



May 19, 2025

To,

National Stock Exchange of India Ltd. Exchange Plaza Bldg. 5 th Floor, Plot No.C-1 'G' Block, Near Wockhardt, Bandra Kurla Complex Mumbai 400 051 Symbol: DCW	BSE Limited Department of Corporate Services, 1 st floor, New Trading Ring Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code : 500117
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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 Tuesday, May 13, 2025 at 4:00 P.M. (IST) with Investor(s)/ Analyst(s), to discuss the Audited Financial Results for Q4 FY25/ 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/2025/05/Earning-Conference-Call-Transcript-May-13-2025.pdf>

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

Thanking You,

Yours faithfully,

For **DCW Limited**



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

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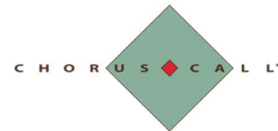
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“DCW Limited
Q4 FY25/FY25 Earnings Conference Call”
May 13, 2025



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: **MR. ASHVATH RAJAN – ARIHANT CAPITAL MARKETS**



Moderator:

Ladies and gentlemen, good day, and welcome to DCW Limited Q4 FY '25 Earnings Conference Call hosted by Arihant Capital Markets. 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashvath Rajan. Thank you, and over to you, sir.

Ashvath Rajan:

Thank you. Hello, and good afternoon to everyone on the call. On behalf of Arihant Capital Markets, I thank you all for joining for the Q4 FY '25 Earnings Call of DCW Limited. Today, from the management, we have Mr. Saatvik Jain, President; Mr. Amitabh Gupta, Chief Executive Officer; Mr. Sudarshan Ganapathy, Chief Operating Officer; and Mr. Pradipto Mukherjee, Chief Finance Officer. So without any further delay, I'll hand over the call to Mr. Saatvik Jain for his opening remarks. Over to you, sir.

Saatvik Jain:

Thank you, and good evening, everyone, and thank you for joining us today for our earnings call for Q4 and the financial year 2025. FY '25 was a year marked by persistent volatility in the global chemical industry. As we entered the final quarter of the fiscal, the challenges only intensified from muted global demand, especially in Western economies and China to continued pricing pressure caused by surge in low-cost imports, again, particularly from China.

A sharp drop in ocean freights out of China, in part due to the trade tensions with the U.S. further enabled Chinese exporters to price more aggressively, especially into markets like India. The geopolitical shifts only added to the wounds, including potential U.S. trade tariffs and shifting alliances, causing disruptions in traditional trade flows, and raising uncertainty.

The influx of cheaper imports has put pressure on domestic pricing environment, especially for basic chemical products like PVC and Soda Ash, where we've seen margins being squeezed despite healthy underlying demand. On the policy front, while the much anticipated antidumping duty on PVC has been delayed, we remain hopeful that the government will act soon to ensure a level playing field for domestic manufacturers is restored.

That said, even in this tough operating environment, India remains a structurally growing market, and we are encouraged by the year-on-year demand growth across most of the segments that we serve. This long-term demand visibility, coupled with our execution capabilities is what gives us the confidence as we move ahead.

Coming to our performance. Despite pricing headwinds in our basic chemicals portfolio, I am proud to share that our company has delivered a resilient performance with a 12% EBITDA growth over the last fiscal. This has been driven primarily by the strong momentum in our Specialty Chemicals business, which now forms a much more meaningful part of our earnings mix.

More importantly, with our ongoing efforts to reduce financial leverage and bring down our borrowing costs, this growth in EBITDA has translated into a 100% increase in our profit after tax. In fact, for the first time in several years, we brought our net debt-to-EBITDA to below 1x,

which marks a critical milestone in our journey of financial strengthening and balance sheet discipline.

Operationally, we have also made strong progress on our strategic growth plans and our forward-looking investments are beginning to take shape. Our 30,000 tons C-PVC capacity expansion at our Sahupuram site is progressing ahead of schedule. We expect to commission the first 20,000 tons of this incremental capacity before the timeline of September 2025, which will give us a meaningful step-up in our specialty volumes for the second half of FY '26.

Our alternate energy project has been commissioned and power generation will be scaled up in phases. This initiative will help optimize energy costs, improve our carbon footprint, and reduce our dependence on traditional sources of power over the long term. On the export front, the demand of Synthetic Rutile is slowly picking up. We have secured large volume orders from our Japanese customer base, which is a positive sign for the recovery in this segment.

