ADITYA BIRLA
CENTURY ENKA

14th August 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 Q1-FY24 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 Q1-FY24 Earnings Conference Call conducted on Thursday, 10th August 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,

For **Century Enka Limited**

RAHUL DUBEY Digitally signed by RAHUL DUBEY Date: 2023.08.14 10:17:37 +05'30'

(Rahul Dubey)
Company Secretary
Membership No: FCS 8145

"Century Enka Limited Q1 FY24 Conference Call"

August 10, 2023

MANAGEMENT:	**MR. SURESH SODANI – MANAGING DIRECTOR, CENTURY ENKA LIMITED** **MR. KRISHNAGOPAL LADSARIA – CFO, CENTURY ENKA LIMITED**
MODERATORS:	**MR. SURYA NARAYAN – SUNIDHI SECURITIES & FINANCE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Century Enka Limited Q1 FY24 Earnings Conference Call Hosted by Sunidhi Securities & Finance Limited.

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

I now hand the conference over to Mr. Surya Narayan from Sunidhi Securities & Finance Limited. Thank you and over to you, sir.

Surya Narayan: Thank you, Lizann. Good afternoon, everybody and a very warm welcome to everyone. Thank you for being on the Q1 FY24 Earnings Call of Century Enka Limited. From the management side, we have with us Mr. Suresh Sodani – Managing Director and Mr. Krishnagopal Ladsaria – CFO.

Before we start the question-and-answer session, we'll have opening remarks, comments from the management.

I will now hand over the call to Mr. Suresh Sodani for his opening comments. Over to you, sir.

Suresh Sodani: Good afternoon, everyone, and welcome to this Earnings Call.

I'll brief you on the "Operating Performance" of Quarter 1 FY24:

Our revenues in the 1st Quarter declined due to an 8% decline in the overall volumes on a year-on-year basis. Subdued replacement demand, lower export of tyres due to global slowdown and wholesale sales of commercial vehicles and tractors, 2-wheeler sales remaining below pre COVID levels and increase in imports from China affected NTCF demand in India.

In nylon filament segment, lower demand for garments and dumping by China at cheaper prices impacted volumes. The focus of the company has been to rationalize the portfolio and reducing costs in the NFY segment. On the raw material front, there was a significant volatility in caprolactam prices during the quarter. The caprolactam prices reduced from 1,723 metric tons in March 2023 to 1,570 metric tons in June 2023. Chips also corrected in line with caprolactam prices. Month-over-month, the drop in raw material prices led to losses on inventory in hand and impacted margins. Electricity rates remained at an elevated level as well. Commissioning of group captive hybrid power plant should help in the reduction of power costs from Q2 FY24 onwards.

Now to update you on our CAPEX projects:

In Q1 FY24, there was a cash outflow of Rs. 47 crores towards ongoing CAPEX programs. The polyester tyre cord fabric project is expected to be operational in Q4 FY24, while the expansion of NFY capacity is also expected to complete and commission in Q4 FY24. We have started trial runs for our dipping project, which is to be commissioned in Q2 FY24. Lastly, the 10.5 MW wind plus solar hybrid power project has been commissioned in July 2023 under Gujarat group captive policy.

I now hand over the session to Mr. Krishnagopal Ladsaria for giving the "Financial Performance".

Krishnagopal Ladsaria: Thank you, Sodani ji. Good afternoon, everyone, and welcome to Q1 FY24 Earnings Conference Call of Century Enka Limited. Firstly, let me thank our host Sunidhi Securities for hosting this earnings call.

Let me brief you on key financial highlights for the quarter of Financial Year '24:

For the 1st Quarter of Financial Year '24, the operating revenue stood at Rs. 429 crores, which decreased by 25% year-on-year. EBITDA for the quarter stood at Rs. 22 crores, which declined by about 65% year-on-year, representing an EBITDA margin of 5.02%.

Net profit was reported at Rs. 14 crores, which declined by 67% year-on-year at a PAT margin of 3.15%. NTCF sales for the quarter decreased by around 23% year-on-year to Rs. 219 crores, while NFY sales for the same period reduced by 21% year-on-year to Rs. 192 crores.

