ADITYA BIRLA
CENTURY ENKA

13th February 2023

Listing Department **National Stock Exchange of India Limited** Exchange Plaza, 5th Floor, Plot No. C/1, G-Block Bandra Kurla Complex, Bandra (East), Mumbai - 400051 Symbol: CENTENKA	Listing Department **BSE Limited** 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400001 Scrip Code: 500280

Sub: Transcript of Q3-FY23 Earnings Conference Call of Century Enka Limited ('the Company')

Ref: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

Pursuant to Regulation 30 of the Listing Regulations, please find attached herewith transcript of the Q3-FY23 Earnings Conference Call conducted on Friday, 10th February 2023. The same is also available on the website of the Company i.e., www.centuryenka.com.

This is for your kind information and records.

Thanking You,

Yours faithfully,
For **Century Enka Limited**

RAHUL DUBEY
Digitally signed by RAHUL DUBEY
Date: 2023.02.13 16:44:55 +05'30'

(Rahul Dubey)
Company Secretary
Membership No: FCS 8145

"Century Enka Limited Q3 FY-23 Earnings Conference Call"

February 10, 2023

MANAGEMENT: **MR. SURESH SODANI – MANAGING DIRECTOR**
MR. KRISHNAGOPAL LADSARIA – CHIEF FINANCIAL OFFICER

MODERATOR: **MR. PRASHANT SHARMA – QUANTUM SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to Century Enka Limited Earnings conference call hosted by Quantum Securities Private Limited.

As a reminder, all participant lines will be in the listen nly 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. Prashant Sharma from Quantum Securities, thank you and over to you sir.

Prashant Sharma: Thank you Aman. On behalf of Quantum Securities, we welcome you all to Quarter 3FY-23 Result Conference Call of Century Enka Limited.

We thank the management for giving us the opportunity to host this call. The management is represented by Mr. Suresh Sodani – Managing Director and Mr. Krishnagopal Ladsaria – Chief Financial Officer.

I now hand over the call to Mr. Suresh Sodani over to you, sir.

Suresh Sodani: Good afternoon, everyone, and welcome to Q3FY-23 Earnings Conference Call of Century Enka Limited. Firstly, let me thank our host Quantum Securities for hosting this earnings call.

Now, let me first briefly on the key operational highlights for the Third Quarter of Financial Year 22-23, after which our CFO – Mr. Ladsaria will brief you on financials.

Our revenues in the third quarter declined to by around 9%, due to a 9% decline in volumes year on year basis. There was a moderation in replacement demand and lower tyre exports, as a result of the global slowdown which impacted the NTCF of demand. The sharp drop in Chinese NTCF prices combined with high levels of power and fuel prices have impacted NTCF margins. OEM demand for tyres has improved, but demand for 2-wheeler tyres remains below pre-pandemic levels.

While the near-term outlook will be influenced by geopolitical developments and a recovery in Chinese demand,medium to long term prospects remain stable due to India's infrastructure development plans and overall growth prospects.

In Nylon Filament Yarn segments also witnessed lower demand as weavers were in weight and watch mode due to falling prices scenario. NFY-margins were impacted by sharp price corrections in line with Caprolactam price corrections.While our costs remained elevated due to higher stock in trade,power and fuel costs have also soared. China is dumping in India at lower prices due to slowdown in the country, which is impeding our ability to pass on cost increases. Imports from China have increased by 51% for the nine-month period FY-23 compared to same period previous year. Caprolactam prices fell further in Q3FY-24 the decline combined for Q2 and Q3 is about 26%. We expect stability and recovery in Caprolactam prices as economic activities resumes in China,post holidays. On CAPEXfront all CAPEX approved by the Board are broadly on schedule.

In nine months,FY-23, there is a cash outflow of Rs. 219 crores for the ongoing CAPEX. The NTCF expansion is expected to be commissioned by Q4FY-23 while the full capacity of polyester tyre cord fabric is expected to be commissioned by next year in the fourth quarter. Lastly, the NFY-capacity expansion will also be completed in Q4FY-24.