As we enter FY '26, we believe that the second half of the year will hold stronger tailwinds, especially as the capacity-led volumes from our specialty projects start coming on stream. While near-term market dynamics may continue to fluctuate, our strategic direction is clear. We will continue driving growth in value-added specialty chemicals where margins and customer stickiness are higher.

We will extract operational efficiencies across our core basic chemicals platform. We will continue to deliver our balance sheet and internally fund our growth capex over the year and most importantly, keep building a more resilient, high-quality earnings base for the long term.

You may have noticed a change in the way we are presenting our business segments this quarter. We have moved from a product level reporting to a more consolidated view across two broad verticals, which are basic chemicals and specialty chemicals. This change is both strategic and reflective of our journey as a company.

It allows us to highlight the growing contribution and momentum of our Specialty Chemicals segment while also aligning with best industry practices for competitive positioning. We believe that this will help investors better track our evolution into a more value-accretive, margin-resilient portfolio over time.

While FY '25 was a test of resilience, FY '26 will be about execution, delivering on our projects, maintaining our financial discipline, and capturing margin upsides as the markets normalize. With a stronger balance sheet, visible growth levers and a sharpened portfolio, we believe that we are well positioned to deliver sustainable value creation for our stakeholders.

I request our CFO, Pradipto, to now take you through our financial performance. Over to you, Pradipto.

Pradipto Mukherjee:

Thank you, Saatvik. Good afternoon, and welcome to the Q4 FY '25 earnings call for DCW. The revenue for the quarter stood at INR538 crores, which was a 13% decline from Q4 of FY '24 of INR 621 crores. While the revenue from the Specialty Chemicals stood firm at around INR 125 crores, which is in line with Q4 of the previous fiscal, the Basic Chemicals segment clocked a

degrowth in revenue, predominantly due to weak export demand and lower realizations from one of our products, Synthetic Rutile and an 8% reduction in net realizations from Soda Ash.

On sequential basis, the Q4 revenues were higher by 13% for the quarter. For FY '25, the year as a whole, the revenue for the company clocked at INR 2,000 crores, up by 7% from INR 1,872 crores in FY '24. The Specialty segment revenue grew to INR 526 crores from INR 368 crores, a growth of 43% on back of increased capacity led by capex from Q4 of FY '24.

The basic chemicals, however, declined 2% to clock a revenue at INR 1,463 crores. It is important to note here that the production and sales volumes for all the products constituted in the basic chemicals have increased across, including Synthetic Rutile, but the effect of the same could not be witnessed due to sharp fall in average realizations in SR and Soda Ash.

The EBITDA for the quarter clocked at INR 62 crores, a dip by 10.5% from INR 69 crores in Q4 last fiscal. The EBITDA from specialty segment again remained firm at INR 46 crores, while the basic chemicals degrew to INR 14 crores from INR 21 crores, a fall by 33%. This fall in basic chemical EBITDA for the quarter was due to severe pricing pressures on export sales of Synthetic Rutile to China and a 7% dip in prices of Soda Ash.

On sequential basis, the EBITDA for the quarter was seen at a level of INR 62 crores. For the financial year FY '25, the EBITDA stood at INR 217 crores, a 12% increase over last year of INR 194 crores. The specialty EBITDA grew to INR 189 crores, an increase of 41%, but the basic chemicals EBITDA dropped to INR 19 crores from INR 47 crores, a drop by 59%.

This fall is due to the sharp fall in NR for SR and Soda Ash, as earlier mentioned, despite clocking higher sales and production volumes. The finance cost has been in a declining trend across quarters. And at the end of the year, the finance cost stood at INR 67 crores. That is a reduction of 8.5% over FY '24 numbers of INR 73.5 crores.

This reduction is despite a borrowings of INR 80 crores to fund the ongoing C-PVC capex. With 12% EBITDA growth, coupled with 8.5% reduction in finance costs, led to achievement of a profit after tax of INR 30 crores, that is doubling of the PAT recorded in FY '24 of INR 15 crores.

With this, we'll just walk you through certain key ratios. The current ratio for the company stood at 1.08x in FY '25 and as against 1.13x in March '24. The asset turnover ratio, which is the asset sweating for FY '25 stood at 1.5x versus 1.4x in FY '24. For the leverage and the cash position, the debt equity ratio stood at 0.4 almost at par with 0.4 of FY '24.

