November 13, 2023

The National Stock Exchange of India Ltd. Listing Department Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 **Company Symbol: DMCC**	**BSE Limited** Department of Corporate Services Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 **Scrip Code : 506405**

Sub: Transcript of Conference Call held on November 10, 2023, with investors and analysts on the financial performance of Q2FY24.

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, we are enclosing herewith the transcript of the Conference Call held on Friday, November 10, 2023, at 12.30 p.m. (IST) with investors and analysts on the financial performance of Q2FY24.

The said transcript will also be made available at the website of the Company at www.dmcc.com under Investors>>Announcements>>Analyst Investor Meets>>Investor Conference Call.

You are requested to kindly take the same on your record.

For DMCC Speciality Chemicals Limited
(Formerly known as "The Dharamsi Morarji Chemical Company Ltd)

OMKAR CHANDRAKANT MHAMUNKAR

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Omkar Mhamunkar
Company Secretary & Compliance Officer
ICSI Membership No. ACS 26645
Encl: As Above

DMCC Speciality Chemicals Limited

Formerly known as The Dharamsi Morarji Chemical Company Limited

Q2FY24 Earnings Conference Call

10th November, 2023

Management Participants

Mr. Bimal L. Goculdas – CEO and Managing Director

Mr. Sunil Kumar Goyal – Chief Finance Officer

Mr. Omkar Mhamunkar – Company Secretary and Compliance Officer

Investor Relations Advisor

Abhishek Mehra – TIL Advisors

DMCC Speciality Chemicals Limited
Q2 & H1 FY24 Earnings Conference Call

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY24 earnings conference call of DMCC Speciality Chemicals Limited hosted by TIL Advisors.

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

I'll now hand the conference over to Mr. Abhishek Mehra from TIL Advisors. Over to you, sir.

Abhishek Mehra: Welcome everyone and thanks for joining this Q2 & H1 FY24 earnings conference call of DMCC Speciality Chemicals Limited. The investor updates have already been uploaded on the stock exchange, company website, and emailed to you. In case you do not have a copy of the same, please feel free to reach out to us. To take us through the discussion, we have with us from the management team, Mr. Bimal Goculdas – Managing Director and CEO; Mr. Sunil Goyal – Chief Finance Officer; and Mr. Omkar Mhamunkar – Company Secretary and Compliance Officer. We will be starting the call with a brief overview of the business and the financial performance in Q2 FY24, which will be followed by the Q&A session. I would like to remind you all that everything said in this call, reflecting any outlook for the future which can be construed as a forward-looking statement, must be viewed in conjunction with the risks and uncertainties that the company faces. These risks and uncertainties have been mentioned in our annual report.

With that said, I would now like to hand over the call to Mr. Bimal Goculdas. Over to you, sir.

Bimal L. Goculdas: Good afternoon ladies and gentlemen. Thank you for attending our investor conference call. I'd like to give you a brief update on the operations in the first half of this year as well as the quarter. As you've probably seen from the numbers, the top line looks lower compared to last year and lower compared to the previous quarter as well. And I will go into some of the reasons for this. We had Rs. 77 crores sales as compared to Rs. 86 crores in the previous quarter and Rs. 105 crores in the same quarter of the previous year. Similarly, there's a drop of about Rs. 56 crores if you compare this year's half year versus last year's half year. A lot of the reduction is due to the reduction in prices. As I'm sure all of you are aware, last year was very high on the commodity pricing. Then, there was a drop. Now, at least the good thing is that the prices are more stable than before and they've not given us any shocks in this quarter. But since we need to pass on the changes in prices to our customers, especially the larger volume customers, you see a drop in the top line.

In terms of profits, we are slightly lower, about Rs. 1.30 Cr lower than the previous quarter, but slightly better than last year. There's a difference of about Rs. 6 crores. That's largely because in the last year of the same quarter, there was a sudden drop in the commodity pricing and we had to take a hit at that time. If you look at the 6 months results, we are about Rs. 1.15 Cr better than last year.

