



“Oriental Carbon & Chemicals Limited Q2 FY '24 Earnings Conference Call”

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MANAGEMENT:

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Moderator: Ladies and gentlemen, good day, and welcome to Oriental Carbon & Chemicals Limited Q2 FY '24 Earnings Conference Call.

This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 touchtone phone. Please note that this conference is being recorded.

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

Akshat Goenka: Good afternoon and a very warm welcome everyone to everyone. Along with me, I have Mr. Anurag Jain, CFO; and SGA, our IR Advisors. We have uploaded our results and investor presentations on the stock exchanges and company website. Hope each one of you had a chance to go through the same.

We are witnessing a challenging global environment, characterized by elevated inflation, lower demand and realization of chemicals globally. During this year, we have witnessed lower export demand from Europe due to the weakening economy resulting in lower sales volume in the current six months compared to the previous six months.

Revenue was lower also due to decrease in sales realization on account of decrease in input cost. However, profits for H2 as well as 2Q are better than last year in the same period. We believe the company is capable of extending short-term volatility caused by external factors and will continue to grow going forward as things begin to normalize.

In the domestic market, we anticipate growth in IS demand in next year on the account of growth of automotive industry due to expanding vehicle ownership growth in EVs and the increasing use of commercial vehicles in logistics and e-commerce, as well as the radialization in commercial tires.

The government's emphasis on major infrastructure projects should drive up the demand for heavy commercial vehicles. Considering the prevailing economic conditions, the potential scale of opportunities on the horizon is very high. According to the data published in H1 FY '24, passenger vehicle sales increased by 6% year-on-year, commercial by 3.3% and two-wheeler increased by 7%. The Indian tyre industry is currently thriving, displaying growth and resilience, fueled by a combination of factors, including robust domestic demand, export opportunities and technological advances.

During the year, we aim to grow our market share by expanding into new areas like North America and with acquisition of new customers. Additionally, we are focused on increasing our revenue share in India. Our ongoing objective remains the increase of our market share on a global level, aiming to raise it from the current 10% to 12%.

OCCL has always been focused on delivering stakeholder value with the emphasis on sustainability in line with our commitment. We have recently received the letter for conformance for sustainability procurement management system during the current period. This is a very prestigious award and very few people have it. We also have received great place to work second time in a row with higher numbers.

The other good development that has happened in this H1 is we have prepaid a lot of our debt with the existing cash flow. The Board of Directors have declared an interim dividend of INR7 per equity share of face value INR10 each of the company.

With this, I would like to hand over the line to Mr. Anurag Jain to update you on the financial performance of the company.

Anurag Jain:

Thank you, Akshat. I will take you all through the stand-alone financials of the company. First, I will give you a highlight of Q2 FY '24. Total income for Q2 FY '24 stood at INR95.7 crores as compared to INR123 crores in Q2 FY '23, a de-growth of 22% year-on-year. EBITDA for Q2 FY '24 stood at INR21.7 crores as compared to INR21 crores in Q2 FY '23, a growth of 3% year-on-year. EBITDA margin stood at 22.7%. Profit after tax for Q2 FY '24 stood at INR8.3 crores as compared to INR7.8 crores in Q2 FY '23, a growth of 6% year-on-year. PAT margins stood at 8.7%.

As far as the half year ended FY '24 performance is concerned, total income for H1 FY '24 stood at INR206.1 crores as compared to INR260.9 crores in H1 FY '23, a de-growth of 21% year-on-year. EBITDA for H1 FY '24 stood at INR54.3 crores as compared to INR49.4 crores in H1 FY '23, a growth of 10% year-on-year. EBITDA margin stood at 26.3%. Profit after tax for H1 FY '24 stood at INR23.6 crores as compared to INR21.7 crores in H1 FY '23, a growth of 9% year-on-year. PAT margins stood at 11.5%.

