February 21, 2025

To,

National Stock Exchange of India Ltd. Exchange Plaza Bldg. 5th Floor, Plot No.C-1 'G' Block, Near Wockhardt, Bandra Kurla Complex Mumbai 400 051 Fax: 26598237/38 Symbol: DCW	**BSE Limited** Department of Corporate Services, 1st floor, New Trading Ring Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Fax : 22723121/3719/2037/2039 Scrip Code : 500117

Dear Sir(s)/Madam,

Sub: Transcript of Investor(s)/Analyst(s) Call – Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

In Compliance with the Regulation 30(6) of the Listing Regulations, please find enclosed herewith, the transcript of the Earnings Conference Call held on Monday, February 17, 2025 at 12:00 Noon (IST) with Investor(s)/ Analyst(s), to discuss the Un-audited Financial Results for the Q3 - FY25.

The transcript has also been uploaded on the Company's website and can be accessed through the following link:
https://dcwltd.com/wp-content/uploads/2025/02/Arihant-DCWLtd-Feb17-2025.pdf

You are requested to take the aforesaid information on your record.

Thanking You,

Yours faithfully,

For **DCW Limited**

DILIP VISHNUBHAI DARJI
Digitally signed by DILIP VISHNUBHAI DARJI
Date: 2025.02.21 18:47:48 +05'30'

DCW LTD. MUMBAI

Dilip Darji
Sr. General Manager (Legal) & Company Secretary
Membership No. ACS-22527

"DCW Limited Q3 FY25 Earnings Conference Call"

February 17, 2025

MANAGEMENT:	**MR. SAATVIK JAIN – PRESIDENT, DCW LIMITED** **MR. AMITABH GUPTA – CHIEF EXECUTIVE OFFICER, DCW LIMITED** **MR. SUDARSHAN GANAPATHY – CHIEF OPERATING OFFICER, DCW LIMITED** **MR. PRADIPTO MUKHERJEE – CHIEF FINANCIAL OFFICER, DCW LIMITED**
MODERATOR:	**MS. KUNJAL AGARWAL – ARIHANT CAPITAL MARKETS**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY25 DCW Limited Conference Call hosted by Arihant Capital.

As a reminder, all participant lines will be in listen only mode and there 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 '*' and then '0' on your touchtone phone.

I now have the conference over to Ms. Kunjal Agarwal. Thank you and over to you, ma'am.

Kunjal Agarwal: Hello and good afternoon to everyone. On behalf of Arihant Capital Markets, I thank you all for coming into Q3 FY25 Earning Conference Call of DCW Limited.

Today from the management, we have Mr. Saatvik Jain – President; Mr. Amitabh Gupta – CEO; Mr. Sudarshan Ganapathy - COO and Mr. Pradipto Mukherjee - CFO.

So without any further delay, I would hand over the call to the Mr. Saatvik Jain for his opening remarks. Over to you, sir.

Saatvik Jain: Thank you. Good afternoon, everyone and welcome to DCW's Earnings Call for the third quarter of Financial Year 2025. I hope you all had the opportunity to review our Earnings Presentation and Financial Results, which have been uploaded to the exchanges and to our website.

The global chemical industry continues to navigate a challenging environment marked by geopolitical uncertainties, sluggish demand and pricing pressures across various segments. India in particular has faced significant headwinds due to an influx of lower cost imports from China. The Chinese chemical industry, operating at underutilized capacities has led to aggressive exports keeping global chemical prices under pressure. India, lacking protective trade measures in certain segments, has become a key dumping ground for various Chinese chemicals, causing significant pricing distress. That said, towards the end of Q3, we saw the Chinese Government rolling out stimulus measures aimed at reviving its domestic economy, including supporting local governments and infrastructure projects. Overtime, this is expected to increase China's internal consumption and ease some of the export pressures that have been impacting global chemical markets. However, in the near term, the pricing pain due to Chinese imports remained a significant challenge for domestic manufacturers.

