



“Bodal Chemicals Limited Q3FY21 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to the Bodal Chemicals Limited Q3 FY'21 Earnings Conference Call. 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ankit Patel from Bodal Chemicals Limited. Thank you, and over to you, sir.

Ankit S Patel: Good evening, everyone. Thank you for joining Q3 & 9 Months FY '21 Conference Call of Bodal Chemicals Limited. I have our CFO, Mr. Mayur Padhya with me as well on the call. I hope you and your near ones are safe and healthy in this uncertain COVID period.

I trust all of you have got an opportunity to see our "Financial Results" and "Investor Presentation" filed with the stock exchanges and are also uploaded on our website.

First, I will highlight our acquisition and diversification plans along with business performance for the quarter. Detail financial performance will be taken up by Mr. Padhya later.

We are happy to announce acquisition of Siel Chemical Complex located at Rajpura, Punjab. Siel is in the business of Chlor-Alkali, and one of the largest players in North India. The plant is developed on the land of around 124-acres, out of which around 60-acres is surplus. Current capacity of caustic soda plant is 250 tons per day, which is 82,500 tons per annum. The plant also has strong internal and adjoining consumption of chlorine, for around 80% in stable bleaching powder, hydrochloric acid, sodium hypochlorite and through pipeline sales to adjacent units to which Siel has been supplying since many years. Rest of the chlorine gets sold in cylinders to third-party consumers. Siel has very strong client base and has been supplying to leading companies like HUL, Nestlé, Indian Oil Corporation, HPCL, Vardhman and Trident, etc.

The plant is very well maintained with strong internal processes and very good condition of the fixed assets. We will be upgrading the technology of the assets after acquisition which would result in substantial reduction in the power cost, annual repair and maintenance cost, and increase in production capacity for caustic soda plant from 82,500 mtpa to 99,000 mtpa. During the upgradation process, plant will be under operations with about 70% utilization of the existing capacity.

We will acquire Siel Chemical unit at total cost of around Rs.137 crores on slump sale basis plus stamp duty of around Rs.6 crores. We expect Siel to generate additional revenues of around Rs.300 crores after the upgradation of the plant at optimum utilization levels, with EBITDA margins in the range of 20% to 22% at current price levels.

Apart from the acquisition, in the last quarter, we announced diversification into Specialty Benzene downstream products and expansion of Sulfuric Acid and Derivatives at Saykha GIDC

in Bharuch, Gujarat. We are glad to announce increase in the capacity for Benzene downstream products to 78,960 mtpa from 55,000 mtpa announced in the last quarter. We have added the MPDSA plant and increased the capacities of other products. Under Benzene downstream products, we will be manufacturing MCB, PNCB, ONCB, MNCB, DNCB, PNA, 2,4 DNCB and MPDSA. The capacity of sulfuric acid and derivatives will be 3,40,000 MTPA as announced in the last quarter, which will include Sulfuric Acid, Oleum 23 and 65, Liquid SO₃ and Chloro Sulphonic Acid.

We will set up integrated product chains, which will lead to cost efficiency, better productivity and higher margins for the company. We have already started the work at the site, which is expected to get completed by the end of Q3 FY'23. Total cost of the project, including one-time infrastructure cost will be Rs.400 crores. Out of that, cost of Benzene downstream products will be Rs.220 crores and cost of Sulfuric Acid and Derivatives will be Rs.125 crores. We expect this project to generate additional revenues of around Rs.550 crores at optimum utilized levels with EBITDA margins in the range of 15% to 18%. All the projects including acquisitions and diversifications will be funded by mix of long-term debt and internal accruals. We expect to generate internal accruals of around Rs.100 crores per year and rest will be funded by debt.

The quarterly business scenario improved in Q3 FY'21 in terms of better demand, higher utilization of plants, and more dispatches after the lockdown impact in the first half of FY'21. We expect demand scenario for our products to improve further in coming months as the domestic as well as global economics have started opening.

During Q3 FY'21, the average price of Vinyl Sulphone was around Rs.171/Kg and H Acid was around Rs.359/Kg. Our total production for Q3 FY'21 standalone was 68,400 MTPA, which was 31% higher year-on-year, with Dye Intermediates, Dyestuffs and Basic Chemicals including Thionyl Chloride utilization at 96%, 51% and 100% respectively.