We serve different sectors. We have a commodity chemicals business, mainly sulphuric acid, oleums, and chlorosulphonic acid. That is sold close to the factories. One of them is in Dahej in Gujarat and one in Roha in Maharashtra. And then based on that, we are making downstream products which go into a wide range of end users. What we are seeing is that in some end users, the consumption is down substantially. We have, for example, a pigment in one of the end users, which was down last quarter and was down the previous year, but now we are seeing signs of it reviving. Similar situation for the dyes segment. But in other sectors, particularly agrochemicals, we are seeing still a decline. And just like all of you, I'm also reading all the reports about the large agrochemical companies and a lot of the performance is down because of lack of consumption, destocking, and other such factors which are really not in our control. We were expecting that the destocking cannot continue forever. For example, in agrochemicals, the end product is ultimately food. And I don't think anyone is eating less food. So, the demand should come back. We don't know when it will come back. It's also connected to the expiry date of a lot of the agrochemicals because pesticides and insecticides have an expiry date. And then after that, they need to be brought back into the manufacturing location and then reprocessed. If they are reprocessing existing stock, they will not buy new raw material, which I also believe is a factor in the reduced demand in this area.

The China factor is also there. The Chinese have become extremely aggressive on pricing and their economy is down internally. China is one of the largest chemical producers and consumers in the world. When their consumption is down, it does mean that they have a lot more upstream or raw materials to put into world markets. And that has caused a glut in some areas. It has caused a little bit of dumping. And right now, given to understand from what I read in the press is that the Chinese government is focused on encouraging the manufacturing industry as against the construction industry, which they have been encouraging for the last many years. We all know what happened to the big construction companies in China. Several of them have gone bust. Others may also follow through. So, the Chinese government has shifted focus to manufacturing once again.

If you look at some of the positives which I would also like to share with you is that as a company, we are focused on sustainability because we believe that in the long term, that's the only way to go. And one of the main projects we had this year, which was commissioned sometime in August, was a power generating set based on steam from waste heat recovery. This was at Roha. At Dahej and Roha, now we have reduced our dependence on the grid, reduced our carbon footprint further, and we are quite well placed. We hardly burn any fossil fuels in any case. What we've also done is, we are continuing to do process development. We are looking at some products in different areas. One of them I mentioned was in automobile fluids which we hope to see some commercialization either next quarter or following quarter. Cash flow-wise if you had a chance to look at the cash flow statement, we had pretty healthy cash flow in this year for the first 6 months, almost Rs. 30 crores versus about Rs. 6,80,00,000 cash flow from operations. This has allowed us to repay some of the loans and also invest in the CapEx projects as needed.

With that, I will hand it back to you, Abhishek, and I'm open to any questions.

Moderator: Ladies and gentlemen, we will now begin with the question & answer session. We will wait for a moment while the question queue assembles.

We'll take the first question from the line of Anuj Mehra, an individual investor. Please go ahead, sir.

Anuj Mehra: I have a couple of questions. My first question is more on the revenue side. Although you did throw some color on the reasons of the drop in the revenue, but I particularly wanted to understand the drop that we have witnessed in terms of drop because of the volumes and the realizations. I understand you do not particularly get into product-specific pricing, but even segment-wise should give us some clarity because these numbers are as good as the pre-CapEx numbers that we had looked at in September 2021. If you can throw some light, that will be supremely helpful.

Bimal L. Goculdas: I can share some numbers with you on an overall basis. We had a drop of about Rs. 60 crores due to pricing. And we had an increase of about Rs. 5 crores due to volume. You've asked the correct question because we've made all the investments. We had investments in 2 spaces. One of the investments was in the sulphuric acid and allied plants, the upstream products and then the downstream. In terms of the sulphuric acid side, we are operating at a pretty good capacity, 90% plus, and things are quite fine on that. Of course, the commodity chemicals have a lower margin. And on the speciality side where we've seen the large drop or in fact not achieved what we were supposed to achieve is where we are feeling the pinch. And that's consequent to what we are seeing globally in terms of slower markets.

Anuj Mehra: Just a follow-up question there. Do you also think that in terms of price volatility you've looked at the rock bottom prices or do we still see more pain?

Bimal L. Goculdas: We can't predict that. We don't know what the Chinese will do. According to us, they are already at or near zero margin levels. But they get pretty good subsidies from their government. They are getting between 12% to 14% export subsidy. If that continues, they can continue to operate at zero margins and just take that. Hard to predict how far and how low they will go. But if you compare to any free market economy, then we are at the bottom.

Anuj Mehra: Sir, my second question was just directed towards the industry scenario as you started commenting. I believe in the last 5 to 6 or even 7 years, the entire industry and even us, we've done a lot of CapEx and a lot of that CapEx that we are looking at has started backfiring. There have been demand issues. Earlier, there were inventory issues as well. Destocking you mentioned rightly. And now, again, we are hearing about Chinese dumping. And I wanted to ask you this question also because you've been the president of ICC in the past and you've made a lot of representations. Is the body actually addressing any issues or are there going to be any steps anti-dumping duties, so on and forth that we can look forward to, to protect or safeguard the interest of domestic manufacturers?

