OCCL LIMITED

14th Floor, Tower-B, World Trade Tower, Plot No. C-1, Sector-16, Noida - 201301, UP
Phone : 91-120-4744800 Email : occlnoida@occlindia.com
Website : www.occlindia.com

DIAMOND SULF ®

Date: February 19, 2025

The Manager
BSE Limited
Department of Corporate Services,
Floor 25, P. J. Towers,
Dalal Street
Mumbai - 400 001
Code: 544278

The Manager
National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra Kurla Complex
Bandra (E),
Mumbai - 400 051
Symbol: OCCLLTD

Dear Sir,

Subject: Transcript of Earnings Call Q3 FY25

This is further to our earlier letter dated February 12, 2025, regarding audio recording of Q3 FY25 Earnings Call held on February 12, 2025, please find enclosed herewith the transcript of the Earnings Call. The same is also uploaded on the Company's website. Following is the link:

Transcript of Earning Call Q3 FY25

This is for your information and record.

Thanking you,

Yours Faithfully,

Yours truly,
For OCCL Limited
PRANAB KUMAR MAITY
Digitally signed by PRANAB KUMAR MAITY
Date: 2025.02.19 12:29:42 +05'30'
Pranab Kumar Maity
Company Secretary & GM Legal

Encl.: As above.

“OCCL Limited

Q3 & 9M FY'25 Earnings Conference Call”

February 12, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 12th February 2025 will prevail.

MANAGEMENT:

- MR. AKSHAT GOENKA – PROMOTER AND JOINT MANAGING DIRECTOR – OCCL LIMITED
- MR. ANURAG JAIN – CHIEF FINANCIAL OFFICER – OCCL LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the OCCL Limited Q3 and 9 Months FY '25 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 an operator by pressing "*", then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Akshat Goenka, Joint Managing Director of OCCL Limited. Thank you and over to you, sir.

Akshat Goenka: Good evening and a very warm welcome to everyone. Along with me, I have Mr. Anurag Jain, CFO and SGA - our Investor Relations Advisors. We have uploaded our results and investor presentation for the quarter ended 31st December on the Stock Exchanges and Company website. Hope each one of you had a chance to go through the same.

The demand environment remains challenging with major markets experiencing a slowdown. Also, most tyre companies are currently facing margin pressures due to elevated natural rubber prices, which has significantly increased production costs. This trend is also impacting our volumes.

Despite these challenges, we remain focused on optimizing operations and exploring cost-efficient solutions to mitigate the impact on our business. We have also submitted an application to the DGTR seeking the recommendation for anti-dumping duty on IS imports from China and Japan.

With the de-merger completed, our focus is on strengthening and expanding our core chemical business. This strategic shift allows us to prioritize innovation, deliver high-quality solutions, and drive sustainable long-term growth. While the industry is currently navigating challenges, we have a proven track record of successfully managing similar downturns in the past. Our robust financial position, competitive advantage, and unwavering commitment to ESG principles position us well to navigate this field effectively and emerge stronger.

Additionally, our established customer approvals and long-standing relationships provide a solid foundation to capitalize on opportunities as market conditions improve. Supported by efficient operations and the agility to adapt quickly, we are well-prepared to enhance capacity utilization and maximize efficiency as demand recovers. This positions us to deliver consistent value to our stakeholders and seize growth opportunities in the evolving market lines.

I'd like to now hand the line to Mr. Anurag Jain.

Anurag Jain: Thank you, Akshat. I will take you all through the financials of the company for the quarter ended December 2024. Total income stood at INR97 crores. EBITDA stood at INR16 crores. EBITDA margins were 16.6%. Profit after tax is INR5 crores. And the PAT margins are 5.4%.

Margins have been impacted on account of substantially high international freight costs during the quarter, which have more than doubled since the last year same quarter. Our focus remains on maintaining financial discipline, leveraging our strengths and staying agile to adapt to evolving market conditions.

With this, I would like to open the floor for questions and answers.