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



- Moderator:** Thank you very much. We will now begin with the question and answer session. We take our first question from the line of Mr. Aditya Khetan from SMIFS Institutional. Please go ahead, sir.
- Aditya Khetan:** Sir, first question is sir, what would be the utilization level for our first half as compared to FY '23 levels, only the utilization level, sir?
- Anurag Jain:** We do not give the exact sales in the figure, and therefore, we cannot give the utilization level because that will reflect the exact sales figures. But I can tell you that the quantities sold were lower from last year by about 10%.
- Aditya Khetan:** By about 10%. Okay. And sir, in your opening remarks and also into the presentation, we have stated that we are looking to increase our global market share from 10% to 12% this year. So sir, like the incremental capacity which we have added, you had stated that we have not got orders for that capacity. So at least for the nine months, we were not looking to book any orders. So material uptick in volume shouldn't be there for this fiscal. So how come our market share from 10% to 12% it can go?
- Anurag Jain:** So what we are saying is that we are looking at doing this. So basically, our aim is to grow to that 12%. And our target is to do it in calendar year '24.
- Aditya Khetan:** Okay. And sir, what is the status of the new capacity expansion? So have you received any new orders so we can we ramp-up the capacity faster than anticipated earlier?
- Anurag Jain:** No, no. So currently, as I told you, there has been some decrease in quantities. And in calendar year '24, we are looking to increase our wallet share in the global capacities. And that is when we expect to increase our capacity utilization. Post that, we can consider the further expansion.
- Aditya Khetan:** Okay. Sir, also the European market and the US market, so that continues to remain weak. So suppose are into a cycle, so where are we standing now? We are at the bottom? We are -- or we could see further pain? Or like because of anticipated pickup in demand from tyre front, there should be pickup? So where are you like standing in terms of a cycle?
- Anurag Jain:** So what I would say is that most of the geopolitical situations have played themselves out, and therefore, I would tend to believe that as far as the European market is concerned, this should be a place from where we could witness a little upside after some short period of time, not immediately, but maybe after six months.
- I do not see any further issues happening here, except for the fact, of course, that there is one geopolitical situation of the Gaza-Israel war. If that does not escalate, then we feel that, as far as Europe is concerned, that this could be it.
- Aditya Khetan:** Okay. And sir, into the North American market earlier sir, we were stating that it is a 40,000 tons market. So how much like penetration we have made? How much like volumes are we giving? Any sort of a market share number you can give in North America?



- Anurag Jain:** Once we make the penetration we will share the number with you. But currently, of course, we are looking to enter this market. We have not been successful enough to share the numbers with you.
- Aditya Khetan:** Sir, just one last question, sir. Have you heard any like competitors expanding the capacity further from the current level?
- Anurag Jain:** So we have heard of a Japanese competitor who have stated their intention to expand capacity by about 10,000 metric tons per annum.
- Aditya Khetan:** Okay. 10,000 metric tons. Any other players so Flexsys, have they indicated any sort of a capacity expansion?
- Anurag Jain:** Not to our knowledge.
- Aditya Khetan:** Okay. So sir, we can anticipate that the capacity addition would be limited at least for the next two years and considering that -- so the demand growth, so whatever there was capacity surplus that can be like fulfilled at least over the next two years?
- Anurag Jain:** That is what we are hoping for. That additional capacity, if there is a demand growth in the geopolitical situation stabilizes, then the pressure on capacity utilization should ease down a bit.
- Moderator:** Thank you, sir. The next question is from the line of Mr. Narendra from RoboCapital. Please go ahead, sir.
- Narendra:** So my first question would be what kind of volume growth are we looking for in the next, say, couple of years, two years, three years, if you could provide a better guidance on that front?
- Anurag Jain:** So what we are looking for, and what we are gunning for is to utilize our current capacities in the next two years, three years.
- Akshat Goenka:** We also have the approvals in place to sell out our entire current capacities. and we've had this in place even last year. It is not necessarily a new development. Last year, we were not able to get allocations and there were slowdowns and various things. So we are hopeful that at some point, we will get those allocations and be able to sell out the entire capacity.
- Narendra:** Okay. That helps. And on the realization front, sir, are we at the bottom? Or is there any further possibility of decline? And what's the outlook going ahead?
- Anurag Jain:** So as far as the realization is concerned, as you can see from our profitability, basically, realization is also a product of the input costs. So for example, even though realizations came down significantly from last year. But last year, they were higher because of the raw material costs and the raw material costs came down. But in spite of that, we were able to regain some of our margins over last year.
- Now, I mean, looking at the margin scenario, I would tend to believe that this is a level where it should stabilize the sales of astringent that is should stabilize. Plus, there is a reduction in the market demand over next year also, then there could be additional pressure on the margins.