The outstanding term loan stood at INR 366 crores as against INR 410 crores in March '24, thereby a reduction of INR 44 crores. It's important to note that our scheduled repayment was made of INR 124 crores and a fresh borrowing of INR 80 crores were made to fund the ongoing C-PVC capex. Short-term borrowings stood at the year-end at INR 59 crores, which was at INR 27 crores for March end '24 an increase by INR 32 crores.

The company is maintaining a healthy cash and cash equivalent of INR 215 crores, which has also gone up by INR 46 crores from March '24. The net fund-based debt-to-EBITDA ratio for

the company at a year-end '25 stood at 0.97 below 1 as against 1.4 in FY '24. This eventually means that the company is in a position to pay off its entire debt with next 1 year of profits.

The company's debt-EBITDA ratio below 1 has been achieved in FY '25 despite the depressed commodity cycle. Over the last 10 years period, if you see this number going below 1 was once in FY '23 in a year when the commodity cycle was its peak. This demonstrates the company's continuous drive to deleverage itself and also expand across its Specialty Chemicals segment over the past few years.

On the return ratios, the EBITDA margin stood at 11% as against 10.5% last year, and the ROCE stood at 8% versus 6.7% for FY '24. The interest coverage stood at 1.73x versus 1.36x for FY '24.

With this, we would want to open the floor for question and answers. Thank you.

- Moderator:** The first question is from the line of Pujan Shah from Molecule Ventures.
- Pujan Shah:** First of all, good set of results on the specialty segment. First of all, can you just provide us the segmental sales and EBIT breakup for the basic commodity and specialty commodity?
- Sudarshan Ganapathy:** You send your questions via mail. The basic idea was basically to now present the numbers as basic chemicals and specialty chemicals, as opposed to giving information at a product level. Obviously, if you would want those information, you have to send it across via mail.
- Pujan Shah:** Yes, Yes. Sorry for the disturbance sir. My first question would be on the CPVC side. So if you look at the recent imports, blended imports, it would be around INR 150 to INR 160 per kg while our domestic realization remains at INR 120 a kg. So could you just explain the difference why it hold? And is it a visible uptick in coming quarters in specific CVC segment?
- Sudarshan Ganapathy:** No, no. The average price realization for us also is in the range of INR 140. So this INR 120 spike from where you got, I don't know. Even our realization for the year as a whole is INR 140. So it is always a blended realization what we give.
- Pujan Shah:** Right, sir.
- Sudarshan Ganapathy:** And when someone is buying at a higher price, why should we sell at a lower price?
- Pujan Shah:** Yes. Yes. That's my question. But on a blended, I was looking at a few of the imports.
- Sudarshan Ganapathy:** No, you have said that it is coming at this price. If someone is importing with a weightage of waiting time of 2 months and all, why should when it even, if they are selling at INR 120, why should we import at this price? I think something is wrong with your database. I think we are selling at INR 140. That is the price Ex works to us.
- Pujan Shah:** Sir, basically, if we check on a spread level, we are getting a spread of INR 80 as of now, right?
- Sudarshan Ganapathy:** How can you say it is INR 70 to INR 80, on what basis?