On the policy front, while provisional anti-dumping duty on PVC was recommended by the Ministry of Commerce in October, its implementation by the Ministry of Finance remains pending. This delay has resulted in continued dumping of PVC into the Indian market, further depressing prices in Q4. However, we continue to remain optimistic that the government will support the domestic industry from these unfair trade practices, with the duty implementation in the near future. Looking at the export market, demand for synthetic rutile remains sluggish throughout 2025, impacting both volumes and pricing. However, we have seen some improvement in Q3 with volumes picking up, however at lower realizations. Encouragingly, the outlook for FY26 appears to be more positive as the global market conditions gradually improve. Amidst these industry wide challenges, DCW has remained resilient, focusing on execution, operational efficiencies and strategic growth initiatives.

Let me now walk you through our key performance highlights for the quarter. Despite weak global demand and pricing pressures, our capacity utilizations improved across all product segments with PVC and CPVC operating at full capacity. For Quarter 3, we achieved overall capacity utilization above 80% across all our product categories. This is a testament to our strong operational execution and market positioning. While realizations of most of our products remained under pressure, our revenue from operations grew by 19% year-on-year driven by volume growth across our portfolio. Specialty chemicals, which continue to be the backbone of our growth strategy remained stable and provided the much needed margin consistency. This segment achieved its highest ever sales during the first 9 months of this fiscal.

On the profitability front, we saw a turnaround in our EBITDA margin both sequentially and year-on-year. This was backed by marginal improvements in our commodity business as well as strong volume growth in our specialty chemicals. Our Specialty segment has been the key driver of bottom-line stability contributing to 42% increase in EBITDA year-on-year.

On our capital expenditure, we remain committed to our long-term strategy balancing expansion with financial prudence. Our alternative energy project is near completion with the first phase expected to be operational by the end of this month and second phase by the end of March. This initiative is expected to bring significant cost efficiencies and enhance our sustainability efforts. Our CPVC expansion project, which we announced in our previous earnings call, is progressing well. Construction is underway and we remain committed to commission the first phase by September of this year. Our strategic focus on scaling our specialty chemicals business, while optimizing our commodity operations is delivering results. With increased capacities and strong demand outlook, we expect this segment to drive our future earnings stability.

We are also executing our strategy of growth alongside debt reduction. Our long-term debt continues to decline year-on-year even as we add significant new volumes in our specialty business. This disciplined capital allocation is expected to enhance our bottom-line through an improved margin profile and lower financing costs. Looking ahead, we remain cautiously optimistic while pricing pressures persist. The early signs of demand recovery in select segments and the structural improvements that we have made over the past few quarters provide confidence in our long-term trajectory. Despite the ongoing challenges, we have taken proactive steps to strengthen our business fundamentals ensuring we emerge stronger as the market stabilizes.

With that, I request our CFO – Pradipto Mukherjee to take you through our financials in detail. Over to you.

Pradipto Mukherjee: Good afternoon, everybody, and welcome to the Earnings Call. The revenue for the quarter gone by stood at Rs. 474 crores as against Rs. 398 crores in Quarter 3 of last fiscal that is an improvement by 19% Y-o-Y. The EBITDA for the quarter also stood at Rs. 62 crores versus Rs. 23-Rs. 24 crores Quarter 3 of FY24, an increase by 160%. The revenue increase was predominantly driven by the Specialty segment both CPVC and SIOP with the commercialization of the CAPEX in Quarter 4 of FY24 and Quarter 1 of FY25 respectively.

The other factors were export sales of synthetic rutile, which finally saw some uptick and we could conclude our sales of above 8 KT for the quarter. The EBITDA for the quarter from the Specialty segment grew almost 50% and clocked at Rs. 48 crores. The commodity segment for the quarter had an EBITDA of Rs. 14 crores versus a loss in the last fiscal. The major savings on the commodity EBITDA was from PVC due to positive VC and PVC spread and also from the caustic where the realizations improved by 12% in Quarter 3. Margin expansion was witnessed for the quarter and it stood at 13% against 6% in Quarter 3 of the last fiscal. On a Q-o-Q basis, the revenue was 3% down at Rs. 474 crores, while caustic division clocked on higher revenues on back of higher synthetic rutile sales.

PVC and CPVC divisions were affected due to lower volumes in both the segments. This was also coupled by lower realizations of CPVC by 7%. The EBITDA for the quarter stood at Rs. 61.8 crores, which was around 49% higher than the last quarter, which stood at Rs. 41.5 crores while the Specialty segment remained steady at Rs. 47.6 crores across both the quarters. The swing was in the commodity segment, which clocked a Rs. 14.2 crores profit as against the loss of Rs. 6 crores in the last quarter. This was again driven by the caustic prices increase by 11% and a better VC and PVC spread.