Production numbers are on higher side, mainly due to two reasons -- One is, we did not take annual shutdown of basic chemicals plant in Q3 FY '21, which we take every year during Diwali. We will be taking that shutdown in February 2021. Second is, we have done debottlenecking of our Dye Intermediates plants due to which its utilization levels can now reach around 95%. We expect utilization of Dyestuff segment to improve further going ahead as demand scenario is improving gradually from textiles and leather sectors.

We have started the production at Trion plant from September 2020 and production reached to around 230 MT per month and achieved near to breakeven levels. We expect Trion plant to turn to profits from Q4 FY'21 onwards.

On the subsidiary side at SPS, we are planning to start VS plant from Q1 FY'22 after changes with respect to technologies which will add to profitability from next financial year.

At Sener Boya in Turkey, dispatches have improved to around 300 MT per month in Q3 FY'21 which was around 150 to 200 tons per month earlier. We expect monthly dispatches to improve further going ahead at Sener Boya.

All our subsidiaries have returned to profits from this quarter, and we expect them to rise from the current levels and add to overall profitability of Bodal in coming years.

With the improvement in the demand scenario for chemical sector globally, we believe Bodal is on strong growth path with strong standalone business model, improvement in performance of all subsidiaries and addition of new capacities by expansion, diversification and acquisition.

Thank you. And I would now request “Mr. Mayur to take up the Financial Performance in Detail”

Mayur B Padhya:

Thank you, Ankit bhai. Good evening, everyone. On the quarterly consolidated basis, our total income was at Rs.3,732 million, increased by 13% year-on-year in Q3 FY'21. EBITDA including other income was Rs.456 million, which was higher by 64% year-on-year in Q3 FY'21 with EBITDA margin at around 12%. Consolidated profit after tax for Q3 FY'21 was Rs.258 million, which was higher by 119% year-on-year basis.

On the standalone performance side, our total income increased by 9% year-on-year to Rs.3,354 million in Q3 FY'21. Standalone EBITDA, including other income stood at Rs.385 million, which improved by 38% year-on-year. Standalone financial cost in Q3 FY'21 declined by 65% year-on-year and 17% quarter-on-quarter to Rs.15 million due to decrease in debts and declining rate of interest. The profit before tax increased by 75% year-on-year to Rs.299 million. Profit after tax for Q3 FY'21 was Rs.231 million, which increased 52% year-on-year and 32% quarter-on-quarter. Trion Chemicals posted revenue of Rs.31 million, with PAT of negative Rs.5 million.

On the subsidiary front, SPS posted revenue of Rs.339 million with PAT of Rs.2 million in Q3 FY'21. Performance of our Turkey unit, which is Sener, was impressive during Q3 FY'21, which posted total income of Rs.236 million with PAT of Rs.30 million. Total income for subsidiary in China was Rs.73 million with PAT of Rs.9 million in Q3 FY'21.

Thank you. And now I open the floor for question and answer session.

Moderator:

Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Our first question is from the line of Aditya Khetan from East India Securities. Please go ahead.

Aditya Khetan:

Sir, in last quarter, we had said that we are foraying into benzene derivative. And now in this quarter, we are now entering into the Chlor-Alkali business. Sir, just one thought, wanted to know so apart from our existing chemistry of Dyestuffs and Dye Intermediates, is there not much

demand growth available into that business because of which we are foraying into these businesses or what is the rationale behind foraying into these two separate businesses apart from our core business right now?

Ankit S Patel:

So we are already the largest player in Dye Intermediates space in India, and in Dyestuff also we are one of the largest, in top-2, top-3 in terms of volumes. Growth in Dyestuff is still to be continued at our Baroda complex. But to avoid the volatility that the dyestuff sector has, and also to have a long-term vision, we have been planning to open new areas in chemical sector only. So the benzene downstream products has a lot of domination from Chinese players, the top players are in China. And what we feel is that I think the growth is not going to come much from China from the leading players, and it presents a good opportunity because looking at next 10, 15-years how the chemicals, agrochemicals, pharmaceutical space is going to grow in India, I think it is a good opportunity. Plus out of the first phase products that we are planning, there are a couple of products already which we use captively in our existing dyestuff model. So we do have integration there. Also, we are going to have some integration between the sulfuric acid complex and the benzene-based downstream products at the new site. So, we are not going into two different particular chemical chains, but we are actually going to have an integrated business model with the complex theory where sulfuric acid waste heat will be converted into steam, which has a value of multiple crores annually, and that entire steam will be used for benzene-based downstream products. Similarly, sulfuric acid complex is going to produce about 5, 6 MW of excess power. That is also going to be used for the entire complex. So we are targeting not to buy any power from the state electricity board. And also for the steam, it's going to come from the sulfuric acid complex. So it's going to be very, very integrated and synergized complex. Also, some of the sulfuric acid products will be used in the benzene-based downstream products. Also, a couple of the byproducts, which are there in the benzene-based downstream products which are actually difficult to handle or to sell in the market, we will be captively using them in the sulfuric acid complex. So there's a lot of integration that we are doing, just like our Baroda complex, where it starts from Basic Chemicals to Intermediates to Dyestuff with common utilities and lot of byproducts being used internally. It gives a lot of cost advantage against the competitors. So we are planning to execute similar business model at a new site also. Benzene, like I said, China being the top player in the world, I think India has a great opportunity to grow in that space. And the application of such products are very wide. They go into agrochemicals, dyestuff, pharmaceuticals, etc., So we really see those products also growing big time. And also, some of these downstream products that we are planning, they are imported on regular basis. So we don't have to grab market from the existing players, but I think there is definitely market available where we can achieve the higher utilization immediately after we start. Sulfuric acid, similarly also, it's more of a regional business, about 200, 300, 400 Kms radius business. So it also has wide applications, it's the most common chemical in the world, and it's applied at almost in every single category. So with the growth that is going to come up in India, I think there's going to be a regular increase in demand of sulfuric acid and derivatives. And the location really helps us because it is situated in the heart of PCPIR, where Dahej is almost all developed, and then the new GIDC now, Saykha is now being developed and Vilayat GIDC also only five

kilometers away. So I think the entire PCPIR region which is a few thousand hectares, I think it's going to be only one plant there of sulfuric acid. So I think we can be in a very dominant position to have the early advantage to enter into that area with sulfuric acid and derivatives. And for acquisition, it's a new line of business for us, but we have been buying caustic and chlorine for many years. We are a very big consumer of caustic and now chlorine also. So it's nothing new for us. It also has integration possibility for us in North India because our SPS processors where we have H Acid plant, we are also starting the Vinyl Sulphone plant. And those two combined is going to be large capacities. And so there we use a lot of caustic soda. It is not very far from the SIEL Chemical Complex. So I think that integration possibility is definitely there. And North India itself has some other opportunities and SIEL Chemical Complex has good advantage of situated in the right location as far as North India goes. With the spare land available, we also plan to have some more growth plans there. But obviously, not in the first phase. But I think that it presents us not just a 250 tons or a 300 TPD Chlor-Alkali business, but it gives us this integration and also some future growth prospects.

Aditya Khetan:

Sir, you have said, we are big consumers of caustic and chlorine. So particularly, in which businesses are we currently using caustic and chlorine?

Ankit S Patel:

Caustic, we use in dye intermediates, like I said, we are the largest in India. Since 30 years, we've been using caustic in the Intermediates space, where more than 95% of it is used. And chlorine, we use at Trion Chemicals and also thionyl chloride. At these two locations, we have been using now chlorine for more than a year.

Aditya Khetan:

In this quarter, we have seen that the dyestuffs volume had been degrown by 1% whereas the dye intermediate volume growth is around 43%. Now we know that dye intermediate is a raw material used to make dyestuff. So why is there a growth in the dye intermediate of 40% and a degrowth of 1% in dyestuff? And secondly, also, can you help me with the annual demand of dyestuff in India currently?

Ankit S Patel:

For Intermediates, I think I mentioned it my speech about the debottlenecking part that we have executed with a very, very small expense without any new CAPEX. We converted the existing setup into a better capacity. That is the main reason why we are able to produce more in the same plant. So going ahead also the scenario should continue. And in dyestuff, I think because we are dependent more on exports in dyestuff, I think COVID situation is the main problem mainly because of Europe. Europe still going through this COVID situation. It's still not cooling down there. So I think that was one of the main reasons because we supply to Italy to Turkey. I think like I said because of our dependency on exports more than the domestic sales in dyestuff, we had some issues there. In intermediates, we were able to sell higher volumes because there our export ratio is very small. So there we just sell to the local consumers, a few hundred here in India.

Aditya Khetan:

And what would be the annual demand of dyestuff in India?