- Pujan Shah:** If you're considering the PVC prices and the CPVC, which is right now at INR140, so blended, what we can see is that right now the PVC prices we are at INR70 to INR75. So do you see...
- Sudarshan Ganapathy:** That is not the way to count. We have to only see what is our EBITDA spread. It is around 35% is our approximate EBITDA margin. You cannot exactly correlate today, the price becomes INR60 and if I sell at INR140, INR80 is my margin. That is a wrong way to calculate.
- Pujan Shah:** Okay. Got it. And sir, we have seen a soften in terms of utilization in SIOP. And always in H2, we have been very strong in SIOP segment. So could you just help me to understand on that broader aspect?
- Sudarshan Ganapathy:** You're talking about the production realization, I mean, production numbers?
- Pujan Shah:** Yeah. We are -- it is 4%, while on...(not understandable)
- Sudarshan Ganapathy:** No, no. SIOP consists of, I think, more than 12 or 15 grades. And the cycle time for the grades are not always consistent. Some grades takes longer time to produce, some takes shorter time to produce because it's a batch process. So the production for the quarter will to a great extent will depend on what sort of grades that are being planned and produced. So you will not find a consistent number in SIOP. Some months we'll produce more, some months we'll produce less based on the product mix. Hello? Hello, I am not able to hear you.
- Moderator:** Sir, sorry to interrupt, Mr. Pujan, actually your voice is not clear. Could you please rejoin.
- Pujan Shah:** Yes, Yes.
- Moderator:** Okay. Thank you. The next question is from the line of Krish Kothari from Shinobi Capital. Please proceed.
- Krish Kothari:** I actually wanted, slightly sort of talk a little more longer term. Do you have any projections or guess on when your Specialty division will become the largest division in the company, basically bigger than your basic chemicals division?
- Pradipto Mukherjee:** So see, our commodity predominantly is at a capacity of 1 lakh tons spread across Soda Ash, Caustic Soda, and PVC. Our specialty volumes, obviously, is much lower. The idea of getting into specialty for the organization was to bring stability to the bottom line and avoid the impact of cyclicalities in the basic chemical prices. That has classically played out this year because if you see the basic chemical prices have been sulking for the last 6, 7 quarters, and our major share of profit or EBITDA has come from the specialty business.
- Our future investments as per our plan earlier communicated at various forums is coming into the specialty, namely in CPVC, which is now into public domain, where we are getting up from 20 KT to 50 KT. We would concentrate in making our future investments mostly into the value-added products rather than into our basic chemicals. So from an EBITDA standpoint, we have already crossed, I mean around 90% of the profit at least last year came from specialty.

But this obviously would undergo a change as the commodity prices go up because the commodity prices going up will have a significant impact to our bottom line because there are scales of 1 lakh tons, which are available with us, which we are producing and selling.

Krish Kothari:

Got it. And yes, sorry, sir, please continue.

Pradipto Mukherjee:

Yes. I think that was, I mean, trying to answer to your question.

Krish Kothari:

Right. And just on this, so on your in terms of capex plans, do you other than maintenance capex, do you anticipate any meaningful capex on the Basic Chemicals division in the coming years?

Pradipto Mukherjee:

So as of now, sir, we have made a communication a couple of months back from C-PVC taking from first 10 to 20 we had completed and then from 20 to 50 KT. And that is basically operational so far as growth is concerned. We are from a basic chemicals, which is basically the PVC, the Soda Ash and the Caustic Soda, we are continuously doing certain investments into cost savings initiatives apart from the routine capex or the maintenance capex, which we do, which definitely would pull down our cost, thereby enabling profitability at lower prices of commodities as well.

Krish Kothari:

Okay. And just last question on, again, slightly longer term. Do you think there's any scope to either shut down or sell some of these basic chemical lines? I mean, I know it's very difficult to commit to anything right now, but I'm just saying is that even potentially something that could happen in coming years?

Pradipto Mukherjee:

See, I think PVC and C-PVC -- PVC and Caustic, these are into our South facility, and they are synergistically integrated into the plant. So far as Soda Ash is concerned, it is the only basic chemical, which is done in Dhrangadhra Chemical works. But that as a business roughly gives on a period of 4 to 5 years, a 20% to 25% margin to us.

Maybe since these are a couple of years when Soda Ash prices are also coming down, government support of MIP has come in, the numbers are not showing up. But there has been years like FY '23, where we have done an EBITDA of INR 75 crores to INR 80 crores to be precise from the Soda Ash facility.

So on an average 5-year plan, if you see Soda Ash gives an EBITDA of north of 20%, which maybe my previous year C-PVC tends to give at times. So I think we may not add capacity into the basic chemicals, but the question of selling off has not crossed our mind as yet.

Moderator:

Thank you. The next question is from the line of Manan Vandur from Wallfort PMS.

Manan Vandur:

So my first question would be on the guidance. So when we had last met, you spoke about having a base case scenario of around INR 400 crores in FY '27 based on the prices at that time. So do you think we are still on track for that or could there be any deviation in that?

Pradipto Mukherjee:

So we have clocked a number of INR 220-odd crores this year. I think we are yet to see revenues from 30 KT of additional C-PVC, which we have already mentioned. As Mr. Saatvik Jain also told, the power facility on what we invested last year will give its benefit this year. We would also have the capacity debottlenecking in our Soda Ash facility where we were a bit sulking on

because of our mechanical failure. This put together plus our endeavour into last 5,000 tons of sales of SIOP, which can max out our capacity with certain efficiency capex is what we are doing, I think INR 400 crores of EBITDA looks quite likely.