- Narendra:** Okay. So how much of the input cost changes are you able to pass on to your customers, if you could throw some light on that?
- Anurag Jain:** So normally, raw material input cost changes are passed on either way to the customer. But there's always a lag because we have a quarterly or a six-monthly contract with them, and in some cases, annual also. So it depends on the next cycle discussions whenever we do negotiations, input costs form a part of that negotiation.
- Narendra:** So let's say, we have passed on, right?
- Anurag Jain:** So I would not say that 100% passed on either way. They are always considered during negotiation.
- Narendra:** So the margins are somewhat protected on that front, is that right to assume?
- Anurag Jain:** I didn't get your question, please.
- Narendra:** Well, I said that the margins are somewhat protected, is that right to assume that?
- Anurag Jain:** So as I said, for example, last year, the margins were quite squeezed. This year, they have improved a little bit. So this is how this happens.
- Narendra:** Okay. Got it. Understood.
- Anurag Jain:** What is the price that they are buying at. They will consider what is the input cost scenario? What are the competitors? All these things go into negotiation, its not only the input cost.
- Moderator:** Thank you, sir. The next question is from the line of Keshav Garg from Counter-Cyclical. Please go ahead, sir.
- Keshav Garg:** Sir, I'm trying to understand that quarter-on-quarter, if you see our revenue is down 13% on stand-alone basis, whereas our EBITDA is down by almost 1/3. So what is the reason that, sir, quarter-on-quarter, while there's so much impact, especially on the EBITDA level, has the demand deteriorated quarter-on-quarter?
- Anurag Jain:** Quarter-on-quarter? Yes. So quarter-on-quarter, as we said that there has been some reduction in the quantity as well as selling price. So therefore, there is a reduction in -- quarter-on-quarter, there is a...
- Keshav Garg:** Sir, I mean as compared to June quarter with September quarter Q2 versus Q1, wherein Q1 on stand-alone basis, we did INR31 crores EBITDA, which is down to INR21 crores since Q2...
- Anurag Jain:** One is the quantity. And one, of course -- in Q1, our margins were very big, which has come down in Q2, even though they are better than the Q2 last year, but they are lower than Q1 of the current year.
- Keshav Garg:** Sir, so now -- sir, is it due to operating deleverage kicking in? Or is it due to that we have passed on more price reduction than our cost reduction?