- Ankit S Patel:** I don't have an exact number because there are so many different categories of dyestuff. There is reactive dyes where India is in dominant position. There are direct dyes, where China has a dominant position, where China produces more than 90% of the world. There are other direct dyes, acid dyes, wet dyes. So, it's very difficult to tell. But the reactive dyes where most of the industries from India are active, like us, we are active in acid dyes also, which goes into leather and nylon and all. We are also pretty big in direct dyes, which goes into paper. I'm not sure which exact market you're referring to. But I would say that on an average, about 20,000 to 30,000 tons would be the monthly consumption of all the dyestuff that we deal into in India.
- Aditya Khetan:** The acquisition cost is around Rs.137 crores, and also, we are upgrading the caustic soda plant from 82,500 to 99,000. So this cost Rs.137 crores also includes the upgradation part or there would be some separate CAPEX aligned for this?
- Ankit S Patel:** No, it does not include that cost. And one of the main reasons why we got this plant at this attractive price is that because the technology there is 20-years old, it needs to be upgraded to be competitive in the market and to earn good margins. So we will have to do it separately. We have already prepared everything for that and we are just ready to place the orders immediately when we get the possession. The cost will be around Rs.100 crores. So total, we are looking at spending around Rs.230 crores, Rs.240 crores there which will give us 300 TPD plant, 99,000 tons per annum plant, and that will be ready about five to six quarters from now.
- Aditya Khetan:** So that means, sir, on a two-year forward basis, we are talking of a Rs.640 crore CAPEX, and on that, Rs.200 crores would be from the internal accruals and remaining around Rs.450 crores would be from the debt. Is that assumption correct sir?
- Ankit S Patel:** Yes.
- Aditya Khetan:** So taking around Rs.450 crores of debt, our existing debt is around Rs.165 crores, how confident are you that the existing expansion would help the company to pair off the debt because then our balance sheet would become highly leveraged.
- Ankit S Patel:** Currently, that Rs.160-odd crores debt you say, that is a short-term debt. We are a zero long-term debt company. Let me give it to Mayur bhai to explain this better.
- Mayur B Padhya:** Presently, the current debt is around Rs.130 crores, and that Rs.130 crores is having an interest rate of average 3% or so. Additionally, there can be some more utilization of working capital, but that will be in the range of about 3% to 4% rate of interest. What additional long-term debt we are going to raise is, you mentioned it correctly about Rs.450 crores. And presently, rate of interest has gone down drastically. And the quote what we are getting from the bankers is in the range of 6.5% to 7.5%. So overall interest burden is not going to be there. And the additional revenue as well as EBITDA what we are going to generate is much more than what we are going to spend as interest. So even if we exclude the earnings from the new project and the acquisition, even existing structure of the company itself is sufficient to serve this interest as well as the

installment part of the company. So, we are very much confident and there is no issue at all as far as debt service is concerned.

Moderator: Thank you. We'll take a next question from the line of Raj Nahar from Mili Consultants. Please go ahead.

Raj Nahar: How is the current market of Vinyl Sulphone and H Acid? And what kind of current price trend there currently?

Ankit S Patel: The current market for H Acid and Vinyl Sulphone has actually been good in last 15 to 25-days and the prices have gradually increased also; H Acid price per kg is about Rs.415 and Vinyl Sulphone per kg price is Rs.235. Some of the raw materials have also shot up. But I think these finished goods prices levels are good for us.

Raj Nahar: So this Uttar Pradesh unit will be now running full because...?

Ankit S Patel: UP unit for H Acid is running at optimum capacity, yes. But Vinyl Sulphone unit is not ready. We are targeting to start that in a few months. So then that will also be running at optimum level.

Moderator: Thank you. We'll take our next question from the line of Rohit Nagraj from Sunidhi Securities. Please go ahead.

Rohit Nagraj: A few questions on the downstream expansion. So in Siel Complex, we have indicated at optimum utilization level, the EBITDA margin shall be in the range of 20%, 22%. But if we look at generally in the Chlor-Alkali business, the margins are upwards of 30%, 35% in normal course of prices which is currently depressed quite a bit. So is it that we are looking at 20%, 22% based on the current pricing scenario or the normalized price?

Mayur B. Padhya: So current prices definitely like you said have been depressed for the last few months. But now I think since last one month, the prices have slightly been going up. And yes, definitely at the 20%, 22% that we said they are definitely on a conservative side and also at the current price levels. Like you said, 30% to 35% EBITDA which is the traditional number in the Chlor-Alkali sector, you are very right. I think there the prices of caustic has to be around Rs.20, Rs.27, Rs.30, which is probably the 10-year average. And that's where I think the 30% EBITDA level is. So, I think that level should also come back because there was a slowdown in the demand mainly from the textile sector, that's why the Chlor-Alkali was suffering a bit. But I think now they are gradually coming back to the normal levels.