Moderator:

The next question is from the line of Sanjeev Damani from SKD Consulting.

Sanjeev Damani:

Sir, did I correctly heard that likely EBITDA this year would be INR 400 crores?

Pradipto Mukherjee:

No. It was an FY '27 guidance what we have given.

Sanjeev Damani:

Okay. Second question, which emerged from your saying that you have debottled Soda Ash plant. So would we be augmenting the capacity of Soda Ash plant this year and the old problem is now over because some mechanical failure was there and we were not able to utilize and some parts were to come and get us repaired to make it normal? So can you give latest status on this?

Pradipto Mukherjee:

Yes. So we have clocked a capacity of 80% this year for the full of the year with our existing stopgap arrangement in absence of our compressor, which was supposed to come from Germany. That has arrived. And we are only trying to look at an opportune time to make the replacement of our setup with the compressor.

However, we are also looking into an opportunity of augmenting the speed of the existing setup so that we can continue with the part which has come as a backup with us so that we don't lose time on the changeover because that takes around 25 to 30 days.

Sanjeev Damani:

Okay. So our capacity will remain the same of Soda Ash? No augmentation of the installed capacity?

Pradipto Mukherjee:

No. I think our capacity is 1 lakh tons, plus/minus 5%. So, that remains the same. We were operating at 80,000 tons because of these challenges, which we think should get over by this year.

Sanjeev Damani:

Okay. So the current scenario about Soda Ash prices, can I understand from you, sir?

Amitabh Gupta:

Well, as Mr. Pradipto said, our capacities, which is about 100,000 tons, we will be achieving a production of about 95,000 tons this year, a growth of almost 20%. And of course, we are working on improving on our netbacks because like antidumping duty application has been filed against some of the countries like Turkey, China, who have been dumping the product at very low prices. So we hope the bottom line also will increase and our top line also will increase because of increase in the production.

Sanjeev Damani:

Thank you very much. Now I'm coming to one suggestion that you had given that we will be using our own PVC for manufacturing CPVC. So some development has taken place there?

Pradipto Mukherjee:

I think we are working towards this. We have been fully using our own PVC into CPVC. The incremental capacity which is coming would also use our PVC into CPVC. It's always been the first technology setup, which did not allow us. For the new capacities, it's obviously our own PVC going into CPVC.



- Sanjeev Damani:** So will we be using our own PVC here onwards or after some time?
- Pradipto Mukherjee:** We had been using as well. We are using, and we will use it for the additional capacity also.
- Sanjeev Damani:** Okay. Sir, how is the pricing scenario of PVC? Because we have seen that in our commodities business, the margins are very thin, sir. It means that is including everything, caustic soda, soda ash and PVC everywhere, we have made very meagre profit. So are things improving from this year in that segment, caustic soda prices?
- Sudarshan Ganapathy:** As told by Mr. Saatvik Jain, PVC currently, because of this U.S.-China trade war, China is pushing a lot of volumes into India at a very, very dump price. This is having an impact on the PVC price. And as we talk now, the prices have come down. But we are hopeful that going forward the prices have bottomed out and the prices will only improve from now on.
- Sanjeev Damani:** Thank you very much, sir. I am obliged. Thank you.
- Moderator:** Thank you. The next question is from the line of Pujan Shah from Molecule Ventures. Please proceed.
- Pujan Shah:** Yes. Sir, continuing with the previous question, so in caustic soda and specifically talking about the Synthetic Rutile, so what happened in this specific quarter that the realization has been fallen so drastically and...
- Pradipto Mukherjee:** Yes, please continue.
- Pujan Shah:** Yes. And just wanted to understand, on a broader aspect in next 2 years, how is your order book in terms of SR and how is the outlook going forward?
- Pradipto Mukherjee:** So we'll take questions one by one. Your caustic soda prices, I think we are seeing green shoots in terms of prices going up for at least the quarter which went by compared to quarter 3. The prices have been increasing. Our challenge, obviously, has been softness in export in Synthetic Rutile, which is a part of the earlier caustic soda division and now basic chemicals.
- The quarter 4 profitability for the basic chemicals were impaired despite some price increase for caustic soda was predominantly due to liquidation of inventory so far as Synthetic Rutile is concerned into a more volume generic market, which is China, which is not our usual market because of lack of demand in our existing market like Japan, at least for I mean, in quarter 3 and quarter 4. That had had a hit into our EBITDA.
- That obviously will get corrected because now, as Mr. Saatvik Jain mentioned, we have contracted for 70% of our annual productions of Synthetic Rutile into the base market, which is Japan. And we hope that the rest of the volumes, plus the inventory what we are carrying, a part of that would also get liquidated. So in that, our performance for the basic chemicals with this contract of 60%, 65% or 70% of our volumes being signed with Japan market will anyway show an uptick.
- Pujan Shah:** Sir, I just wanted to know the context. So what the price decrease have been happened, so can you just tell me in terms of percentage?