- Anurag Jain:** No. So as I said, the pricing changes happen on either quarterly or half yearly basis. So wherever there was a half yearly pricing change, that came into effect from 1st July, and the pricing change was passed on. So that is why the impact of that is there in the quarter ended 30th September.
- Keshav Garg:** Sir, so now going forward, what is the kind of feedback you are listening from your customers? Are you expecting the same trend to continue? Should we expect the Q2 numbers trend to continue? Or do you see this trend changing or further deteriorating or improving?
- Anurag Jain:** So our effort is to increase our quantities, that is the quantity that we sell. And when we achieve that, obviously, our EBITDA numbers should look better.
- Keshav Garg:** And sir, now as far as the realizations are concerned, should these realization be considered to be the rock bottom? Or is there still further scope of realizations going down further?
- Anurag Jain:** We hope that doesn't go down further. As I said earlier also in response to another question that if there is no further impact in the demand, our hope will be that the realizations that we have now should be the realization that should continue, sustain that is.
- Moderator:** Sir, line for the current question has got disconnected. We'll move on to the next question from the line of Mr. Nirav from Anvil Research.
- Nirav:** I have two questions. So one is a few years back when we were speaking about competition from China, so predominantly, they were, not on the continuous process and possibly because of which their realizations were also lower as compared to us. But when we now see for most of the companies there, they have now been on the continuous process. So latest being Yanggu Huatai, who has put up 40,000-tons capacity last year on a continuous process.
- So I just wanted to understand from you that, let's say, before three years, four years, when we were selling in the market and they were also selling in the market, those premiums, what we used to get, has that narrowed down at this point of time with Chinese becoming more aggressive in terms of setting up their capacities on continuous process? So that's question #1.
- Akshat Goenka:** So this has to be answered in two ways. There are certain areas in which the Chinese have got approvals and there, certainly, the premium has been compressed. And there are other areas where the Chinese are not approved or not considered a very reliable source of supply. So there, it is not a question of premium getting compressed or not because one is not competing with the Chinese. Where one has a direct competition with the Chinese, there certainly the premium has got compressed.
- Nirav:** Got it. Got it. So sir, when we see our portfolio of products, we generally have more towards high dispersion, high stability grades or the special grades. So let's say, out of the total volumes what we currently sell, of that portion, how much is immune from those competition levels where we...
- Akshat Goenka:** There is nothing like that now because the OT-20 product and everything has become a so-called special product and everybody has it. Then there are other products like OT-25 AS and OT-33, where the Chinese are not present, to answer it shortly.



- Nirav:** Got it. Got it, sir. And another question from my side is, if you can share about the world market currently, how much is -- how much of the capacity is now in China? How much is the consumption currently in China? If you can just share some broad picture about the global market, and how the market has been growing over the last three years, four years?
- Anurag Jain:** So I mean these are numbers which are not readily available with us...
- Nirav:** Just a broad perspective you can share.
- Anurag Jain:** See the broad perspective is that there has not been any growth in China in terms of what we hear in terms of consumption, and that is why the Chinese manufacturers have been a little bit more aggressive for selling into the Asia Pacific region. And world over also, in the last two years, we did not see any growth because we have seen compression in the European market. China has not grown, or if they've grown slightly over this in the current year, they are still below the 2019 numbers. So it's very difficult to say. But if you ask my gut feel then there has not been any growth in the global market this year.
- Nirav:** Okay. Because, sir, I was going through one of the articles, which were mentioning that in July, August, the Tyre volume growth in China was 10% up on a Y-o-Y basis as well as it was above 2018, '19 levels also in terms of the growth. And they have been now taking those price hikes also commensurate with the increase in the raw material prices. So here, probably sulphuric acid prices have not gone up, so they would not have taken those price hikes. But for other considering...
- Anurag Jain:** You're talking about sulphuric acid or sulphur?
- Nirav:** No, no. I'm talking about sulphur, so my apologies. So for sulphur last year, the prices were higher than it came down. So there the question of price increases were miniscule, but for other constituents of Tyre where the rubber chemical goes, they have been managed to increase those prices of the finished product. So just wanted to understand your perspective that, does second half looks better for the entire industry where the volume which we have clocked in Q2 could be considered as a bottom volumes, and now we could start seeing those ramping up of our sales quantities also to the export markets?
- Anurag Jain:** So I will answer you in two parts. Again, as far as global market is concerned, I would not be able to comment whether the global market will immediately increase in the second half, even though there has been a uptick in the Chinese market in the last quarter, but when I was talking -- I was talking about the whole year. As far as our own performance is concerned, yes, you are right, we should assume that what we have sold in the preceding quarter is something that we should improve upon in the next quarter. So that is how right.
- Nirav:** Correct. And sir, just a last clarification on that 40,000 tons of capacity, which your competitor has put up in China, so do you have any idea about that capacity being put into operation or how it is operating? Or has that suppressed some of the realizations in the export market? Any idea that would be very helpful, sir.