Moderator: Thank you very much. The first question is from the line of Aditya Khetan from SMIFS Institutional Equities. Please go ahead.

Aditya Khetan: Thank you, sir, for the opportunity. My first question is, like you mentioned in your presentation and in your initial commentary that higher freight costs have impacted the margins, but overall it seems like the other expenses have been largely in line only. Like when we look at last quarter and this quarter also, it has not been on the higher side, but in spite the raw material prices have gone up, which is why the margin seems to be on the lower side. Sir, your view on the same and why are the sulphur and the coating oil, so both the raw material prices are moving up and how is the trend right now?

Anurag Jain: You are right. If we compare from the preceding month, the freight rates are not much different even though they are a little bit higher, but the other costs therefore appear to be the same. As far as raw materials are concerned, my raw material cost overall has gone up by a little more than INR1,000 a ton from the preceding quarter. So not much difference if we look at both of them together.

What has happened during the quarter is, though there has been an increase in sulphur prices, we have got a little relief in oil prices. So the overall impact is about INR1,000.

Aditya Khetan: Okay. And sir, consequently, how is the trend of the finished goods prices? Like they are also similarly inching up in line with sulphur or are we not able to pass on? And what are the volumes figure in terms of utilization? Just a ballpark figure, if you can share, that would also help.

Anurag Jain: To answer your first question, the raw material prices now seem to have stabilized and therefore I do not see much upside on that front, as far as costs are concerned during the coming year.

Aditya Khetan: And sir, the finished product prices of insoluble sulphur, were they on the higher side as compared to last quarter or they have been declining, considering competitive intensities?

Anurag Jain: When you say last quarter, I am assuming you are talking about the preceding quarter, right?

Aditya Khetan: Yes, yes, the preceding quarter.

Anurag Jain: So if you talk about the preceding quarter, they are marginally lower, but in the same ballpark.

Aditya Khetan: Okay. And sir, on to the utilization level, any sort of a change from last quarter?

Anurag Jain: No.

Aditya Khetan: Any particular reason why the volumes are not picking up?

Anurag Jain: If you are talking quarter to quarter, yes, the production during this quarter is less than last quarter. But this is mainly because generally in the month of December, there are less dispatches because of the annual holidays internationally.

Aditya Khetan: Okay. Sir, any ballpark figure you can share like for full fiscal FY25?

Anurag Jain: It would be in the range of 70% to 75%.

Aditya Khetan: 70% to 75%. Okay. Sir, just one last question on to the global capacity addition. Sir, we are witnessing like some competitors in China are also expanding their insoluble sulphur capacity. Any update how this can change the global dynamics at a time when already the demand is reeling under the pin?

And sir, what is the confidence on the antidumping duty like? So with your discussions with the authorities, what is the initial suggestion that you are getting from them?

Anurag Jain: So to answer your first question, I have not heard of further capacity expansion in China as of now. But even if they were to come, I think the prices are at a level where it cannot have much of an impact as far as Chinese prices are concerned.

To answer your second question, the process is in the advanced stages. Once the DGTR gives a finding, which we are hopeful should come soon, then it has to be referred to the ministry and it is for the ministry to decide whether to impose the duty or not.

Aditya Khetan: Sir, just one last question if you may allow. Sir, considering two years from here on, how you see like the company moving ahead? Because already we have taken so much pain in terms of the realizations and volumes also haven't been picking up that fast. Two years down the line, sir, what are the numbers you are looking at in terms of top line EBITDA and margins? How much improvement we are foreseeing from here on?

Anurag Jain: See, globally, we expect the market to grow at about 2% to 2.5%. And we are working hard to get business. So there are two scopes. There are two ways we can increase. We are working hard to get business in India. As you know that, we are also working for antidumping duty, which is our fastest growing market today. And we would like to retain the growth in the international market. So on these two accounts, of course, we feel that our quantities will go up.

As far as the other things are concerned, pricing, etc., we feel that the pricing already is under pressure as far as China is concerned. And in our reckoning, there is not much scope of them going down further.