- Pradipto Mukherjee:** I think see, the usage of Synthetic Rutile defines the price and the geographies define the price for us. We sell Synthetic Rutile to a more evolved market, which is Japan, where we can command prices, which goes into metal. However, if we do not I mean, for a long three, four quarters, we are unable to track the orders for the metals for Japan because there was an inventory correction, which was on play.
- We have got the customers on board from this year. And we were forced to sell the produce of us into the Chinese market, which obviously we could not command good prices. And hence, there has been a suppressed EBITDA so far as the basic chemicals.
- Pujan Shah:** Okay, sir. And I just wanted to know, we have preponed the capex line for the CPVC. So what are the time lines now? And when are we planning to commission the next 30,000 capacity?
- Pradipto Mukherjee:** So when we made it public, we told that this 30 kt will be divided into two parts. 20 kt comes on board by September '25, thereby giving benefits from H2 of FY '26. And the last 10 kt comes by March. We are as of now, as Saatvik has told that it would get we are preponing in the sense that we will do the commissioning a bit earlier. We, as a management, think that we could compress the timeline by a couple of months from each of these respective timelines which we have communicated.
- Pujan Shah:** Right, sir. But any specific like in a month when we're planning to commission so that once it ramps up the full utilization, full benefit can be utilized for this specific segment?
- Pradipto Mukherjee:** My friend, there is a difference between commissioning and commercialization. We may give you a date of commissioning, which depends on the plant's performance to complete the capex. The commercialization obviously would happen about we placing that 20,000 volume into the market. And as you may be aware that CPVC is a bit customer-specific and not as generic as PVC.
- So we would obviously we have encouraging firsthand information from the plant that the commissioning will go up will be ahead of schedule. And basis that, we are also our marketing team is obviously getting ourselves groomed for that couple of months of early commissioning so that we can place the volumes. But to give a time line would be difficult, but it would be earlier than what we had communicated, which is September '25. Before that, we will be commercializing the additional volumes as well.
- Pujan Shah:** Right. And sir, my last question would be on the PVC side. So we have seen a downward trend in terms of pricing in PVC. And even the larger guys are talking a degrowth in terms of volume in FY '26 due to depressed destocking issue. So what's our expectation in this segment going forward? Will this FY '26 remain a muted year for us?
- Pradipto Mukherjee:** See, placing our volume has never been a challenge so as PVC is concerned for our company. I'll leave it to Mr. Ganapathy to answer that, our COO. But just we have always been, all throughout the history been producing and selling 1 lakh tons, I mean, ever since we had the capacity irrespective of any market. Now we also have an advantage of utilizing our produce of PVC into the incremental CPVC volumes.

So the net leftover, which is around 40,000, 50,000 or 60-odd-thousand tons I don't think should be a challenge increasing. It basically is a VCM to PVC spread, which has hit into our P&L. But I mean, let Mr. Ganapathy answer this

Sudarshan Ganapathy: I have not understood from you. What you are talking about, degrowth?

Pujan Shah: So destocking, not degrowth?

Sudarshan Ganapathy: I was not clear about your question. That's why I'm asking.

Pujan Shah: Let me repeat the question. So we have witnessed a downward pricing in terms of PVC, right? And even large size of PVC players have been downgrading their volume growth for FY '26.

Sudarshan Ganapathy: If you can be more specific, I'll be very obliged. Why I'm telling you because nobody is talking about a degrowth in PVC. Everybody is talking about 6%, 7% growth in PVC. Whether the growth is happening at a right price or at a depressed price is what we are discussing. Nobody is talking about a degrowth in PVC.

This I'm again emphasizing. The only thing is that because of higher quantities getting dumped from China, there is a pressure on the price. I don't think there is any question of the PVC demand not growing.