Now, we can open the session for question and answers.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Anant Mundra from Mytemple Capital Advisors. Please go ahead.

Anant Mundra: Sir, my first question was on the volume guidance for the year. We've seen that this quarter, there has been a sharp drop in our sales volume. So, could you give us some idea about what kind of sales volume can we expect for this year?

Suresh Sodani: Yes, we did have a sharp fall compared to Q1 last year as well as Q4 FY23 and we already elaborated on the factors leading to that volume. We are hopeful that the economic conditions and the geopolitical situations especially in the export market should improve in the coming quarters. So, current estimates for the year remain that we are trying to aim and we should be able to achieve volumes equivalent to last year.

Anant Mundra: In spite of the new CAPEX that has come on saying we are not expecting any increase in volume this year?

Suresh Sodani: As I said, I mean there are a lot of variables which should improve from what they were at in Q1 and based on that estimate and that forecast, we expect that volume should remain similar. However, if anything in international markets were to go adverse to reduce the overall demand or the imports from China were to increase from the levels witnessed in the previous year, then there could be an impact on overall volumes.

Anant Mundra: And so the solar plant has been commissioned now. So, our expected savings on an annual basis is about Rs. 10 crores right from that project?

Suresh Sodani: About Rs. 15 crores per annum and this is dependent on, we are calculating the saving against the grid power rates. So, if the grid power rates were to go up, then the savings on paper would be larger than Rs. 15 crores.

Anant Mundra: And these savings will start accruing from Q2?

Suresh Sodani: Yes.

Anant Mundra: And similarly on the dipping project that you're planning to commission soon, is there going to be some cost saving on that or will that help us increase the revenue?

Suresh Sodani: There will be both. One is we were sending our products to Bharuch plant for dipping. So, we'll save on the freight cost and after dipping, we can directly sell the products directly to the customer factories. And second is this was established mainly because we were short on the dipping capacity overall even before expansion. So, when the markets improve, we definitely expect volume increase coming from the dipping plant as well.

Anant Mundra: Alright and sir, any estimate on how much could be the cost saving from this, the same in logistics cost?

Suresh Sodani: We cannot give specific numbers, but this project was conceived as a combined savings for both logistics saving as well as volume gains.

Anant Mundra: And sir, on the PTCF plant that is going to commission in Q4, so are the approvals as in the customer approvals for the quality of PTCF that we're going to make, have they already been done or once the plant gets commissioned, after that we will go in for approval?

Suresh Sodani: Yes, that process will start only in Q4. So, we are not budgeting any large commercial sales to happen in Q4, but from FY25 we expect full commercial sales of the PTCF plant.

Anant Mundra: So, from Q1 of FY25 itself or it will probably ramp up in the second half of FY25?

Suresh Sodani: We expect that we should get the approvals in Q4 itself, but even if it is a spillover, it will be a month or two only, not second half.

Anant Mundra: And sir, how much is the balance CAPEX left now for this year? We've already done Rs. 47 crores this quarter. So, how much is the balance left?

Krishnagopal Ladsaria: So, our overall plan for the year is around Rs. 8200 crores, so around Rs. 40 crores to Rs. 50 crores further will be incurred in the year.

Anant Mundra: And have we thought of any CAPEX for FY25, FY26, beyond this once this phase of CAPEX is over?

Krishnagopal Ladsaria: On the approved CAPEX plans, there are nothing which is planned, only maintenance CAPEX or the incremental CAPEX on improving efficiencies will be there. So, no large CAPEX is pending which is approved by the board as of now except PTCF which is going on.

Anant Mundra: But I'm sure there must be some deliberation. So, can we expect some announcements of CAPEX in Q2 or maybe Q3 because we're still sitting on cash. So, that's why?

Suresh Sodani: We will wait for how do the markets improve and anyway it can be announced only post approval of the board. But as of now, we do not have any concrete plans of large CAPEX for FY25.

Moderator: Thank you. The next question is on the line of Chirag Singhal from First Water Fund. Please go ahead.

Chirag Singhal: I have one question about the margins. So, how do you see the current quarter's margin trending and how do you see the rest of the year's margin shaping up?