Now I request our CFO Mr. Krishna Ladsaria to brief you on financial performance.

Krishnagopal Ladsaria: Good afternoon everyone and welcome to this Earnings Call.

Let me give you some of the key highlights of the financial results:

The operating revenue for the Third Quarter of Financial Year 2023 stood at Rs. 468 crores a decline of 17% year on year. EBITDA for the quarter stood at Rs. 21 crores a decline of 73% year on year representing EBITDA margin of 4.42%. Net profit was reported at Rs. 10crores, which is a decline of 80% year on year representing a PAT margin of 2.13%. NTCF sale for Q3FY-23 declined by 1% and they were at Rs. 253 crores for the quarter, while NFY sales for the quarter was 30% lower at Rs. 189 crores.

The operating revenue for nine months ended Financial Year 2023 stood at Rs. 1.99 crores which increased by 5% year on year and stood at increased by 5% year on year. EBITDA stood at Rs. 120 crores, which declined by about 39% year on year representing an EBITDA margin of 7.48%. Net profit was reported at Rs. 76 crores which was a decline of 44% and the PAT margin for the nine months was 4.74%. NTCF of sales for nine-monthFY-23 increased by 5% to Rs. 813 crores and NFY sales increased by 4% to Rs. 692 crores. With this we can now open the floor for questions and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vipul Shah from Sumangal Investment. Please go ahead.

Vipul Shah: Hi sir thanks for the opportunity. My question is all high priced Caprolactam inventory has been utilized or we will see inventory losses in this quarter also? What was the Caprolactam prices at the end of the third quarter? What are the Caprolactam prices right now Sir?

Suresh Sodani: At the end of Quarter 3 end of Quarter 2 the prices were in the range of $1700 which are reduced to end of Quarter 3 by December between $1600 to $1630. The prices are slightly improved from mid to January between $1650 to $1700;they are currently stable at about $1,700,post the holiday season in China the prices have slightly improved. These will continue to depend on the geopolitical issues as well as the Chinese demand for the products, the downstream products, or the actual final products from Caprolactam in the domestic markets. But we do expect prices to be more stable compared to the previous two quarters, and our inventory gets replaced on a regular basis. Most of the old inventories get consumed on a regular basis, so the new replacements would be more at the current prices.

Vipul Shah: So, in this quarter, we may not see any inventory loss, right?

Suresh Sodani: If the prices do not fall further,yes, we can say that, but as I said, these are very uncertain times. One of the two important parameters, factors which will determine the price levels is the crude prices and the underlying benzene prices, which impact Caprolactam. Second would be the demand for Caprolactamand products in domestic Chinese market.

Vipul Shah: Okay, so at any given point of time, how many months of consumption as inventory sir?

Suresh Sodani: Our inventory cycle right from raw materials to finished goods, normally in the range of 45 to 60 days.

Vipul Shah: 45 to 60 days. You have given the sales for NTF and NFY-for three months and nine months, but can you give the quantity as well?

Suresh Sodani: No, we report our results in single segments, so we just give the value terms break up of our sales, otherwise all the reports are right up to the EBITDA is on single segment basis.

Vipul Shah: Okay, so you would not like to give NTF and NFY-quantity separately, right?

Suresh Sodani: Yes, as we are reporting in single segments.

Vipul Shah: Okay. Sir and what is our current capacity for NTF, NFY-and post expansion what they will be?

Suresh Sodani: The current capacity is 78,000 tons per annum. We expect the capacity to increase to 86,000 post commissioning of our NTCF expansion and further increase to 94,000 post our expansion of PTCF and the nylon filament yarn.

Vipul Shah: This 78, 86, 94 is inclusive of all three segments, NTF, NFY-and this polyester tyre cord?

Suresh Sodani: Yes.

Vipul Shah: Okay, so that also you would not like to break the capacity separately?

Suresh Sodani: Yes, for competitive reasons and since we'll continue to report these are all polymer based single line products, we will continue to report on a single segment basis.