Pujan Shah: Right. Got it. I think that is from my side. I will join back in the queue.

Moderator: Thank you. The next question is from the line of Amit Kumar from Determined Investments. Please proceed.

Amit Kumar: Thank you so much for the opportunity. Sir, just one point. I mean, of your specialty chemicals business, what is the export share in that business?

Pradipto Mukherjee: So specialty business comprises of CPVC, which is 100% domestic. There is another part which is SIOP, which gets clubbed into our specialty business. Of that, our capacity is 20,000 tons. We have produced and sold roughly around 24,000, 25,000 tons. 60% of that is export, 40% is domestic.

Amit Kumar: Okay. And how much of this would be export to U.S., if any?

Pradipto Mukherjee: Around almost 60% is export to U.S.

Amit Kumar: I'm just trying to understand now with this new tariff regime in place, and there is a question of I mean, later on, we don't know what happens to the eventual sort of tariff level, but 10% right now for the first quarter. So how is this 10% I mean, how much of this is you are paying and how much basically the customer is bearing? I mean, is there a sense on that at all?

Amitabh Gupta: Well, I think partially, you answered your own question. Because of the uncertainty of the tariff in U.S., nothing can be said with guarantee. But then, all said and done, we will always have an edge over China, who is the next main exporter to U.S. There is going to be a delta between the duty from India and the duty from China. So I think there is nothing to worry about.



Amit Kumar:

This is what I'm trying to understand that what is the I mean, I presume that volumes sort of continue to flow. So the negotiation that you are having with your U.S. customers, given that it's a fairly large share of exports of SIOP, so that 10% tariff, I mean, is that entirely being paid by your customers or are they asking for some additional discounts? What is the proportion of those discounts vis-a-vis prices that you have seen previously?

Amitabh Gupta:

I would tell you, like this iron oxide business, it is not like basically, this is red and yellow. And it is not that any red and any yellow can be used by foreign country. Like, the buyer, he fixes up a particular sheet in his formulations. And even if there is a price advantage, disadvantage, they don't change their formulations on a daily basis or monthly basis.

So frankly speaking, of course, the price plays a very important part. But then, the particular product which they are using in their formulations, they determine what are going to be the export from which country. And I think that is where I will not say we are protected, but that is what gives the steady tonnages to our business.

Amit Kumar:

I understand that. I mean, I think we are sort of I'm just you're talking about volume. So I understand. I mean, the customer relationships would be there and product would sort of continue to flow. The point which I'm just trying to understand is that purely from a pricing perspective, which is the net pricing that you get, I mean, does this 10% tariff change anything at all?

Pradipto Mukherjee:

Yes, it may. There are a couple of things. First of all is that there is a tariff on India of 10%. As Mr. Amitabh Gupta also told, the other major supplier of SIOP to U.S. is China. Then we should compare that China's price to U.S. will increase by 30%. So we have a pricing advantage to play rather than disadvantage. That's number one. But we don't know how it will shape out.

Amit Kumar:

So, no significant impact in that sense on you, basically?

Pradipto Mukherjee:

So the question is I think what we as an organization house feel that it may play out to our advantage. However, having said that, there are a couple of things like in pharmaceutical, where you have an API going into formulation, the SIOP also because there's shades, it also has the formulation to be made with the front-end customer. They usually do not change for a 5%, 10% volume advantage.

Let's say, if Chinese imports into the U.S. increases by 30% and ours by 10%, let's assume that, that is the case because we all are guessing what would happen because certain products are also exempted like we have first-hand information that SIOP is exempted. But even if that plays out going forward because of whatever uncertainty, for a 10%, 15% price advantage, a customer at the front end will not try to induct a new customer and incur costs in stabilizing their formulations with a different SIOP is what we are trying to say.

Amit Kumar:

Okay. Understood. Now just a small follow-up on this. So your capacity utilization in SIOP sort of seems to be already hitting close to 90%. So you said 28,000 tons capacity and 24,000, 25,000 tons what you have already produced in fiscal '25, almost sort of hitting capacity. So any sort of capex plan there?



