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November 11, 2022

DCS-CRD BSE Limited First Floor, New Trade Wing Rotunda Building, Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400 023 Fax No.2272 3121/2037/2039 Stock Code: 543213	Listing Compliance National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor Plot No.C/1, 'G'Block, Bandra- Kurla Complex Bandra East Mumbai 400 051 Fax No.2659 8237/8238 Stock Code: ROSSARI

Dear Sir/Madam,

Sub: Transcript of the Earnings Conference Call held on November 07, 2022 for Q2 & FY23.

Pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and with reference to our intimation dated November 02, 2022, regarding Earnings Conference call with Analyst(s) /Investor(s) held on Monday, November 07, 2022, we would like to inform that the transcript of the aforesaid conference call is attached herewith and the same is also available on the website of the Company at www.rossari.com/announcement/ under the head 'Investor Call'

The same may please be taken on record and suitably disseminated to all concerned.

Thanking you,

Yours Sincerely,
For Rossari Biotech Limited

PARUL GUPTA
Digitally signed by PARUL GUPTA
Date: 2022.11.11 19:17:55 +05'30'

ROSSARI BIOTECH LIMITED MUMBAI

Parul Gupta
Company Secretary & Compliance Officer
Membership No.: A38895

Encl.: as above

Rossari Biotech Limited
Q2 FY23 Earnings Conference Call Transcript
November 7, 2022

Moderator

Ladies and gentlemen, good day and welcome to Rossari Biotech Limited - Earnings Conference Call.

As a reminder, all participant lines will be in 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 and operator by pressing '*', then '0' on your touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anoop Poojari from CDR India.

Mr. Anoop Poojari

Good morning, everyone, and thank you for joining us on Rossari Biotech Limited's Q2 & H1 FY23 earnings conference call. We have with us Mr. Edward Menezes, Promoter and Executive Chairman; Mr. Sunil Chari, Promoter and Managing Director; Mr. Ketan Sablok, Group Chief Financial Officer; and Miss Manasi Nisal, Chief Financial Officer of the company.

We'll begin the call with opening remarks from the Management, following which we will have the forum open for a question-and-answer session.

Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I would now like to invite Mr. Edward Menezes to make his opening remarks.

Edward Menezes

Good morning, everyone, and thank you for joining us on our Q2 & H1 FY23 earnings call to discuss the operating and financial performance for the quarter. I hope you all had the opportunity to go through our results presentation, which provides details of our operation and financial performance.

We have reported a steady performance in our key business segments during the quarter in a volatile operating environment. Our acquired companies, namely Unitop and Tristar also have performed consistently well during the quarter. On a consolidated basis, our total revenue stood at Rs. 425.4 crore in Q2 and Rs. 860.1 crore in H1.

In spite of the challenging macroeconomic environment and subdued global demand, we have maintained our margins on a Q-on-Q basis. We are now witnessing some price stability on the raw material front that should help maintain our margins through the second half of the year.

As some of you are aware, the Company already has a capable R&D set-up on a standalone basis. However, the acquisitions over the past year have further enhanced the Group's R&D abilities, and they have been extremely complimentary in nature. While we remained within our four core chemistries of Acrylic, Surfactants, Enzymes, and Silicon, the combined knowhow of the R&D teams have successfully developed new green products targeted at our core HPPC, TSC, and AHN segments, as well as new segments of Oil & Gas, Agri, Water Treatment, etc. This bodes very well for the Company's diversification strategy within core chemistries and future growth outlook.

Overall, our long-term endeavor is to consolidate our market position as a preferred provider of intelligent and sustainable solutions in the chemical industry. As we look ahead, we foresee an array of growth opportunities across all our business segments. We remain well poised to cater to these growth prospects on the back of our diversified product portfolio, strong capabilities, increasing customer base, and agile manufacturing establishments.

Our teams are now actively seeking out and pursuing numerous business opportunities that should enable us to renew our growth trajectory in the future.

With this, I would like to conclude my address and I now hand it over to Mr. Chari for his comment.

Sunil Chari Very good morning and warm Namaste to everyone.

Demand in HPPC, and TSC remained stable on a quarter-on-quarter basis. AHN segment registered an uptike on the back of improved volume offtake in the quarter. While the operating environment remained challenging during the quarter, we believe we have navigated the situation well to report steady results.