Suresh Sodani: So, on an overall basis, our target, we still keep the margin targets at between 8% to 10% at the company level EBITDA margins. And we expect that with better volumes and efficiency gains coming out of our hybrid and other things, we should be in that range for the balance part of the year or at least in the second half, I think what we are expecting is that the volumes and the demands improvements would come mainly from Q3 onwards. So, the volume as well as the margin improvement would most likely come from Q3.

Moderator: Thank you. The next question is on the line of Falguni Dutta from Jet Age Securities. Please go ahead.

Falguni Dutta: Again, harping on the same point, as we speak, how do you see the NTCF and NFY volumes? Do you see the same kind of decline now as we saw in Q1 Y-o-Y?

Suresh Sodani: As I said, we expect volumes to improve mainly from Q3 of this current financial year. So, too early to predict the Q2 volume as a whole.

Falguni Dutta: No, sir. I'm not asking for the Q2 volumes, but as we see now in the current situation this July and August, if we take or even if you can talk of this month, are you seeing any improvement or you see the same situation as of now?

Suresh Sodani: Yes. So, as of now, as I said, we don't see any significant changes, but we do expect it to improve from Q3.

Falguni Dutta: And sir, I just missed on the capro prices, you mentioned that are currently prevailing.

Suresh Sodani: We had mentioned in our opening remarks that I had mentioned that they had fallen to about $1,570 by end of June. They are in similar range between 1550 to 1570 currently.

Falguni Dutta: And sir my last question on the domestic demand, how do you see the NTCF &NFY domestic demand versus same time last year? Because the volumes would be, I'm sure lower because of the dumping from China. I'm just trying to understand, had the dumping not happened, how is our demand, the domestic demand?

Suresh Sodani: So, domestic demand from compared to last year has not grown significantly and one of the reasons is that the replacement market has still not picked up. So, while there has been some increase in imports from China, when we talk to the customers, I think they are all anticipating that the demand should pick up for their segments which use NTCF from Q3 only.

Moderator: Thank you. The next question is from the line of Gagan Kumar from VT Capital. Please go ahead.

Gagan Kumar: Sir, can you please share us the volume numbers for March quarter as well as last year, June quarter?

Suresh Sodani: So, the March quarter volumes were 17,602. And Q1 in corresponding year was 17,598.

Gagan Kumar: 17,590 and for March, please repeat again, sir.

Suresh Sodani: 17,602.

Gagan Kumar: And sir, we have seen like this caprolactam prices have declined significantly, but our margins also kept on reducing on a like continuous basis. So, is it because of inventory which you mentioned but inventory days, how much would be like carryover days sir for inventory?

Suresh Sodani: So, right from, we can carry inventory in the form of raw materials, semi-finished goods and finished goods. So, normally the cycle from raw material to the finished goods is about 2 months inventory.

Gagan Kumar: Two months inventory. Then we could have seen some expansion in the margins like that. Prices of caprolactam used to be in the range of 2,200 in the last year of June. So, which has now been dropped like, 30% kind of drop has happened, about 20% to 30%. So, then what kind of margins, we haven't seen any improvement in our operating margins, it's kept on declining sir, please throw some light on that?

Suresh Sodani: So, one of the reasons for low margins is this falling prices. And if the fall is sharp and month-on-month, then we incur this losses on inventory that we carry, especially on the NFY side. So, we do expect that once the prices stabilize or start rising, we should see improvement in the margins based on the same logic of increasing prices versus what we carry in our books.

Gagan Kumar: Right, got it. And so we are like opening 2 new segments like NFY and PTCF in 24 end, which we'll throw from 25 onwards. So, what kind of capacities we are adding up for these two segments, sir, if you can throw some light on that.

Suresh Sodani: So, the total installed capacity at end of FY24 will be increasing from current 86,000 to 94,000 tons per annum.

Gagan Kumar: 86 to 94.

Suresh Sodani: Yes.

Gagan Kumar: That's FY25's beginning, like FY24 ends.

Suresh Sodani: End of FY24, so for FY25 for the full year, we will have 94,000.

Gagan Kumar: And the margins are pretty better in these two segments or it's in line with our existing segments like for NFY and PTCF?