- Anurag Jain:** So you're talking about Huatai, Huatai is competing in the market. Wherever they are approved as Akshat just told you. So Huatai is competing in the market where product is acceptable and approved with certain customers. And there, of course, we have to consider their pricing also. Now whether this is coming from the new capacity or how much there is capacity utilization is something that which we don't have currently. Maybe by the end of the year, we will have those figures.
- Moderator:** We take the next question from the line of Karan Mehra from Mehta Capital. Please go ahead, sir.
- Karan Mehra:** A couple of questions from my end. Sir, have we seen any cost reduction on the raw materials given that we are seeing easing in inflation?
- Anurag Jain:** Year-on-year, obviously, there has been a substantial cost reduction. But if you talk about cost reduction in the current period. I would say, a little bit from quarter-to-quarter, but now they are more or less have stabilized. So within the last four months, five months, they are more or less been stable with a slight upside on some raw materials, slight downside on to some raw materials.
- Karan Mehra:** Understood. And sir, with increased radialization, how much excess demand are we seeing for insoluble sulphur going ahead?
- Anurag Jain:** So there are -- we do expect the domestic market to grow robust, and the growth rate being robust. And there are many factors, of course. There is the increased auto sales, increased infrastructure spending, increased use of commercial vehicles and radialization of commercial tires. Obviously, the radialization of passenger vehicle is complete. So these are the commercial tires where, again, rapidly radialization is happening. So that will add in the overall addition of demand for insoluble sulfur. But to say how much percentage will that constitute is difficult to say.
- Karan Mehra:** Sir, so are any of your peers planning to increase capacity in the near future? And how will this impact us in future?
- Anurag Jain:** As I have said earlier, the only capacity expectation that we are aware of is that of the Japanese competitor, who have declared a 10,000 metric ton expansion plan.
- Moderator:** We take the next question from the line of Mr. Keshav Garg from Counter Cyclical. Please go ahead, sir.
- Keshav Garg:** Sir, I'm trying to understand that, sir, what approximately would be the global capacity utilization for insoluble sulphur industry?
- Anurag Jain:** Global capacity utilization, I cannot give you that figure just now I will need -- because I have not total the global -- I don't have the total global capacity in front of me, but we can get back to you on that.



- Keshav Garg:** Sir, so what are you hearing from your customers when they must be demanding for a price cut due to increase in competitive intensity, sir, so that would give you some idea about the -- sir, what would you say that how much is the excess capacity globally?
- Anurag Jain:** Whether I say capacity utilization or excess capacity globally, it's the same thing. Yes, we know that there are unutilized capacities. Yes, we know that there is a pressure from unutilized capacity in China. But if you ask me as a percentage, that is something I cannot give you off-hand. So these are the two things. Whenever we talk to customers, there are some customers where we have the Chinese competitor. There, the talk is different. Elsewhere, they do talk about costs coming down and there are other ways of negotiation. But to say our customers talk about excess capacity is not correct. Because where we have long-term relationships, it's always about input costs coming down and adjusting the price and things like that.
- Keshav Garg:** Sir, so this increase in market share from 10% to 12%, by when do you foresee this happening, in how many years?
- Anurag Jain:** So our target is to have that by the end of calendar year '24.
- Keshav Garg:** Sir, so -- and most of this increase is expected to come from the USA?
- Anurag Jain:** Well, our increase is coming from new markets, which predominantly in North America. In addition to that, we are looking at entering with some new customers. That is the second thing. The third thing is that we are looking at increasing our wallet share in the domestic market, which, again, is the fastest-growing market in the world today. So that should also add to our overall global market share.
- Keshav Garg:** Sure, sir. And sir, also, sir, is there any continent that we are not yet penetrated at all, like, for example, Latin America, Africa or...
- Anurag Jain:** We are present in all continents today. If you ask me, we are selling in all continents today.
- Akshat Goenka:** China is the only place we are not present.
- Keshav Garg:** Okay. And sir, what about the Russian market, sir? Are we over there since the Western competition has withdrawn completely from that market?
- Anurag Jain:** So this is a matter of sanctions and all that.
- Keshav Garg:** Okay. Okay. And sir, finally, sir, in the insoluble sulfur that we are manufacturing, sir, are there any adjacencies where we can try to modify our products or make some derivatives or some value addition? And sir, or is it only the Tyre sector that this product can be -- can find application, and there is nothing else? Sir, in sulfur chemistry, I'm assuming there must be other areas, adjacencies, which we might...
- Anurag Jain:** See what happens that sulfur is available, for example today, sulfur is available at around INR14 to INR15 per kg. Our product is say, 8x to 10x that. Sulfur works as a vulcanizing agent. So only the Tyre companies where there the rubber and the Tyre needs to perform at a very extreme level. So it is only there that people will buy an expensive product.