On a 9-month Y-o-Y, the company’s revenue stood at Rs. 1,462 crores, which is a 17% uptick from Rs. 1,250 crores. EBITDA stood at Rs. 155 crores up from Rs. 125 crores, an improvement by 24%. The increase in the EBITDA from Specialty grew to Rs. 143 crores in the 9 months, up by 62% from Rs. 88 crores in 9 months of last year. While the commodity EBITDA declined to Rs. 12 crores from Rs. 37 crores last year, majorly due to caustic division varying, there was a severe price correction in synthetic rutile by 32% and the caustic prices more or less remained flat with a negative bias. Interest cost for the quarter stood at Rs. 16.25 crores, which is showing a gradual declining trend with our scheduled repayment of term borrowings. The quarterly interest was lower by 10% Y-o-Y basis and 12% Q-o-Q basis. Term lending has been reducing and has reached a level of Rs. 400 crores, reduction of Rs. 410 crores in March 24 despite Rs. 80 crores of fresh borrowings to support the ongoing CPVC CAPEX. The depreciation more or less remained same, a bit higher because of the capitalization of the CPVC and SIOP CAPEX as concluded in Quarter 4 and Quarter 1, respectively.

The PBT for Quarter 3 and 9 months stood at Rs. 20 crores and Rs. 28 crores, respectively. The company both at the quarter level and 9-month level has shown a significant increase in the profit before tax. The Y-o-Y Quarter 3, there was a loss of Rs. 17 crores last quarter, which now clocked a profit of Rs. 20 crores and at the 9-month level, more or less it was breakeven last year, now we have concluded a PBT of Rs. 28 crores. The contribution from Specialty, along with the reduction in the interest cost has significantly benefited the PBT of the company, thereby the profit allocable to all our shareholders.

Thank you. With this, we can have the floor open for question and answers.

Moderator: Thank you. We will now begin the question-and-answer session. Participants who wish to ask a question may press '*' and '1' on your touchstone telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from the line of Pujan Shah from Molecule Ventures. Please go ahead.

Pujan Shah: Hello. Am I audible?

Saatvik Jain: Yes, you are. Please go ahead.

Pujan Shah: Hi, sir, my first question would be on the CPVC side. So, on the CAPEX front, if we look on the historical side, the initial CAPEX, what we have spent is around 3 lakh per TPA and now what we have been spending for the additional 30,000 capacity is around Rs. 140 crores, which comes around 46,000. Already, we have a land parcel in Sahupuram, so is it the initial CAPEX would be much higher and the next upcoming capacity would be lower and what would be the on an average CAPEX for each TPA if we wanted to understand?

Sudarshan Ganapathy: No, we cannot really differentiate. When we put the plant for the first time, there were a lot of utilities which has been factored for the future expansion. So you will have to segregate what has been the CAPEX that we have done on the utilities because that will support even the expansion which has supported the first phase what we did now and the second phase, what we are going also, partly we will have the utilities which are already we have spent money on that. That is why you will see on paper the CAPEX for the further round of expansion is lower than what we have spent in the first phase. The first phase also had a compounding capacity which we are not going to add in the second and third phase because we have the capacity available.

Pradipto Mukherjee: Additionally, to answer, I think last time we had given a CAPEX figure of Rs. 125 odd crores, which was doubling of our CPVC capacity from 10,000 tons to 20,000 tons and also debottlenecking of SIOP. Now, we have announced, our last announcement is for Rs. 140 crores from taking 20 KT to 50 KT. So I think if you see the investments what we have done, just concluded CAPEX, the next CAPEX what we have announced is more cost effective from a capital per ton of CPVC.

Pujan Shah: Got it, sir. But in the initial phase, so we have a tie up with Arkema, right? So is that agreement is a royalty agreement? What was the initial and is that agreement still prevailing or is it now or like what was the agreement with them?