- Pradipto Mukherjee:** SIOP may not come immediately so far as volume growth is concerned. It is more about moving up the value chain. So our applications of SIOP, we've started with products whose applications are, in some cases, at a very base level. We're trying to make small investments where we upgrade the product and the applications go into higher applications are possible, which also opens up newer markets. So we are very encouraged with the opportunity so far as SIOP is concerned, and we would not wish to make it public at this stage.
- Amit Kumar:** Okay. All right. Thank you so much for this.
- Moderator:** Thank you. The next question is from the line of Pranav Jain from Ageless Capital Finance. Please proceed.
- Pranav Jain:** Yes. I just wanted to ask, would it be possible to tell me how much chlorine we get as a byproduct out of the manufacturing of caustic soda and how much PVC and chlorine is put into the making of CPVC?
- Amitabh Gupta:** Well, it is a general norm, about 0.88% of the caustic production is what you get as chlorine. And our chlorine is basically being used in our Synthetic Rutile plant as hydrochloric acid. And frankly, whatever chlorine goes in CPVC, practically 50% of it comes back as the hydrochloric acid, which has to be marketed.
- Pranav Jain:** Got it, sir. And how much of PVC goes into CPVC?
- Pradipto Mukherjee:** How much PVC?
- Amitabh Gupta:** So basically, the coefficient is 0.8 is to 1. So eventually, as the volumes for CPVC increases, our PVCs will get diverted at that proportion to make CPVC.
- Pranav Jain:** Got it, sir. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Pujan Shah from Molecule Ventures. Please proceed.
- Pujan Shah:** Sir, just wanted to understand the caustic soda, pain. So as of now, we know that the domestic players have recent, the ECU have recently remained in a certain range. Do we earn higher ECUs due to internal consumption of chlorine or we are in the similar ballpark range?
- Amitabh Gupta:** You see ECU changes from manufacturer to manufacturer, depending upon the location and everything. Like I will not take the names, but some of the players from the West, the large producers, their ECU is hardly INR 28,000, INR 29,000 a ton because it depends upon how much they are using on chlorine, how much they are gaining on caustic soda.
- But then, ECU of roughly INR 32,000, INR 33,000 is what we are wishing for. I cannot comment on ECU in general because as I told you, it will depend upon location, placement of their customers, so many things. And at the end of the day, the international prices of caustic soda, which plays a very important role because whether we like it or not, the domestic prices are influenced by the international pricing of caustic soda. And all said and done, India exports quite substantial quantities of caustic soda now.



Pujan Shah:

Yes. Got it. And my last question will be pertains to the CPVC side. So we know that a few applications have been emerging, let's suppose, like fire sprinkler system. Assuming that the adoption goes as what we have been expecting, so what would be the volume incremental demand in terms of volume can we open up? Can you just quantify in terms of demand?

Sudarshan Ganapathy:

No, I can only tell you that in a house, there is one bathroom, there are three rooms. So if the fire sprinkler application gets accepted, it is anybody's guess what will be the demand. It could be 2x, it could be 3x. So it is a number which will evolve because it involves a lot of approvals that we have to get from various state departments apart from the central government.

So I believe it will grow gradually because initially, most of the Tier A metros will get the approvals first and it will gradually flow to the other cities. So I think the demand growth can be multiple than what we are seeing purely on a plumbing side.

Pujan Shah:

Got it, sir. And my last question would be on the soda ash. So as we know that there is an antidumping duty will be levied by the government in coming months. So, as of now, there is a muted demand and cheaper imports being dumped in India. So do you think that once the ADD is levied, we expect our EBITDA margins to be at 18%, 20%?

Pradipto Mukherjee:

See, the EBITDA margin for us for this year is not a reference. If you have to see what was our EBITDA margin for FY '23, you would see it was North of 20%, where others are doing maybe 25%, 26%. We are a 1 lakh ton capacity landlocked in Gujarat as a facility and we are very well benchmarked with our material contribution from the product with our competitors, even competitors who are 5x more of our volumes.

The advantage for other players basically is the economies of scales and which we don't have and we don't intend to expand there as well. So eventually, what happens is, if the prices go up, my fixed costs most likely will not go up and that would eventually make our EBITDA look much better, the margins to go up.

Pujan Shah:

Got it, sir. All the best and thank you for answering all my questions.

Moderator:

Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing remarks.

Saatvik Jain:

Thank you, everyone, once again for joining the call and hope we've been able to answer your questions. If you have anything further, you can connect with our IR Advisors, Valorem for any further clarifications. Thank you once again.

Moderator:

On behalf of Arihant Capital Markets Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.