- Keshav Garg:** So basically, rest all applications are low value added, so it doesn't make sense for us to look at them?
- Anurag Jain:** So no value -- no, what I'm saying is that they will not use insoluble sulfur until and unless the product that we make is the kind where the vulcanized rubber has to undergo extreme environments.
- Keshav Garg:** Sure, sir. And sir, by when do you foresee this demerger finally taking place?
- Anurag Jain:** So the matter is in front of the NCLT court. And they have to give the approvals. Once we have the approvals from them, then it will move forward.
- Moderator:** The next question is from the line of Aditya Khetan from SMIFS Institution. Please go ahead, sir.
- Aditya Khetan:** Sir, as you mentioned that the sulfur prices, generally, they are at around INR10 to INR12 per kilo. So sir, similarly, how much...
- Anurag Jain:** INR12 to INR15, I did not use the word INR10...
- Aditya Khetan:** Okay, sir. And sir -- so sir, similarly, how much would be the coating oil prices also per kilo, if you can like specify a range also for that?
- Anurag Jain:** Say from about INR100 to INR135 a liter, not kilo.
- Aditya Khetan:** INR100 to INR135 per kilo?
- Anurag Jain:** Yes. Okay. You can say per kilo, right.
- Aditya Khetan:** Okay. INR100 to INR135. Okay. Sir, for the full fiscal FY '24 -- so I believe so half yearly, we are down by 10%. So for FY '24, like we are building in our flattish volume growth as compared to FY '23. So there should be like uptick in second half, or like we would still be down at around like a 5% to 10% for full fiscal FY '24?
- Anurag Jain:** No, we hope not to be down, and we hope to be better than FY '24 in quantity terms.
- Aditya Khetan:** And sir, so like...
- Anurag Jain:** In FY '24 in quantity terms than last year.
- Aditya Khetan:** So that means sir, like -- so there would be a volume growth of around 15% to 20%, you mean to say in second half, like we are down by 10%?
- Anurag Jain:** See even last year, the second half volumes were lower than the first half volumes. So that is one thing. And then obviously, we are looking at increasing our volumes in H2.
- Aditya Khetan:** Okay. And sir, this volume uptick which you are mentioning in the second half, so this should be largely led by the newer capacity or from the existing capacity only we will be getting?



Anurag Jain: So it doesn't matter because what matters is what percentage of capacity utilization is there, right? So whether we are using the old plant or the new plant that is something that we keep using. Even now at lower capacities, we are using the new plant also for production.

Aditya Khetan: Okay. Other expenses part on quarter-on-quarter, there is a jump of 4% despite like declining the top line and your volumes by 10%. So like I think the freight cost and power costs also have been normalized. So which is that component like which has gone up in this quarter?

Anurag Jain: So one, of course, is that we had annual shutdown with the sulfuric acid plant so some repair and maintenance costs are there. You're talking about H1 to H1, right?

Aditya Khetan: Quarter-on-quarter.