Suresh Sodani: One is PTCF is mainly to service the growing requirements in the passenger car tyres, reinforcements in that. So, that's basically a diversification strategy to address the stable or slightly lower demand from NTCF in future. And the NFY is basically a value addition and to address the segments which normally command a better margin compared to other products.

Gagan Kumar: So, what kind of sales that would contribute your total overall topline like NFY segment?

Suresh Sodani: We do not give any segmental because we are reporting only and operating in one single market. So, we are not giving any breakup of the individual values, but this should be accretive by about Rs. 100 crores to Rs. 150 crores per annum.

Gagan Kumar: 150 crores per annum and so we have seen like the nylon segment is not doing that great compared to the tyre segment and that's weight also in overall sales is roughly 45%. So, are we planning to some change in that overall like sales mix once we push up with all these two new segments in tyre business?

Suresh Sodani: So, the PTCF is basically targeted to reduce the nylon part of the total turnover and in future, we do at the right time also plan to expand the PTCF portfolio as the demand for these segments in these tyres which use this for reinforcements goes up.

Gagan Kumar: Sir what kind of overall share from this tyre segment in the total sales we are just targeting in next 2 to 3 years down the line?

Suresh Sodani: See that increment is basically coming mainly from the PTCF segments. So, that will be accretive to the reinforcement side and as we have mentioned, we are doing a right sizing of our nylon filament yarn segment. So, it will be, I mean broadly in the similar range, but more towards the reinforcement value.

Moderator: Thank you. The next question is from the line of Mehul Parikh, a shareholder. Please go ahead.

Mehul Parikh: Sir, today electric vehicles demand, they have a greater wear and tear on the tyres. So, the life becomes a little shorter and I believe that they require better reinforcement. So, my question is, in basically three parts. One is that do we actually supply for the NTCF which is used in EV tyres, one. Second is does it require higher weightage meaning the weight of the fabric that NTCF we will be supplying. Would it be higher in terms of weight and strength? And third is that in PTCF, will we be able to again cater to the EV tyres?

Suresh Sodani: So, see, the tyre companies actually are developing tyres, which are suitable to EV segments and you are right that the weight of the EV vehicle is more than the internal combustion vehicle, whether it is a 2-wheeler or it's a 4-wheeler. And there is no immediate plan, I've not read or I don't see anywhere in the horizon that except that it has come in the buses, but the EV segments in the trucks or even LCVs are not in the near future where the NTCF is mainly used. In the passenger car tyres, the polyester tyre cord is used as a reinforcement and in the 2-wheelers, it is nylon tyre cord. So, the construction of the tyres is basically driven by the tyre company, but it's too early to really say what kind of mileage or kilometers would require and whether it is going to be early or compared to an internal combustion vehicle, but the tyre companies are doing R&Ds and trying to also understand the similar tyre construction in the other geographies, other countries. So, hopefully when the volumes come for and if it requires earlier replacement of tyres because of the higher weight of the vehicle, then possibly the replacements would increase than what they are currently.

Mehul Parikh: So, currently the EVs that are being sold, the tyres being supplied by the local tyre companies, they are using PTCF which is of the same quality or it is like a different quality or Aramid is used or something, some other kind of a construction material. Any idea on that?

Suresh Sodani: As of now, in our interactions, it is similar, but because still a development area for the tyre companies as well.

Mehul Parikh: And sir, one more question. In Bharuch, we are putting up our PTCF capacity. If we start utilizing the entire capacity to optimum level and we decide to expand, do we have enough space and resources to build up the capacity to a significant level there?

Suresh Sodani: Yes, the planning is since we are right sizing our NFY capacities, particularly at Pune. So, we will have sufficient capacity for expansion of PTCF for next few years.

Mehul Parikh: Is there a potential for us to increase our renewable energy production from 10.5 to say 20 megawatts or something, is there a possibility at any of these two locations so that we can further take advantage of lower power cost?

Suresh Sodani: We are still in the process of evaluating the renewable power for the Pune site. So, that potential exists and we are seriously evaluating that in the near future. In Bharuch, this is determined by the government policy because it's limited to RPO and non RPO sectors and then it is linked to the contract demand that we have with the grid. So, there is no significant possibility of increasing at Bharuch, but we do intend to look at this very seriously for the Pune site.