Bimal L. Goculdas: ICC has raised a lot of issues. We don't go product-wise. The product-wise would be the job of individual companies. But we can represent in general to the government and we do. What we are seeing is in the past couple of years, there have been several macro issues. First, you had, of course, COVID. Everybody panicked, everyone built up stock of everything, and then the demand didn't come through. So, there was destocking. This Europe war has also made Europe a completely dead place as far as consumption is concerned because their energy costs have become absurd. Even now, they are much higher than pre-COVID days, and which makes European manufacturing itself almost unviable without some kind of protection. Now that the resultant increase in inflation in India because of tightening of money elsewhere. For example, in the US, the interest rates are at really high levels. That means more money flows into the US. India has to increase interest rates to control inflation. And unfortunately we can't comment on that. But the government is focused on reining-in inflation. There have been several cases where the DGTR has actually recommended anti-dumping. But the Finance Ministry has knocked it down. Although there is no outgo required from Finance, they are trying to protect the inflation rate. As we see the inflation rate cooling off and it has started to cool off and we will see some easing of the monetary policy, we hope that the Indian government also will give some semblance of protection. We get almost no export benefits; zero in fact. We don't even get back some of the taxes that we pay. We are exporting taxes. The ICC has taken it up at all levels, and it has been partially compensated but not fully. And to compete with a major producer like China who actually gets export subsidies is not very easy. So, we are representing, but I can't say we've had the desired success.

Anuj Mehra: Sir, one last question. The numbers that we are looking at…. Again, my question is going to be at a broad level, not at product-specific level. But it seems that we've lost our pricing power and it seems to be like a commodity chemicals business right now. This doesn't seem to be purely because demand has been an issue because you just mentioned volumes have been rising. So, what should we understand? Is it because like for the last 5-6 years, there were pollution issues in China and hence we were looking at good margins and a good demand or are there any other reasons?

Bimal L. Goculdas: Just to clarify, the pricing issue is one thing which can affect your margin, but in the volume terms, we are not losing market because of pricing. The way our company is positioned that whatever products we are in, we are amongst the lowest cost producers. We are backward integrated more so or at least as much so as our competition, whether it's domestic or international. We've got our own sources of energy including steam and power now. We are not inefficient as compared to anybody. And in the speciality chemicals that we make, we are a major global producer. So, we have the scale as well. We have the scale, we have the backward integration; so that's not an issue. The main issue is in fact the volume. And the way we've made investments over the past few years, we have the capacity that as and when the demand comes, we will be there to supply. It's not that we've lost market share because of price. I just wanted to clarify that.

Moderator: The next question is from the line of Parth Agarwal from Bastion Research. Please go ahead, sir.

Parth Agarwal: Sir, my question is regarding the current operating environment. You have been in this business for decades, and I'm sure you've seen a lot of cycles play out. And I just wanted to get your perspective on this downturn as to how you are seeing this one. I'm asking this because this time around, the entire industry is in a bad shape and it has not been restricted to any particular part of the industry. Also, we are hearing that obviously there are demand side issues and China supply issues and then geopolitical scenario that is played out. Everything seems to have coincided at a point in time. From the industry standpoint, how are you tackling this situation? And do you see this ending in the near term or at least do you see things bottoming out from here?

Bimal L. Goculdas: To give you a very quick answer that we surely expected to come back. And there are several reasons for it. India is the only place outside of China where you can get a substantial quality and quantity of not only chemicals but also the manpower and the equipment needed to make those chemicals. So, India will grow – the chemical industry. But more than that, Indian consumption also will grow. Today, if you travel anywhere in the world, you will see everybody is depressed and it's a very negative sentiment, Europe particularly. Their energy cost and immigration crisis and all these things have caused a lot of headaches for them. And there, everything is negative. If you look at India, by contrast, everyone is positive. Chemical industry may not be going through a good phase right now, but look at other industries. That will lead to better consumption. You can't make anything without chemicals. Whether it is construction of buildings, whether it's construction of roads, or even the fabrics and clothes that we wear, there's nothing you can do without chemicals. I believe firmly that in the long term, the chemical industry will be positive. And it's connected to India's growth as well as connected to India's geopolitical position. We are considered a reliable partner. We are considered a sizable partner. And it's just a question of the whole scenario changing globally, which will result in not only DMCC but all other companies which have made investments and are continuing to make investments. We will see the upside. I can't predict when, but on the whole, I don't think there is any better alternative to China than India in terms of chemicals.

