OCCL LIMITED

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Date: November 27, 2024

The Manager
BSE Limited
Department of Corporate Services,
Floor 25, P. J. Towers,
Dalal Street
Mumbai - 400 001
Code: 544278

The Manager
National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra Kurla Complex
Bandra (E),
Mumbai - 400 051
Symbol: OCCLLTD

Dear Sir,

Subject: Transcript of Earnings Call Q2 FY25

This is further to our earlier letter dated November 25, 2024, regarding audio recording of Q2 FY25 Earnings Call held on November 22, 2024, please find enclosed herewith the transcript of the Earnings Call. The same is also uploaded on the Company's website. Following is the link:

Transcript of Earning Call Q2 FY25

This is for your information and record.

Thanking you,

Yours Faithfully,

Yours truly,
For OCCL Limited
PRANAB KUMAR MAITY
Digitally signed by PRANAB KUMAR MAITY
Date: 2024.11.27 12:35:55 +05'30'
Pranab Kumar Maity
Company Secretary & GM Legal

Encl.: As above.

“OCCL Limited

Q2 & H1 FY '25 Earnings Conference Call”

November 22, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 25th November 2024 will prevail.

Management:

1. MR. AKSHAT GOENKA – PROMOTER AND JOINT MANAGING DIRECTOR – OCCL LIMITED
2. MR. ANURAG JAIN – CHIEF FINANCIAL OFFICER – OCCL LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Q2 and H1 FY '25 Earnings Conference Call of OCCL Limited. 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 the star then zero on your touch-tone 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 Limited. Thank you and over to you, sir.

Akshat Goenka: Good morning and a very warm welcome to everyone. Along with me, I have Mr. Anurag Jain, CFO and SGA, our IR advisors. We have uploaded our results and investor presentation for the quarter and half year ended 30th September on the Stock Exchanges and Company website. Hope each one of you had a chance to go through the same.

After a successful de-merger, we are pleased to present the financial results for OCCL Limited. The quarter ended September 2024. Revenue for quarter 2 FY '25 stood at INR104 crores. EBITDA stood at INR19 crores with a margin of approximately 18.5%. PAT stood at INR8 crores. The company is navigating a challenging global environment marked by high inflation, tepid demand and lower realizations for chemicals worldwide, as well as high international freight rates.

Demand in Europe, the company's second largest market, has been weak due to macroeconomic and geopolitical factors. Additionally, production capacities globally currently exceed demand, putting a pressure on price and margins. This trend is expected to persist until capacity and demand reach equilibrium.

To address the issue of low-cost imports, the company has also submitted an application to the DGTR seeking a recommendation of anti-dumping duty on insoluble sulphur imports from China and Japan. Going ahead, we anticipate significant growth in the Indian market for insoluble sulphur compounds due to the expanding tyre industry. Demand for premium long-lasting tyres is increasing.

The production of tyres is largely dependent on insoluble sulphur, an essential vulcanizing ingredient that gives rubber more strength and flexibility. The tyre sector will likely use insoluble sulphur more due to the demand for environmentally friendly production techniques and advancements in tyre technology. It is anticipated that Indian tyre manufacturers will allocate an investment of INR7,000 plus crores in FY '25-'26, driven by the increasing demand from both the replacement and original equipment markets.

These factors, in addition to rising fleet utilization and increased expenditure, are likely to further stimulate demand going forward. To sum up, we see some major levers to growth going forward. One is, of course, expanding our global footprint. The second is product quality and innovation, where we continue to manufacture customized grades or grades that address higher technical standards, as well as providing a range of different insoluble sulphur products.

We are also reducing our carbon footprint and continue to be the leader in sustainability. The third is tapping into the higher value customers by obtaining key customer approvals and getting into long-term contracts with the marquee customers.

To conclude, with the de-merger now complete, we are fully focused on strengthening and growing our core chemical business. This allows us to concentrate on innovation, delivering high-quality solutions, and driving growth. While the industry is currently facing challenges, we have successfully managed similar downturns in the past. Our strong financial position, competitive edge, and commitment to ESG principles give us confidence in navigating this phase effectively.

