Suruchi Parmar:** So what feedback you have got from your client like who are taking specified variants from you that how they feel like they are happy with your products and they want to continue?
- Siddartha Cherukuri:** Yes the feedback is very positive, but they are already, I mean, they say that they will definitely go up to 80% of their demand with us but it will be in a very gradual phase. Right now, we are at 40% to 50% in certain big accounts. So, they don't, I mean, they will definitely make a switch and give us a higher share close to 80% to 90% over the next 6 months I'm hoping it because they want to see the consistency in the product and the delivery which we are quite confident to deliver and achieve.
- Suruchi Parmar:** Okay. And so, regarding the chromium metal that you are going to launch next year. So how is like the market demand and who all are the competitors like you are the only one who is making in India or is there any competitor in India and outside India? What do you think?
- Siddartha Cherukuri:** It's quite an interesting product mainly going into the defense and welding electrode industry. In India, we'll be the only producer because most of the Indian demand, current demand is made by imports mainly coming from Europe, China and a bit from Russia as well. So, there has been a consistent growth in this product especially in the defense side as well as welding electrode industry. So, I think the total Indian demand is close to about 2,000 tons this juncture and it will continue to grow.
- Suruchi Parmar:** So, the imports like if you bring your capacity and so in India they will prefer from you, buying from you rather than buying from importing the product like what basis like you think?
- Siddartha Cherukuri:** In a normal case scenario, when there is domestic producer, obviously they will lean towards us. Obviously, it takes time because it has to go through a process of testing, approving and then accepting it but yes I think we also we try to focus on offering a quality product. So that will also give us benefit moving forward and we are working with the right set of team and the right consultant. So, we are confident of achieving the right quality product.
- Suruchi Parmar:** And lastly what is the status on the Red Sea prices like still it is going on or you have to hold more inventory?

- Siddartha Cherukuri:** Yes it seems - still seems to be holding on, not getting any better in general because lately there's another challenge of shortage of equipment. The pricing has been done on a monthly basis for the container. So that seems to be a challenge, but we are hoping maybe in a quarter or two quarters down the line it should get better.
- Suruchi Parmar:** Thank you so much sir.
- Siddartha Cherukuri:** Thank you.
- Moderator:** Thank you. The next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.
- Pritesh Chheda:** Yes. Hi, sir. For the chrome chemistry of the chromium business in 24, what would have been your volume performance or volume growth?
- Hanumant Bhansali:** Good Afternoon Mr. Chheda. In FY24 our volume performance was marginally better than FY23 but overall, we still operated at nearly 80%. So last year we operated at 80% this year we operated around 80.5%.
- Pritesh Chheda:** So, which means that the whole revenue dip that I see of about plus 20% is too purely do with the realization.
- Hanumant Bhansali:** That's correct. That's in line with the overall reduction in sea freight price through the year and also the reduction in prices of raw material barring chrome ore.
- Pritesh Chheda:** So, there is reduction in raw material barring chrome ore?
- Hanumant Bhansali:** That's right.
- Pritesh Chheda:** Okay. Chrome ore continues to go up. So, were you unable to, was there any inability to take price increases linked to chrome ore then?
- Hanumant Bhansali:** There are two parts to this question. One is, we had the ability to increase the prices in select products where there was good demand, especially in the areas of electroplating, wood preservatives, pigments and dyes but in certain areas we saw a bit of softness, especially in the export sector. So, to contain this macroeconomic scenario, we did not particularly go for a price increase for our export customers to assist them with their end-user handling.
- But things are slightly changing on the ground now. The standalone revenues in Q4 improved from the quarter that ended in December and it increased from the export segment also. So, if the trend continues maybe by the second half of the year we'll see the export markets reviving a little bit more and then it will be easier for us to pass the price increases to our customers.
- Pritesh Chheda:** So now Q4 specifically for Chrome, if I look at past so many quarters it seems to be a quarter where it's a seasonally higher quarter only. So do you still want to take this Q4 as your base to comment because Q4 last year was also the same way. Q4 2022 was also the same way?

Hanumant Bhansali: We don't have a trend where Q4 is necessarily better as such, but just to answer your question our Q4 FY23 was better than Q3 FY23 because we had a maintenance that we had taken in Q3 FY23 due to which our capacity utilization was in the range of about 65% and that's the reason in Q4 FY23 operated at higher levels due to which the operating revenues went up.