Our customer engagement for an eco-friendly replacement for legacy and polluting products remained healthy. Concerted efforts by our R&D team to launch new products have resulted in a robust pipeline of innovative products in our core, as well as new segments that we have been nurturing over the past few years. We hope to capitalize on these going forward.

During the quarter, we successfully acquired an additional 15% stake in Unitop and 8% in Tristar, taking our holding to 80% and 84% respectively. As Edwardji, already pointed out, we have realized various synergies in the R&D department. In addition, the acquisitions have helped us to enter new segments like Oil & Gas and Agri and strengthen our presence in the existing high-potential HPPC segment. And in a volatile raw material environment, it has also helped us to have a backward integration to a certain extent. Overall, both Companies have added tremendous value to Rossari, and we are pleased with the acquisitions and the seamless integration executed by our team.

The markets continue to be challenging given the global geopolitical situation and the perceptible recession. We are working internally to face the difficult times and are confident of maintaining our margins throughout the year. With a strong balance sheet, robust R&D capabilities, adequate manufacturingcapacity, and a diversified product portfolio, we believe, we are well poised to capitalize on the upcoming opportunities in the speciality chemical industry.

On that note, I would now request Ketan to share this perspective.

Ketan Sablok Thank you. Good morning, everyone.

We reported a steady performance across all our business lines. On the profitability front, after sharp volatility in raw materials, we are now seeing some kind of price stability coming into the market. This has helped us maintain our margin profile. Gross margins during the first half improved by 357 bps, and EBITDA margins were stable at 13.3% in line with last year.

Currently, we are witnessing signs of stabilization of key input prices as well as on the supply chain front. However, it is still very difficult for us even now to take long-term calls given the macroeconomic situation and the geopolitical situation globally. We still feel that there is more pain for some more time now, and organizations like Rossari, which have very strong fundamentals and financials are much better placed to withstand these challenges.

We continue to believe that in a normalized operating environment, along with many of our cost optimization initiatives, we should be able to improve our margins going ahead. Our objective still continues to get back to our EBITDA margins of 14% to 15%.

Our acquisitions are integrating as well as growing in their businesses. Their effective integration is helping us successfully during this challenging year. Also, our strong working capital management has also supported performance during the quarter.

Overall, the Company’s operating positions remain healthy and given a normalization on the overall macroeconomic front and on the RM situation, we expect to deliver consistent performance across all our business verticals going forward.

I will now ask Manasi to take you through the financial for the quarter and half year.

Manasi Nisal Good morning, everyone. Let me provide you with a brief overview of the financial performance for the quarter ended September 30, 2022.

On a consolidated basis, revenue came in at Rs. 425.4 crore as against Rs. 434.7 crore in Q1 FY23. On a standalone basis, revenues from operations stood at Rs. 240.9 crore, compared to Rs. 233.7 crore in Q1 FY23.

Revenues from HPPC stood at Rs. 303.9 crore, contributing 71% of revenue followed by TSC at Rs. 91.4 crore, contributing 22%, and AHN at Rs. 30.2 crore, contributing 7% to total revenues.

On the profitability front, EBITDA stood at Rs. 56.6 crore as against Rs. 57.7 crore in Q1 FY23.

PAT during the quarter stood at Rs.23.9 crore as against Rs. 28.7 crore in Q1 FY23. Depreciation was higher at Rs.15.6 crore owing to amortization of fair valuation on account of consolidation of subsidiaries.

Interest cost during the quarter was higher at Rs. 8.2 crore, partly due to the increase in borrowing and partly due to IND AS accounting of purchase price allocation. This is an notional charge, which will be accounted for till 100% of the shares of the subsidiaries are acquired.

As mentioned earlier, we have acquired an additional 15% and 8% stake in Unitop and Tristar, respectively. This acquisition happened through internal accrual and liquidation of investments in our books.

On that note, I come to the end of my opening remark and would request the moderator to open the forum for any questions that you may have. Thank you.

Moderator Thank you very much. The first question is from the line of Nitin Tiwari from Yes Securities.

