

**DCW Limited**  
**Q2 and H1 FY'26 Earnings Conference Call**  
**November 05, 2025**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q2 and H1 FY'26 Earnings Conference Call of DCW Limited hosted by Valorem 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 presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you, ma'am.

**Purvangi Jain:** Good evening everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the investor relations of DCW Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the 2nd Quarter and first half of the financial year 2026.

Before we begin, let me mention a quick cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by, and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial performance for the quarter under review.

Now let me introduce you to the management participating with us in today's earnings call. We have with us Mr. Saatvik Jain – President, Mr. Pradipto Mukherjee – Chief Financial Officer and Mr. Sudarshan Ganapathy – Chief Operating Officer.

Without any delay, I request Mr. Saatvik Jain to start with his opening remarks.

**Saatvik Jain:** Thank you, Purvangi. Good afternoon, everyone, and thank you for joining our earnings call for Q2 of FY'26. As always, it is a pleasure to speak with all of you and share an update on the

quarter gone by, the progress that we continue to make and the direction in which we are taking DCW.

Let me begin with a brief view of the broader industry environment:

The first half of this financial year continued to be challenging for the global chemical sector. Pricing across most commodity value chains remained weak, demand recovery was uneven and excess capacities, especially in China, kept margins under pressure worldwide. Chinese chemical output grew at a high single-digit rate in this period, while Indian chemical production remained largely flat. This imbalance has directly affected regional pricing and trade flows. Domestically, the Indian chemical industry continues to face aggressive dumping, particularly in PVC and soda ash and several other chlorine-based intermediates. A sharp drop in freight rates has further enabled Chinese exporters to ship excess volumes into India at highly competitive landed prices. The absence of timely trade protective measures has meant that domestic producers have had to navigate a difficult realization environment, even in products which have a steady demand. That said, the long-term structural drivers for India remain fully intact. Consumption growth, import substitution, export-led opportunities continue to position India as one of the most attractive chemical manufacturing destinations for the next decade. However, in the near term, the industry's ability to sustain earnings will be determined by cost efficiency, portfolio resilience and capital discipline. Against this backdrop, I am pleased to share that DCW has once again delivered a resilient performance in Q2, driven by a combination of strategic investments, product mix optimization and operational cost gains.

Starting with our specialty chemical segment, which continues to be the core driver of our margin stability and growth. The expansion of our CPVC capacity from 20,000 tonnes to 40,000 tonnes was completed ahead of schedule and we were able to ramp up to full utilization within the quarter. This is an important milestone in our journey to scale high-margin specialty chemistries. As a result, Quarter 2 marked our highest ever CPVC sales volume, reflecting both capacity expansion and strong customer acceptance. However, the quarter also saw significant price erosion of over 15% over the last quarter in CPVC, driven by higher import competition and market-led pricing corrections. Importantly, our synthetic iron oxide pigment business remained insulated from the price volatility seen across the industry, with both volumes and realizations holding steady across geographies. Despite the sharp correction in CPVC prices, the specialty segment delivered EBITDA growth over the last quarter, demonstrating the strength of our multiproduct portfolio and the benefits of scale. On the basic chemical side, the operating environment remained weak, particularly for caustic soda, soda ash and PVC, where Chinese imports continued to depress realizations. Even so, the segment recorded a 20% improvement in EBITDA over the last quarter, led by higher captive usage of renewable power from our recent investments.

Our synthetic rutile business also saw a pick-up in volumes during the quarter as the export pipeline strengthened, contributing meaningfully to revenues compared to Quarter 1. For the

company as a whole, our EBITDA grew 8.5% over the last quarter and 51% year-on-year, while our profit after tax improved 21% sequentially and turned strongly positive versus a red number in the same quarter last year. This performance, in the face of a sluggish industry cycle, validates our strategy of realigning the portfolio towards specialty products and driving structural cost efficiencies.

Looking ahead, we expect the second half of the year to be stronger, supported by the full contribution of our CPVC's expanded capacity, continued export momentum in our pigments and synthetic rutile businesses, sustained savings from our renewable power integration and seasonal demand uptick in Quarter 4. The next leg of our CPVC expansion, taking our overall capacity up to 50,000 tonnes, is progressing well and is on track for commissioning by the end of this fiscal. Apart from our product portfolio, our balance sheet has also continued to strengthen. Around Rs. 70 crores of long-term debt was repaid in the first half of the year and we remain confident of ending this fiscal with a net debt to EBITDA of below 0.5x. By the close of this year, all our ongoing projects will be completed and we will be entering FY'27 with both a lean balance sheet and a fully sweated asset base.

As I shared last quarter, we are not just building for the cycle ahead, we are building the foundation for the decade ahead. In that context, I am happy to note that our transition to SAP's S4 HANA has been successfully completed. This is more than just a simple technology upgrade, it reflects our commitment to institutional strengthening, governance discipline and long-term stability and scalability.

Finally, and most importantly, with the current phase of CAPEX nearing completion, DCW is now preparing to enter its next leg of growth. Multiple specialty chemical opportunities are already progressing through feasibility and board level review. Over the next few quarters, we expect to convert these into committed investments aligned with our strategy of growing EBITDA through higher margin, downstream and value-added chemistries. The environment may remain unpredictable in the short term, but DCW is entering this phase with clarity of strategy, capacity to invest and benefit from a stronger balance sheet.

With that, I will hand it over to Pradipto – our CFO, to take you through our financial performance. Thank you.

**Pradipto Mukherjee:**

Thank you Saatvik and welcome everyone to the Q2 FY'25-26 Earnings Call for DCW.

Revenue for the quarter stood at Rs. 539 crores as against Rs. 489 crores in Quarter 2 of last fiscal. This is an increase of 10.3% in the company's top line, despite the net realization across all product segments, excluding caustic witnessed price corrections, majorly in CPVC and PVC. Additionally, the additional captive consumption of our own PVC for supporting the raw material requirements of the additional CPVC production. The volume across all the product segments were higher on a Y-O-Y basis, resulting in the revenue growth for the company. It is

important to mention that sale of synthetic rutiles has also picked up in the current quarter along with better order visibility.

Revenue for basic chemicals grew by 15% to clocked at Rs. 395 crores, predominantly backed by increase in sales volume of synthetic rutiles. Revenue from specialty segments remained flat with negative bias at Rs. 140 crores. The company has achieved highest ever sales of CPVC for the current quarter, backed by commissioning of additional 20-KT capacity on 22nd July 2025, with immediate ramping up of commercial production followed by quick turnaround time of product placement to its customers. Synthetic iron oxide pigments sales also remained firm across both our primary markets that is US and India. However, the revenue still remained flat predominantly due to steep price correction in CPVC as mentioned earlier.

On sequential basis, the quarterly revenue grew by 13% from Rs. 475 crores both in basic chemicals it grew by 15% and specialty chemicals by 9%. As mentioned, specialty chemicals growth herein was also challenged due to CPVC price erosion of 15% on a sequential basis. At H1 level, the revenue clocked at Rs. 1,015 crores i.e., a 2.7% increase on a Y-O-Y basis. EBITDA including other income for the quarter stood at Rs. 62.6 crores which was 51% higher than Quarter 2 of last fiscal. While the specialty chemicals EBITDA remained flat with negative bias at around Rs. 45 crores, the EBITDA on basic chemicals turned positive to Rs.14 crores from a loss of Rs. 9 crores. The EBITDA margin expanded and clocked at 10.78% for the quarter versus 7.2% in Quarter 2 of FY'25.

Despite specialty chemicals volume increasing significantly primarily backed by expansion of CPVC, the entire benefits in the top line as well as EBITDA was offset by steep price correction. On basic chemicals side, the effect of power substitution through alternate energy sources and synthetic rutile sales volume increase had a positive impact on the segment performance. Soda ash performance, however, were a bit affected due to seasonal factors as well as certain plant stoppages.

On a sequential basis, quarterly EBITDA, including other income grew 8.5% up from Rs. 57.8 crores. Our H1 EBITDA including other income clocked at Rs. 120 crores which is up by 29.5% over H1 of last fiscal which was Rs. 93 crores. EBITDA margin at H1 level stood at 11% well above 8.2% in H1 of last year. Now coming to profit after tax, the company has reported a quarterly profit after tax at Rs. 13.8 crores as against a loss of Rs. 1.2 crores in the same quarter of last fiscal. On a sequential basis, the PAT was also up by 21%. At H1 level, the company had reported PAT of Rs. 25 crores as against Rs. 5.5 crores in H1 of last fiscal which is increased by 4.5x. During the first half of the year, the increased EBITDA, slight increase in depreciation and gradually reducing interest costs amplified the PAT growth.

Now to touch upon the borrowing:

H1 gross debt stood at Rs. 365 crores versus Rs. 425 crores in March'25, a half-yearly reduction of gross debt by Rs. 61 crores on account of scheduled term loan repayment to the tune of Rs. 70 crores. The company continues to maintain healthy cash and cash equivalent balance above Rs. 200 crores, thereby having a net debt of only Rs. 155 crores. Company continues its path of deleveraging its balance sheet with current gross debt equity clocking at 0.34 times. Considering normal operations in H2, the company expects the exit of this financial year, the net debt to EBITDA to go to as low as 0.4x.

With this, I thank everyone and would request the floor to be opened up for questions by the participants. Thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. Our first question comes from the line of Darshil Pandya from Finterest Capital. Please go ahead.

**Darshil Pandya:** Thank you, sir. Good evening. Sir, my only question is about the CPVC capacity that we have added in July. Have we seen any revenue from this in this fiscal, in this quarter, specifically?

**Pradipto Mukherjee:** Yes, we have. I mean, if your question is sale of our produce, we had commissioned the plant somewhere on 22nd of July. Production has been immediately ramped up and we have from the new capacity also sold it to the market.

**Darshil Pandya:** Okay. So, precisely for the rest half, we will be seeing full numbers as mentioned or how will you see the numbers?

**Pradipto Mukherjee:** I think I will ask Mr. Ganapathy to answer on this, but given the demand situation now, we feel that we will produce and sell the entire produce.

**Sudarshan Ganapathy:** Yes, I do not think we will have a challenge in selling the product because the product has been well accepted by all our anchor customers and we do not foresee any big challenge. Though the prices are likely to remain somewhat muted because of, I would say, cheap imports coming from outside the country.

**Darshil Pandya:** No problem. Sir, I understood that now since we are not putting up CPVC and SIOP differently, so in specialty chemicals

**Sudarshan Ganapathy:** If you have heard Mr. Pradipto and Saatvik, they said that we had the highest ever sales in this quarter of CPVC. So, that will not happen without the new capacity also getting sold.

**Darshil Pandya:** Understood. All right, sir. Thank you so much for the opportunity.

**Moderator:** Thank you. Our next question comes from the line of Praneet, who is an investor. Please go ahead.

**Praneet:** So, I was wondering, how does the company see the new capacities that are coming up in the country by the large players? I understand the price has already been unstable and it is getting depressed with imports. How do you think the new capacity addition to the market is going to impact DCW?

**Pradipto Mukherjee:** Are you talking about CPVC?

**Praneet:** No, I am talking about PVC.

**Sudarshan Ganapathy:** PVC, you see, even today as we talk, the domestic capacity is acting only to serve 40% of the total demand. And even as we talk now, the demand continues to grow at 8% CRG. So, the new capacities coming will only add to that demand growth and India will continue to be a net PVC importer even in the coming years. Though the import volume may drop, India will continue to import PVC.

**Praneet:** But I was specifically curious about the pricing because our pricing is seeing a huge hit. We are not able to perform net.

**Sudarshan Ganapathy:** I think, see, we are talking about many products. So, let us go product by product. In PVC, what we mentioned is that we are seeing significant dumping from China because there is a delay in the implementation of ADD by the government of India. So, China is selling the product at lower prices, which is forcing all other players to also reduce the price. This will likely to improve once the ADD gets implemented, which we hope should happen somewhere this month.

**Praneet:** At what margin do you think we will be able to operate once the ADD has been implemented?

**Sudarshan Ganapathy:** I cannot comment on that now. It is all futuristic because it will be better than what we are now.

**Praneet:** But now we are at break-even, right? At Rs. 400 crores, we are running at break-even practically. So, I was curious on how are we planning with the capacity and all?

**Pradipto Mukherjee:** For DCW, PVC basically is a VCM import and PVC sell into the country, right? So, historically what we have seen, if there is seamlessness in pricing for VCM and PVC, what we call as VCM-PVC spread, that being static, roughly we earn 5% to 7% historically as a margin from the product. So, we hope that if the imbalance in terms of ADD coming in gets wiped out, we will get back to the margin of 5% to 7%.

**Praneet:** 5% to 7% EBITDA, right?

**Pradipto Mukherjee:** Yes.

**Praneet:** Understood. And also CPVC, we have noticed that the piping players are also entering the market. I understand that the opportunity is huge, but has that impacted any of the pricing in the 15% you mentioned, the imports also? So, in terms of domestic also, has it affected in any way or no?

**Pradipto Mukherjee:** We are still importing PVC even if there is a duopoly now. Up to a year back, we were in a monopolistic situation. We are in a duopoly situation. But the prices of CPVC has to shadow, both PVC and CPVC has to shadow the import prices for whichever is the player in the country. So, the import prices have come down and hence we have to match that price. And it is basically organic.

**Praneet:** Understood. So, what kind of spread do you think we will be able to make from PVC?

**Pradipto Mukherjee:** The spread basically of CPVC has not gone down. As earlier mentioned, we do it at a 30% spread roughly. That does not change much. But what happens basically is that the prices of PVC going down, CPVC going down, absolute profits come down.

**Praneet:** So, the spread is not changing, but the thing is as the price changes, because it is a percentage, it is likely to come down.

**Pradipto Mukherjee:** Yes.

**Praneet:** Understood. Thank you so much for your answers. That is it from my side.

**Moderator:** Thank you. Our next question comes from the line of Pujan Shah from Molecule Ventures. Please go ahead.

**Pujan Shah:** Yes. Thanks for the opportunity sir and very good set of numbers.

**Pujan Shah:** So, my first question pertains to in terms of PVC. So, let us suppose right now

**Moderator:** Mr. Pujan Shah, I am sorry to interrupt. Your voice is breaking. Could you please move to an area of better connectivity?

**Pujan Shah:** Am I clear now?

**Moderator:** Yes, sir. Please go ahead with the question.

**Pujan Shah:** Yes. Okay. So, first question would be on the PVC side. So, just wanted to understand right now the industry is struggling and making losses also, the manufacturers of PVC. So, what are we expecting in terms of government intervention? Do we expect ADD to come soon in within a month or so? Because it has been delayed for like I think from last three, four months. So, what are we expecting from the government side?

**Sudarshan Ganapathy:** We expect that this month we expect ADD to be notified because beyond this point, industry will find it difficult to sustain.

**Pujan Shah:** Right, sir. And sir, just wanted to understand the CPVC side. So, we have seen a sluggish demand this quarter due to extended monsoon. So, do we see any green shoots been building up right now for Q3, Q4? I am talking more on the H2 part. So, do we feel that inventory restocking has been happening in the CPVC side?

**Sudarshan Ganapathy:** I tend to agree with you because the prices have hit bottom. So, definitely I expect the prices to be a very penetrative price for even for the processors to retreat the markets which have not been scattered by them. So, it is a good situation to be in and we expect demand to gradually improve. But price improvement may take some time. It will come with a lag, but I think demand will definitely improve.

**Pujan Shah:** Okay, got it. But the demand benefit will not be benefited because we are already running at 100% capacity utilization. So, on the absolute side, the benefit would only be available if there is an increase in the prices, right?

**Sudarshan Ganapathy:** That is company specific, but as an industry specific, it is a good situation to be in.

**Pujan Shah:** Okay, got it, sir. And sir, just wanted to understand the power benefits. So, we have installed our renewable power cost and we are saving around 25% of the total energy what we consume. So, just wanted to understand what is the power saving cost we have been benefited this quarter and expecting for H2?

**Pradipto Mukherjee:** So, I think our annual estimate was around Rs. 25 crore to Rs. 30 crores of savings at full scale. The drawdown this time has been around 80% and our savings for the quarter should be somewhere around Rs. 2.75 crores to Rs. 3 crores. Maybe this will go up to Rs. 5 crore, Rs. 5.5 crores. This is given that we are aware of the prices at which we will get the solar, but we are not aware of what the coal prices will be. Given the current prices, we should be having the annual savings of around Rs. 25 crores to Rs. 30 crores. And since this time the uptake was a bit lower, so the benefits would have come around Rs. 2.75 crores to RS. 3 crores, which will inch up.

**Pujan Shah:** Okay. So, basically we can expect a Rs. 15 crore of power saving benefit in H2, right?

**Pradipto Mukherjee:** Yes, Rs. 15 crores is on the higher side, but you can consider that. Given that this is the prices of coal. See, what happens is in South, monsoons are now, so the drawdown of the alternate power will go down. So, maybe the benefit would not be there as much.

**Pujan Shah:** Okay, sir. Last questions would be on the guidance side. I just wanted to understand briefly that we are aspiring to touch Rs. 400 crores of EBITDA mark in FY'27. Now, considering the

current realizations of CPVC, do you still feel that we could be able to touch that mark of 400 or it would be difficult to right now give estimate on this part?

**Pradipto Mukherjee:** I think we are still holding that number internally. I think the prices, while some of the factors like CPVC prices has eroded beyond our expectation, maybe. There are certain other cost-saving initiatives in the company that go on working. So, we are still hopeful that we will hit that number, even at the current prices.

**Pujan Shah:** Okay, sir. And last one, the commodity side in the soda ash. So, what we have been hearing of in the China space is that they have been planning for additional 5 to 6 million tonnes of capacity. Is that a correct reading? And if that is the thing, do you feel that the capacity will be able to impact on our realizations going forward?

**Sudarshan Ganapathy:** See, China adding capacity is predominantly for catering to their EV and solar, these EV cells. I do not think that capacity is created for exporting to other countries. I do not think that will have any impact on the overall demands of the balance as far as India is concerned.

**Pujan Shah:** But, sir, there is more on the likely side that the natural and the synthetic. So, is there any possibility that China is shutting down the synthetic production of soda ash and gradually wants to shift to the natural? If that is the case, then

**Sudarshan Ganapathy** That is the case, then complete it, no?

**Pujan Shah:** Yes. So, if that is the case, then how much time it will take to build up the new capacity versus demolishing or shutting down the old capacity? So, what will be the time?

**Sudarshan Ganapathy:** It is difficult to really put a timeline, but I think any of such a large-scale shift will definitely take, I would say, more than a couple of years. I think it is too premature for us to come to any conclusion what is going to be the impact of this capacity shift or capacity build-up that China is doing. I do not think soda ash capacity is being built by China for catering to other countries. China has other products which they can compete. I do not think soda ash will be one of the priority products for exports.

**Pujan Shah:** Okay, sir. Got it. And lastly, do we see the caustic soda prices remain firm, right? So, ultimately, that would be around Rs. 35, Rs. 36 a realization or it would be lower than that?

**Sudarshan Ganapathy:** It would be a tad lower than that. Caustic soda prices are predominantly, most of the caustic players also have a significant export volume which they are catering to. We expect the prices to remain in the current levels of around \$ (+/-)375. So, if you put a number, it will be around (+/-)33.

**Pujan Shah:** Okay, (+/-)33. Got it sir. That is it from my side. I will join back in the queue. Thank you, sir.

**Moderator:** Thank you. Our next question comes from the line of Saurabh from SB Ventures. Please go ahead.

**Saurabh:** Thank you, sir, for giving me the opportunity and congratulations for your good set of numbers. I just wanted to ask only one question, sir. What kind of a margin you will maintain in FY'25 and FY'26? Can you show the colors on this?

**Pradipto Mukherjee:** So, it is difficult to give a margin number. I think we have clocked around 11% margin at a company level. And given such a scenario and we do not think that the prices to go down, we will maintain. See, the margins go up only by two ways. Change of product mix, which we have already done, it is gradually playing out. And the other piece is the prices going up. So, margin, the product mix is almost done because we are at least in this quarter done 40 KT run rate of CPVC. Maybe we have the last leg, as Saatvik would have told, of 10 KT to be initially done. That is basically the mix change in the margin. Price change is anybody's guess today. So, it is very difficult to put a margin number.

**Saurabh:** Okay, understood, sir. And what kind of a demand you are seeing in the synthetic chemical and specialty chemicals?

**Sudarshan Ganapathy:** See, the demand is improving is what we can say. It is that in our synthetic rutile like what we said, there has been a steady increase in our overall exports and all our traditional customers have started buying from us again. So, that business is likely to be steady and grow and all other products, we have shown an increase in our overall revenue and we expect this trend to continue.

**Saurabh:** Okay, thank you.

**Moderator:** Thank you. Our next question comes from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

**Madhur Rathi:** Sir, thank you for the opportunity. Sir, what led to the synthetic rutile sales improving? And sir, what was the volume and realization during Q2 versus Q1 of this year? And what are the spreads currently for synthetic rutile versus alumite?

**Pradipto Mukherjee:** I think these are very specific questions related and these are, you know, we could only tell that the volumes have gone up because of our orders from our regular geography, which is Japan. And the volumes will stay elevated on the basis of the orders in hand. The prices globally which is offered is best offered by Japan. And obviously, we expect that whatever we are doing in this quarter could continue. And I think that is what we can see. And anyway, it is a subset

of a segment and we do not calculate product level profitability. It was, I mean, it would be difficult to give margin number for that.

**Madhur Rathi:** Sir, so even if you could give us directionally whether the spreads expanded, contracted or remained same quarter-on-quarter for synthetic rutile and alumite?

**Pradipto Mukherjee:** The spread expanded because, as I told, we have been able to place our volumes to the Japanese customers. And now the market is China, which we do not command that prices. So, the spread would have expanded and we continue that spread to continue.

**Madhur Rathi:** Great, sir. And, sir, also wanted to understand that post our CAPEX of additional CPVC capacity, sir, what would be the maximum revenue that the company will be able to generate at current realizations for all our products?

**Pradipto Mukherjee:** So, we are at H1 level, annualized run rate of Rs. 2,000 crore. I think at current prices along with another 10 KT of CPVC, we would aspire to go to Rs. 2,500 crore of top line.

**Madhur Rathi:** Right, sir. And, sir, also wanted to understand that, sir, in our basic chemical segment, sir, for soda ash and caustic soda and for PVC, sir, what is the breakeven price for us at EBITDA level for all these three product lines?

**Pradipto Mukherjee:** I think it is very dynamic to give you an answer of what is the breakeven price because the prices of PVC changing would have a shadow effect on the VCM price change. There is nothing called breakeven so far as PVC is concerned because it is very dynamic. So far as caustic is concerned, it is also because it is some way correlated to the PVC prices because the PVC prices and the caustic prices some way are indirectly correlational. So, it is very difficult to tell what is the, and our costs also change because our input material costs are predominantly different for different products and they are mostly mined. So, it is very difficult to tell you prices of each of these products. I mean at one number.

**Madhur Rathi:** Sir, so going forward, sir, as far as our debt is concerned, sir, firstly I wanted to congratulate you for all-time low debt level at least in the past two decades. Sir, but going forward with the additional CAPEX that we have, sir, what will be the peak debt post CAPEX and post the additional working capital borrowings, if any?

**Pradipto Mukherjee:** Sir, gross debt has been around to 360 odd crores which has been coming down. We have a scheduled repayment of around Rs. 125 crores, Rs. 130 crores each year at least till half of next year wherein our DVC loan gets closed, paid off. I think the next NKT, the company is trying to fund itself internally. As of now, the plan is. So we only see the debt going down with another one year coming in. And that, I mean, the DVC debt will go up. Now the debt situation of the company will play out basis whatever projects we undertake which is as Mr. Saatvik Jain told in the drawing board with us.

**Madhur Rathi:** Sir, so again directionally, will the company expand only in the specialty chemical segment or we are open to expanding capacities in the basic chemical segment also?

**Pradipto Mukherjee:** I think we have never been vocal about any expansion into the basic chemicals, the basic chemicals we are in. But that expansion may also happen need-based, if that be so.

**Madhur Rathi:** Right, Sir. And lastly, Sir, in our basic, caustic soda and soda ash, I understand that power cost is the main cost. So how are we placed with respect to the competition? Are we at some advantage or disadvantage?

**Pradipto Mukherjee:** So, I think we are first trying to, you know, the power cost also varies from state to state. So what we try to analyze within ourselves is, you are right that the power cost is the major cost. We try to work towards small areas of efficiency which we can improve, like the sourcing what we have taken. And we benchmark our previous year's cost with this year's cost. Because the power costs also across states are very dynamic. The rules of alternative energy supplies are very dynamic. So, within the competitor analysis is kind of baseless.

**Madhur Rathi:** Got it,. So, what percentage of our total power cost is met by renewables and, how much can we increase it further?

**Pradipto Mukherjee:** 25% we communicated when we went into the CAPEX of our south facility will be substituted by solar. Going forward, the whole thing depends on how we map our requirements versus supply. So that is also an evaluation which we are doing in the drawing board as we mentioned.

**Madhur Rathi:** Got it. Sir, what is our current synthetic rutile capacity and, what would be the replacement cost of our overall facility?

**Pradipto Mukherjee:** We have not seen synthetic rutile facility replacement cost that way. Because as a matter of fact, our total WDV of fixed assets is around Rs. 1400 crores, Rs. 1500 crores, spread across the south facility at Rs. 1100 crores and Rs. 300 crores in Dhrangadhra facility. However, we have never looked into the replacement cost of that. Synthetic rutile capacity, plated capacity is around 48,000 tonnes. Obviously, we have historically never produced that. We produced somewhere around 40 KT.

**Madhur Rathi:** Got it, sir. Thank you so much and all the best.

**Moderator:** Thank you. Our next question comes from the line of Majid Ahmed from Pinpoint X Capital. Please go ahead.

**Majid Ahmed:** Am I audible, sir?

**Pradipto Mukherjee:** Yes, please.

**Majid Ahmed:** Yes, sir. Thank you so much for the opportunity. Good set of results. My first question is, can you give me the revenue breakup of H1 FY'26 of the basic chemicals?

**Pradipto Mukherjee:** Just a minute. You can go on to your next question. I will give you this one in a short while.

**Majid Ahmed:** Okay, sir. Got it.

**Pradipto Mukherjee:** So, you see capacity utilization more than output.

**Majid Ahmed:** But that increase of the capacities of how many tonnes? 20,000 metric tonnes? How much total capacity did we get?

**Sudarshan Ganapathy:** Yes. 20,000 tonnes.

**Majid Ahmed:** Okay. Got it sir. And, sir, how do you see the, just sir follow up on caustic soda, sir, how do you see the current market for caustic soda and the demand currently?

**Sudarshan Ganapathy:** As of now, the demand is quite stable and we expect in the near term to remain stable.

**Majid Ahmed:** Okay, sir.

**Pradipto Mukherjee:** So, the split of revenue at, there was a question of split of revenue between basic and specialty. The basic chemicals for the quarter revenue stood at RS. 395 crores and specialty chemicals Rs. 140 crores.

**Majid Ahmed:** Sir, the bifurcation of basic and between PVC, caustic soda and soda ash?

**Pradipto Mukherjee:** I think we refrain from giving this data. That was the whole objective of consolidating our segment.

**Majid Ahmed:** Okay, sir. Thank you, sir. Thank you for the opportunity. All the best.

**Pradipto Mukherjee:** Thank you.

**Moderator:** Thank you. Our next follow-up question comes from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead, sir.

**Madhur Rathi:** Sir, I am trying to understand that within our basic chemical segment and specialty chemicals, sir, is there any integration? Like, I mean, are the basic chemicals being used as feedstock for the specialty chemicals or they are totally two independent

**Sudarshan Ganapathy:** No. If you see our entire investor presentation, we have a slide where it shows which product is going to make which product. So, for example, the PVC resin sits on the basic chemicals that is used to make CPVC. The chlorine is produced in the basic chemicals which is also used to make CPVC and the HCl what is coming also is used to make SIOP. So, we have an integration of the products. Some products which are coming from basic chemicals are used to make specialty chemicals.

**Madhur Rathi:** Right, sir. Understood. So, what percentage, if you could just broadly tell us that what percentage of our basic chemical revenue is being utilized in-house actively?

**Pradipto Mukherjee:** So, I think it would be difficult because we are working towards, you know, there is a cost advantage of using more of our PVC which we are gradually improving and for all our additional capacities which have come on board, we are using our own PVC. So, it is a dynamic kind of a thing. So, it would be difficult for us to give you a percentage. But having said that, if you are trying to find out the profits, we calculate segmental profits, I mean, these two segments based on transfer price of the product. So, let us say PVC is selling in the market at X is the price that is being charged to CPVC for doing their costs and profitability.

**Madhur Rathi:** Right, sir. Also, if you could give us some understanding or clarity about or progress, in the litigations regarding our contingent liabilities, regarding the electricity tax demand and, the Sahupuram land lease rental. So, at what stage are these litigations at and, what is the total outflow in case we lose the litigation?

**Pradipto Mukherjee:** So, as of now, we have been advised by the various legal teams whom we consult that there is no requirement to make any provisions because we are on the advantageous side of it. If you have seen our trend for contingent liabilities, our contingent liabilities a year and a half back was around Rs. 280 crores. It is gradually coming down and there is a dedicated team who is working to close on this one by one. There are certain agencies which are pretty slow but we are pretty aggressive of getting this off our head. So, there would be certain cases which are at different, different levels which will be addressed as and when it comes up for us. Wherever so and so we could push and reduce the contingent liability by changing the departments, we are doing so.