This year, the scenario was different. We operated at nearly the same capacities in Q3 and Q4. And we did not see any major change in the realization per kg. So, over the last few quarters our entire efforts have been to keep the margins intact without necessarily having to increase the prices for our customers.

We have done this primarily through our backward integration measures which have helped us reduce the offtake of input feedstock for the production to a certain extent and also our carbon dioxide recovery and acidification plant has improved our indigenous production of sodium carbonate.

Pritesh Chheda: So, in chrome chemicals business we should now consider FY24 to be a more stabilized number and not FY23 because FY23 had the realization as well?

Hanumant Bhansali: We hope the markets will improve especially in the export markets. The domestic market is very good in terms of volume demand, but prices are more driven by the export markets and that is something that we are also watching on the ground.

Pritesh Chheda: I didn't understand – should these are – I didn't understand this. So, you have a big variation in your profitability from FY22, FY23 and FY24 and FY23 to FY24 had the backward integration benefit also. Considering the variation in the profitability being so large the absolute number for the similar utilization it would be very helpful if you guys could comment what is a more stable number?

Hanumant Bhansali: Here the answer is very simple. FY23 and FY22 were 2 years that probably were very different years in terms of the entire last two decades of manufacturing that we had seen where the prices of raw materials went up, the sea freight went up, at the same time demand globally also went up. FY24 was a year where the prices of raw materials did not come down. The sea freights did come down, but the demand also came down significantly especially in the export markets.

Having said so, as a company, what we tried to do is we mitigated the risk of losing our market share without trying to be over ambitious on price increase. And that's where we saw good customer retention through the year compared to our global peers which could not hold on to the EBITDA margin profile. So, on a year-on-year basis, we have maintained EBITDA margins at nearly 16% on a chromium chemicals level.

Pritesh Chheda: But then you have lost to absolute EBITDA by 25% despite carbon dioxide benefit coming in. So, I don't understand this comment. One way you look at percentage the other way you look at absolute. So, it would be very nice if you would comment on the absolutes.

Hanumant Bhansali: On the absolute, it's the same answer. Like I said, demand is not in the hands of the company. We as a company never anticipated that export market would come to a standstill the way it is

right now. Things on the ground are looking to change and we hope that by Q2 or Q3 export markets revive. And we can also see the uptick in the absolute EBITDA for us to achieve what we have achieved in the past.

Pritesh Chheda:

Okay. Then on the balance sheet side there is this INR100 crores increase in inventory and about INR120 crores being spent on the capex. So, there is about INR200 crores via equity. But I see only about INR60-INR70 crores of debt repayment. So, what is this INR100 crores inventory increase and what is this? And you have been spending in capex since the last two years. I see a number of INR120 crores. If you could just comment for the last two years back-to-back you have spent now. Where is it spent for?

Hanumant Bhansali:

On the inventory side, as you have seen that through the year, we started seeing the Red Sea crisis becoming a problem for all of us. So, the crisis has increased the transit time by nearly two weeks to four weeks on most of the routes. As a result, we have been maintaining higher inventory of raw materials to ensure continuous supply of feedstock to our plants, as well as higher inventories of finished goods are being maintained so that we can enable quick dispatches to our export customers. And that is the reason why the inventory has gone up. Secondly, the inventory has also gone up because of the higher value of chrome ore, which forms a significant part of our inventory, compared to FY '23.

On the capex side, FY24 we spent nearly about INR120 crores on capex throughout the company. Out of this, INR53 crores were spent towards Chromium Chemicals and the balance was spent in Barium Chemicals. In Chromium Chemicals, INR53 crores went primarily in the following areas. One, is the volume expansion in Sodium Dichromate that we have already started. And second, is we have done a replacement capex of nearly about INR25 crores to replace the depreciated assets. We undertook nearly about INR20 crores of investments in process improvement and modernization of certain equipments which has led to a reduction in input feedstock in our Chromium Chemicals.

And INR67 crores were spent in Barium Chemicals towards upgradation of the newly acquired plant under the company Ramadas Minerals and also completion of pending works in precipitated barium sulphate plant which was commissioned in FY24.

Pritesh Chheda:

Okay. And my last question is in the quarter 4, there is a significant upswing in the number or change in the number for the barium business. The EBITDA number is a fairly larger number. Any comments there specifically? Because for a Q-o-Q hardly any change in revenue. The change in EBITDA is very significant.