Sudarshan Ganapathy: The first agreement was on a onetime technology transfer agreement, which has that guarantees in place for 10 years. So as we talk now, we have the guarantees for the product quality for the first phase. The subsequent expansions, we have a royalty mode basis. There is a technology transfer fees which has been kept at a lower side and we have a royalty payment based on the product that we are going to sell. So the model is slightly different because in the Arkema side they were not open for a royalty agreement, so we have to pay upfront technology transfer agreement.

Pujan Shah: As of now, what would the percentage of royalty we have been paying to them?

Sudarshan Ganapathy: I don't think we can diverge that at this juncture.

Pujan Shah: And sir, on the soda ash part, so if you look into it, we have a machine impairment which was impacting our sales and the profitability. So now, if that has been expected in Q4, so do we feel that in coming years, in the next 1-2 years, we will achieve the same margins which we have been doing like roughly around 12%-15% range. So what is your thought on that because even a few companies are also coming with capacities as well as the global demand supply dynamics also are impacting, so how we have been looking into this division, soda ash?

Pradipto Mukherjee: See soda ash, we have been presently operating at around 80%-85% capacity for the last 9 months and we will continue to do so for Quarter 4 as well. We would have our machinery in place to support 100% production and sale going forward from end of Quarter 1. So that is one part of the question. The second piece is that we would. at a full steady state as our internal assumption goals would do an EBITDA of 18%-20% at current prices. So industry has also been talking with the government in terms of pricing supports, and there has been MIP which is also coming on the minimum imports into the country. I think there is liasoning with the government, which is going on to have a support mechanism for the current prices, if not better so after installation of machine. So we think that the margin of 20% is quite achievable and we hope to achieve full production in next year.

Pujan Shah: Coming on the caustic soda and synthetic rutile, so understanding the part, can you just segregate because so recently we have seen uptick in the caustic soda and Chinese prices are very firm in terms of saying that in the realization, while what was the impact of synthetic rutile, which has been contributing and what could be the margin in synthetic rutile as of now?

Amitabh Gupta: Amitabh Gupta, here. Good afternoon, everybody. On the synthetic rutile front, we pass through a very bad phase, but things are much better for the year 25-26. We have been able to book orders more or less to the extent of our current production and the prices are much better than what we were able to achieve during the year 24-25. So I think synthetic rutile business is going to be much better next year as compared to this year.

Pradipto Mukherjee: And secondly, just to address your point that we have also done a positive EBITDA for the quarter backed by increasing prices of caustic and that has turned the segment from EBITDA loss to an EBITDA positive. We have done a Rs. 7 crores of EBITDA positive for the quarter.

Pujan Shah: But sir, as you rightly said, like synthetic rutile, we got that order book and we are also get 2 years demand visibility, so what could be the EBITDA margin we could achieve in the synthetic rutile excluding caustic soda, because we understand the variability of caustic soda?

Sudarshan Ganapathy: Synthetic rutile historic margins have been in the north of 20%. So there has been some demand disruption in the last year and the year under review, which has led to a decrease in our overall profitability, but this is a one-off operation. I feel that going forward we will be having that sort of margin for this product what has been the last 10 years average.

Pradipto Mukherjee: However, we don't expect V-shaped recovery, the recovery would be gradual. We are first securing our contracts with the customers on a long term basis and the pricing would only be reviewed based on the market prices prevailing.

Pujan Shah: Right, agreed. And my bookkeeping question would be on the debt side. So if you look the total debt, cost of debt is around 14%-15% while our cost of debt, what we have been saying in concall is 10%-11%. So I am not able to understand, is that a differential due to we are looking at the end mark or what is the difference?

Pradipto Mukherjee: No, there is some working capital leverage. So when you are considering a term lending balance outstanding versus the interest cost that will not match because of couple of reasons. We operate on a working capital lending which is basically non-fund based to support our purchase for VCM which is important. Apart from that since we have been maintaining a very healthy cash level in the balance sheet around Rs. 175 crores, we chose to keep that in the balance sheet. We are running working capital borrowing line as well to address the uncertain situation and that is exactly where the interest is bit high. But if you see on a yearly level or a 9-month level, the interest cost has been gradually coming down.

Pujan Shah: So as a repayment term is almost Rs. 100-Rs. 130 crores in the coming years. So we will be debt free?