Rohit Nagraj: The second question is on the Specialty Benzene Derivative segment. So what has changed in one quarter that we have gone in for an upgrade in terms of the capacity and the entire downstream part of the project, is there something which is already in the pipeline that we see that there is an opportunity and probably it would be an import substitute or something else which has made us think to go ahead with incremental investment and increased capacity?

Ankit S Patel:

Out of the five products in the benzene downstream, the very first 2 products are MCB and then PNCB, ONCB plant. So in those two plants only we have decided to increase the capacity. The reason was very simple; while we were getting into more and more details technically, investment of around Rs.40 crores more, we are going to put 1.5x of the original capacity that we had planned, which was announced last quarter. So at Rs.40 crores basically we are able to increase the capacity plus I think the scenario that has changed in the last three, four months about how the benzene-based products are behaving and how the import scenario is happening, I think we have also got some more confidence about how the Indian market demand is going to run in the next few years. So, main reason is with a very small investment, we are going to have 50% more capacity.

Rohit Nagraj:

Just one last clarification again on the Siel Complex. I understand that we have our facilities located in Gujarat. So going all the way from Gujarat to Punjab for this particular complex, it does have some kind of captive consumption for us. But was there any other reason beyond the slump sale and getting into this business, because I understand probably a year, one and a half years back we had also indicated getting into caustic and chlorine segment at Dahej that plan was shelled out because of the unfortunate circumstances. So is it a complementary reaction to that or there is anything else which is going into that?

Ankit S Patel:

I think Chlor-Alkali is also more of a regional business. So I think this has not much to do with our earlier plan to set up Chlor-Alkali here in Gujarat. As a deal, this was very attractive because the condition of the plant and also the location of the plant is actually pretty good. And I think running a plant somewhere away from Gujarat, that's not going to be a big issue at all because now the latest technologies and digitalization, plus we already are experienced to run a plant near Mathura for now three years, and also, we have done the acquisition in Turkey. So I think we can definitely manage multi-location manufacturing. I think that should not be an issue. And like I said, the business in North India is also not bad, obviously, the volumes are not like the Western India, but North India also has some large players and they also keep growing. And one of the main reasons was, it's not just a single 300 TPD plant that we are going to have there, but there's definitely room to double that capacity, which is the original plan from the existing management. So that option is there. Also, there are a few integrated projects which are not there in North India, where all those products are being supplied from Gujarat, from players like GHCL and other dominant players from Gujarat in Chlor-Alkali. So there are some projects which we can plan to set up which has a good demand. Since there's a readymade plant operating when we convert the technology to the latest one, we'll be the most competitive in terms of all the players being present in that area. And with all this 60 years of surplus land which is available, so that complex becomes very chemical manufacturing-friendly with all this surplus land, and also, I think North has enough market, and also, I'm sure that North will also continue to grow. So we see it as another site for us where we can definitely take that Rs.300 crores turnover and multiply that by 2 or 3x maybe in next five to 10-years.

Moderator: Thank you. Our next question is from the line of Aditya Khetan from East India Securities. Please go ahead.

Aditya Khetan: Sir, just one question on the benzene derivative side. So what we understand is that we are going to manufacture PNCB and ONCB, and PNCB is majorly used in pharmaceuticals and ONCB is used in agrochemicals, whereas our current business portfolio the end consumers are much more skewed towards the textiles, paint, leathers, pigment side. So targeting a new business and getting approved from the client, how difficult it is, and how we stabilize the business, so just wanted to get a quick idea on this?

Ankit S Patel: In agrochemical space, from our Basic Chemicals, which is about 15% of our top line in thionyl chloride and sulfuric acid derivatives, we already supply to all the large players from agrochemicals. For example, we have been supplying to PI industries, UPL, some of the other on and off leading players like Meghmani also. So many agrochemical players we have been present there for more than I would say five or seven years. So selling to these companies or getting approval is probably not a big issue at all. And PNCB, we also captively use because it goes into one of the dyestuffs, it goes into a Dye Intermediate, which is called DASA, where we are the largest in India. So PNCB is the raw material for DASA. So we have been importing PNCB for more than 20-years now. So it becomes a raw material for us. Now, we will be producing it in-house.