Vipul Shah: Okay, so what will be the cumulative CAPEX till 2024 when PTCF expansion will be completed?

Suresh Sodani: It will be in the range of between 375 to 400 crores. This does not include any further CAPEX that the Board may consider for the next financial year.

Vipul Shah: Okay.But PTCF has a higher profitability, right, sir?

Suresh Sodani: PTCF is a growing demand, because PTCF is used in passenger cars as reinforcement. Asyouwould have seen that the passenger car growth and obviously the tyres for passenger cars requirement is growing, so PTCF we expect that it will continue to grow with increased GDP and ability of a large number of people to purchase their own vehicles. Hence, that's the reason that we have entered into PTCF, and yes the PTCF would be growing on a continuous basis in line with the way other industry other countries have experienced the growth of passenger vehicles,we also expect that our passenger vehicle, personal vehicle segment should continue to grow.

Vipul Shah: So, from 78 to 94, all capacity addition will be in PTCF segment only?

Suresh Sodani: No, as I said part of it is NTCF commissioned by end of this financial year. The balance would be in PTCF and some capacity in NFY-as well.

Moderator: Thank you. The next question is from the line of Keshav Garg from Countercyclical PMS. Please go ahead.

Keshav Garg: I'm trying to understand that our market capitalization is roughly 800 crores,our average operating cash flow is around 150 crores and we have around 250 crores of net cash on the books and promoter shareholding is less than 25%. Considering all these factors, doesn't it make sense for the company to do an open market share buyback so that the cash on the books can be utilized in the best possible manner, in the most tax efficient manner and the promoter shareholding can also rise which will increase the confidence of the investor community,what are your thoughts on the same?

Suresh Sodani: I think this has come up in previous earnings call as well. These are issues which are deliberated at the board level and the Board will take appropriate decision on this regard. As management, we are not able to commit on what kind of decision would be taken. Just to assure you that these are discussed at board level and as and when any decision is taken on this regard,because that's beyond management to comment on or to commit upon what will be the action taken on this regard.

Keshav Garg: Sure, we understand. It's just that the network is 1300 crores and market cap is 800 crores andwe have huge historical real estate at negligible value on our books. So, if you could just take this proposal to the board on behalf of the shareholders just as feedback from the shareholders that would be great. Now secondly I also wanted to understand that we had our plants in Baruch in Raigarh and Bhosari. In the investor presentation it mentions that we have only two plants. Which of these three locations have we stopped operating in?

Suresh Sodani: Our Mahad plant has been nonoperational since 2013. We only have two operating plants. One is in Baruch Gujarat and the second in Pune,in Bhosari Pune.

Keshav Garg: What are the plans for the Raigarh real estate? Are there any plans to dispose off the same?

Suresh Sodani: No, there's no plan to dispose it off because it's in the industrial area. Projects will be evaluated if possible if anything suitable project can come at that site, that would be the first choice. However, there is no decision taken on what has to be done in the near term on that plot.

Keshav Garg: Right sir. Also, sir, our volumes have fallen during these nine months. Now that we are increasing capacity with the increased capacity, are you confident that we will be able to ramp up our production?

Suresh Sodani: See this lower demand is lower production is a result of lot of geopolitical issues during the current financial year, particularly the war which has impacted the export of tyres to Europe as well as US and US due to other reasons, export of tyres forms a major portion of the total tyre production in India and which ultimately impacts all the raw materials which go into the tyre. Secondly, because of the high prices of underlying raw materials, the tyre prices per se had gone up during the current financial year, which has impacted the replacement market of the medium and heavy vehicles.We expect,we are seeing as also witnessed in the underlying Caprolactam prices similarly on the other raw materials which go into manufacture of tyres, there is a general feeling that the pricing should correct to more normalized levels and the demand, which was kind of deferred or reduced due to multiple factors, should come to normal levels in the next financial year, especially starting from maybe Q1 or Q2 of next financial year. We hope that the demand will again bounce back and that would reflect in more production of all materials in the value chain of tyre production. Hence, we are optimistic that post expansion we should be able to utilize large capacity of expansion, expanded capacity as well.