Moderator: Thank you. The next question is from the line of Hardik, an individual investor. Please go ahead.

Hardik: So, just wanted to understand the growth prospects on the PTCF as I understand that NTCF is a low growth industry. So, if you could just give some details on that?

Suresh Sodani: Yes. So, PTCF growth is linked to the growth of overall 4-wheeler segments because it's used exclusively and primarily in the passenger car segments, both the SUVs and regular cars. And the penetration level of the 4-wheelers in India with our population is still very low compared to even developing or developed countries in Southeast Asia or especially China with a similar population. So, that gives us a good potential for the industry to increase the overall utilization of PTCF in the growing 4-wheeler segments. So, that is where it comes from that, I think we are still at an inflection point where a lot of 2-wheelers and when the middle class grows, would actually move to a 4-wheeler segment and then that segment should lead to larger demand for PTCF.

Hardik: And what would be the weight in the tyre for PTCF and NTCF both, weight and value if you could give that?

Suresh Sodani: Value is something we are not able to give because there are multiple components. By weight, normally reinforcement is about 10% of the tyre weight.

Hardik: Certainly. And it seems that PTCF as well would be import driven. So, what would be the company's market share post the expansion?

Suresh Sodani: Actually we are starting. It's a small capacity since we are making an entry to the new segment, so it will be a small market share because currently most of the PTCF is imported with very little production happening domestically. So, we will start with the low margin of single digits going up to 2 digits gradually and with expansions, our target would be to reach similar levels like NTCF in coming years.

Hardik: And it seems that NTCF, overall it will be driven by imports as well. So, any plans of company to invest in other products and in the tyres, tyres sector or different kind of textile product?

Suresh Sodani: No. We keep evaluating and as and when anything is finalized and approved by the board, it will be informed to the Stock Exchange and all the investor communities.

Hardik: One last question, so how is the demand for NFY seems because the textile commentary from many industry experts has been that it will be soft for the year. So, if you could provide some data on that?

Suresh Sodani: Yes, it has been soft for a few quarters now, but it is all going to be driven by one is exports of finished garments to Western countries, especially US and Europe, because then that impacts the entire value chain, but we also expect that with rising footfalls and better aspirations for lower middle and middle class segments that in the coming festive seasons, the demand should be better because normally our products finally go into products which are sold mainly during the festival and the marriage season. So, which is coming and the next 6 months would hopefully give a better demand picture than what it has been for 1 or 2 quarters.

Hardik: And any update on the land parcel that we have in Mahad?

Suresh Sodani: No, it remains the same. There is no change in the status or any plans on that.

Hardik: So, even for the new CAPEX, for that purpose as well as of now, it won't be used, right?

Suresh Sodani: No, because our two sites are fully functional. So, first we want to utilize the potential available at these sites. And only then, when we see that there is a requirement for a third site to be made operational, we'll think of that or it could be for new products or new projects as well.

Moderator: Thank you. The next question is from the line of Falguni Dutta from Jet Age Securities. Please go ahead.

Falguni Dutta: I just missed on the NTCF and NFY volumes that you mentioned for Q1 of this year, Q1 FY24?

Suresh Sodani: You want FY24, we have mentioned 16,188.

Falguni Dutta: That is the combined NTCF and NFY volume, right?

Suresh Sodani: Yes, we give on combined basis only as one segment.

Falguni Dutta: And what was it in same time Q1 of FY23?

Suresh Sodani: 17,598.

Moderator: Thank you. The next question is from the line of Gagan Kumar from VT Capital, please go ahead.

Gagan Kumar: I would like to know what are the net debts of the company as on June quarter?

Suresh Sodani: It is around Rs. 52 crores.

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

Madhur Rathi: Sir, most of my questions have been answered. Just one thing, sir, why don't you consider a share buyback so that would be very helpful for the investors rather than giving dividends and utilizing the funds on our books. Thank you.

Suresh Sodani: Thank you. Since this comes as a regular suggestion, we have given this suggestion to the board and at appropriate time, I'm sure the board will take a decision on this.

Moderator: Thank you. The next question is from the line of Surya Narayan, please go ahead.