Pradipto Mukherjee: In 2.5 year’s time.

Pujan Shah: Yes, nice sir. And last question on the SIOP division. So if we look at the industry, can you just give a broad idea on the total India market size and the global because we have been the Asia's largest capacity out there and we have a dominant position, so we want to understand how the demand dynamics works in this SIOP segment?

Amitabh Gupta: Well, SIOP, the local demand is in the vicinity of about 20,000-25,000 tons a year out of which we are selling almost 9000 tons to 10,000 tons. Our major sales are in the US market, which is a very good and steady market for us. And more or less, whatever is our production capacity, we are doing that and now we are embarking on putting on the micronization plant, which will increase our sales and also will be a big value addition to the product. The price of this micronized product is almost 30%-35% more than the normal price.

Pujan Shah: So total, you look at the global, what could be the demand, total global demand and supply?

Amitabh Gupta: Global demand is very difficult for us to predict because China all said and done is a major producer in the world and to get the data from them is impossible.

Pradipto Mukherjee: See, we have been supplying to few leading customers in the US and we have a long term tie-up with them. in the market we basically operate at two colors which is red and yellow. So, India Market there will be a different volume, which is taken for the overall SIOP, but for red and yellow as sir told that in India it is around 25,000 ton of which around 40% we are catering as a company. For the US, there are couple of customers with whom we have a long term association and we don't see any reduction in the volume there. Rather, we can expect some increase in volumes.

Amitabh Gupta: And one more thing I would like to add, maybe the volumes may not be very big, but we are introducing the black iron oxide, orange and brown in the market now. So our range is increasing and of course, red has number of shades, yellow has number of shades which we have got now.

Pujan Shah: And sir, regarding the tie-up with the Rockwood Pigments, still it is prevailing or what is the agreement?

Amitabh Gupta: Rockwood does not exist anymore. Rockwood sold it to Huntsman, Huntsman sold it to Venator. So the things have changed hell of a lot. So Rockwood doesn't exist anymore in this business.

Pujan Shah: So we don't have any long-term agreement with Rockwood. As of now, we are not supplying to Rockwood?

Amitabh Gupta: There is nothing like Rockwood anymore.

Pujan Shah: Got it. And sir, do we feel sustainable margin of 30%-35% EBIT margins in SIOP for next two years?

Pradipto Mukherjee: So we think it is very difficult, sir, to give a margin call for us given the geopolitics which has been playing out. We are hopeful that we will be able to maintain the margin of 30%-35% both in SIOP and our CPVC segment.

Pujan Shah: Done, sir, I will get back in the queue. Thank you, sir.

Moderator: Thank you. We have the next question from the line of Mohan Kaushik from Trinetra Capital. Please go ahead.

Mohan Kaushik: Good afternoon, sir. Thank you so much for taking my question. Sir, my first question is regarding like we are supplying into US markets in exports, like how much percentage of revenue comes from US markets and is there any impact from tariffs?

Amitabh Gupta: Practically, 40%-45% of our production goes in the US market and so far Mr. Trump has not announced any tariff on India. So far Mr. Trump has not announced any specific tariffs for India and this product. So I think with this 10% increase in the tariff for China should help us a bit, but then let us only the time will tell. But frankly, we don't envisage any drop in the business in US because these are the long-term commitments which we have got and things should be steady as far as US markets are concerned.

Mohan Kaushik: I got it, yes, sir. Sir, like CPVC, PVC prices are coming down after doing anti-dumpting duty and all few countries, like right now, like the major imports coming from any other countries apart from China and Europe?

Sudarshan Ganapathy: Imports are coming from Japan, Thailand, USA. So imports from those countries have not really stopped because, even when the duty was in place on China and Korea, imports were coming from Thailand, Japan and USA, and which is still continuing to come because that volume we will have to break but it takes some time.

Mohan Kaushik: When we can expect normalcy, sir?

Sudarshan Ganapathy: Normalcy, you are seeing only one side because there is also a drop in the input price because prices are reduced because there is also a reduction in your input cost which is PVC. So technically, if you see our margins have more or less remain the same between the last quarter and this quarter, despite the prices going down because the input cost also has gone down.