Aditya Khetan: Got it. Thank you, sir.

Moderator: Thank you. The next question is from the line of Riddhesh Gandhi from Discovery Capital. Please go ahead.

Riddhesh Gandhi: Hi, sir. You indicated on the last conference call that the overall industry capacity utilization was roughly 70%. And given it's a low single-digit growth industry, how do you see potentially capacity ever reaching optimum levels? And in the event that there is an incremental capacity needed, where would we then be deploying our free cash flows in terms of expansion and growth?

Anurag Jain: See, our capacity utilization, if you take on an annualized basis, is between 75% to 80%.

Riddhesh Gandhi: No, I'm talking about the industry globally.

Anurag Jain: Yes, so you were talking about our expansion or global expansion?

Riddhesh Gandhi: No, no, I'm saying globally, you have indicated in the last call that it was 70%.

Riddhesh Gandhi: So the question is, is there always going to be some amount of pressure on pricing,

Anurag Jain: Yes, that is true. As long as the whole industry does not reach optimum capacity, the pressure on pricing is expected to continue at least in the next 1 or 2 years till the capacity utilization levels do not increase.

Riddhesh Gandhi: But if we are running, let's say, globally at 70%, and the industry is growing at a low single-digit, it's going to take a number of years, actually, before, actually, capacity utilization reaches optimum levels.

Anurag Jain: That is true. I mean, if you consider 80% to 85%, it's normally considered an optimum level. To reach that level, it could take 4 years or thereabouts, 3 to 5 years.

Riddhesh Gandhi: Okay, And with regards to antidumping, Is there any update? I believe there was a hearing which happened, and some of the tyre manufacturers also had made a case against it. Just wanted to understand what the status is and what the likelihood is of anti-dumping?

Anurag Jain: So all the hearings have happened. The arguments have been filed. And DGTR has done its audit. Now it is up to DGTR to publish its findings. So this is where the status is up now.

Riddhesh Gandhi: Are we hopeful, or it's a 50-50 in your view, or how you look at it?

Anurag Jain: No, so there are two things. We are always hopeful, and the fact that we filed and we fought for it is because we are hopeful.

Riddhesh Gandhi: Okay, got it. Sir, the next question is, with regards to… Given we don't expect ideal industry capacity utilization, where is our next phase of expansion and growth going to be? Because despite having reasonably low prices, we are still generating free cash flow. So initially I guess we can reduce and leverage slightly. But over and above that, are there any new areas of expansion or related that we are looking at?

Anurag Jain: So expansion, as I said, we are already operating at 75%-80% capacity. The moment we cross 90%-95%, we will look at expansion. We already have a year-marked space in Dharuhera for the next phase. So we always look at expansion in two phases, out of which one phase expansion has been done. And second phase expansion has been deferred because of the slowdown in the global market.

Riddhesh Gandhi: So it will all be linked to -- the expansion and -- all of the expansion would be in insoluble sulphur only. We wouldn't look outside of that into other new areas which may be a little more promising.

Anurag Jain: So the next expansion, yes, would be in insoluble sulphur when we reach the capacity. After that, depending on the situation, we will analyze.

Riddhesh Gandhi: Got it. And the last question was, towards the end of November, we had had our last conference call where we had indicated that freight rates were actually normalizing and that assuming freight rates do actually normalize, there was about a 600 basis points impact on the margin because of freight.

So it should go back to normalizing 25% at the operating level, EBITDA level. Just wanted to understand, as to between the end of November and December, what went wrong in our assumptions and do we expect to see this 25% EBITDA number to come in by Q4 or Q1 of next year?

Anurag Jain: So nothing went wrong in our assumption. Let me clarify that first. The freight rates started coming down in November. But the actual booking of those phases which have sailed in the month of November and thereafter gets into our books in January and February in some cases. So therefore, it did not reflect in the freight rates for Q3.

Obviously, the fact that the freight rates have started coming down will have an impact in our Q4 results, should have an impact in our Q4 results. Even though they have not come back to the level that they were last year, but yes, we are seeing that they are coming down.

Riddhesh Gandhi: So, you know, if you could give us an indication because obviously there was a huge swing.

Anurag Jain: The indication I can give you is the impact of freight costs, if you look at it from last year to current year, is about INR6 crores.

Riddhesh Gandhi: Okay. That's on a quarterly basis or annual basis?

Anurag Jain: Quarterly basis.

Riddhesh Gandhi: So fine. So would we expect this to be normalized in Q4 effectively?

Anurag Jain: I'm not saying that it will come back to the Q3 level, but somewhere in between. They have started coming down, but they have not reached the level that they were in last year.

Riddhesh Gandhi: Okay. And we aren't able to actually pass on the freight rates to our clients?

Anurag Jain: No, freight rates are not possible in many places.

Riddhesh Gandhi: Okay. I'll just rejoin the queue. Thank you.

Moderator: Thank you. The next question is from the line of Garvita from Seven Island PMS. Please go ahead.

Garvita: Sir, I'm looking for, if you could give me the sales realization number for insoluble sulphur and for the sulphuric acid as well? And if you could give me the raw material prices cost as well.

Anurag Jain: No, we do not give the breakup of raw material costs because that's something you know, which can be used by our competitors. So, we do not give that breakup.

Garvita: If you could give me the trend, has that stabilized now?

Anurag Jain: Yes, ma'am. I can tell you the trend. The trend is that the per metric ton sales realization has come down a little bit from the preceding quarter and has come down by about 8%-9% from last year.

Garvita: No, raw material costs.

Akshat Goenka: I'm sorry, I would like to correct that. It's about 5% from last year.

Garvita: Raw material cost is 5% lower than the last year.

Anurag Jain: No, no, sales realization is down 5%.

Garvita: Sales realization is 5%. And is it total sales realization or the sales realization for insoluble sulphur, sir?

Anurag Jain: I'm talking about insoluble sulphur realization.

Garvita: Okay, sir. And if you could give me the trend, like trend for the cost of the raw materials as well, sir. Do we see that stabilizing going forward?

Anurag Jain: Yes, we we hope that it stabilizes. The raw material costs are more or less the same as they were last year. And though they are a little higher than the preceding year. But as I said earlier, currently they appear to be stable, at least for this quarter.

Garvita: Okay, sir. Thank you so much. That's all.

Moderator: Thank you. The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, thank you for the opportunity. Sir, I wanted to understand we are going for this anti-dumping duty on insoluble sulphur. But, sir, we have seen that in the nylon cords as well as the polyester cords that are used in tyres, these tyre manufacturers they import advanced licenses against exports. Sir, so what percentage do we think can or if this advanced licenses are given to insoluble sulphur? So what can we see impact this anti-dumping duty on our overall revenue?

Anurag Jain: So let us see how it involves it is very difficult to say whether the tire companies will use the advanced licenses. It is very difficult to say how much the tire companies will use the advanced licenses for insoluble sulphur.

Normally, they import a lot of other materials where they would like to use the advanced licenses. As far as the impact on our sales price is concerned, we are unable to comment on that because we don't know how much anti-dumping duty, if any would be imposed by the demerger. And secondly, there are two kinds of prices in India. One is the prices from the non-dumping countries and one are the prices from the dumping countries. So it will be a mixture. So it will not be a uniform increase by that amount it will be somewhere in between.

Madhur Rathi: Sir, it gives me a broad idea. I think till the time we don't get an official circular, it would be difficult for us to comment. Sir, these tire companies are using recycled rubber more and more of recycled rubber. Does the insoluble sulphur content increase for the tires which are using higher percentage of recycled rubber or it's on the similar level as it would be if it's a virgin rubber kind of a tire?

Anurag Jain: No, it is on the similar level.

Madhur Rathi: Okay, got it. And sir just a final question was on the pricing front. Sir where do we see what could be the trigger for increasing the margins or increasing this insoluble sulphur pricing or do we think that it's dependent on so any trigger that would lead to improvements in margins on the recycled machine?

Anurag Jain: So, as far as margins of prices are concerned, obviously the prices worldwide are dictated on a global competition basis. Rupee depreciation is good for us when we are exporting. We hope to have some better realization on the count of anti-dumping duty if it comes. We hope to have some tailwinds on account of reduction in freight rate also which will help us to increase our margins. So, these are the two, three positive impacts that we are seeing that can come in, in the next 6 months to 7 months.

Madhur Rathi: So, we said that freight rates were higher by INR6 crores in December quarter. So, that would mean our EBITDA would increase probably to a INR20 crores quarterly run rate, if the pricing is stable as well as volumes are similar. So, can we expect that 5%, 6% Delta it remains within quarters?

Anurag Jain: If it comes – sorry please continue I thought you had completed your question.

Madhur Rathi: No sir. I think you got my question I wanted to get your view on that?

Anurag Jain: So when we say 600 basis pointsis what we have said earlier and that is true. If we compare it to the same quarter last year. Now, if the freight were to come back, the average freight for us were to come back to the same levels as they were last year, yes, that is true. Our margins would have an impact in the range of 6%.

Madhur Rathi: Okay, got it. And sir on the debt reduction answer what kind of debt repayment do we expect over the next maybe in FY25 and FY26?

Anurag Jain: So, our current annual repayment is around INR15 crores and by the end of the current year our loan should be around INR34 crores. So, that should be repaid in 2 years and some months.

Madhur Rathi: Got it. And sir like similar question on the previous participant when we are generating so much free cash flow, sir, why and we have a good understanding about the tire industry or rubber industry, sir, why don't we go for some other chemicals that will help us increase our addressable market as well as margins or at least increase our revenue and like take us from stagnancy to growth trajectory?

Anurag Jain: So, let us first stabilize our position here. Let us first be stable here, let us have enough heft in the balance sheet and then we will look about extension because one extension is already aligned which we have not done because of the market situation. So it is something which we will look into maybe somewhere down the line not at present.

Madhur Rathi: Okay, got it. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Rohit Mehara from SK Securities. Please go ahead.

Rohit Mehara: Thank you for the opportunity. So my first question is why is the demand scenario in Europe deteriorating and going forward and when do we expect it to improve?

Anurag Jain: Demand the scenario where?

Rohit Mehara: Europe?

Anurag Jain: Europe. It is very difficult to say. The fact that it has deteriorated is correct, but when it will improve because of a very fluid geopolitical situation as of now it's very difficult to comment on. I would not like to hazard a guess mainly because of there are some tariff issues now going on and there are other issues. It will be difficult to comment on when it is going to improve.

Rohit Mehara: Okay. So regarding this only which key regions within Europe are experiencing most significant demand separation and what were the underlying causes?

Anurag Jain: See demand separation in Europe is across EU. So non-EU countries are still doing a little better than EU countries. Again the cause of demand coming down post COVID is of course the Ukraine war resulting the increase in gas prices, inflation, the geopolitical situation has been moving from one crisis to the other and all these things are there and their awareness of the European countries in EU to put up new plants. All these are coming together to contribute to the situation in Europe (27:40).

Rohit Mehara: Got it. So the continuous problems are going on and sorry if I am repeating I joined a little late. So during the quarter 3 FY25 have witnessed volume growth and by how much have the realization reduced?

Anurag Jain: So volume has been lower than Q2 which is traditionally the case in Q3 because in December international markets shut down, but if you compare it with the Q3 of last year it is marginally higher.

Rohit Mehara: Okay. Got it. That’s it from my side. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Sakshi Pratap from Pratap Securities. Please go ahead.

Sakshi Pratap: Thank you for the opportunity. Sir just one question how was the North America market doing and have we received any new customer approval for the same?

Anurag Jain: Not in the current quarter or in the last 6 months. This is something which is continuous and then we are in touch with them, we are hopeful of getting business, but nothing new has come in the current period.

Sakshi Pratap: Okay, understood. Thank you.

Moderator: Thank you. The next question is from the line of Amit Saxsena who is an Individual Investor. Please go ahead.

Amit Saxsena: Sir, I was asking what will be the replacement cost of our asset which carry around INR400 crores in our book?

Anurag Jain: Which assets are you talking about INR400 crores?

Amit Saxsena: I mean the plant. what I mean to ask is the current capacity of close to 40,000 tons, what will be (the value) if you want to have it today?

Anurag Jain: This is a question I am not prepared so I don't have the figures ready. We can come back to you on that.

Amit Saxsena: Okay. I mean I was coming with a background in the past you have said that the new capacity is not kind of ROCE accretive, so with that background I was coming with that question?

Anurag Jain: Let me cross check the figures what you are saying, let me just have a look at them and I will come back to you.

Amit Saxsena: Okay. My second question was on we have guided for 50% PAT as dividend in the past and given the share price currently which looks quite attractive in terms of valuation, do you think it will be better way to do a buyback rather than a dividend given dividend in high friction cost in terms of tax?

Anurag Jain: We have just undergone a demerger. We have reduced the price the face value from INR10 to INR2. So buyback is not something which we are immediately looking at.

Amit Saxsena: Okay. Lastly what is the kind of maintenance capex that you have kind of yearly maintenance capex that we have?

Anurag Jain: Say around INR5 crores.

Amit Saxsena: Okay. Thank you very much.

Moderator: Thank you. The next question is from the line of Devanshu, who is an Individual Investor. Please go ahead.

Devanshu: Yes. Hello, sir. Good evening.

Moderator: Sorry to interrupt, sir. Your voice is not clear. I would request you to please use your handset.

Devanshu: Yes. So I have a couple of questions. So is the management exploring investing towards renewable energy and captive power? Is there any plans on the cards?

Anurag Jain: So we have entered into a contract with a company for captive power consumption. So we should - the company should start supplying for our Haryana plant in the month of April.

Devanshu: How much capital are we looking to deploy towards this?

Anurag Jain: This is around 3 megawatt capacity, installed capacity and WPI or what, what is it called? I am not sure the exact terminology in DC terms. And we hope that we start receiving the power from it from the month of April.

Devanshu: From April. Okay. So the second question I just want to understand. So at full capacity would it be fair to assume a turnover would be about INR550 crores?

Anurag Jain: Let me do the math for you. So around 500 maybe.

Devanshu: 500 odd.

Anurag Jain: At current prices.

Devanshu: And can you give a sense of the situation from Europe right now. So would you say it's bottomed out or we still seeing volumes pressures in declining?

Anurag Jain: I think that it has bottomed out a little. There are no further downward pressures we can see in the current quarter than they were already earlier. So if you look at it from that perspective, I think it has bottomed out as far as demand for insoluble sulphur is concerned.

Devanshu: Sure. And when it comes to your phase two expansion, how much of a capex are we, would we be looking to deploy whenever the time comes and how much capacity would that be for?

Anurag Jain: It will depend on when the line comes. So what are the prices then. So if I give you a figure now, it will not be appropriate. It will be appropriate to share the figure once we are sure that we are going for expansion.

Devanshu: I'm just trying to get a ballpark number sir?

Anurag Jain: See we have spent about INR150 crores last time. Of course, it included the cost for the asset plant, etcetera. And there's some additional civil work, but that could be an indicator of how much is required, but it's very difficult to say.

Devanshu: Okay, sure. And sir just I just have a last question. There are two parts to it something to do with what the previous panelists have been asking also. So in the FY24 annual report it is mentioned that the new structure and the standalone entity being a chemical business now will make it possible for opportunities of global alliances and partnerships and that would have not been possible in a multi-operational structure earlier.

So this is clearly something that the management has also thought about and that is written in the annual report. So can you share some thought process plans on that. That is part A. And with Mr. Akshat and Mr. Arvind both now having multiple businesses. I just wanted to get a sense of how the father-son duo is basically able to manage the bandwidth with so many things happening and how much of a focus they can have on this?

Akshat Goenka: Sorry, can you please repeat the question? I lost track of it. Can you repeat the question?

Devanshu: Yes, sure. So the first part was regarding the global alliances and partnerships comment that was made in the annual report. So the new entity allows, the chemical business allows you to focus only on chemicals and possibly look at extra opportunities one. And second Mr. Akshat and Mr. Arvind both have many, many businesses that are happening.

There's AG Ventures also which is a website that I was going through and there are many things happening over there. So I just wanted to get a sense of the bandwidth that the promoters will be able to give to this company or just a thought process on that?

Akshat Goenka: So I'll answer your question in two ways. The first part of your question where the company will be open to looking at global alliances and mergers and various kinds of things. To put it bluntly, the first thing that has to happen for that is the core business needs to start performing better and that will be reflected in the market cap because today it's severely undervalued.

And as you know for any kind of partnership or whatever a market cap becomes a benchmark. So, while things are being explored, I don't see anything proper fructifying till our market doesn't, market cap doesn't reflect its true value. The second question regarding myself and Mr. Arvind Goenka being involved in various ventures and all of these things.

So these ventures have been there for the last 6 years and maybe 12 years, 14 years respectively. These are not new ventures that have recently started or that people have got diverted into. Each as I said before each of these ventures, each of these three ventures, whether it's the Duncan, whether it’s AG Ventures, the investment arm or whether it's OCCL, has its own management team which is well-equipped to run the day-to-day business. And so I don't see any challenge in this bandwidth issue. Sure.

Devanshu: Thank you. I'm wishing you all the very best.

Moderator: Thank you. The next question is from the line of Parth Shah from Crystal Capital. Please go ahead.

Parth Shah: Thank you for the opportunity. I have two questions. The first one is what are the key factors driving the fall in realization? Is this competition driving price pressure or raw material cost dynamics?

Anurag Jain: So the fall in prices have mainly been because of the competition. It's not about raw material dynamics because raw materials have if at all, they have been firm rather than weak. So the pricing pressure is mainly on competition. As far as the cost pressure is there, it has emanated mainly from freight rates.

Parth Shah: Okay. And the next one is, how is the company planning to manage price pressure? Are there efforts to differentiate through product quality or other value-added services?

Anurag Jain: See, the strategy everywhere is different. Obviously, as far as service is concerned that is one of the prime selling proposition is our service and relationships that we build with the tire companies and that is what we are doing. In some places, we have had to, for example, in India we were forced to go to the DGTR for anti-dumping because of the way the Chinese and Japanese have done their goods in India.

And our selling proposition mainly lies around our service and our keenness to serve our customers with the exact thing that they want, even tailor-made products for them.

Parth Shah: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Raj Desai from RD Securities. Please go ahead.

Raj Desai: Hi, sir. Thanks for taking my question. So, my first question was regarding China Sunshine has doubled its insoluble sulphur manufacturing capacity and has even announced a plan for further capital expenditure. So, is their product quality similar to us and can we expect further to reduce our realizations?

Anurag Jain: See, they have doubled the capacity much earlier. Yes, their quality is near to our quality today, but as I have answered earlier also the level at which the Chinese manufacturers are selling today leave little scope for further price correction from them.

Raj Desai: Okay. Got it. Sir, I have one more question. So are we kind of losing the market share to our competitors or is the slowdown uniformly affecting the whole industry as a whole?

Anurag Jain: No, the slowdown number one, again, slowdown is impacting the whole industry. Number two, we did lose market share in India compared to last year. And that is why we had to go for anti-dumping because we did lose some market share in India. We did lose some market share in Southeast Asia also because of China, without losing quantities, we have lost market share in these two areas.

Raj Desai: Got it, sir. That was very helpful, sir. That is all from my side.

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

Akshat Goenka: I would like to thank everyone for being part of this call. We hope we have answered your questions. If you need more information, please feel free to contact us or Mr. Deven Dhruva from SGA or Investor Relations Advisor. Thank you.

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