Nitin Tiwari Good morning, thanks for the opportunity. So, my first question is related to our HPPC segment. We've seen a revenue drop on a sequential basis. So is this related to price or is this largely a combination of price and volume? If you can throw some light on that.

And related to that point only, on the standalone basis, our revenues have more or less been steady, so does that mean that our subsidiaries have faltered somewhere in terms of revenue contribution? That would be my first question.

Sunil Chari On a consolidated basis in HPPC we have grown on a volume basis, but the raw material prices have fallen, so consequently, FG prices have also fallen. I think we have nearly grown by 7%-8% on volumes in HPPC on a consolidated basis.

Nitin Tiwari So, sir, the corollary to that point, so on a standalone basis, our revenues are sort of steady, so does that mean that Unitop and Tristar have not contributed as much to revenue as the previous quarter? Is that the right view?

Ketan Sablok If you see at the subsidiaries, the last quarter for Unitop, it was a key season for Agro. We had even indicated in the last quarter that the sales for the Agro products of Unitop have been higher in Q1.

We've seen some stabilization in that in Q2, and that is what has impacted on the slightly lower sales quarter-on-quarter on a consolidated basis. But overall, if you see, the drop is just about 1%- 2% on the top line, on a consolidated basis.

Nitin Tiwari So, sir, can we have that number of revenues from Tristar and Unitop for the previous and for this quarter as well.

Ketan Sablok We do not disclose that on a quarterly basis. On the annualized accounts, we'll show you all the numbers.

Nitin Tiwari In the previous call we discussed number of new product opportunities, which are being evaluated, which will be basically a combination of the capabilities that we have across our entities. So, any update on that like where we stand in terms of product development and time to market? Can you throw some light on that?

Edward Menezes As you all know, the macroeconomic situation led to demand shrinking in the international market, and the supply chain side has improved after COVID, and all other issues have reduced. Now, this will lead to rapid correction in raw material prices, and customers put on hold many purchases except critical raw materials.

Now, Rossari saw this coming, and hence what we did as a proactive means, approved a lot of surfactants that Unitop manufactured, which they were not selling to Rossari earlier. So that is a very proactive way in which we capitalized on the synergy between Unitop of and Rossari. So, a substantial amount of surfactants that Rossari was not purchasing for Unitop, we started purchasing from Unitop.

Apart from that, using the Rossari marketing strength and distribution strength, a large no. of new products were introduced to the customers of Rossari. So that is another big cross-selling opportunity that we utilized to pick up sales in this quarter.

Then, there were a few products that were being developed for regenerated cellular, basically, and joint development between Unitop and Rossari led to the first orders for these additives in the regenerated cellular market manufacturing.

Similarly spin finishes, where large components are used and EO, that are manufactured by Unitop, these spin finishes for primary as well as secondary finishes were introduced successfully in the last quarter in polyester POY, FDY, as well as in polypropylene as well.

We also did a lot of work on the novel coating polymers for technical textiles, and these also were successfully trialed in the last quarter, and we have got the first bulk orders for these products as well.

So if you look at the synergy, I have a big list of products that we've already introduced in the market because of the synergy between the three companies that we acquired the last year. So all in all, we are well on track to make the best of the opportunities of synergy between these companies.

Nitin Tiwari Sure, thanks for the detailed answer. So as Chari ji mentioned, in this quarter, we had roughly a growth of about 7%, 8% on the volume front. So would it be fair to assume that the second half would be much stronger in terms of at least the volume growth as compared to the first half? I mean, the revenue collected would also be strong. Would that be a fair assessment?

Ketan Sablok

Given the overall situation globally, we are seeing a lot of headwinds in the global market, the west is looking at a perceptible recession coming in. So for us to give a guidance on exactly how the second half is going to be is a little bit of a challenge as of now. We would be happy if in the second half we are able to replicate what we've done in H1 with slight growth of 5% to 10%. I think that's what we are looking at.

As I said, there's a pain which is there, but we'll have to see how best we can navigate during this time. As Edward sir said, we have lot of new products and new opportunities which we hope will help us through these times, but it's a little difficult currently to give a very strong guidance on how, but our effort on the margin front definitely, will be to maintain these or even improve these margins going forward.

So it would be better to sell high margin products, I think that's what the key is for the organization now, and that's how we are looking at it at least for the second half.

Moderator

The next question is from the line of Ankur Periwal from Axis Capital.

Ankur Periwal

Yes. Hi, sir. Thanks for the opportunity. First question on the standalone business. So, we have been seeing slightly lack lecture results here for quite some quarters now. Your sense in terms of which are the weak links and how are we trying to address that?

Sunil Chari

I think on the standalone basis, we have done quite well compared to even the last quarter. We have grown in terms of volumes, in spite of the macroeconomic conditions, which are there like unwinding of raw material prices, and the falling of FG prices. Of course, the supply chain volatility has decreased substantially but the price volatility is there. So, the inventory, if you bring at Rs.100, by the time it reaches here, the raw material prices have changed. So, these, all things taken into consideration, we still have done quite well in all three segments.

In the Textile business, as you know, the exports have suffered for all, but our customers still have been able to nearly retain both on the volume front. The per kilo prices have come down a little, cotton prices have been very volatile. It went up to more than Rs.1 lakh and now it has come down to Rs. 60,000 -70,000. So, spinning mills are not producing yarn and so the yarn is not coming for fabric production and processing.

Exports markets have been slow, and the European markets have been very slow in the last 2-3 months. I think our teams have done quite well in terms of performance.

As you see, the volume and gross margins have grown. So I think looking at all this, I think it is a good performance.

Ankur Periwal

My question was more on a y-o-y basis. I take your point in terms of gross margin improving even on a y-o-y basis, but just one clarification, you earlier mentioned 7% to 8% of volume growth. Is that a q-o-q growth or year-on-year growth?

Sunil Chari

Q-o-Q growth, because the year-on-year was not comparable. In the second quarter of the last year the pipeline was empty. If you remember my comments during the calls, first quarter of last year, we had huge COVID and we had a lot of issues with even supply chain and second quarter, we had a lot of raw materials, and we did not take advantage of the situation and supplied to our customers at acquisition contract price, higher volumes and big customers, we supplied. You could refer to earnings call of that second quarter at that time, and we took advantage of this pipeline which was empty and pumped in and were able to produce. So it was an abnormal quarter, which we mentioned during the call. But if you see quarter-on-quarter, even standalone, we have been able to grow. In spite of the finished good pricing coming down, we have been able to grow even on a standalone basis. The EBITDA margins have also grown.

Ankur Periwal Sure, sir. And how will be the volume growth, let's say, in both the subsidiaries, Tristar and Unitop, not Q1, because you mentioned the agri business being slightly heavy there, but let's on a y-on-y basis?

Ketan Sablok Y-on-Y basis, now if you see our subsidiaries last year, were not really part of our group.

Ankur Periwal Correct which is where I was checking that number, so you will have those financials with you.?

Ketan Sablok Yes, but I can still give you a heads up. I think we've seen a significant growth in both Unitop and Tristar on a H1 to H1 basis. So, if you see the H1 now and the H1 performance of both these subsidiaries prior to our acquisitions, I think we've had almost an overall on the top line almost a 40%- 45% growth in both put together.

Ankur Periwal Okay. On the volume terms, how this will play out?

Ketan Sablok See, as I said, I do not have the exact volume numbers of both these companies for the last H1. But I'm sure the growth will be a mix of both volume and pricing because the 40%-45% growth will have a mix of substantial increase in volume. We are seeing that quite evidently, with Rossari coming into the picture, I think we are witnessing a huge growth in both these companies through our efforts and the whole synergy exercise that we've carried on.

Sunil Chari Ankur ji, to add to Ketan sir’s comments, all the acquisitions have done exceedingly well. We have been able to integrate very well, we have had no surprises in all the acquisitions. Unitop of course, is outstanding. The amount of growth which has happened both on profitability and on volume and value growth we are happy.

It has been one year since we acquired, many in the markets were worried and were not even sure that we are doing two acquisitions which are substantial size, but we've been able to turn around and integrate very well.

Ankur Periwal Sure, sir. Where I was coming from was, even if I probably take the seasonality part into the numbers for Q1, we were roughly around Rs. 170 – Rs. 160 crore revenue on a quarterly basis. This quarter, we are Rs. 180 - 185 crore. So trying to see if the distribution led to a sort of synergies between the three companies, is that benefit already there in Q2 numbers or probably there could be further upside here, which could drive the growth for the company?

Ketan Sablok Yes, so I think you're right. If you see the H1 number, a lot of these synergy numbers have come in the consolidated numbers that we reported.

Ankur Periwal Sure. Okay. And secondly, on the margins front while again, comparing H2 last year and now, broadly the margins are intact for Unitop and Tristar put together. On a standalone basis, while we are seeing year-on-year improvement on the gross margins, obviously we are still lower than what we were, let's say in FY21. Trying to understand, is this a new normal here because maybe absolute RM price pass through and hence the percentage time terms, numbers are coming down, or should one expect these numbers to go to 30%- 35% range over a period.

Ketan Sablok So, Ankur, currently I think we should go with these numbers, at least for the next few quarters.

Ankur Periwal No, sorry, Ketan, my question was more on a 2-3 years perspective. I understand near term volatility and hence probably limited expansion there. But let's say from a 2-3 years perspective, should this 26% - 27% gross margin go to 30%- 35% or should we remain at these numbers?

Ketan Sablok So, so given a longer perspective, I think a two-to-three-year, horizon we will definitely go back to the 30%-35% kind of margins on a consolidated basis. There are a lot of initiatives that we have already started undertaking. I think these are a little long term, some of them, which Edward sir, spoke about. I think on a longer-term basis, we will go back to our 30%-35% kind of gross margin.

Ankur Periwal Sure, sir. And last, if I may, on the working capital side, while on a year-on-year basis, we have maintained it well, but if I go back, we used to be 45-50 days working capital. Even in the first half, we are seeing a dip in payable as well as receivable days. So what should be a steady state number one could factor there?

Ketan Sablok I think on a consolidated basis between 70 to 75 days should be an idle working capital cycle for us. While we had, as you rightly said, a few years back, we were at about 45-50 kind of days. But I think currently the way the business is growing and the way some of the subsidiary cycles work, we are targeting internally around 70 to 75 days kind of working capital cycle. So that's what you can consider.

Moderator The next question is from the line of Sumit Agrawal from IDFC.

Sumit Agrawal Yes, hi, good morning. I have a question on the balance sheet side, the interest expense seems to have gone up this quarter. So, Ketan bhai, if you can just explain a little bit here, and what should be the outlook, let's say next balance sheet date, which is March?

Manasi Nisal So I think the interest expense has gone up marginally because we have taken debts in Rossari Biotech, but majorly it is because of the IND AS accounting of purchase price accounting of our subsidiaries. So that impact is higher. I mean, out of total interest expense of Rs. 8 crore in the quarter, around 65% - 70% is because of the IND AS accounting entries. So that IND AS accounting entries will be there for the next year till the time 100% acquisition is done. It is basically a notional entry, it is not a cash flow.

Sumit Agrawal Okay. Okay. And just on the raw material side, I think you, you touched on, in the initial comments, but can you please explain, let's say, I mean to what extent, Chari ji mentioned that raw material prices are stabilized, but to what extent it has stabilized? I mean, are you able to take a longer-term inventory call because the stability now is in place, or you're still avoiding taking slightly longer term inventory on the books? So just some more insights on that?

Sunil Chari The supply chain has stabilized, but the prices have not stabilized yet. There is still huge volatility in the prices. There's also where we see prices going up and down because of the demand supply gap, and because also, if there is something which is imported by traders, the traders are not taking position. So long term, we cannot take any positions. And if you see our inventory level compared to the last quarter, it has gone down from Rs. 120 crore to Rs. 111 crore. So, we have been very conscious of not taking any long positions in any raw material in the past quarter. And we will be conservative in any inventory positions for this quarter as well.

Sumit Agrawal Okay. And sir, some guidance on the margin. I think initially you said you should be able to reach 14%- 15%. Is that what I heard correctly, or can you please repeat it?

Ketan Sablok The margin front, what we said was over a longer period of time, we aim to get back to our 15% percent kind of margins, but in the immediate future, for the next few quarters, , as I said, it's becoming difficult for us to give you exact guidance, but we should be able to maintain the margins we are seeing in the first half.

Sumit Agrawal Okay. And just one more question on the acquisition, which is Unitop and Tristar. So some development that you can share as to, let's say, any new customers, new geographies, new products in the Europe , or Europe plus One strategy, if Rossari has been able to make enrolls into some of those negotiations or contracts, some qualitative inputs on these two acquisitions, please?

Sunil Chari Unitop is focused on agro-business, they're leaders in agro surfactants, and they're doing quite well in their sphere. The production facilities are very good and market demand is very good. We are trying to focus on exports for the business and also on domestic businesses, we are trying to grow.

Unitop has been very good acquisition for us in terms of EBITDA and what we paid for it and having no governance issues, we are very pleased. After one year of acquisition, both companies seem to have grown 60%-70%, on year-to-year basis in terms of top line. Volume growth also has happened. We do not have exact figures because there were no comparative figures for last year, but we think we have grown both in terms of volume and value.

Tristar also, if you see, the last quarter it has grown well. Tristar major exports are Europe, which is affected. So we see some subdued demand from Europe for Tristar. The Tristar is into personal care additives and personal care additives in Europe market is slow. We see some slowdown in the European markets. As both the subsidiaries had big proportion of exports and we see some slowdown in U.S. and in Europe.

We are not able to give you guidance on what happens but we are happy with Unitop and Tristar. They have done well in terms of what we expected and what they have done. The teams at both the companies, we've been able to integrate well the finance, procurement, we have been able to integrate well, cross-selling synergies, we are still focusing, working, taking trials.

And Edward ji just mentioned now that SAP is something which we are implementing in Rossari. So, I would request Ketan sir to give feedback on SAP.

Ketan Sablok

So as our process of integration, there are a lot of steps which we took post the acquisition of these two companies. On the digital front and the IT front, the first step we took was to integrate the software's across all the entities. And that's when we decided to get into SAP. Now, SAP is in the process of implementation across all the companies in the Group.

So I think going forward with this the ERP coming onto stream with SAP HANA, I think the veracity of information data, as well as some of the decisions in terms of our products, their margins, and our strategy, I think we'll have much more better data as well as we'll be able to take much more informed decisions on our strategy going forward.

So SAP is one of the activities that we've undertaken across the Group.

Sumit Agrawal

Sure. And sir, among the smaller segments, let's say Textiles or Animal Health. The annual report mentioned setting up a new line of polyester chemistry at Dahej. So some update on that. And secondly, on the Animal Health side, I know it's a small business right now, but can you talk a bit about slightly on longer-term developments here that you're doing? I think this was about 200 products with some 40 distributors. So how are those brands doing, and just some update over there from a longer-term perspective.

Edward Menezes

We had mentioned in our previous call, there were two or three lines of business that we were pursuing, and basically also using the synergy between the acquired companies. So, one of them was Sizing, where in sizing in the textile industry, both for polyester as well as cotton. Now, this has taken off nicely, we've already established the polyester resin sizing for water jet looms already and this business has taken off.

Apart from that we have recently introduced a few acrylic-based sizes for polyester, and one of the large polyester manufacturers has approved our product, and the first orders have gone out. So, in the sizing, we are very happy with what is happening.

Apart from sizing, like the acquisition of Romakk, the new technology of silicon polymers also was acquired. And as you know, in finishing textiles as well as in agro, a lot of silicon polymers are being used. We have been able to very successfully substitute or very successfully replace imported items of silicon polymers which were used in textile finishing.

The newer technology, which we call as the block silicone, silicons have been now indigenized and manufactured both at Romakk as well as we have expanded the facility at Dahej. So Dahej has a bigger facility now set up to manufacture these silicon polymers.

There is also a breakthrough in the silicon polymer for agro, in agro, a lot of silicon polymers are used for spreading or super spreading and vetting. And we've successfully made the first batches for these silicon polymers and got them approved at a few large users. And we are sure that this will culminate in business in the next year.

We've also applied our R&D for coating in technical textiles. So, in technical textiles also, we have got approvals for these coating chemicals as well as expanding our footprint in water treatment chemicals. Earlier we had not used the opportunity to use our synergy between the textile chemicals as well as the water treatment chemicals. But now what we've done is the textile chemicals has taken over part of the sales of the water treatment chemicals, and we've been able to successfully crack some huge textile central effluent treatment plants and introduce a range of coagulants there.