Mohan Kaushik: Got it, sir. Sir, on the CAPEX side, like CPVC Phase-3 expansions like, what kind of asset turn we can expect like what kind of utilization, like ramp up we can expect?

Pradipto Mukherjee: So we have announced a 30 KP increase in our CPVC capacity that to increases. The first phase what we are undertaking is from 20,000 tons to 40,000 tons that is around 20,000 tons increase in our production and consequently sales. The market is there obviously to place this volume, however, the pricing as we discussed was under pressure and we are hopeful that from Quarter 3 of next fiscal, we will be gradually placing the volumes.

Mohan Kaushik: Got it, sir. I will come back in queue.

Moderator: Thank you. Participants who wish to ask a question may press '*' and '1' on your touchtone telephone. Participants who wish to ask a question may press '*' and '1' on your touchtone telephone. We have the next question line of Parth Patel, an Individual Investor. Please go ahead.

Parth Patel: Yes, thank you for the opportunity. So given ongoing vicinity in the CPVC drive, could you please elaborate whether it is the trend primarily driven by demand fluctuation or increasing competition from peers because already other peers are aggressively expanding, so what will be the demand outlook for the CPVC additionally for CPVC prices will directly linked to the PVC?

Sudarshan Ganapathy: I am not able to hear you. Can you please speak slowly and a bit clearly, please?

Parth Patel: Sure. So CPVC price is decreasing, so CPVC price decreasing is mainly driven by demand fluctuation or competition aggressively pricing by the competitors?

Sudarshan Ganapathy: I will pause it there. It is a combination of both, number one. Number two, CVPC prices are going down because CVC prices are also going down. So that is why I have been saying that the overall margin has more or less remained the same and there is also a demand weakness in the construction sector because as a product PVC pipes and CPVC pipes tend to go in tandem. So there has been a decline in the PVC, CPVC demand in the construction sector, which has had some impact on the demand. But having said that, it is not that the prices you drop the price and you will sell. So the prices move in tandem with the PVC price with a lag. So that will continue. Tomorrow, if the PVC prices go up, even CPVC prices will go up. So on usage side what I am trying to say is that higher availability will also result in higher demand coming. So there will not be a problem which we have seen in all the products. In fact when Reliance came with their PVC capacity, the capacity was much more than the demand. But over the years the demand opened up and it got consumed. So we don't see any problem in facing the product, be it our capacity or be any other new capacity coming, there will be a lag for the demand to catch up, but availability will definitely improve the demand.

Parth Patel: So could you please tell us what is the realization of the CPVC right now for us?

Sudarshan Ganapathy: CPVC realization is around Rs. 130.

Parth Patel: So when we can see the restoration of the price, the linkage of the PVC and CPVC, because many Chinese players are selling the CPVC difference of 10,000 to 15,000 per ton. So demand outlook will be similar to the India going forward?

Pradipto Mukherjee: Just let me try and answer and address your question in a different way. See the ADD which has come in CPVC is basically a fixed duty structure unlike the previous anti-dumping duty which was a fixed price structure. So when we say that it is a fixed duty structure, if the PVC prices go down, the prices of CPVC will also go down, but the spread will be available because of the ADD being there. Now secondly, the internal requirement of the country has gone bit slow because the construction sector is working bit lower, that has further had a bit of an impact in the CPVC. The total volumes requirement in the country on a steady state is much higher than we and our peer in India put together, it is still an import substitution product. So either on the demand side or on the margin side, we don't see an impact farther than what is prevailing as of now. However, the situation being very dynamic, things may undergo a change, but our visibility and our understanding says the margin will be more or less protected and there will be taker for our entire volumes. So as of now in the coming couple of years, we don't see things to deteriorate so far as CPVC is concerned.

Parth Patel: So is there any other quality differentiation than our peers that our quality is better for the CPVC and our peers, we have any edge for CPVC like that?

Pradipto Mukherjee: We really will not be able to comment on our competitor's quality, but what we can say is that we as an organization are manufacturer of both of PVC as well as CPVC, which should give us a better edge compared to our competitor.

Parth Patel: This is from my side. Thank you.

Moderator: Thank you. Participants wish to ask a question may press '*' and '1' on your touchtone telephone. Participants who wish to ask a question may press '*' and '1' on your touchtone telephone. We have the next question line of Mohan Kaushik from Trinetra Capital. Please go ahead. Mr. Kaushik, can you hear us? Yes, please go ahead with the question.