Parth Agarwal: I have just a couple of more questions. One on the investment side. You mentioned that you've made an investment in waste heat recovery system. I just wanted to understand the sort of investments that you have made and the resultant cost savings that we expect from this investment.

Bimal L. Goculdas: This is connected to a more efficient turbine. It has several investments. First, we made investments to increase our steam generation from our sulphuric acid plants. Some time ago – a few years ago – we were generating about 1 tonne of steam per tonne of sulphuric acid. Now it's close to 1.3. Then, to consume that steam, we step it down from high pressure to low pressure and we're generating power. So, we've invested in a more efficient power generation set. The last investment was not very big. It was under Rs. 15 crores or so total. And we expect a payback of 2-3 years on that. But it's not the only investment. This investment we've made over a period of time overall in sustainability.

Parth Agarwal: A final question from my side. After a long time, we are hearing about a new product on the boron side. The situation finally improved on the boron side of the business? Can you talk a bit more about the product? Maybe the opportunity size and the margin profile of the new product that has been introduced?

Bimal L. Goculdas: On the boron side, the supply situation has surely improved, and we expect to grow from here. I don't like to give very forward-looking statements, especially for new products. But I can say that the potential for the product we are looking at is several thousand tonnes even within India, and it's an import substitute product. But again, how much we get of that and when we get it will depend on customer approvals.

Parth Agarwal: Any color on the margin profile? Is it better than the current….?

Bimal L. Goculdas: It will be a speciality chemical margin.

Moderator: The next question is from the line of Jeevan Patwa from Sahasrar Capital. Please go ahead, sir.

Jeevan Patwa: One question is on the boron side. Have we taken the decision to invest in the technical boron acid plant?

Bimal L. Goculdas: We've done some debottlenecking. No major investments. But as I said, now we have no issue on the supply side.

Jeevan Patwa: For these 3 products that we are talking, which is the area where these products will go- the end user?

Bimal L. Goculdas: One of them the final end use is like in cosmetics, one of them is in automotive fluids, and the other one is a pharma intermediate product.

Jeevan Patwa: Mostly these will be for domestic?

Bimal L. Goculdas: Yes, we are not targeting these for exports. These are for domestic markets.

Jeevan Patwa: Whatever CapEx we have done on the speciality side, that was for specific products for specific clients, right? So, basically you are saying the demand from the client is not picking up. Whenever the demand from the client will pick up, we will have the delivery from those plants.

Bimal L. Goculdas: Exactly. We've already made the investments. You know we've been making investments over the last 2-3 years and we don't need to make any further investments for those products which we were planning. As and when the demand comes back, we will be able to supply right away.

Jeevan Patwa: These plants are multi-purpose plants. Can these plants be used for some other purpose or can we utilize this capacity for some other purpose?

Bimal L. Goculdas: In fact, all are not multi-purpose. One particularly was dedicated. For example, if the market for these new products develops that I just discussed, we won't need any significant CapEx.

Moderator: We'll take the next question from the line of Mr. Aman Vij from Astute Investment Management. Please go ahead, sir.

Aman Vij: My first question is on the 3 new products. If you can talk about what is the combined market size of these 3 new products in India as of now, and how many other players already make these products?

Bimal L. Goculdas: The total market is of the order of about Rs. 200 crores. We don't know exactly, but none of it is made in India. It's largely imported and that's what we are targeting.

Aman Vij: When do you see the impact of sales of these new products? Is it coming online in H2 all of them or when do we see a good contribution of these products to our top line?

Bimal L. Goculdas: Aman, you know better than me you asked me a forward-looking question, but I will surely keep the shareholders informed as these things develop.

Aman Vij: But have we launched all 3 products or will it be done over the next few quarters?

Bimal L. Goculdas: Yes, we have had trial commercial quantities sent out.

Aman Vij: Of all the three?

Bimal L. Goculdas: Yes.

Aman Vij: We are running at almost peak utilization in our commodity business, but what is the current utilization in speciality business?

Bimal L. Goculdas: It's about 50%.

Aman Vij: At the peak, what was it? A few quarters back, we used to do Rs. 60 crores to Rs. 70 crores sales in speciality. What was the utilization at that?

Bimal L. Goculdas: We expanded the plant. It's not comparing apples to apples. At one time, we were running at close to 80% to 90% for some of the products, which is why we made the investment. But then, the market has not picked up. The market has gone down, in fact.