Hanumant Bhansali:

So here the improvement was on two grounds. One is the plant that we acquired last year under the company Ramadas Minerals, started giving us good throughput from the Q4 onwards that led to a margin expansion. Secondly, our product by the name Barium Carbonate saw increased throughput throughout the quarter due to very good demand that we could see from the North American markets.

Pritesh Chheda:

That should reflect in your revenue, right? If there is a throughput increase or there is because the revenue is just INR5 crores up.

- Hanumant Bhansali:** Our fixed costs which were expensed at a lower capacity utilization till about Q3 were flat in Q4 whereas that INR5 crores that you are talking about, the increase in revenues straightaway improved our operating leverage and we did not have to spend more on conversion costs be it our employee costs or manufacturing expenses or power costs also to that matter.
- Pritesh Chheda:** Yes. But then that explains this INR5 crores. There is a movement from INR7 crores to INR19 crores so there is an incremental INR12. 5 crores comes from revenue out of that INR12 crores. Still there is a INR7 crores extra number.
- Hanumant Bhansali:** We also have our precipitated Barium Sulphate project, where we increased our capacity utilization. So, till about first 9 months we operated at nearly about 24% whereas in Q4 we operated at more than 40% capacity utilization.
- Pritesh Chheda:** And how much does Ramadas acquisition contribute to the EBITDA? What is the P&L there?
- Hanumant Bhansali:** We cannot share those numbers right now. It is quite sensitive because it also is passed on to the markets at large. But the savings are quite attractive for us in the long term.
- Pritesh Chheda:** That company will help you get a raw material?
- Hanumant Bhansali:** No, that company helps us in converting lower grade feedstock into higher grade feedstock. So, it saves us on the cost of acquiring the purest grade of variety from the market.
- Pritesh Chheda:** And that started working full swing last quarter?
- Hanumant Bhansali:** Not full swing. We are still operating at 75% utilization, which should go up to about 80%-85% from this financial year on.
- Pritesh Chheda:** So Baryte to make Barium right?
- Hanumant Bhansali:** That's right.
- Pritesh Chheda:** And it has its own mines or?
- Hanumant Bhansali:** No, we don't own any mine under any company.
- Pritesh Chheda:** Okay, done. Thank you.
- Hanumant Bhansali:** Thank you.
- Moderator:** Thank you. The next question is from the line of Rakesh Davera from 4R Investments. Please go ahead.
- Rakesh Davera:** Good afternoon, sir. Thank you for taking my question.
- Hanumant Bhansali:** Good afternoon, Mr. Rakesh. Please go ahead.
- Rakesh Davera:** Yes, my first question regarding our recent acquisition of Ramadas Minerals. How it actually impacts our margins ahead?

- Hanumant Bhansali:** Okay. Can you ask your second question as well? We'll answer both of them together.
- Rakesh Davera:** Okay. And second question is regarding Barium segment. So, what is the guidance for Barium segment growth and its volume expected in Q1 FY '25? And do you have any new products upcoming in Barium segment? And other thing is like we have commissioned a precipitated Barium Sulphate plant. And how it's going to impact on FY '25?
- Hanumant Bhansali:** So, Mr. Rakesh, we announced the acquisition of Ramadas Minerals in FY24. And it was a strategic acquisition which helped our company in reducing the overall cost of our raw materials. And elevating the overall quality of our feedstock. So, the acquisition includes an asset which is operating out of Srikalahasti, very close to our existing plant in Srikalahasti which produces the Barium chemicals.
- So, it is right in the middle of the raw material source and our production unit. That helps us in acquiring the raw materials from the mine that is owned by the state government, bringing it down to Ramadas Minerals' beneficiation plant where we achieve the desired output of raw materials that we require for eventual production. And that has led to significant improvements in our feedstock. It has helped us reduce the cost of raw materials by quite a significant percentage.
- Rakesh Davera:** Overall you mean to say that it will impact margin significantly?
- Hanumant Bhansali:** We are looking at it from a very long-term perspective. Yes, it has impacted our margin positively. At the same time, where we see that for the next 10 years, we don't have to depend on the highest grade of raw material to be acquired from the mine. And that reduces our overall dependency on market movements in the minerals that we buy.
- Coming to second question, Barium segment. On the Barium segment, we have seen a good year overall. And that has been the key driver of our performance in FY24. FY25 also we continue to see that the momentum will carry forward. We expect our volumes to increase by in the range of nearly about 50% compared to FY24. And we are quite excited and upbeat about this.
- Rakesh Davera:** And do we see improvement in domestic or any deviation in exports? I mean reducing volumes in export or improvement in domestic? How can we understand this?
- Hanumant Bhansali:** If I compare the markets in general, the Barium Chemicals that we manufacture goes into the building materials segment or the construction industry at large, which is not really doing well, especially in the export markets. But we have entered into newer territories compared to what we were doing in FY24 and now we have started marketing more in developed countries. So, our customer wins this year in Barium has helped us increase our off-take and sales volume, which will lead to better volume off-take in the years to come also.
- Rakesh Davera:** Okay. And about this precipitated barium sulphate, how will it improve volume?
- Hanumant Bhansali:** On the volume side, it's a wait and watch situation. We don't want to sell at a price which is going to affect our EBITDAs negatively. So, we are very cautious about the price at which we