Mohan Kaushik: Thank you, sir. Sir, our cash position is Rs. 176 crore as of Q3, like what about the debt position? And also please share our working capital side for this quarter like payables and receivables?

Pradipto Mukherjee: Our long term debt or the term lending as I told you have come down sub Rs. 400 crores. It is around Rs. 395 odd crores with our scheduled repayments being Rs. 130 odd crores per annum. I think in 2 to 2.5 years' time, we will be able to pay off the legacy debt. The debt, which has been recently taken to support the CPVC CAPEX will have a 5-year window. That is a 5-year tenure debt which has been taken. On the working capital side, we have followed a discipline of maintaining 5% of revenue in cash (FDs) what we have and we are following that discipline quite comfortably. And third is we have some working capital non-fund base debts which are LCs which are in rotation and are part of our sundry creditors.

Mohan Kaushik: Hello, sir. Sir, what about the working capital days in terms of, is there any increase in inventories?

Pradipto Mukherjee: So our inventories more or less remained the same. Quarter on quarter, historically as an organization, our DSO, debtors outstanding is roughly 30-40 days at the organization level. Our creditors around 90-100 days, our inventory was going up in terms of days because of the export volumes we were unable to place for synthetic rutile predominantly, that for the last quarter, first time, we had done a sale of 8000 tons, which is equal to a production. So on inventory days, it would be maintained at quarter-on-quarter level and we hope that from next year onwards the inventory days will also go down.

Mohan Kaushik: Got it, sir. Sir, this renewable power projects like how much cost savings we can expect in terms of operational side?

Pradipto Mukherjee: See, when we calculated, when we got into the project, it was looking very promising because the coal prices at that point in time was very high, when we got into the project. The investment roughly would be around Rs. 25-Rs. 30 crores and we expected at that point for the savings to come at an annual level of north of Rs. 50 crores. I think now we anticipate the savings with the current blended prices of power to be at around Rs. 35-Rs. 40 crores.

Mohan Kaushik: Got it, sir. Sir, this Sahupuram facility had provided logistical advantages for exports and like if you could share or like what kind of cost savings or synergies we are getting from this facility?

Pradipto Mukherjee: So I think we have an all-weather port out there and that only helps to avail the sea route in transporting our materials like caustic and all the export materials. But having said that, on other side, being extreme south side that also has the challenge in terms of reaching up to your customer. Your sales would be limited also to the nearby customers, if you reach up to other customers, you have to pay more freight. So all in all, it gets balanced out in a way, but we obviously have that advantage of the Tuticorin port which helps us use that sea route for exports as well as import.

Mohan Kaushik: Got it, sir. Sir, any planned strategic partnerships or acquisitions in the pipeline?

Pradipto Mukherjee: Not at the moment. We are obviously evaluating an opportunity, but as of now no. The expansions which have been announced are keeping us busy till at least next year. I think we would get into a drawing board for next level of growth somewhere early next year. Maybe by next fiscal we could start firming up something for the next 5 years.

Mohan Kaushik: Got it, sir. Sir, we have this Rs. 175 cores cash like is there any plan to utilize future growth?

Pradipto Mukherjee: Obviously, that is one of the reasons. We are trying to repay the debt as I told you in 2 years time, all the legacy debt will go off. We are also borrowing lower term loan than our scheduled repayment since we have made an announcement to do a CAPEX for Rs. 140 crores, but gone ahead in the market to fund only Rs. 80 crores of that, balance would be from internal accruals. And having said that, our repayment is also Rs. 125-Rs. 130 crores. That means we are reducing the debt and also enhancing our capacities. That is what Mr. Saatvik Jain also told, we are trying to grow but also deleverage ourselves together and that culminates in a point of time when our debt more or less at FY27 level goes down to negligible amount on the term lending side and we maintaining the cash which is there in the balance sheet will gives us opportunity for a bigger CAPEX. But as of now, we have not firmed up anything.

Mohan Kaushik: Sir, I have seen most of the companies in Q3 were exporting like to other countries, they are facing FOREX losses and like how you are managing our FOREX side, is there any MTM losses are there?