Aditya Khetan: Second question on the acquisition of the SCC front. So we are already consuming caustic and chlorine. So with this acquisition, we would be using this more of it in-house or we would be selling it into the clients?

Ankit S Patel: So chlorine, we definitely use here in Gujarat, but I think chlorine has some limitations of transport and plus it's a low-value item, so chlorine to bring it all the way to Gujarat is not going to be viable, unless it goes through a very high rate cycle, then maybe it can be possible for us to bring it here, but most likely it's not going to happen. But caustic, now Gujarat players also sell some quantities to North market. So vice versa North states can also sell it to Gujarat area. So we can definitely bring it here. For our Mathura plant, definitely, all the materials will be supplied from there. But most likely, like I said, it's more of a regional business. So we'll be mainly supplying in that 400, 500 Kms radius only.

Aditya Khetan: So caustic, we won't be using internally for our Dye Intermediates business, just I wanted to understand?

Ankit S Patel: We will at our Mathura plant. Yes. So not the entire consumption, which we currently buy from Chlor-Alkali players will be met from SCC. But our whatever requirement that is there from our UP plant, that we will supply immediately, and also, we are starting a Vinyl Sulphone plant there. So the caustic consumption will be doubled once that plant starts.

- Moderator:** Thank you. We'll take our next question from the line of Dhiral Shah from PhillipCapital. Please go ahead.
- Dhiral Shah:** Sir, my question is again a follow-up to the last participant question. So you talked about caustic soda to use internally, right. So how much will it be consumed internally and how much we would be selling to the other parties?
- Ankit S Patel:** So at current levels, there will only be about 10%, 15% of captive consumption which will happen at our North India plant. But we do have some other plants which can be in the phase-2, where we can consume more caustic and chlorine. There is hardly any chlorine available because this is not just a Chlor-Alkali complex, there is also a 200 tons per day HCL plant, there's also a 70 TPD SBP plant and a couple of other small plants also. These are all part of that SCC. And there are five adjoining pipeline buyers which buy chlorine on a regular basis. And there is already a pipeline buyer which buys hydrogen, that is also there just adjoining the complex. So this kind of setup is a very strong point. So if you look at some of the other leading players here in Gujarat, most of the players have good pipeline-based buyers for chlorine and hydrogen. So that is one of the good strategies to have, and this plant already has that since it is there for a long time, so they have a very good setup as far as the captive buyers surrounding the complex.
- Dhiral Shah:** You talked about export. We have faced problem in Q3. So has export come back to the normal situation or we are again facing the problem?
- Ankit S Patel:** Compared to Q3, definitely, the situation has improved. So export volume will be higher than the Q3.
- Dhiral Shah:** Whatever expansion we are doing, the CAPEX of Rs.650 crores, by when this is going to commence?
- Ankit S Patel:** For SCC, the Chlor-Alkali complex, we are targeting around five quarters. So in five quarters we want to be done with the technology upgradation and the increase in the capacity. And for our Greenfield project here in Saykha GIDC, we are looking at six quarters.
- Moderator:** Thank you. We have a question from the line of Chintan Shah, an individual investor. Please go ahead.
- Chintan Shah:** My question is regarding the warrant issue. Last time, you have extended the warrant deadline. Do the warrant holder accept the warrant or not?
- Mayur B Padhya:** No, it's most likely that warrant holders are not paying for the warrant. This is the present scenario.
- Chintan Shah:** So you have almost Rs.150 crores if the warrant holder accept the amount?

- Mayur B Padhya:** Whatever warrant holder has paid to the company that will be forfeited and that will remain with the company, that will be added to the reserve of the company.
- Chintan Shah:** So is there any problem for the internal investment?
- Mayur B Padhya:** No. As far as management is concerned, when we declared this warrant, at that time we were coming up with about Rs.1,200 crores plus CAPEX. So to show the confidence in the project, management has issued this warrant that they are putting their money in the project. And another thing at that time, rate of interest was even very higher; it was around 9.5% to 10% p.a. for the long-term debt. So now presently, our CAPEX has reduced drastically. At the same time, rate of interest for long-term debt is also very much lower side. So to fulfill the warrant and dilute present shareholders' equity, it's not a wise step. So we are not diluting equity at this stage. And whenever in future, if required, management will be there to infuse their fund in the company.
- Moderator:** Thank you. Our next question is from Amol Dhansale from Bonanza Portfolio. