"The Sukhjit Starch and Chemicals Limited Q1 FY '25 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to The Sukhjit Starch and Chemicals Limited Q1 FY '25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aman Setia. Thank you, and over to you, sir.

Aman Setia: Good morning, ladies and gentlemen. I am Aman Setia, Vice President (Finance) and Company Secretary at The Sukhjit Starch. On behalf of the Sukhjit Group, I would like to extend a warm welcome to all of you for joining us for today's call to discuss our Q1 FY '25 Results.

We truly value your ongoing support and commitment. We want to assure all our current and prospective investors that we are dedicated not only to achieving strong operational and financial performance, but also to upholding high standards of transparency and best practices.

I trust you have reviewed our Q1 FY '25 Financial Results, which are available on the Stock Exchange as well as on our website.

Today, joining with us from the management team is Mr. Bhavdeep Sardana – Senior VP and CEO and Mr. Rakesh Chawla – our new CFO.

Mr. Chawla is a senior qualified chartered accountant and has been an integral part of our company since 1997. He is a profound professional, having over 30 years of experience in industry, handling varied management functions ranging from finance, commercial to production and HRD. He has successfully handled the commissioning of the new projects of the company and successful operations thereof. His experience of heading units of the company as profit centers and has been involved in the strategic planning for future growth of the company.

Regarding our Q1 FY '25 Performance, here are some key highlights:

Our revenue from operations stood at INR389 crores, EBITDA at INR32 crores, profit before tax at INR18.21 crores and profit after tax at INR13.61 crores.

For a more detailed overview of our Financial Performance, I now hand over the call to Mr. Rakesh Chawla.

Rakesh Chawla: Thank you, Amanji. Good morning, everyone. I am pleased to welcome all of our stakeholders to today's call.

With over 27 years of service at the Company, I am both honored and excited to continue in my role as CFO.

Let me provide a detailed Overview of our Financial Performance for Q1 FY '25:

Our revenue from operations stood at INR389.83 CR, reflecting a substantial 21% growth year-on-year. Driven by increased sales volume, this strong revenue growth underscores our ability to capitalize on market opportunities effectively.

Our EBITDA stood at INR31.5 CR, demonstrating a notable increase of 9% year-over-year. Our EBITDA margins stood at 8.07%. This improvement highlights our ongoing efforts to enhance operational efficiency and cost management.

Net profit for the quarter reached INR13.61 CR, grew from INR13.04 CR reported in Q1 FY '24. This represents a 4.4 year-on-year increase showcasing our robust financial health and effective strategic initiatives.

In addition, we are thrilled to announce our current expansion project is progressing as scheduled and the results of partial commissioning should start coming in from Q3, strategically positioning us for future growth.

Further additionally, we plan to expand our production capacity by 1,000 tons over the next 3 years. This expansion will elevate our total production capacity to 3,000 tons per day. This strategic move is designed to boost our production capabilities and position us to capture emerging opportunities in the market. The increased capacity will enable us to meet growing demand and drive future growth.

Now, I hand it over to Mr. Bhavdeep Sardana – our CEO, to give a brief about the company. Thank you.

Bhavdeep Sardana: Thank you, Mr. Chawla. Ladies and gentlemen, I am pleased to share that for this quarter, as mentioned, our revenue from operations increased to INR389.83 crores, reflecting a 21% increase from the same quarter in the previous year. This significant growth is driven by enhanced sales volumes and underscores the effectiveness of our strategic initiatives and operational strategies.

Looking ahead, we are optimistic about continuing this positive trend. Our outlook remains strong, supported by robust demand across key sectors such as packaging, FMCG, and pharmaceuticals.

Additionally, we are witnessing a resurgence in rural demand and promising growth in the paper and textile industries. These factors contribute to our confidence in further revenue and volume improvements.

The Indian starch industry is poised for substantial growth driven by several factors. The increasing demand in the food and beverage sector, the expansion of the pharmaceutical industry, growth in the textile sector are key drivers.

So, as I was mentioning, there has been a 21% increase in our revenue growth from the same quarter in the previous year. Going ahead, we are optimistic about continuing this positive trend.

Our outlook remains strong, supported by robust demand across key sectors such as packaging, FMCG and pharma. We are witnessing a resurgence in rural demand as alluded to by the FMCG majors and promising growth in the paper and textile sectors as well.

The Indian starch industry is poised for good growth driven by several factors. The increasing demand in the food and beverage sector, the expansion of the pharmaceutical industry, growth in textile sectors should be key drivers in the future.

Currently per capita starch consumption in India is lower compared to developing nations or developed nations such as China, highlighting significant growth potential within India. Moreover, the market is influenced by import-export dynamics with exports playing a crucial role in driving market expansion and profitability.

In conclusion, we are confident in the promising trajectory and future prospects of our company, our dedication to long-term value creation, strategic initiatives and disciplined financial management positions us well for continued growth. With a strong foundation and forward-looking strategy, we are exceptionally positioned to seize emerging opportunities and drive sustainable growth in the coming years.

Our commitment to innovation, quality and customer satisfaction remains at the core of our success, ensuring we create lasting value for our stakeholders. We are confident that these initiatives will enable us to navigate the evolving market landscape and achieve our ambitions.

Now I welcome questions from the participants.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Bhavesh Chauhan from Aditya Birla Money. Please go ahead.

Bhavesh Chauhan: Sir, I wanted to ask what is the growth rate that industry, starch industry would be expecting in India?

Bhavdeep Sardana: See, I can say that our industry has typically grown in the past at the rate of the GDP, higher than the rate of the GDP. And going forward, I would assume that minimum GDP growth rate is there for the entire industry or for the verticals we service.

Bhavesh Chauhan: And then historically we have seen that we have had one, two good years and then two years of very single-digit growth. And then again, FY '22 and '23 were very good. Again, FY '24 was flattish. So, sir, why is this pattern where we are not able to do consistent growth? And also, one more question. How much sales growth are we expecting in the next 2-3 years?

Bhavdeep Sardana: We are talking about past historical figures. We have been investing and then waiting for our investment to bear fruit before we get into next expansion mode. That is typically how at Sukhjit we expand our capacities. We are careful about leveraging etc. So, part of the factor what you are seeing in the top line growth is because of that.

FY '24 as compared to FY '23, there was a slight dip, but there was a volume growth. That was because Maize prices softened in Q2 and remained subdued in Q3 till the middle of Q3. By that time most of the years were nearly over. So, that is the reason why the dip was there.

For FY '25, we are looking at bare minimum 10% to 15% growth and going forward with our expanded capacities coming in, we hope that run rate of between up to 10% may continue, but one must keep in mind that this is a agro produce which is our raw material and our top line also will have impact of the pricing of our raw material.

Moderator: Next question is from the line of Deep Gandhi from Astute Investment. Please go ahead.

Deep Gandhi: Sir, my first question is that you mentioned some new environmental regulations. If you can talk about that, what are those regulations? Are we seeing any plant shutdowns because of this in China which can help the export growth?

Bhavdeep Sardana: Sir, your first part of the question was not very audible.

Deep Gandhi: Sir, I was wondering if you can talk about these new environmental regulations which you mentioned in the press release for China. And are we seeing any plant shutdowns because of this in China?

Bhavdeep Sardana: So, it is getting stringent, and we have said this in the past, that globally environmental regulations are stringent and Indian regulators have had a stricter rules and regulations for process industries and us large manufacturers have been compliant for decades now. So therefore, it is much easier for us to compete as far as ESG norms are concerned because we have been walking the talk for quite a bit now.

Deep Gandhi: Sir, my next question is, if you can talk about what was the percentage increase in the maize prices for the quarter and are the finished product pricing also moving similar or is there some difference in the raw material pricing and finished product pricing as of now?

Bhavdeep Sardana: See, I will give you the absolute figures. Maize pricing is now hovering in parts of India between INR25 to about INR27 per Kg and this was INR22 to INR23 a Kg going a quarter back. And as far as the lag between our finished good prices and raw material, it takes about 10 to 15 days to pass on, to start passing on effectively, and I think about 3 weeks for a total revision in finished good pricing, subject to because we also have certain contracts which are quarterly contracts or monthly contracts. So, by and large, we are able to pass it on very effectively.

Deep Gandhi: And sir, last question before I join back the queue. What was the volume growth in FY '24 for the entire year? It's okay if you can't give the numbers, but just the percentage. And also similarly for Q1, what was the volume growth?

Bhavdeep Sardana: I won't be able to share with you the volume growth numbers for Q1, but I will say that in FY '24, we grew by more than 5% in overall volumes.

Moderator: The next question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.

Keshav Garg: Sir, firstly, I am trying to understand that, sir, what would be the total installed capacity of the domestic maize processing industry?

Bhavdeep Sardana: See, it's very difficult to say what the total capacity of the domestic industry is because quite a few players are not listed, and they don't disclose their capacities. One could argue that maize processing is done for around 7 to 8 million tons. Overall, some people say 5 million tons. So it's still very relative. The top few manufacturers who are listed probably disclose their capacities more. So, I can't give you an accurate picture on that.

Keshav Garg: If we consider ballpark number, if we have around 10% market share, then that means and our capacity is 1,600 TCD or TPD, so that makes the industry around 16,000 TPD. In that case, sir, we are adding 25% capacity this year. Now the industry leader is also adding 25% capacity and so are the other smaller listed companies. And you mentioned in your opening remarks that the maize processing industry is growing by, by and large, the GDP number which is, let's say, 10%. If it's more than the GDP, so still there will be over capacity. And in that light, where do we see the margins going?

Bhavdeep Sardana: So, I will answer your question in two parts again. When we say that our market share is 10%, I say it with a disclaimer that it is based on again estimates of the listed players' capacities whose data they share publicly. And I also said that if I talk in absolute numbers, I think the starch industry consumes anywhere between 5 million tons to about 8 million tons of maize per annum of India's total maize output.

Now that's a huge variation. And when you say that if I am expanding at say 25%, and let's say I am only talking about maize grind and I am not talking about the product differentiation downstream, A, not everyone's production cycles come in line.

If you look at 8 million tons and you take a GDP growth rate of, I think our industry has always grown higher than the GDP, even if you take 1.5x GDP growth, I think if 5 players are expanding in the overall number with the demand growing, that gets absorbed with the export potential and some of our colleagues in the industry who are near the ports are exporting in a very big way.

For us, going forward, exports is an opportunity. So, I don't see that much of a problem going forward. I hope I have been able to give you a gist and allay your concerns on the industry growth versus supply and demand mix.

Keshav Garg: Sir, also if we compare our numbers with the industry leader, we are doing on 390 crore revenue. We did 25 crore PBIT, whereas the industry leader did on 910 crore revenue 92 crore PBIT. Basically, they are doing 10% margin. We are doing 6% margin. So, why is this differential?

Bhavdeep Sardana: So, again, this is something which we aspire to. This is something which we are looking at. We are, I am not saying following the leader, but we hope to imbibe the best practices of a large capacity at single location. We have 4 manufacturing units where we are not sweating them well enough and those units have that much more potential to grow and if we grow our units or create a green field capacity of a large nature, our costs, etc., would come down and that would of course give us a better margin. I hope I have been able to answer that.

Keshav Garg: Right. Sir, so basically now if we look at our margin, now in the past, we used to do around 12% margin. We have even done 14%, but now it has reduced to 8%. Sir, so now going forward when do you foresee margins again at least coming to double digits?

Bhavdeep Sardana: See, it can happen with larger capacities if you again talk about, you mentioned the industry leader twice. So, once we increase capacities, we will at least go where their margins are and achieve better efficiencies of scale plus if there are other factors as well, it is always timing and creating more capacities in certain value-added products, which we are working on.

Keshav Garg: So, basically, sir, if we see the industry leader as well as Sukhjit, the margins when they were 14% in FY '22, so were the corn prices up or down? Basically, I am trying to understand when the corn prices go up, do we have a inventory gain and that is why our margins went to 14% or thereabouts, or when the corn prices fall dramatically then…?

Bhavdeep Sardana: What I will say is when we cover raw material coverage, it is for that point in time, it is for those factors at that time. Now, of course, there can be raw material-led gain which gives us better margins. We have good coverage this year and if the maize pricing continues to remain bullish on account of higher ethanol and if there is a disruption in the supply chain of maize, naturally we will stand to gain.

But there is lots of ifs and buts. Kharif crop has been sown. Monsoon data looks good. So, whether there is stability or this thing, so, again, all these factors determine if there is a higher-than-normal profit or you have a normal run rate. Our efforts are to ensure that we do not fall below a set norm or a set standard and there is the gap between us and let's say someone with a more efficient plant. That benchmarking gap doesn't fall, which I think as a company we are doing pretty well and we have done well and our intent I think going forward with our new expansions which we are fulfilling that we will start to see both top line growth and fingers crossed, bottom line growth as well.

Keshav Garg: Sir, so, basically, what I understood is that high maize prices are good for us, is that understanding correct?