Keshav Garg: Right sir. Lastly, I wanted to understand the status of anti-dumping duty on both our segments NTCF and NFY.

Suresh Sodani: No, while there was positive recommendation from DGTR for imposing anti-dumping duty, the Finance Ministry, and not only in our case, in most of the cases has not been recommending anti-dumping duties on particularly on what they consider as raw materials for the finished goods. So, no anti-dumping duty is currently applicable on either segment.

Keshav Garg: Okay, sir, thank you very much and best of luck. Sir, kindly take that suggestion about buyback to the Board. Thank you.

Moderator: Thank you. The next question is from the line of Vikram Kotak from Ace Lansdowne Investments. Please go ahead.

Vikram Kotak: Sureshji I have one question for you that, what are the total CAPEX plan when you plan and how much is spent and how much to be spent from now on?

Suresh Sodani: So, in the current financial year, in the nine months we have spent, already spent about Rs. 219 crores and the balance we expect another Rs. 25 crores to be spent in Q4. The balance between almost close to Rs. 100 crores would be spent in FY-24 and that would conclude our current approved CAPEX from the Board.

Vikram Kotak: Right. So, Rs. 350 crores is a number 340-350 crores is correct number, right?

Suresh Sodani: No, we have also spent, as I said in the earlier question,our total spend will be just around, because this also includes some maintenance CAPEX and replacement CAPEX. The total CAPEX will be slightly under Rs. 400 crores out of which we have already spent part of it in the previous financial year. This year would be close to 250 and the balance in the next year.

Vikram Kotak: Right. So, current CAPEX will finish by FY-24 which is 100 crores in FY-24, right?

Suresh Sodani: Roughly, yes. Since we have cash on balance sheet and we intend to grow,if anything is approved by the Board on the proposals that we evaluate and take it before the Board, that would be announced in the subsequent that it is approved.

Vikram Kotak: What are the project under execution which is NFY-and PTCF and NTCF that will take care of the within the next 100 crores next year, right?

Suresh Sodani: Yes.

Moderator: Thank you. The next question is from the line of V. Ramkrishnan from Equity Intelligence. Please go ahead.

V. Ramkrishnan: Sir, recently we have rebranded I think earlier it was a BK Birla Group company, now Aditya Birla Group. So, what has changed? Is there any change in the way the company has looked at it? Can you elaborate on that and the second question is, Surat is a big market for the nylon yarn. Surat has been doing very badly for the last I think five, six years. So, can you throw some lights on what do you expect and what drives the demand from Surat market?

Suresh Sodani: Okay, so I think, as you would have seen now from this quarter we have changed our logo. It is just showing that we are now more integrated with the Aditya Birla Group. It was already our

Chairperson was Mrs. Rajashree Birla since many years. What it means is that sorry, we got disconnected. I'll start with the first part of the question regarding integration with Aditya Birla group, I'll just repeat it even if it is already heard because I'm not sure at what point we got disconnected. So, were already integrated as I said, Chairperson was Mrs. Rajashree Birla since a very long time. A lot of people had already come from Aditya Birla Group. So, the management part was already integrated. Nothing changes in that term. What the integration brings is that now we have a common logo with Aditya Birla Group as well as the processes part gets more integrated, the opportunities for an employee to move within and out coming from Aditya Birla Group becomes more easy. All processes which the group is very proud of while most of it is rolled out, whatever balances remain will also get rolled out and it becomes much more integrated than what it has been in terms of the people processes and some other processes. The second part regarding the Surat market, yes the market is, especially in the current last few quarters has been quite challenging both and it has been challenging for the entire value chain, more impacted by imports from China at every stage as well as rising input costs for the entire value chain, including ourselves. Surat while has its challenges, is also the most promising market because a lot of investments are also being made, particularly in the downstream weaving and processing sides which allow the producers to compete with imported fabrics and other products which are getting imported. So, many new machines, many houses have put up the latest machines to be able to compete with products which are coming from particularly from China and other countries. That is a good positive sign in the overall context of the textile value chain. However, challenges would remain because this is an industry which has very low duty protection up to the yarn and processed yarn stage. These challenges with respect to high energy prices and others, as soon as there is an improvement or correction in the underlying fuel costs, I think that will be good for the entire industry, but still remains Surat in our view would continue to remain one of the largest market for synthetic yarns and fabrics.