Pradipto Mukherjee: Yes, there are because, the INR devalued significantly over the last one month and all of a sudden. For us as an organization while we try to cover up our imports, we keep the exports open. But having said that, there will be FOREX loss, but since we are into import substitution as a company especially in PVC, CPVC, the devaluation of dollar obviously will play operationally better for us because of the import price parity of our FG, the prices of our FG will also go up. So on the FOREX, you may find a loss, but at an overall profitability level, the devaluation of dollar will not impact us because we are either exporting or an import substitution.

Mohan Kaushik: Got it, sir. Thank you.

Moderator: Thank you. We have the next question from the line of Pujan Shah from Molecule Ventures. Please go ahead.

Pujan Shah: Sir, on the recent CAPEX of CPVC, so what is the debt cost as of now for the CAPEX?

Pradipto Mukherjee: I beg your pardon, could not repeat your question.

Pujan Shah: Yes, sure. Just hold it. So we took a borrowing of roughly around Rs. 70 crores for CPVC CAPEX, right? So what could be the debt cost as of now? What is the cost of borrowing?

Pradipto Mukherjee: Cost of borrowing, weighted average cost of all term lending put together will be 9.5%.

Pujan Shah: 9.5%.

Pradipto Mukherjee: I mean anything between 25 basis points here and there.

Pujan Shah: Yes, got it. And sir, could you just state all the realizations for each segment excluding CPVC because we know currently the CPVC is realizing 130. Other than that, can you just state down or caustic and all that realization ECU, specific?

Pradipto Mukherjee: So just to let you know, sir, that the most of the commodity product prices are available in the market domain. We would obviously refrain from being very specific into the net realizations unless you insist because I think that would be the only thing what we would like to reserve. You can drop us a mail for any specific request. We will see if how well we can comfort you.

Pujan Shah: Sure, sir. And just understanding on one part, on the Rs. 125 crores of CAPEX, what we have done, so what would be the spend on the bottlenecking of SIOP?

Pradipto Mukherjee: would you repeat?

Pujan Shah: So what would be the debottlenecking CAPEX spend for SIOP?

Pradipto Mukherjee: We have not separated out that because there are linked utilities for that, but if I have to put a number on it, it would be around Rs. 30-Rs. 35 odd crore, but that specific we cannot give it to you because there are certain inter-linkage utilities which we had also built in that CAPEX.

Pujan Shah: Got it, sir. And sir, any incremental country we have been focusing because in the previous call also we have been focusing on newer countries for exports, so?

Pradipto Mukherjee: So we are still focusing on Europe as a country where we can get in. I think our CEO, Mr. Amitabh Gupta also told that certain developments to our SIOP product which we are planning to do which gives us a very good opportunity to explore the Europe market with our SIOP product.

Amitabh Gupta: And frankly, we are spreading our wings to the African market for the SIOP and Europe well, the things continue to be pretty bad as far as the economy is concerned. But then, like Southeast Asia and Middle East and Africa, these are the places and I think we will have a reasonable presence in these markets during the course of the next year.

Pujan Shah: Sure, sir. And just last question on the SIOP would be on the micronization part. So if we understand, so our current capacity on a competition side, do we have any already setup plant by the competitors or we are the initial one to set up this micronization plant and is this more on a cost saving benefits or more on the product quality side?

Amitabh Gupta: No, quality wise this is the final product, the dispersion is much better in this product, and that is why the paint industry in some of their formulations, they prefer the micronized product. Right now any Indian manufacturers, they don't have any micronized product. But like international brands, they have a micronized product, and I think this will add up to our bottom-line as well as our volumes.

Pujan Shah: Sir, and any outline of CAPEX on that spend for specific micronization or?

Pradipto Mukherjee: Nothing significant compared of the previous expenditures, what we have done. But it is a bit premature sir to comment on that, but nothing significant that we can assure you.

Pujan Shah: Sure, done. Thank you so much. That is it from my side.

Moderator: Thank you. Participants who wish to ask a question may press '*' and '1' on your touchtone telephone. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Saatvik Jain: Thank you everyone for joining the call today and hope we have been able to answer all your questions. If there is anything further, you can reach out to our Investor Relations Managers for any further clarifications. Thank you.

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