With this, I would like to open the floor for Q&A.

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

Aditya Ketan: Yes, thank you, sir, for the opportunity. Sir my first question is, is it possible to share the quarterly figures of the de-merger of this company for Q1, like the revenue, EBITDA, and PAT figures?

Anurag Jain: So, if you look at the quarterly figures, on PBT basis, we have been roughly the same in the preceding quarter. So, that is what we wanted. So, it was in the same range. Even the turnover was of the same range. So, both the top line and the bottom line were in the same range for the preceding quarter as well, compared with the current quarter.

Aditya Ketan: Okay. And, sir, our representation to the government, so regarding the anti-dumping duty, so how confident are we, like, so, like, this will be enforced? And suppose if it comes in effect, how you see, like, the dynamics changing from there on, like, are you expecting substantial jump in the realization which can counter the low-cost imports, and how much margin improvement could we build in from the current level?

Anurag Jain: So, answering your first question first, we believe that we have a reasonably good case for imposition of anti-dumping duty. Of course, the process is underway, but we believe that we have a strong case, and therefore, a very good chance of the imposition of the duty.

As far as your second part of the question is concerned, obviously, once the anti-dumping is enforced, then the import which is happening at cost or below cost from China should be impacted, which should have a positive impact on our quantities as well as sales realization to some extent.

Aditya Ketan: Okay. And, sir, the current run rate in margins, like, what we have clocked, it is, like, we can say it is sort of a depressed range only. So, from here on, are we expecting any sort of further decline, or we see this to maintain, or there could be some room upwards also from here on?

Anurag Jain: So, one of the reasons for the depressed margin, of course, is higher international freight rates. Now, this is something which we are seeing some correction in even now, as we sit at present. So, that should help us. Globally, I believe that the price of insoluble sulphur, as far as China is concerned, is at a level where there is a very little scope of further correction. So, looking into these factors, I would believe that the chances of the contribution going down are slim.

Aditya Ketan: Okay. And, sir, how much – so, freight – higher freight rate, suppose, if that comes to the normalized level, how much a decline in other expense we are building in?

Anurag Jain: The impact of higher freight rate in the current quarter was about INR6 crores.

Aditya Ketan: INR6 crores. Sir, any idea what would be the current utilization level we are working on? And the new capacity of 5,000 tons which we had added, so what would be the production levels from there on? Any ballpark figure, sir, would help?

Anurag Jain: We are currently operating at roughly the same level as last quarter, and about – our sales in tonnage terms has been about 10% to 12% more than last year, on quarterly, and six-monthly basis. As far as new capacities are concerned our capacity utilization is below optimum level, and therefore, there is still room for growth within the existing capacity. Or, in other terms, the additional capacities still remain unutilized.

Aditya Ketan: Got it. Sir, just one last question. Sir, before the demerger, we had also highlighted that the so, Flexsys. So, there is a chance if demand does not come up and there could be a case wherein Flexsys also could start dumping into India. Have we seen, sir, that trend to materialize? So, Flexsys have started to dump in India, or how is the strategy of that company right now?

Anurag Jain: It's very difficult to comment on the strategy of another company. As far as prices are concerned, we did see some decline in prices of Flexsys earlier, but now it appears to be stable. That's it.

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

Keshav Garg: Sir, I wanted to understand that going forward, how do things look? So, you think that volumes and realizations have bottomed out? Or is the trend still on the lower side? Or you are seeing things stabilizing from this level?

Anurag Jain: I cannot hear you clearly. Please, can you repeat your question?

Keshav Garg: Yes, sir. I can repeat my question. I wanted to understand whether – what is the trend going forward? Are you seeing the demand still slack? Are you expecting continual volume de-growth and realization de-growth? Or are you seeing things stabilizing and going up from here on?

Anurag Jain: So, as far as demand is concerned, I think the decline which needed to happen, which we anticipated to happen because of the geopolitical situation and the economic situation in Europe has happened. We are looking at growth in India. So, I mean, if you look at the long-term forecast, it still stays 2% to 3% with the focus of growth being India and Southeast Asia.

As far as the prices are concerned, as I said earlier, we believe that the Chinese prices are near the levels where, they are at cost break even. So, we do not see much scope of them going down further. As far as overall realizations are concerned, net realizations are concerned, if the freight rates straighten out and normalize, that should help the bottom line.

Keshav Garg: Sir, and in your judgment, by when can we expect some firm action by the government on the anti-dumping duty side?

Anurag Jain: So, it is very difficult to say, but normally what we have heard from our advisors is they take about 1 year to process and impose anti-dumping duty. If that is the case, probably it would happen by March or first quarter of '25-'26.

Keshav Garg: Right, sir. And, sir, also I can find the data that the export of insoluble sulphur from India has reduced from 18,100 tonne in FY 2019 to 14.5 tonne till FY '23. And, sir, thereafter, it seems that there has been a further fall. So, basically, sir, is there any other exporter except for OCCL in India? That is the first part. And secondly, what percentage of the domestic insoluble sulphur is being imported in percentage terms?

Anurag Jain: So, from India, there is only one person who exports and that is OCCL Limited. So, we are the only exporters from India. As far as the percentage of consumption from imports in India of insoluble sulphur is concerned, it is in the range of 40% to 45%.

Keshav Garg: Right, sir. Thank you very much and I'll join the queue.

Moderator: The next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor: Sir, just in continuation to what Keshav bhai was referring to, sir, if you could just explain firstly the global landscape in terms of the big players like China, what are the current capacity utilisation and what kind of capacity addition the big players have done over the past 2 years, taking into account our utilisation levels and our new capacity would be underutilised. At what levels are the global capacities running? If you would give us some more colour on that.

Anurag Jain: See, in our estimate, and we have to be very careful when I say that, because we do not have published figure of capacities of all the players, right, except for one or two. However, in our estimates, the global capacity utilisation would be around 70%.

Saket Kapoor: The global capacity?

Anurag Jain: Yeah, and in the last 2 years, there has not been any capacity addition. There were rapid capacity additions before that, but not in the last 1.5 year, at least. I am not sure about the cusp of the 2 years, but not in the last 1.5 year.

Saket Kapoor: Okay. Sir, at 70% levels also, we are finding it difficult for us to be profitable or our profit margin is lower. So, what has led to these lower margins and the business dynamics changing for this industry and what factors we are looking for the reversal going ahead? And what are the raw material inputs for us, sir?

Anurag Jain: So, as I explained earlier also, there are two factors which have impacted our profitability. We are profitable, first of all, but what has impacted our profitability has been the international freights, which are now showing signs of cooling down. The other, of course, was the dumping of material from China.

Now, the reason that this is happening is that there had been capacity additions in China, and at the same time, the production of tyres in China came down. Now, these are the two factors. One is looking like correcting itself to some extent. For the other, we have already applied for anti-dumping duty as far as its impact on domestic sales go.

So, that is also in the process. Obviously, the impact of the Chinese price and some other geography is still there, but these two major factors should be addressed. If geopolitical situations do not deteriorate further, and when the government decides on the anti-dumping duty application that we filed.

Saket Kapoor: And, sir, on the key raw material inputs, sir?

Anurag Jain: So, our key raw material are Sulphur and coating oil. These are the two key raw materials that we have.

Saket Kapoor: Sir, come again. Sulphur and?

Anurag Jain: Coating oil. We use oil for coating the Sulphur. So, it is a rubber-compatible oil, and so that is another key raw material, and one is the Sulphur.

Saket Kapoor: Sulphur and coating oil?

Anurag Jain: Yes, it is basically an oil which is a rubber-compatible oil, which we use to coat our insoluble Sulphur. So, that is one raw material, and the other raw material is Sulphur.

Saket Kapoor: Okay. And, sir, we are sourcing it domestically, or if you could just throw some colour and the price trend for both Sulphur and the coating oil?

Anurag Jain: So, we source, because we have refineries in India, pretty big refineries, Sulphur 100% we source from India. As far as oil is concerned, nearly 85% to 90% we source from India itself.

Saket Kapoor: And the coating oil is also a crude derivative?

Anurag Jain: Sorry?

Saket Kapoor: Sorry, sir, you complete first.

Anurag Jain: As far as pricing is concerned, the price of both the raw materials follow the international trends, which again are dependent on the demand and supply scenario, and do vary on a fortnightly basis, or monthly basis.

Saket Kapoor: Okay. So, just to dwell further, sir, for coating oil also, these are also crude derivatives?

Anurag Jain: Yes, yes, crude derivatives.

Saket Kapoor: And these are also blended oils with one or two materials, or they have the genuinity as coated oil only, they are being sold, or are they blended or sold in a way to create?

Anurag Jain: These are blended oils made to purpose of blended oils.

Saket Kapoor: Right, sir. And, sir, what have been the price trends currently for both these materials? How have the price trends generally been? Because crude has remained at a lower band, so are these derivatives also trading in a band and the prices have been high?

Anurag Jain: So, in the last 3, 4 months, coating oil has been stable with a downward trend. As far as Sulphur is concerned, we have seen an uptick in the Sulphur prices in the last 3, 4 months. Before that, it was coming down, but it has started going up, and it's currently there is an uptick in Sulphur prices.

Saket Kapoor: There is an uptick in sulphur prices?

Anurag Jain: But this is how it happens, you know, sulphur will always keep oscillating throughout the year. It's never stable for a long time.

Saket Kapoor: Correct, sir. Lastly, sir, for this coated oil also, this is being sold by the oil OMCs only, oil refineries only, and…

Anurag Jain: Mostly from oil refineries -- so, there are two kinds of suppliers, one are the oil refineries, and then one are the people who have expertise in blended oils.

Saket Kapoor: Okay. Correct. And, sir, pricing is done on a quarterly basis, or these are all market-driven? There are no long-term contracts for our RM?

Anurag Jain: No, no, there are no long-term contracts for RM. These are all international pricing driven.

Saket Kapoor: Okay. And in terms of our selling, sir, are we in the OEM segment only, where we sell, or how do – do with our selling, or do we do follow any order book? What gives us a trend going ahead, how the sales would be, in terms of utilisation level?

Anurag Jain: So, our sales are mostly to tyre companies, so they are OEMs, or whatever you call them. It is to tyre companies. And as far as pricing is concerned, we have already discussed that earlier, that how are the trends going. We do not expect much increase in price, except for India, on account of anti-dumping duty. And we do expect some tailwinds with the freight cost.

Saket Kapoor: Okay, sir. And in your slide also, sir, you mentioned about the more the radialisation, the better is the demand. So, this does not lead to the biased tyre segment. That is what the understanding is, this is towards the…

Anurag Jain: It goes both in bias, as well as radialisation, radialised tyres. But the consumption per gram of rubber is more in a radialised tyre vis-a-vis, it is in a biased tyre.

Saket Kapoor: Okay, sir. And we need to only track how the tyre capacities are coming up. So, it is directly proportional to the growth in the tyre demand. And this is only due to the OEM only. It does not come in terms of the replacement demand. It is not going for any other purpose other than the original manufacturers. They are the only buyers for us?

Anurag Jain: Tyre companies are buyers. Now, whether the tyre goes in OEMs or in replacement, does not matter. The tyre companies are buyers.

Moderator: Thank you. The next question is from the line of Piyush from Vijit Global Securities. Please go ahead.

Piyush: Okay. So, thank you for the question. First of all can you just simply provide the financial performance for the last four quarters of the chemical business, like revenue, EBITDA, and PAT? As you already answered that it was the same for the -- Q2 was the same for Q4?

Anurag Jain: I have already told you for the quarter, it was the same from the preceding quarter, as far as the half-year ended is concern. The top line, if you look at the half-year from last year, would be more by about 8%-9%. And PBT would be, instead of INR20.1 crores, it was in the range of 30s, INR30 crores, INR32 crores like that.

Piyush: Okay. Thank you. Another thing is that, that you mentioned the, you know, four factors behind decline in margins and other things. Major were the international price and capacity addition in China, and basically the production came down in China. Apart from them, is there any other factors which is affecting our margins?

Anurag Jain: Other sector?

Piyush: Other factors which are affecting our margins.

Anurag Jain: So, price, international pricing, because of capacities in China, is affecting our margin. The dumping of material into India is affecting our margins severely. And international freights are affecting our margins. These are the three major factors which are affecting our margins.

Piyush: Okay, got it. So, is there any guidance for the future OPM margin, like for the upcoming H2 of FY '25?

Anurag Jain: We normally do not give guidance, but as I have said, that we are seeing tailwinds as far as international freights are concerned. So, that should help us. Secondly, okay, you are talking about H2, then anti-dumping is something which might not happen by then. But in terms of freight, we are hopeful that will come down and we might gain some quantities for the new year that might add to the top line and bottom line.

Piyush: Okay, got it. The last thing is that, what is the dividend policy companies planning to follow in the future like?

Anurag Jain: It is the same policy that we have been following in Oriental Carbon. The same policy continues.

Piyush: Okay, the last question is that, assuming that OCCL sales are strongly correlated with the manufacturing and sales of the automotive sector, because we are related to somewhere in our tyre manufacturing cycle chain. And just as festive season has just passed, and weak sales are anticipated in the auto sector, especially in the Q4. So, are we expecting any seasonality in the H2 of FY '25 due to the automotive sector sales?

Anurag Jain: In the domestic market, there is not a very significant seasonality as far as tyre production and consumption of insoluble sulphur goes. If you compare H1 versus H2, we have not seen a very significant impact in terms of seasonality there.

Piyush: Okay, got it. Last thing is that, in a scenario where government doesn't impose the anti-dumping duties on China and Japan, as we are really trying hard to do that, what strategy our company is are planning to adopt in a scenario where anti-dumping duties aren't imposed as planned?

Anurag Jain: So, obviously, when the anti-dumping duty is imposed, the company only aims to get a reasonable price for its product, which it cannot as of now because of dumping from China. And we also hope to gain some tonnages vis-à-vis China. So, these are the two wish list that we have if the anti-dumping is imposed.

Moderator: The next question is from the line of Taha Merchant, an Individual Investor. Please go ahead.

Taha Merchant: Hi, good morning. Are we seeing any indication, given all the overcapacity and the low realizations, are we seeing any indication of plants shutting down, over-leveraged competitors shutting down plants anywhere in the world?

Management: So, we have heard that Flexsys has shut down one of its lines in the US. So, that is what we have heard.

Taha Merchant: As in a permanent shutdown or just temporarily?

Management: It appears to be a permanent shutdown.

Taha Merchant: Okay. The second question is, are all the fixed assets in OCCL post-demerger stated at the same carrying values as in the pre-demerger company, Oriental Carbon, or is there any change on that front?

Management: All the assets and all the liabilities, including the fixed assets, are stated at the same carrying value as they were in the Oriental Carbon & Chemicals Limited balancesheet. So, there has not been change in the carrying value of either any of the assets or the liabilities.

Taha Merchant: Right, understood. And I see a INR1.25 crores of investments as of September '24. What is that investment and what is OCCL's policy going to be going forward on investing surplus cash in terms of the kind of instruments that we would look at?

Anurag Jain: So, that INR1.25 crores is because we have invested in a captive solar plant and that is why that is there because that will supply us solar power to the Dharuhera plant. And as far as investment goes, I think we have already demolished the investment arm.

Taha Merchant: Right. So, in terms of surplus cash, what would be the instruments that we would look at now for OCCL?

Akshat Goenka: They will be invested in standard treasury instruments. As of now, we do not really have any surplus funds. So, as and when they have it, the first thing will be to reduce debt and reduce the drawdown of the working capital limit. And after that, when we have it, we will put it judiciously in things like debt funds and all of those things.

Taha Merchant: Right, right. Got it, got it. What is our current revenue share from the US and how do we see potential tariffs imposed by Trump affecting our business in the US and otherwise generally?

Anurag Jain: Well, we cannot share the revenue share from US as of now. As far as tariffs are concerned, it's very premature to say because we do not know what is going to happen, whether he is going to be selective in his imposition of tariffs vis-a-vis the countries that he does it on or is it going to be all-round tariffs.

So, we are not aware how this is going to pan out and very difficult to comment. However, if there are tariffs which are imposed uniformly, then we do not think that it is going to have a lot of impact on ourselves.

Taha Merchant: Right, right. Understood. And the last question is, how much of the fall in realizations is due to inventory de-stocking and how are things looking on that front currently?

Anurag Jain: Inventory stocking where?

Taha Merchant: Inventory de-stocking. Like I believe in the last conference call, we spoke about some of the fall in realizations being contributed because of this inventory being de-stocked. So, is that an element that is playing out right now also?

Anurag Jain: No, no. What we said last year was that some of the foreign companies were reducing the inventories which had increased because the demand for their product had decreased. So, they were now correcting their inventories in terms of the production they had. Now, that has happened. Now, there is no such factor as of now.

Moderator: The next question is from the line of Suresh Babu, an Individual Investor. Please go ahead.

Suresh Babu: Yes. My name is Suresh Babu calling from Chennai. I'm an Independent Research Analyst. I have some small stake in our company. My only one question and I'm very much worried about here is on cum de-merger basis, our price was quoting around INR800 with a face value of INR10. That time, market capitalization was approximately INR8,000 crores. On account of de-merger, the market capitalization…

Akshat Geonka: INR800 crores?

Suresh Babu: Yes, INR8,000 crores. INR8,000 crores cum de-merger…

Akshat Goenka: Market cap was INR800 crores, not INR8,000 crores.

Suresh Babu: No, sir. I'm talking about face value INR10 at the rate of…

Management: That is right. So, we have INR10 crores shares of face value of INR10. So, when it is…

Suresh Babu: INR10 crores rate of capital, sir.

Anurag Jain: We have 1 crores shares of face value of INR10. So, when it was quoting at INR800, then the value would be INR800 crores.

Suresh Babu: It's approximately INR800 crores.

Anurag Jain: Yes.

Suresh Babu: Now, on account of de-merger and reduction of face value from INR10 to INR2, the market capitalization has got totally reduced.

Anurag Jain: So, if you look at the pre-de-merger -- Sorry, please continue. So, what is the question, sir?

Moderator: Sorry to interrupt, sir, but the current participant has been disconnected. We will move on to the next question. It's from the line of Keshav Garg from Counter Cyclical PMS.

Akshat Goenka: Keshav, one second. Before I start answering, I got the drift of the previous question. So, let me just address that. Yeah, it's correct that the combined market cap earlier was roughly INR800. And today, the market cap of the sulphur company is something in the range of 400. Now, as management, if somebody asks me, I am also confused that why it's gone from 800 to 400.

And I think that's an answer I would better like to hear from the shareholders rather than the management commenting on why the market cap has halved. Because one of the main concerns around the shareholders used to be that this investment and subsidiary and all this is causing an overhang and there should be a clean, listed, insoluble sulphur company.

That was always one of the main points. And now there is a clean and listed insoluble sulphur company. There has been no change in the fundamentals of the business from the time the market cap was INR800 crores and from now when it is INR400 crores. So, honestly, I myself am very confused that what has changed for the market cap to half when now finally we have a clean, listed, insoluble sulphur company.

And the share split has also taken place. Both of these are longstanding demands of all shareholders. Anyway, thank you. Go ahead with your question, please.

Keshav Garg: All right, sir. So, I will take this opportunity to clear your confusion regarding why the fall in the market cap. So, now, firstly, any investor, if he looks at the numbers, he doesn't know what the past numbers have been. And the company has also not taken the pain to simply give the past at least five years pro-pharma financials of the chemical business in the investor presentation.

So, the investor is expected to go through, open all the results of that de-merged entity and make an Excel sheet himself of the past five-year financials. So, that is the first thing. Nobody wants to waste his precious time on things which company should anyway have done a very common-sensical thing.

So, secondly, if you see past three years have been just squandered on this de-merger, which has basically not created any value for the shareholders. And instead, if the company had done share buybacks, then our share capital would have been lower and the earning per share would have been higher.

And now, due to the change in tax policy, even that has become more cumbersome and expensive. So, that really doesn't instil confidence in the shareholders. And even now, the management is unclear that after the demerger, now still you said that 20%-25% will be the pay-out ratio.

So, then anyway, we don't have capex because our capitalization is low.

Akshat Goenka: I'd like to correct you on that thing. We never said 20%-25% is going to be the pay-out ratio. This is not something anybody has said. No, what Anurag Jain has said that the dividend policy will remain the same that it was earlier. The stated uploaded dividend policy says 50% of PAT or the free cash flow generated.

So, that is a very clear policy that is there, that all the free cash flow generated will be paid out up to 50% of PAT. And we have been following this ever since we uploaded that policy and that policy will continue.

Keshav Garg: Great, sir. I stand corrected on that account. But I would still request you to kindly upload the past five-year financials for the benefit of the investor community. Sure, sir. It was just a feedback and I hope the industry picks up from here on. And so now, even if the anti-dumping duty comes into play, the thing is that the tyre in the companies can under advance authorization scheme, they can import duty-free insoluble sulphur at least for their exports.

So, then where does that leave us? I mean, how much of a relief will this really be, the anti-dumping duty? And also, sir, what kind of quantum are you expecting or at least in your representation, is it like 10% anti-dumping duty, 15%? Like what quantum are you expecting?

Anurag Jain: So, to answer your first question, the tyre companies do import even now against their export advance license. So, that is not something which will cease to happen. We do not look at a scenario where we will get 100% of the market. We have never thought so and we never look at a scenario where we will get 100% of the domestic market post-imposition of anti-dumping duty.

So, obviously, imports will still happen, but we will hopefully get more market share. So, that is not something which is not being thought of or which is something which is going to, you know, spoil our plans. As far as your second question is concerned about the quantum of import duty that we have asked.

So that is something that we will disclose once we have more surety on how much the chances are that, you know, how much, sorry, how much dollars per ton anti-dumping duty will be imposed. So, we would not like to jump the gun and disclose that as of now.

Keshav Garg: Right, sir. And, sir, any representation regarding quality control order on this insoluble sulphur?

Anurag Jain: Quality control order after BIS…

Akshat Goenka: He is talking about BIS.

Keshav Garg: Okay.

Anurag Jain: Right now, we have not started the BIS procedures.

Moderator: Sorry to interrupt. With respect to other investors, we will move on to the next question. It's from the line from Kunal Shah from Anova Capital.

Kunal Shah: Historically, we had a sustainable margin of around 25%. Is there any time-limit guidance that can be return to that margin?

Anurag Jain: See, currently, the markets, the margins are depressed because of three reasons. And because of higher international freight rates, geopolitical situation in Europe, which is a significant market for us, higher capacities in China. Once these are resolved to a certain extent, then we can look at margins returning to the earlier level, but it will take some time.

Kunal Shah: Okay. And just wanted to know, are we losing market share in the industry to competitors, or is the slowdown uniformly affecting the industry?

Anurag Jain: No, it is uniformly affecting the industry.

Kunal Shah: Okay. And are competitors responding to similar challenges? They are getting market share, or is it similar pricing pressure they are facing also?

Anurag Jain: So the pricing pressure is emanating from China, right? So which are major competitors, at least in Asia. So the pressure is emanating from China itself. Now, to say whether Flexsys or Shikoku are also facing the pricing pressure, the answer is yes. However, having said that, the pricing pressure is more evident in Asian countries, including India.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to the management for their 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 SGA, our IR Advisors. Thank you.

Moderator: On behalf of OCCL Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.