Bhavdeep Sardana: Yeah, if I have covered it cheap and maize prices go up, I am able to pass on to try to get finished good pricing based on the market price. So, everyone tries to do that, but you got to time it every time. So, it's not that you will get it. You need to have stock. You need to have read the market. You need to have taken a call at the right time.

Keshav Garg: And also, since in India GM maize is not allowed, whereas in western countries it's allowed, so, basically, then how over the long term, I don't think exports will be competitive from India because if your raw material only is expensive, then obviously exports will not be competitive. So, that being the case, how do you foresee? My fear is that forget about exports, we should not start importing. I mean, if import start coming at a cheaper rate because of GM corn abroad because in any case, this industry is not edible. This is like for textile paper etc., non-edible usage.

Bhavdeep Sardana: No, I would like to correct you there, Mr. Garg. I would like to correct you there. A lot of the food companies which we service in India take a disclaimer from us that we are supplying material made from non-GM corn. So, there is a demand for it. While the concerns for GM or non-GM for textile may not be there, it is definitely there for food and pharma.

So, while that is, one can say, a higher cost having non-GM, but countries like Argentina and Ukraine and our neighboring Burma produce non-GM corn and those are the corns which have come into India, maize which has come into India if there has been a supply constraint in the domestic market for that point in time.

Right now also, those opportunities are available, but as far as exporting our product is concerned, in the domestic markets, the kind of freight incident to say export from say China to Middle East or China to Africa or from our western court to Africa, I think India will remain competitive and we have remained competitive even though maize pricing was higher last year, whereas the U.S. corn was lower and U.S. corn landed in China or parts of Southeast Asia or other starch producing economies was high and then resultant starch from there landing in the consumption centers in the typical starch consuming markets, that also did not have that much of an effect on the Indian starch export.

So, I think there is room for us to grow and with the Indian maize supply increasing where the government itself is giving subsidies to ensure maize acreage increase and I believe the Government of India's target is to and I am told by the Indian Council of Agricultural Research that from the present base of 35 million tons, they are looking to increase to 70 million tons. So, I think the future for the raw material and sustainability of our raw material supply chain looks very good.

Keshav Garg: And lastly, sir, please tell us about the infrastructure division that, sir, is this 16 crore or 17 crore that we made revenue, is this the range that we are getting from the infrastructure division or what exactly is this? And how is it expected going forward? And what kind of CAPEX we are thinking of doing over here?

Bhavdeep Sardana: See, right now we are not doing any CAPEX on that. So, the kind of money which has come in has been a mixture of services provided to the anchor unit and others. It has been certain for running our cold chain infrastructure. Going forward, we hope to increase, and we still have some infrastructure yet not fully utilized, which will, once upon utilization, give us a better return and hope to add to our bottom line.

Moderator: Thank you. The next question is from the line of Aditya from Securities Investment Management. Please go ahead.

Aditya: Sir, we have seen maize prices increasing quarter-on-quarter. So, have you also increased the finished product prices?

Bhavdeep Sardana: Yeah, we are. We will pass on the price increase to the customer if our raw material prices go up.

Aditya: Sir, ideally the margins should improve from next quarter onwards.

Bhavdeep Sardana: We are hopeful that we gain in terms of margins. But as they say, a lot can happen between what we expect and what reality happens. So, with the disruption sometimes politically surrounding, etc., if there is a demand disruption, then that troubles us.

Aditya: Sir, in the previous quarter, we had mentioned that there were some high value products which are seeing lower demand. So, if you could just elaborate which were these high value products and where do these go? And has the demand come back for these products?

Bhavdeep Sardana: Yes, you can see from the commentary of not our company but our clients or clients in the category of Nestle, Dabur, ITC, and everyone is talking about rural demand increase. So, as the rural spend increases and now the government making all the right noises, the central government that is making the right noises and all state governments trying to increase farmer income, it bodes well for companies such as us because we supply into companies which touch the lives of everyone, even in the rural areas.

So, we are looking forward to that and we hope that a renewed demand of our value add products whether which goes into recreational choices such as chocolates and say, beverages or even oral health care, higher end toothpaste,, etc., we hope to see a better demand.

Aditya: And sir, the next question was on the maize prices. So, you have been in this industry for so many years. So, generally, what we see is that when the Kharif crop comes in February and March, the maize prices tend to drop, which we did not see this year. So, if you could just elaborate why was it and was it majorly because of ethanol policy? If you could just elaborate on that.

Bhavdeep Sardana: So, Rabi crop has just gotten over and Rabi crop came in as expected. It opened lower and soon it dried up. As soon as the demand got taken up, the prices started increasing. Kharif now is expected, I would say, mid-October onwards. So, I am hopeful that the crop is in abundance.

The reports which are coming in, the sowing areas under acreage in key states such as Madhya Pradesh, Maharashtra and Karnataka, those states are showing an increased area and maize does not need that much water. So, hopefully the crop will come in and there will be a kind of stability.

But yes, the base price has increased because of the ethanol industry which you correctly picked up. So, we are expecting INR23 at the farmyard and that would mean up to INR25, or INR26, or INR24, depending on where you are located and where you are sourcing it for.

Aditya: And sir, now you mentioned that maize production in India is around 35 million tons. So, if you just help us understand how much of it goes into poultry, how much of it goes into maize, and how much of it has been diverted out to ethanol?

Bhavdeep Sardana: See, Aditya, that's your name, right? Yeah, So, it's a, again, the poultry sector mentions through their association that they consume about 15 million tons to 20 million tons they have. They say they rely on certain other co-grains as well. The ethanol industry, which was zero about three years ago, or four years ago, is now upwards of 2.5-3 million tons.

Starch industry is, depending upon the data available, it's an estimate between 5.5 to 7.5 million tons, and the balance goes into direct for food, whether it is extruded snacks, or certain populations in the country eat maize flour on a daily basis. So, that's about it.

India used to export about 2.5 million tons. That share got taken by ethanol. And I think that's been the only change as far as the consumption matrix is concerned. Going forward, the share of ethanol is going to increase, share of starch industry is going to increase, and poultry, of course, is also going to increase as we increase our incomes, income levels, and we become a protein consuming nation. So, all that's going to happen, whether it is through poultry feed or to cattle feed for dairy etc.

Aditya: Is there any import duty on import of maize currently?

Bhavdeep Sardana: So, there is, one can import it. Import is not allowed, first of all. It is you can import it through government permissions for a specific quantity in a specified window in case there is a supply outage. One can't import maize just like that.

Aditya: And sir, in our press release, you have mentioned that there are some environmental issues in China. But what I understand was this was pre-COVID. This used to happen in 2018 and '19, due to which we became a net importer of starch. Has there any element in the new regulations which have come in? These are old regulations or new.

Bhavdeep Sardana: So, this element, which we want to emphasize, is that our Indian starch industry and the top few manufacturers are more compliant and we have been compliant for the last many decades. That gives us the breadth of opportunity to set up plants and operate and comply with the ESG norms and survive and grow ecologically at any site to which the way the Chinese industry or when we say China or any other developed nation or a developing nation has challenges with this level. We have been that far ahead So, it is much easier for us.

Aditya: And sir, we are planning to expand our capacity by 1,000 TPD. So, if you could just elaborate what will be the CAPEX cost and this would be in our existing location, or we are looking for new green field CAPEX only?

Bhavdeep Sardana: So, we are stuck in a happy place where we have the opportunity to expand our own locations is very good and we are also looking at green field locations. So, a decision on that will come out very soon. Maybe between three to five months, we should be able to come out with how we plan to expand and how much we plan to expand, whether it is in one shot or in phases. And the cost will depend on what model we decide.

But let's say, if I were to set up a standalone plant with a bare minimum number of products, it would be a CAPEX of at least INR 125 crores to INR150 crores bare minimum. It can go up to 200 crores depending on the complexity of products which we set up.

Aditya: Sir, just one last question. Now if I look at the history of our company, we just stuck around at 1,000 TPD for around 7 to 8 years, but in the last 3-4 years we have doubled our capacity and now we are looking to expand our capacity further. So, just wanted to understand has something changed in the industry that is making us bullish or there is something changed in the company where we are looking for more growth and increase our profits on the revenue. So, if you could elaborate, is it industry or is it internally?

Bhavdeep Sardana: So, I think it is a multiple number of factors. Number one, obvious one is the compounding effect. You know, when you are at 500, you become 700, 700 you become 1,000. So that our base has been getting stronger. So, any expansion suddenly looks bigger is because of that, number one.

Number two, undoubtedly the country has been growing in the last many decades and we have been positioned and we have been working with our customers and our supply chain partners on the sales side. We have been working with them, listening to them and growing our capacities or product capacities incrementally. And as far as management is concerned, the management has consistently over the last many decades wanted to grow and as and when we felt it was right without taking any risk as far as leveraging was concerned, we have grown with that.

Moderator: Thank you. The next question is from the line of Jayesh Shah from SKB Securities. Please go ahead.

Jayesh Shah: So, my first question is, what specific factors contributed most significantly to the 21% increase in revenue this quarter? And are there any particular products or markets that drove this growth?

Bhavdeep Sardana: Yeah. So, like I mentioned that there is a resurgence in the rural demand and all sectors which we supply to or we are associated with gave us a good opportunity for growth. And we were able to service them effectively. And I think it was after a long period, it was a good quarter where every sector, there was demand.

Jayesh Shah: My second question would be, can you share more about the company's long-term vision and how the current strategies are expected to impact its growth trajectory in the next 3-5 years?

Bhavdeep Sardana: Pardon, can you repeat that please?

Jayesh Shah: I am saying, can you share more about the company's long-term vision and how the current strategies are expected to impact its growth trajectory in the next 3-5 years?

Bhavdeep Sardana: So, I think as far as our growth is concerned, we are pretty much committed to expanding by 1,000 tons after we have completed our ongoing expansion. So, that 1,000 tons, how it comes, will get implemented in a maximum of about two years. We will try and shorten that period. But if you look at our fiscal strength and how we are leveraged, our debt-to-equity ratio is, if I look at long-term, that is just 0.15. So, I think we are pretty good on that and we will remain conservative. The company is generating enough cash. So, we will use our internal accruals and of course take on debt as and when needed.

Jayesh Shah: Last question from my side would be, can you brief on which international markets we are planning to target for expansion and what are the growth prospects and strategic considerations for these markets?

Bhavdeep Sardana: See, the India market and where the world manufacturing in textiles, paper, food, so, these markets are well developed as well and very open to receiving material from India and a lot of our colleagues in the industry are anyway servicing those markets.

So, let's say Malaysia and Indonesia are big in paper and paper is growing globally, and they have larger production bases. So, we will try and make our mark in those markets as well as African market for food and beverage which services Southern Europe or parts of the world.

Moderator: Thank you. The next question is from the line of Sahil Vora from MNS Associates. Please go ahead.

Sahil Vora: I just had a couple of questions. So, my first question is with the ongoing growth in various sectors, when can we expect capacity expansion to, like, address this demand?

Bhavdeep Sardana: Can you repeat that question please?

Sahil Vora: Sir, with the ongoing growth in various sectors, when can we expect the capacity expansion to address this particular demand?

Bhavdeep Sardana: See, this current expansion, which we have undertaken, has been a mixture of value-add products somewhere, overall grinding capacity. So, over the next four to six months, that will all come into line and I think Q3 onwards, the results should start showing, and hopefully, that will give that positive intention to our margins.

Sahil Vora: My follow-up would be, given the plant expansion and increased capacity, how does the company plan to manage the associated capital expenditures and ensure the overall financial stability of the company?

Bhavdeep Sardana: So, I mentioned that to the previous caller as well. I will again say it. So, we are looking at a 1,000-ton expansion. We are not sure yet whether we will do it at a standalone new location or whether we will expand at our own plants. Once we decide what we are going to do, we are spoiled for choice here. So, we are in a lucky place that we can think like that because all our capacities, all our locations afford us to scale up our capacities.

If you see our debt to equity, in particular our long-term debt-to-equity ratio, we are at, I think we were 0.17 last quarter. It should have gone lower, or it will be lower than that. And overall level, even with short-term debt, we are at 0.6 level. So, there is sufficient room for us to grow, but the company is generating, and we are adding to our reserves and the company has liquid investments.

So, we will do as much of our internal accruals contribution and take on debt as and when needed. Debt will be important, but I think the same strategy, which we have followed over the last many decades, will be followed going forward as well.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments.

Aman Setia: Thank you. I, on behalf of Sukhjit, would like to express my gratitude to all of you for joining us today and sparing your precious time for us. We hope to see you back in our next Con Call. If you still have any queries and questions, you may write to our Investor Relation agency, Orient Capital, to Mr. Bhavya Shah. Thank you, ladies and gentlemen, once again, and have a good day.

Moderator: On behalf of The Sukhjit Starch and Chemicals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.