Apart from that we are also, like the last time I said, some special polymers for pharma coating which have already been developed, and we are happy to inform that approval for the manufacturing of these coatings at Dahej have been received, and shortly we will commence manufacturer of these pharma coatings.

We are also focusing on green surfactants, and one of the surfactants that we are focusing are on the glycolipids. And R&D work has started in this area. These green surfactants will now help us to get into certain personal care ingredients and help us in the formulations for animal health as well as home care, especially laundry detergents and shampoos in our pet care.

We’re also in the process of reintroducing the grinding age, and dispersants both in the ceramic and the cement industry. In the Animal Health front, we have recently commissioned a granulation facility to introduce a range of new products for animal health as well as we are in the planning to put in resources for pre-mix, that is the vitamin pre-mix in animal health, which is a very large portion of our business.

All in all, most of the initiatives that we have taken in R&D have either been successfully deployed in the last quarter or are on the verge of deployment in the bulk.

Moderator The next question is from the line of Nitin Tiwari from Yes Securities.

Nitin Tiwari Thanks for the opportunity again, sir. My question is related to the synergy that you highlighted with respect to Unitop and Tristar. If you can just elaborate a little in terms of whether that synergy has been in terms of utilization of the plant or in terms of supply chain? So how have we been able to grow the revenue by about 50%- 60% that you indicated on a y-on-y basis. What has basically led to that sort of a growth? So if you can just help us understand that a little bit.

Sunil Chari. So the cross-selling, as Ketan sir said we have been able to implement in the last few quarters in our subsidiaries. We had connections with a lot of our customers who are using surfactants. We helped our subsidiaries to grow business in those customers. And that is the reason. The more business came into subsidiaries than Rossari because we wanted the business to happen directly but we have now positioned Rossari as a non agro single point company for the future, and we are slowly building up sales from Rossari for all the subsidiary products also. The in-house consumption also, we ‘ve been able to give to the subsidiaries, and so we are buying a lot of raw materials, which we were buying from outside, we are buying from our subsidiaries now.

In terms of also joined working within the three subsidiaries, the teams and our good R&D teams and our consultants and the production teams at the three facilities have combined and worked as one team in four projects. And these four projects could do well in the future. As Edward sir said regarding silicon surfactants, so we had three teams from Romakk, from Tristar, from Rossari, and also from Unitop working together. For the phenoxy propanol. again, Rossari marketing teams, and the Tristar manufacturing and the Unitop manufacturing team worked in one synergy.

Similarly, one more silicon surfactants, the Romakk and the Tristar and Unitop teams are working well. What we also got in the subsidiaries was excellent production base in terms of machinery with good quality of machinery, but also good amount of skilled manpower. And this we were able to use and help them catalyze the growth. If you see Unitop and Tristar, their average growth was 10%- 20% in the past few years. But we have been able to grow well just because we are able to get into all the customers. And the total of Rossari and our connections to the customers helped the subsidiaries' growth.

Nitin Tiwari Can we conclude that some amount of production was shifted from Rossari to Uniop and Tristar because you mentioned that as far as like Rossari is concerned, you trying to develop it as a non-agro entity. So did the utilization levels at Unitop and Tristar increase materially between last year and now?

Sunil Chari Yes, definitely. As Ketan sir said, we had volume growth at both the subsidiaries compared to last year.

Nitin Tiwari Great, sir. This was very helpful, sir. And secondly, if you can just help understand the utilization levels currently that we have in our facilities across, I mean like across Rossari, Unitop and Tristar, and then like, I'll just add another question. So basically, on the interest cost, like you just indicated that because of IND AS treatment, the interest costs have gone up. So if you can just elaborate that point a little bit as well like how that effect has come into place?

Ketan Sablok The capacity utilization, I think we were at similar levels like the first quarter, so about 50%- 55% across all our entities.

So, interest costs were basically, these acquisitions that we had done, there is a liability which we have created in the books for the balance amount of money which we have to pay for the balance acquisition percentage, and for that liability, it's discounted as per IND AS. A discount charge in terms of interest is booked in the P&L, so that's the interest charge, which is coming in.