Aman Vij: If you can talk about what has been the realization fall in our speciality products basket?

Bimal L. Goculdas: Yes, I mentioned that as an overall picture, the realization drop has been almost Rs. 60 crores.

Aman Vij: If you can talk about, say, X was the realization a few quarters back, what it is today? Is it like 30% down or 50% down?

Bimal L. Goculdas: I wouldn't know that off-hand but it's substantially down.

Aman Vij: You're saying also in speciality it is substantially down?

Bimal L. Goculdas: Yes. In speciality, the issue is not of the margins and things like that. The issue for us, as I mentioned, is more that the demand itself is down. The commodities are largely affected by the change in the pricing, raw materials change, immediately you have to pass on the price. The specialities are more gradual and more structured in terms of variations. But the volume loss is what is hurting us, or rather the absence of volume gain that we were expecting when we made the investments.

Aman Vij: Just to understand this point a little more in detail. For example, if the commodity products have a drop in pricing of, say, around 50%, how does it impact our speciality margins?

Bimal L. Goculdas: No, there's no connection like that.

Aman Vij: So, is it safe to assume that speciality margins are linked to basically volumes and the utilization of the plant more compared to….?

Bimal L. Goculdas: Yes, the absolute margins are surely linked to that. And to some extent, even in terms of the total EBITDA – how many crores I would make – is surely dependent on the volumes. These are the same people; we can't let go of the people. Some equipment keeps running whether you are producing 10 or 20. It's not something which you can directly switch on and off.

Aman Vij: Is there any impact of Chinese dumping in our top 3 speciality products as well?

Bimal L. Goculdas: As I said before, there is some impact, but I feel that a much bigger impact is of the lack of volumes. That's my burning problem today.

Aman Vij: For example, in speciality products in other companies, because these are very niche products, they get some visibility from their customers in terms of where they are thinking about procurement and all those things. Do we have like 6 months forward visibility or a year forward visibility? It's difficult to predict when things will change. But sometimes the customers themselves tell you that maybe 6 months down the line, they are expecting things to go back. I was just trying to indicate have we gotten an indication from our customers?

Bimal L. Goculdas: The only thing they have told us is that for up to the end of '23, they have a muted demand. They haven't given an idea of what next after that.

Aman Vij: January onwards, we might get an update, say, in the next 2-3 months what kind of demand can happen?

Bimal L. Goculdas: You are putting words into my mouth? I said up to December, it's not going to be good. After that, I don't know if it will be good or bad.

Aman Vij: Just one question on the balance sheet as well. There was this fall in some of the regular costs like employee costs and power costs. If you can talk about what was the reason for the fall in these costs?

Bimal L. Goculdas: One of the things is, of course, that last year the freight was very high. So, anything connected to ocean freight would be much lower this year. In terms of power and fuel, I already mentioned that during the last quarter we commissioned our own power generation set. Some effect is seen in these numbers, but the larger effect will be seen in the coming quarters. And we had good operating cash flows which we used to pay down some of the loans. So, our finance cost has come down compared to the previous quarter, although it's higher than the previous year. These are largely some of the things which have reduced.

Aman Vij: Employee costs, on that part?

Bimal L. Goculdas: Employee costs could only be probably bonuses and all that, which has come down. There is no real change of this in terms of absolute numbers of people.

Aman Vij: My next question is on the R&D side. If you can talk about the number of people we currently have, and if you can talk about our plans of additions as well as what is the average age of our R&D team?

Bimal L. Goculdas: Average age I wouldn't know, but I can say in general that we have done a positive trend in the sense we've reduced our average age, but I don't have an absolute number for you. We continue to invest. We haven't increased our team in this year, but we have 20 to 25 people working on R&D at any time.

Aman Vij: On the commodity side, some of our peers who are into the sulphuric acid chemistry reported very decent margins and numbers this quarter. I understand it might be a regional thing, but I was expecting the margins in the commodity side to improve a lot. If you can talk about the same?

Bimal L. Goculdas: No, it hasn't been good. In fact, for us, we've seen margin pressure on the commodity side.

Aman Vij: So, does it happen that some players who are into that same sulphuric acid chemistry report good margins and others are reporting losses or break even? Does it happen often?

Bimal L. Goculdas: It is location-wise. I'm not sure which areas you're referring to where there are good margins on sulphuric acid, but according to me, at least on the western side of India, there was no such thing.

Aman Vij: My final question is on the boron side. What is the utilization are we currently running at?