Surya Narayan: So, one question pertaining to this PTCF. So, what is the total demand at the moment for India is concerned? As you said, there is no manufacturing this product, so what is the total demand and what sort of capacity we are building of?

Suresh Sodani: Our estimate of total demand is close to 30,000 tons per annum and our capacity would be about close to 10% of the total demand, current demand.

Surya Narayan: And because I believe that this is a risk mitigating exercise because NTCF, we are seeing due to the rate realization, the demand is sagging and at least it will take care of the passenger car vehicles demand? So, in this case what I wanted to understand is that you have time and again referred to your submission that you are expecting Q3 onwards the demand for both yarn side and the NTCF side to improve. So, what has led to give such kind of optimism from the Q3 onwards, **(Inaudible) 34:19** situations will improve and or let's say economic situations improve elsewhere. What is that?

Suresh Sodani: See, one of the drivers is also the farm demand, the rural demand both in terms of tractors and two-wheelers. So, normally after the first harvest, kharif and since the monsoon has been relatively good, that is one optimism for better demand. Second, from the NFY segment, as I said, this is also driven by the festivals and the marriage season, which is also falling primarily in Q3 and Q4, mainly in Q3 this year. So, these are two major drivers plus with the government's infrastructure spend on roads as well as all things, there is a multiplier effect which goes in requirements of more vehicles and similarly replacement of tyres and even the GST collection has been good. There can't be a direct correlation, but these normally play out after a quarter or two and it starts reflecting in the value chain demand after that gap. So, these are the basic reasons to say that possibly from Q3 we expect better demand.

Surya Narayan: And sir for the PTCF, why you say that it is exclusively for the passenger vehicles because significant realization has already happened in the truck and bus **36:01** ____ segment. So, why you are confining to only car segment, what is the rational here?

Suresh Sodani: This is a technical thing. The radial tyres in the truck and bus segments actually use steel as a reinforcement, not polyester. So, because the weight of the tyre and the construction is where steel is seen as a better product compared to and polyester is not used anywhere in the world in that segment. Polyester used primarily in the passenger car vehicles only.

Surya Narayan: And if you can bifurcate the total CAPEX between the PTCF and NFY and others out of 80 crores for this year?

Suresh Sodani: We do not give all these breakers for competitive reasons, but I think we have given sufficient overall CAPEX values. But just to give, the majority of this is on PTCF.

Surya Narayan: My humble submission to the board is that if you can consider giving bifurcation of the product segments performance based, so that will be very much investor friendly. Although I agree there was some kind of competitive spirit will be intensified, but still it will take care and people will definitely reward the company because it has been totally undervalued. So, that is one submission and second is to understand from the yarn side whether the yarn is following the cotton cycle because the cotton has fallen significantly since last year. So, is it following the cotton as a fiber. So, what is the case because my sense is that cotton for candy is hovers around 50,000 to 55,000 even after the new crop arrival in the new season. So, what is your understanding?

Suresh Sodani: So, actually to give an update on your first part, actually for both the products that we talk about, we have to make first in yarn. And only the subsequent processes we convert it into a nylon tyre cord and specialized nylon filament yarn and that's the reason that we give because lot of things are also common in terms of the utilities and even the manpower and other things. And that's the reason that we report our results in one segment. Second on cotton, actually we do not compete directly with cotton. While there could be some substitution depending on the pricing, but there are some specific properties which are in favor of cotton or even viscose and they are something which are specifically exclusively for the nylon side. So, normally the segments don't interchange and even the weavers and the machines are designed to process normally one type of yarn only.

Surya Narayan: Regarding the segmental dissemination, always we can knock off the SG&As and the common expenses. There is not a problem because we are tracking a lot of...

Suresh Sodani: No, but as I said one is that. Second is it's also the competitive reasons that we report and one is that the nature is similar. Second is that, it is also competitive reasons.

Surya Narayan: Sir, incrementally, because in the market there is a sense that people do not see the NFY segment that much with good sense rather than the tyre segment, which people are very much interested. So, I just wanted to understand whether incrementally whatever the CAPEX in future, although you have guided that no major CAPEX beyond FY25 is seen, but still you are holding a view that if PTCF demand were to rise and then definitely you would be putting up more capacities because we are hardly having a share of like 10% or 110. So, incrementally will you consider investment to PTCF rather than yarn segment?