V. Ramkrishnan: My other question is it the capacity is fungible? Suppose if you see a retail demand for NFY-can you shift from nylon yarn to nylon, filament yarn to nylon tyre cord NTC? So, is it fungible, your production capacity?

Suresh Sodani: Our current configuration is more fungible between NTCF and PTCF, particularly on the downstream conversion part, the dipping part.In NFY-it is not readily fungible because we have to make some modifications in the equipment. It is only when we see a clear trend of changes that we have to do and we have to make some small investments as well, that we can make it fungible, but per se to say that from within a month to month it can be switched between NTCF to NFY, that is not possible on the current configuration.

V. Ramkrishnan: Sir, if you look at your last I think several quarters there is lot of variations. I think sometimes the EBITDA margin goes to 12,14,15% then comes to 4%. From the management point of view, what are the steps you are taking to have this volatility to bring down the volatility and on a year-on-year basis what kind of EBITDA margin you will be comfortable with?

Suresh Sodani: Most of the volatility is external driven and to a large extent outside our control. For example, changes in power and fuel prices are something that we have very little control on. What we are trying to do and which is already been announced earlier is that we will be sourcing some power from our hybrid JV which should start in Quarter 1 of FY-24. That will bring more stability in our power prices because those prices don't fluctuate with the changes in other fuel prices either from coal or other sources for generation of power. As regards the demand side, that has been volatile mainly because of the geopolitical issues as I explained earlier and once these things are reduced we will not be out of it completely, but we do expect that, that will bring more stability in demand which has an impact on margins. Thirdly, volatility is also impacted by how the external other countries are operating, particularly China. China has witnessed this COVID related lockdowns which has impacted the value chain significantly across the world, because their domestic demand has fluctuated some regions for operating, some were closed. Since China has opened up and it is expected that the kind of COVID restriction that imposed may not remain in future. This gives us some confidence that the volatility going forward should be less than what we have seen in the current financial year. We do our normal expectation; EBITDA margin is around 10% and we hope that should happen in next few quarters.

Moderator: Thank you. The next question is from the line of Durgadas Potra as an individual investor. Please go ahead.

Durgadas Potra: What could be your NPM and OPM down three lines, net profit margin and operating profit margin.

Suresh Sodani: I have told you about the operating margin which we expect around 10%.

Durgadas Potra: What it will be down the 3 years line?

Suresh Sodani: It will be in the same range. Because to predict what could be coal prices, what could be power prices will be very difficult. Because there are so many multiple scenarios, to predict it is very difficult. We predict on the basis of our research reports and other ways. Similarly,to predict raw material prices, or predict demand to predict exactly is very difficult, but the stress we take to reduce cost, focus on volume growth on taking into account all these factors and we see a predicted value. Around 10% may be our normalizedoperating margin

Durgadas Potra: And NPM?

Suresh Sodani: NPM will be a normalized one.

Krishnagopal Ladsaria: NPM will depend on operating profit margin. What the operating profit margin is generally our depreciation is in the range of 40 crores today and going forward when all the expansions are on stream it will be somewhere around 55 crores. So, 15 crores will be the increase and there are not many loans which we have taken, so interest costs will continue to be negligible. So, depending on what is the operating margin, net profit margin will be derived, so you can take 55 crores as estimate for depreciation and a negligible amount for interest cost. That will give you an operating sorry net profit margin.

Moderator: The next question is on the line of Mehol Parikh as a shareholder, please go ahead.