Bimal L. Goculdas: Again, the availability has increased of the raw material. We've done a debottlenecking exercise. Again, we have several products in boron. In some of the specialities, we have better realizations. One of the products which goes into agriculture was not very good because it was something to do with the rain. But on the whole, I would say we are around 60% or so but that's a rough number.

Aman Vij: And with the new product introduction and you were talking about some more traction, you think this can keep inching higher?

Bimal L. Goculdas: It will go up; there's no question.

Moderator: The next question is from the line of Saurabh Jain from Astute. Please go ahead, sir.

Saurabh Jain: Continuing with the previous participant's questions, I just wanted to understand that other expenses in this quarter is about Rs. 11 crores versus Rs. 14 crores in the same quarter last year. Any reason for this?

Bimal L. Goculdas: Mainly logistics.

Saurabh Jain: I wanted to clarify that the sulphuric acid price, which is a commodity, moves from Rs. 5 a kg to Rs. 15 a kg or even down. Are the speciality product prices also that volatile? Can they be 3x or one-third of x? Just to give you a perspective, say, if the sulphuric acid price from Rs. 10 becomes Rs. 5, so it's gone down by 50%. The speciality product prices also vary by that much?

Bimal L. Goculdas: No, not that much. The only time it was varying substantially was during the COVID time when there was much fluctuation both ways. But again, the variation is not like this.

Saurabh Jain: With the historical context only of the last couple of years, sulphuric acid price can be 100 and can become 300 – I'm just giving as an index – but in the speciality products, what kind of range might they move in?

Bimal L. Goculdas: The way we work with our large customers is also on a formula. But in the specialities, the raw material component is a small percentage of the selling price compared to sulphuric acid. Even if there is fluctuation in the commodities, there would not be such a fluctuation in the specialities. There's not an accurate range I can give you, but what we like to do with all our large customers is have a pass-through mechanism and formula pricing based on the raw materials.

Saurabh Jain: Because, where I'm coming from is, if it's a speciality product, even with the change in the prices of the commodity chemicals, typically there is not a very big change in those finished product prices. This is what I understand.

Bimal L. Goculdas: It depends on how it's structured, how much of the speciality, and what is the competition. Our position is that when we're talking about specialities which have some performance built into them and all that, we don't want to either make money or lose money and neither do our customers want to, on variation in very basic inputs. So, we would rather keep that aside and focus on the delta which we provide and which is fair and which is agreed with the customer and that's the best way to continue instead of doing a lottery type of situation. And if you sometimes try to jack it up, you encourage competition; if you keep it too low, then you're underselling yourself. So, according to me, the right way for those customers who have regular business is to have a formula.

Saurabh Jain: Just last 1 or 2 questions on the new products. We've talked about these 3 new products, and in the past, you have sort of alluded to that typically the margins of the newer things that you do may be better and you had actually given us a percentage also, but any sense that you have for these new products what could be the margins and profitability?

Bimal L. Goculdas: Yes. The same as I mentioned before. We don't work less than that for the specialities. Today, our problem is not the percentage margins. It's really the volume of the specialities.

Saurabh Jain: And if I can just put a number to it, I think we've spoken about the new products with a 20% to 30% PBT margin also, more like 30%. Obviously, the environment has changed a lot since then. But are we still targeting those kind of margins on these new products, or we might need to tone that down?

Bimal L. Goculdas: No, not at all. For the kind of effort you need to do in R&D, market development and all that, I think if it's less than that, you should not work on it.

Saurabh Jain: So, are you saying even a 30% PBT margin is a possibility? Obviously, a lot of things need to pan out.

Bimal L. Goculdas: Yes.

Saurabh Jain: And these are primarily import substitute products. So, you don't really have any manufacturers in India doing this?

Bimal L. Goculdas: None.

Saurabh Jain: One is boron linked and the other two are sulphur based?

Bimal L. Goculdas: Yes.

Moderator: Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Mr. Bimal Goculdas for closing comments.

Bimal L. Goculdas: I'd like to thank you all for taking the time to attend. I know that there are many conferences today. I appreciate the questions. I appreciate the feedback. I'd also like to say that as management, we also learn something. From the way you all are asking the questions, we learn to understand you better, we learn to question ourselves better, and I'm always in favor of these type of questions which have been very to the point and very incisive. I also would like to take this opportunity to wish you all and your families a Happy Diwali and healthy and prosperous and safe New Year and wishing you all the best and we'll be in touch again. Thank you.

Moderator: On behalf of DMCC Speciality Chemicals Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.