Anurag Jain: Quarter-on-quarter. Okay. And then obviously the normal -- growth in the normal inflation and salary growth is there. Some repair and maintenance cost are there. These are the major issues. These are -- this thing.

Aditya Khetan: What would [inaudible] like INR3 crores, INR4 crores or some...

Anurag Jain: Yes.

Aditya Khetan: Sir, INR3 crores, INR4 crores, right, sir?

Anurag Jain: Just give me a moment. Are you talking about quarter-on-quarter or preceding quarter?

Aditya Khetan: Others are for 4% and -- sir, like we have -- even if you look on the half yearly basis, so it is down by around 30%, but sir, our volumes are down only by 10%. So this additional decline in other expenses...

Anurag Jain: Half yearly additional decline is basically because of freight, which was very high last year -- this time last year. So the major component is freight in that.

Aditya Khetan: But sir -- okay. So -- but sir, majority of the price index...

Anurag Jain: So freight has come down quite substantially from around INR26.5 crores to INR9.5 crores.

Aditya Khetan: Okay. INR15.5 crores to INR9 crores, okay, INR9.5 crores.

Anurag Jain: INR26.5 crores to INR9.5 crores.

Aditya Khetan: So freight costs has come down, so this should benefit, like, but your cost has gone up so...

Anurag Jain: No, it has not. It has come down. That is what I'm saying. From -- other expenses will be INR80 crores to INR55 crores.

Aditya Khetan: Okay.

Anurag Jain: Where has it come down and I am confused...



- Moderator:** We take the next question from the line of Viraj Shah from Shah Investments. Please go ahead, sir.
- Viraj Shah:** Sir, just wanted to follow up on one of our participant's question. What would be our strategy for capturing the North American market? And have we secured any notable partnerships over there?
- Akshat Goenka:** We have all the approvals in place, as I mentioned. It all depends about getting the allocations.
- Viraj Shah:** Okay. And sir, regarding Europe, when do we expect things to normalize over there, if you could share some time line or something like that?
- Akshat Goenka:** I would love to. If I knew, then I would do lot of things.
- Viraj Shah:** Sir, any update or any extent we are seeing realization decline given by the China inventory build-up and decline demand from the Europe?
- Anurag Jain:** I think all these issues have already played up in the market. Whether they continue to play up further is a matter of speculation. But I think most of it has played -- already played in the market.
- Viraj Shah:** Okay. And sir, if we get any updates on demerger front, what stage are we currently at?
- Anurag Jain:** So currently, our demerger application is pending before the NCLT. And we await their approval.
- Moderator:** The next question is from the line of Mr. Jigar Shah from AK Securities. Please go ahead, sir.
- Jigar Shah:** Sir, I just had one quick question. What is our debt strategy and going forward? And can you share the time line that when we can reduce it further?
- Anurag Jain:** Produce what?
- Akshat Goenka:** Reduce.
- Anurag Jain:** Reduce. I think Akshat has already said that we have already -- we did already prepay debt in the first half. In fact, in the first half, we prepaid -- we paid a debt of INR25.5 crores. And in the second half, because of the prepayment of most of the debt which was due in the second half also and about INR4.5 crores of the debt, which was due after 31st March '24 also. So in the next six months, it should reduce by further INR10.35 crores. So our long-term debt is already substantially lower than what it was at the beginning of the year, which was at INR104.09 crores, and which is at INR78.5 crores as on 30th of September. And it should further reduce by about INR10.5 crores by the end of the year.
- Moderator:** Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for closing comments.
- Akshat Goenka:** I'd like to thank everyone for being part of this call. We hope we've answered your questions. If you need more information, please feel free to contact us or Mr. Deven Dhruva from SGA, our



IR Advisors. I'd also like to extend my heartfelt wishes for the upcoming festive season. Thank you so much.

Anurag Jain:

Thank you.

Moderator:

Thank you. On behalf of Oriental Carbon & Chemicals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.