**Madhur Rathi:** Right, sir. And, also after this CAPEX that we are doing in CPVC, sir, is there any possibility of further CAPEX in each of our verticals or, we have like reached the limits like maybe in terms of the land or any other constraint or, is it that depending upon the demand and our resources, we can continue expanding our capacities?

**Pradipto Mukherjee:** I think land has never been a challenge for us. I mean, we are blessed with land.

**Sudarshan Ganapathy:** All the products and capacities are expandable depending on the demand supply and feasibility.

**Madhur Rathi:** Right, sir. So, by next financial year, sir, should the shareholders expect the company to become debt-free at net level?

**Pradipto Mukherjee:** The net debt is around Rs. 150 crores. If my repayment is around Rs. 125 crores, Rs. 130 crores, so you can pretty well expect the net debt to become zero.

**Madhur Rathi:** Right, sir.

**Pradipto Mukherjee:** That is the assumption that we do not grow. Do not chase us for growth at that point in time.

**Madhur Rathi:** Right, sir. So, also wanted to understand that, I can see that electricity is our major cost and in power fuel last year we spent some Rs. 312 crores. So, how much renewable can we, I mean, realistically can our electricity outgrow, reduce by renewables?

**Pradipto Mukherjee:** So, roughly, as I told in the previous question, I think, roughly we had anticipated when we bought into this renewable. So, let me take you to the transition. We thought that the savings would be somewhere around Rs. 35 crores. Because at that point in time, the coal prices were very high. We knew what agreement we are getting into with the renewable. By the time we started getting the power, it came down to around Rs. 25 crores, Rs. 30 crores of savings. I think we hold that number as of now and whatever is, I mean, there may be timing differences, but at annual level, we should reduce by Rs. 25 cores, Rs. 30 crores, to simply put it.

**Madhur Rathi:** Right, sir. And, also wanted a clarification that you mentioned that with the additional CPVC capacity, we will be able to generate a revenue of approximately Rs. 500 crores in next financial year. So, on that Rs. 500 crores

**Sudarshan Ganapathy:** No. What he mentioned is that with additional CPVC capacity coming and increasing the sales of other products, our second half revenue is likely to be more and we will clock a number of Rs. 2,500 crores.

**Pradipto Mukherjee:** So, you continue. First, let us hear you out.

**Madhur Rathi:** So, basically, what I was trying to understand that, what I understood that Rs. 500 crores additional revenue is going to come from the additional capacity of CPVC and, the margin would be

**Pradipto Mukherjee:** So, that is a wrong assumption because, see, whenever I say that our expected revenue annualized will be Rs. 2,500 crores, there is lot of annualization which has been put into that. Let us say H1 is Rs. 1,000 crores, Rs. 1,015 crores. There are some products which have sold less, some products which have sold more, some issues in terms of inventory availability, all these things are there. So, on a steady state, you can consider a number which we can target to be Rs. 2,500 crores. We may be short by some Rs. 100 crore, Rs. 200 crores or we may be up by Rs. 500 crores depending upon the pricing. But if on a steady state, we do 50 KT of CPVC,

relative price understanding and we do capacity of all our products, we will be near about that Rs. 2,500 crore number.

**Madhur Rathi:** And, the margin in the CPVC at current spread is 30%?

**Pradipto Mukherjee:** I think that is the number what we did last time because, as I told, we do not do product level. When we used to do product level and used to allocate certain common costs, we used to get that number. We today do not calculate profits at a product level. We calculate at a segment level, a reportable segment what we do.

**Madhur Rathi:** Okay, sir. So, what is the current CPVC realization per metric tonne?

**Sudarshan Ganapathy:** It is around Rs.105.

**Madhur Rathi:** And this is after the 15% price erosion that happened during the quarter?

**Sudarshan Ganapathy:** Yes.

**Madhur Rathi:** Okay, sir. Sir, that was from my end. Thank you so much.

**Moderator:** Thank you very much. As there are no further questions, I would now like to hand the conference over to the management for the closing comments.

**Saatvik Jain:** Thank you once again everyone for joining our call today and hope we have been able to clarify your doubts. If anything further, I request you to reach out to our advisors at Valorem. Thank you once again. Have a good evening.

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