sell, because clearly there is a quality differentiator. However, we continue to withstand against the Chinese competition that is flowing into the country and we hope that in this financial year, we are able to take at least 20% of the market share in India in precipitated barium sulphate.

Rakesh Davera: Okay. And the China's impact, the dumping, when will you expect to last?

Hanumant Bhansali: Very hard for us to answer that, because it's not a marketing information that we are aware of like how Chinese are going to supply their product in which territory. But we hope that globally there is going to be improvement in exports and that will divert a little bit of volumes from China to other countries instead of just being diverted to India as of now.

Rakesh Davera: And the last question is regarding this client concentration in outside India. How are we looking at it?

Hanumant Bhansali: We don't have a client concentration. None of our customers have more than 5% to 6% share in our overall turnover.

Rakesh Davera: Okay. Fine. Thank you.

Moderator: Thank you. The next question is from the line of Dhimant Shah from ITI Mutual Fund. Please go ahead.

Dhimant Shah: So, if one has to, dissect the journey from Europe, clearly you have tailwind in your favor from Chromium, with possibly exports also being a large portion of that. And, it's coming back in terms of minus the raw material pass-through that you possibly need to overcome. And on the Barium side, you are seeing pressure from the Chinese but given our quality, given our, steps that we have taken, different leading players in India as well. So, overall, how would you like to procrastinate immediate future plus the future henceforth? So, if you can just quickly summarize this, would you say that you would target a 20% top-line growth, by and large, given current raw material prices?

Siddhartha Cherukuri: So, thank you, Mr. Dhimant. This is Siddhartha with you. When you mentioned about tailwinds in Chromium, we see quite a bit strong tailwinds even in Barium. Barring aside, temporary challenges of pricing-related issue in the Barium Sulphate that has been, I would say, partially outweighed with the strong Barium Carbonate order book, which is coming from the West. So, I think...

Dhimant Shah: Just sorry to interrupt. Could you also comment now with all these steps, do you think you are a cost leader in both the verticals in your assessment even globally?

Siddhartha Cherukuri: It, depends on which product you are talking about. Obviously, I don't have a complete variable cost break-up and break-up of our peers generally per se but if you're talking about Chrome, I think we are, considering the backward integration benefit and considering economies of scale, I think we should be relatively competitive. But again, compared to a peer in Turkey who is able to leverage their currency benefit to a large extent, it's very difficult to

say where we stand when it compares to a currency which is depreciating 15% to 20% on a yoy basis.

But in terms of variable cost, in terms of fixed cost, yes, we are among the most cost efficient producers. I cannot say the lowest cost producer. That's a big statement to make but we are a very cost efficient producer and who are having a strong market base in India, being the only producer.

Dhimant Shah: Both Chromium and Barium or only Barium?

Siddartha Cherukuri: Both Chromium and Barium, I would say. And coming to Barium, I think, yes, given the kind of volumes we are looking at, like we've already given the commentary that we're looking at about 50% volume growth, with the economies of scale it's going to kick in, I think we will be quite competitive against any Chinese producer. And especially with the Ramadas benefit factoring in, yes, I think that gives us a very strong position in general, moving forward.

Dhimant Shah: Correct. And is this a phenomenon once a year, which typically the Chinese seem to be, kind of bereft of normal brain usage, something of this variety happens to them in all the segments that they operate. So, this pricing activity, which they typically are in a punitive form, does it happen typically once a year or slightly more?