Mehol Parikh: I have four questions. One is that our raw material prices, in terms of Caprolactam a lot dependent on China imports. What about the pet chips that we use for PTCF? Is it more locally available and competitive globally or is it again import dependent essentially from China? Second is that we are doing a lot of machinery replacement. I would like to know that with this machinery replacement, will our margins expand the EBITDA margins will they expand by a percentage or two or more, because of the efficiencies of the machinery? Third is we have paid 7.5 crores under and there is a case going on. In case we end up losing the case what would the bloated amount with interest and penalty come to fully? And fourth is the PTF industry what is the annual demand from India for PTF in terms of tons?

Suresh Sodani: The raw material for PTCF is both domestically and available and also from imported sources. These are more multiple players are there and availability is quite easy. We would be having a mix of depending on prices, but which are also linked with international prices. We will have a mix of sourcing both from domestic as well as international and which can change based on if there is economics of one over the other. As far as machine expansions as well as replacements are concerned, that's a regular exercise. Our endeavor is to keep on improving our operating costs and reduce operating costs. The new equipment would be definitely more efficient than some of our old equipment whose life is sometimes in the range of 15 or excess of 20 years. So, that will definitely help. These are all part of the reasons that we take CAPEX replacements for expansions.For the excise duty the status remains the same as mentioned in our notes to accounts, the department itself has recalculated the liability at 7.3 crores which has already been deposited. Since we feel that we have a strong case that even that liability should not be there, we are in appeal at Supreme Court, which has still not been heard. While the department itself has gone against its order in the CSAT to challenge the recalculation, we feel that it is more administrative because their commissioner itself has calculated. So, we feel that we have a strong chance that the liability should not at the basic level and should not go beyond 7.3 crores. We have also filed a case in the Mumbai/BombayHigh Court for non-levy of interest since our case is strong on terms of listing. We feel that there is no finality on the exact liability. But in the current scenario we would feel that it should not exceed the basic level at 7.3 crores. But these are subject to rulings by statutory or at various levels. We'll keep the shareholders and investor community updated on any development on this front.

Mehol Parikh: Since this is a very old liability, the 7.5 crores could exceed 100 crores with interest and penalty. That's why I was just asking you this question.

Krishnagopal Ladsaria: We have already paid principal amounts, so 7.3 crores has already been deposited.

Mehol Parikh: Okay. This was deposited recently, right?

Krishnagopal Ladsaria: This was deposited long back, maximum interest liability, which could be there can be around similar amount, 7 crores only. There is an equal amount of penalty. If we lose the matter, then there is an equal amount of penalty, which is again 7 corros.

Mehol Parikh: So, if you lose the maximum ….

Krishnagopal Ladsaria: 21 to 22 crores would be the maximum liability.

Mehol Parikh: Okay correct. Regarding this machinery replacement, what I was asking was that can it enhance our EBITDA margin by 2% or more? Is it possible?

Suresh Sodani: No. If you see our capacity expansions, we are not expanding or replacing our entire capacity. It will have an impact, but not to such an extent that for the entire operations it will increase by 2%. It will impact. Yes. There will be some improvements.

Mehol Parikh: In pet chips. Why I asked you about the India availability of raw materials that are we globally competitive at pet chip level to be able to supply withstand Chinese competition on PTCF?

Suresh Sodani: We think so because since it's a domestically produced product as well as imported and these are all international prices, so prices are similar at most of the I mean in China as well as because even the Chinese producers would buy that. I am not aware of anybody who makes their own pet chips and then converts into PTCF. They would have similar cost structures compared to the pet chips that are available in India. We should be competitive on that front.

Mehol Parikh: Right. PTCF annual demand from India, any figure on that in terms of quantity?

Suresh Sodani: Estimate, I mean, there are no reported numbers, but in our estimate the current demand should be in the range of between 30 to 35,000 tons per annum and with a projected expected growth of between 8 to 10% year on year.

Moderator: Thank you. The next question is from the line of Vipul Shah from Sumangal Investment. Please go ahead.

Vipul Shah: Sir. The investment which we have made in renewable power, so what percentage of our power will be renewable from next year onwards?