Suresh Sodani: Yes, I think we have stated that our investments are primarily to be serving the auto or the tyre segments and only small value-added CAPEXES would be made in the NFY side.

Surya Narayan: Any thought in the long run, some of the investors were asking that whether any sort of possibilities of merger with group companies Grasim in the longer term, is it on the cards?

Suresh Sodani: These are all board decisions. We don't have first of all access to any thinking on that line, but these will be informed or it can be only once approved by the board or if anything is there, would be coming out in the form of publication and notices and information to the Stock Exchange and the investor community.

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

Swathi: Sir, can you quantify the high cost inventory that we are carrying?

Suresh Sodani: As I said, it's about 2 months operating capacity. So, I think that indicates volumes that we normally carry.

Swathi: Sir apart from this like with this commissioning of captive hybrid power plant which has to help us in like starting queue to what could be the incremental margin that we could save on?

Suresh Sodani: We've indicated the benefits on an annualized basis, which is about Rs. 15 crores. And also indicated that we expect our overall margin at the company level to be at about 8% to 10% for the year. So, we are not giving any quarter wise margin. We expect that and which is also dependent on improving demand from Q3 onwards.

Swathi: Sir does this include also the Dipping project , which is also expected to commission by Q2, so this 8% to 10% also include the benefits that could accrue from the commissioning of that project.

Suresh Sodani: Yes.

Swathi: Sir one last question that most of the CAPEX is like going to complete in FY25 and with no major CAPEX plan. So, do we have any specific plan about the cash in the balance sheet?

Suresh Sodani: Not as yet, and as I said, the current overall economic situation would determine and how does the Q3 and Q4 pan out and how does the future look that would I think determine the further CAPEX plans and to utilize the cash and balance sheet.

Moderator: Thank you. The next question is from the line of Surya Narayan. Please go ahead.

Surya Narayan: Just forget to ask you one question. So, overall, this Rs. 80 crores of CAPEX would be fructified partly this year and majorly for the next year. So, on full capacity utilization basis, how much the revenue can be expected.

Krishnagopal Ladsaria: So, based on what has been ongoing, Mr. Sodani has indicated that incremental revenue will be in the range of Rs. 100 crores – Rs. 125 crores depending on prices of raw material. So, what we have indicated of Rs. 8,200 crores, it will be mainly on the ongoing CAPEX.

Surya Narayan: And for full year basis, you are saying incrementally Rs. 100 crores to Rs. 125 crores, am I right?

Krishnagopal Ladsaria: Yes.

Surya Naryayan: So, we can expect maybe partially this year very low this year, but majorly for FY25, it would be really good, right?

Suresh Sodani: Yes.

Surya Narayan: And is there any possibility of margin incremental we can expect going forward due to this PTCF capacity?

Suresh Sodani: Difficult to say because we are talking of FY25, but yes, margins would either remain similar or on the topline growth or could be slightly better.

Surya Narayan: So, compared to the NTCF, can we expect a better margin in PTCF?

Suresh Sodani: Maybe similar or not better, but I think similar.

Moderator: Thank you. The next question is from the line of Gagan Kumar from VT Capital. Please go ahead.

Gagan Kumar: Sir, I would like to know what is the area and the size of the Mahad land kept with the company?

Krishnagopal Ladsaria: Mahar land area size is around 68 acres.

Gagan Kumar: 68 acres and what will be the expected price if sold?

Krishnagopal Ladsaria: We don't have any idea on that what would be the expected price because there is no plan to sell that land as of now.

Gagan Kumar: And sir where it is located?

Krishnagopal Ladsaria: It is in Mahad MIDC.

Gagan Kumar: And sir what is the area price? Any guess?

Krishnagopal Ladsaria: No, we don't have any.

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

Surya Narayan: Thank you, sir. Thank you all for participating in the conference call. So, it was a nice one of presentation by the management and even the participation also very healthy. So, we would like to host the conference in future for the company. Thank you.

Moderator: Thank you. On behalf of Sunidhi Securities & Finance Limited, that concludes this conference. Thank you for joining. You may now disconnect your lines.