Siddartha Cherukuri: It's difficult to answer that question, to be honest with you. As you know very well, you must have heard from the other chemical producers, it's very cyclical. It depends on how their domestic market, is doing and what kind of benefits...

Dhimant Shah: Last 2 year, 3 years, what is your experience? Every year they, try to clear their inventory or something of that variety?

Siddartha Cherukuri: I think it completely depends on their inventory levels, to be honest with you. Because like we see again, the Barium Carbonate demand has come back very strong and especially with the producer in North America closing. So we have almost -- I would say we have capitalized on that benefit, trying to cater to the North American market of Barium Carbonate that's taking care of the capacity.

Dhimant Shah: Yes, actually that was my second question because given the way the certain cost geographies would respond, there would be also closures of some of the operating capacities. And hence, in that light, do you think we would have, we would gain in terms of costs and ability to produce various grades and so on and so forth?

Siddartha Cherukuri: Yes, that's right.

Dhimant Shah: And lastly, on our ability to pass on some of these cost rates, including the freight given the Red Sea issue, how easy or difficult is that?

Siddartha Cherukuri: Yes, well, it depends on vertical we are talking about. If it is Barium, because we are comparing with China, I think we do have a benefit there because compared to China, sea

freight out of India to various destinations either to East or West, I think we are still very competitive. So, passing on freight increases doesn't seem to be a challenge.

And we are always talking on FOB best prices basis. So, that seems to be going well. Apart from, trying to arrange the inventory, the equipment, I think our logistics team is still doing a very good job. So, we don't see that as a problem. And in terms of Chromium, well, I think because, the fear industry is spread all around the world.

We're talking about Turkey, South Africa, China and Russia. So, few of them have benefits in terms of where they're located, either they're moving West or East. They do have some benefits on the freight to certain sector. So that seems to be a challenge with where we are trying to work and see what we could do.

Dhimant Shah: Okay. And lastly, in terms of I can see that your entire tilt is to get cost efficiencies, be it on the barium side or chromium side and to a great extent backward integrate. So how far are you in that journey on both the sides? And any plans into the future which will kind of really cement your costs? And give us some advantage as and when the pricing is conducive?

Siddartha Cherukuri: Yes, well, just to add to what you said, yes, our focus will be to improve our cost position by means of backward integration and not just backward integration but also in terms of process improvement where we can improve the yield. We're actively working on it. And we have witnessed that in the quarter gone by in terms of better throughput and output.

That's definitely adding to our EBITDA margin like we continue to focus on the flexible product mix and see which derivative is more margin assertive versus the other. So I think moving forward, we will definitely focus towards increasing our chrome oxide and chromium metal production, which we believe will be very margin assertive.

Dhimant Shah: Perfect. Thank you.

Moderator: Thank you. The next question is from the line of Aditya Chheda from InCred AMC. Please go ahead.

Aditya Chheda: Hi, good afternoon. Thank you for the opportunity. My first question is what percentage of soda ash now we would be able to produce internally?

Siddartha Cherukuri: I mean, you're looking at about 50%.

Aditya Chheda: Right and wanted to understand whether there is an element of realization uptake possible by virtue of the mix moving more towards derivatives versus SDC in the past or the mix is expected to remain where it is?

Siddartha Cherukuri: Yes, it is possible. I mean, it depends on which value add we are talking about and how that end user industry is doing. And we are seeing at the value add where there is more internal consumption of our key starting raw material. So, by virtue of that, the economies of scale are increasing and we definitely see improved EBITDA margin as a whole.