Suresh Sodani: For the Baruch operations, almost 25% power will be renewable on annualized basis. The renewable power varies with season, but our expectation is that 25% of the annual power should be and on a company basis it will be around 15%, 13% to 15% on a combined basis.

Vipul Shah: What will be the tariff for that power?

Suresh Sodani: We had said we will save compared to the grid rates between 15 crores to 16 crores per annum based on the tariff that are levied.

Vipul Shah: 15 crores to 16 crores?

Suresh Sodani: Crores per annum.

Vipul Shah: 15 to 16. That will start from the first quarter of next year, right?

Suresh Sodani: Yes.

Vipul Shah: Regarding your answer to the fungibility between nylon tyre cord and polyester tyre cord so hypothetically 100% of the nylon tyre cord capacity can be switched to polyester tyre cord Sir?

Suresh Sodani: No, the spinning machines are different, but post spinning there are processes which require it to be converted into cords and into fabric and then it is to be dipped, these three processes are common between NTCF and PTCF. We just have to add spinning capacity new machines for spinning of PTCF, the balance downstream equipment and facilities are common and fungible.

Vipul Shah: Okay. You have that flexibility to maneuver your production.as for the market demand right?

Suresh Sodani: We'll have to add spinning capacity and then our fungibility will improve. That would be the long-term vision to add that process…

Vipul Shah: So, if you want to add spinning units, what will be the CAPEX? If you want to become fungible?

Suresh Sodani: It's not large. It will be under 50 crores for a decent capacity expansion. It won't be a large CAPEX outflow.

Vipul Shah: That is part of your current CAPEX or it is not part of your current CAPEX?

Suresh Sodani: No, current CAPEX is only the first what we approved from the board. As I said, in future, looking at the demand growth of PTCF, we'll take the decision on expanding our spinning capacity.

Vipul Shah: Okay, sir. Thank you.

Suresh Sodani: Thank you.

Moderator: Thank you. The next question is from the line of Anik Mitra from Fenaltha@research advisories. Please go ahead.

Anik Mehta: Sir, after the expansion, what would be your market share in this particular segment?

Suresh Sodani: There are no reported volumes. It's not easily available in terms of, because many players, other players have integrated other products. So, it's again given on combined basis. But our estimate is that we should retain our market share post expansion because other players also are expanding. There could be a one or two percentage point improvement, but we are not sure what kind of volumes are coming. We just have estimates and that's why we will not like to give a number. On a realistic basis, we should be able to maintain our market share post expansion.

Anik Mitra: Okay. Sir, can you throw some light on the anti-dumping duty on radial tires? Is it still continued?

Suresh Sodani: No, the anti-dumping duty was first extended up to December 22, but while there was again a DGTR recommendation for continuing the duty, the Finance Ministry has not accepted it and that duty on radial tires has been removed since January 23.

Moderator: Thank you. The next question is on the line of Chandresh Malpani from Nivesha Investment Advisors. Please go ahead.

Chandresh Malpani: Sir only one question,what players are coming up with PTCF capacities? I believe SRF is already there so any other player?

Suresh Sodani: We are not aware of anybody else entering into the segment.

ChandreshMalpani: Okay, so sir, and next question there is steel tyre cord fabric as well. So, where is it used basically?

Suresh Sodani: Sorry steel tyre cord?

Chandresh Malpani: Yes.

Suresh Sodani: Steel tyre cord is used in radial tires of medium and heavy trucks, so that's the radial tyres, while PTCF is used in passenger radial cars radial tyres, steel tyre cord is used in the truck tyres for radial tyres.

Chandresh Malpani: Sorry sir, I missed it.

Krishnagopal Ladsaria: We are not paying any plan to enter into steel tyre cord.

Chandresh Malpani: Okay, thank you sir.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Prashant Sharma for closing comments thank you and over to you.

Prashant Sharma: On behalf of Quantum Security, we thank everyone for joining us today. We look forward for staying in touch in future quarters. Have a nice day.

Suresh Sodani: Thank you.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Quantum Securities Private Limited, that concludes today's call. Thank you all for joining us and you may now disconnect your lines.