Along with that interest charge, on the amount that we've paid for the acquisitions, we do a PPA allocation based on which it is an amortization that happens, which again is part, of P&L account, which again comes under the head of depreciation. So, if you see the current year and last year, you will see a significant charge both in the depreciation front as well as on the interest charge.

	The interest charge will happen till the time we do the complete 100% acquisition of both the companies and the liability in terms of the balance shareholding gets discharged.
Moderator	The next question is from the line of Siddharth Purohit from InvesQ Investment.
Siddharth Purohit	Sir, in the last couple of months we have taken some price hikes. But now that probably the macro industry is not in favor of most of the large players, are you facing some issues or maybe are you seeing some sort of price roll back or is that a concern going ahead because certainly, a lot of other industries are not in a position to go for price hike. That is one thing. And secondly, how have the key raw material prices behaved during the beginning of this quarter?
Sunil Chari	If you see our EBITDA, Rs. 114 crore of EBITDA in the first half, this has been our highest ever EBITDA ever in the history of Rossari on consolidated basis. So we have done very well in terms of getting higher amounts of margin from the customers. We have been brave, we have been able to pass on price hikes to the customers. So what is happening is now the price per kilo of our finished product is falling, because the raw materials' price are falling. We are confident about the amount of margin, but the selling value might look lesser, but we are focused on the fact that we will continue to grow or maintain the existing EBITDA margins looking at the macroeconomic situation. We don't see any pressure on margins that way because we've understood now, and we have stood by our customers. As we said in the past calls, when the price increased substantially, we did not increase the amount of margin, but we maintained our margins. And so that is why we are seeing a gradual improvement in margins across Rossari. In terms of business, of course, as you said, the Europe business looks weaker for Tristar this quarter but Unitop and Rossari, the business seems to be stable in spite of all these headwinds.
Moderator	The next question is from the line of Rohit Nagraj from Centrum Broking.
Rohit Nagraj	Sir, last quarter we had indicated that FY23, our guidance for EBIDTA would be Rs. 250 crore. We have already done about Rs. 114 crore and PAT of about Rs. 150 crore and we'll relook at the numbers post Q2. So do we still maintain the same guidance or we want to probably revise it based on Q2 or H1 numbers? Thank you.
Ketan Sablok	Yes, so, Rohit, you're right. We said that we'll come back on these numbers post our Q2. Now, given the way the business is shaping up and as during the call we've discussed about globally how the markets are shaping up and the demand profile, we've already indicated, we expect to end the year on similar kind of margin percentage. On the top line we should be closer to that Rs. 2,000 crore number which we had indicated. So we should be between Rs. 1,800 crore to Rs. 2,000 crore. So that's what we are foreseeing now. H1, we've already done about Rs. 850- 860 crore . So, if we simply double that, we'll be closer to the Rs. 1,800 crore. But these are the estimates as of now and our aim will of course, be to surpass these numbers, but currently

on the margin front we should be in similar kind of margin range of between 12% to 14%, and on the top line we should be between Rs. 1,800 crore, Rs. 1,900 crore, kind of run rate for this year at least.

Rohit Nagraj Right, right, got it. Sir, the second question is in terms of the export opportunity. So after Tristar and Unitop acquisitions, are there any positives which Rossari standalone has witnessed I mean, we have seen that cross-selling has been happening across our companies, but anything particularly on the export front and there the opportunity could be a sizeable over the next two, three years? Thank you.

Sunil Chari So for Tristar, we see phenoxy propanol, or now it will be Rossari, this is a good coordination and cross synergies between three companies, Rossari, Unitop and Tristar. This, could be a good volume growth for us in the future.

Agro surfactants and surfactants as a category, we think there could be substantial uptick if the export markets improve. Silicones for agro application could have a very good market in the future. So we continue to focus on our core chemistries of enzyme, silicone, acrylics and surfactants, and continue to see where we can make our customers more competitive, either in terms of value, sustainability, green chemistry reducing the loads of BOD, COD, TDS. We see a good future.

Moderator As there are no further questions, I now hand the conference over to the Management for closing comments. Over to you.

Edward Menezes Thank you, everyone. I am sure we have been able to answer all your questions satisfactorily. Should you need any further clarifications or would like to know more the company, please feel free to contact our team or CDR India.