- Aditya Chheda:** Sure. And my last question is on the more longer-term vision that you have for Vishnu. We've already spoken about capacity expansion in chromium. There is a new product in barium chemicals. But if you could sort of think about both the segments or for the company in a more longer-term scenario, which would be after 3 or 5 years. That's the last question.
- Siddartha Cherukuri:** I mean, with this capacity expansion and the chrome metal coming in, I think we will be quite busy for the next two financial years, I would say. And moving forward, our R&D team is actively developing, working on the other value adds. We are very seriously working on a value add in our barium, which would be an organic solvent that seems to be very interesting and exciting for us. But I can't give you the name right now but that's something we will be very actively working on, which would also need a capex probably a year down the line.
- Aditya Chheda:** Got it, sir. Thank you.
- Moderator:** The next question is from the line of Shrinarayan Mishra from Nrups Consultants (Family Office). Please go ahead.
- Shrinarayan Mishra:** Good afternoon, sir. Can you hear me?
- Siddartha Cherukuri:** Yes.
- Shrinarayan Mishra:** Yes, sir. So, is there any development on the Chrome Reserve aspirations coming?
- Siddartha Cherukuri:** Well, at this juncture, excuse us but we won't be able to come in.
- Shrinarayan Mishra:** Okay, so this quarter there was there would be some price increased in the Chrome ores. So, once we acquire that reserve, how much would be the benefit due to the Chrome ores Reserve aspirations?
- Siddartha Cherukuri:** Like you said, I mean, we are seeing some price increases further for the next quarter. So what we are currently focused on is to discuss with our end users and pass on those price increases, which we are quite confident on achieving. That's what I can say.
- Shrinarayan Mishra:** And is there any timeline in terms of this or as of now, no concrete plan?
- Siddartha Cherukuri:** No, I mean, we can't give you a timeline but yes, I would we can only say that we are still working on.
- Shrinarayan Mishra:** Okay. And in terms of the mixed exports and domestics, how it would be like in the next year in both Chrome and barium vertical? And in terms of exports, how much would be the repeat orders? How much it was in FY24 and how much you expect next year?
- Siddartha Cherukuri:** So FY24 was like the ratio was 55% domestic and 45% export. I mean, the way I look at it, although there is will be a revenue increase on account of exports and domestic. I see that the share will remain more or less same or maybe 1% or 2% more towards exports in general. I would say it could be 52%-53% domestic and 47% on exports.
- Shrinarayan Mishra:** And in terms of repeat orders. So, are you getting good repeat orders as well in exports?

- Siddartha Cherukuri:** Yes, I mean, we are seeing a good order pipeline. That's what I would say for both our chromium and barium chemicals. So, we call that repeat orders.
- Shrinarayan Mishra:** Okay. And so you alluded to that it would be easier for us to pass on costs. So just wanted to understand if that can be done for the past quarters also or that is gone. I mean, if you can pass on, will it be for the quantity already subtracted or it will be only for prospective deliveries?
- Siddartha Cherukuri:** It will be for the prospective delivery, obviously. So, I mean, most of our customers, well, all of them are aware of what's happening in the Red Sea. So, they're cognizant of the fact that prices are going to increase, and the sea freights are bound to increase.
- Shrinarayan Mishra:** Okay, so this will be prospective, right?
- Siddartha Cherukuri:** Yes, that's right.
- Siddartha Cherukuri:** Okay. Thank you, sir. That's all.
- Moderator:** Thank you. The next question is from the line of Shyam Garg from Ladderup Finance Limited. Please go ahead.
- Shyam Garg:** Thanks for the opportunity, sir. My first question is with respect to the order book that we have in chromium and barium.
- Moderator:** Sorry to interrupt. Shyam sir, your voice is sounding muffled. If you're using the speakerphone, may we request you use the handset and ask the question once again, please?
- Shyam Garg:** My first question is what is the order book in chromium and barium products?
- Hanumant Bhansali:** Good afternoon, Mr. Shyam. We can't quantify the order book right now. Our order book is looking quite robust at this moment. Like I shared with you, we have a combination of Chromium and Barium chemicals. We have a coherent portfolio of more than seven products in our Chromium chemicals and now in Barium chemicals we have more than two products. So we won't be able to give you an exact number on our order book in either of the chemistry because Chromium chemicals portfolio is quite flexible. So, since all our plants are operating, we have a steady flow of inquiries for our products.
- We are able to penetrate into developed economies like North America, USA, etc. Not just in existing applications but in applications where there is more value for every kilogram we sell. We are hoping to keep developing these grades to meet the newer requirements of our customers.
- Shyam Garg:** Okay. Thank you so much.
- Moderator:** Ladies and gentlemen, we would take that as our last question for today. I would now like to hand the conference over to the management for closing comments.
- Hanumant Bhansali:** Thank You. I'd like to thank all the investors and participants who joined the call today. Thank you for taking out your time. If you have any queries, feel free to reach out to us on

investors@vishnuchemicals.com and we'll be able to reach out to you. We'll be able to respond to your queries on priority. Thank you so much.

Moderator:

Thank you. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us. You may now disconnect your line.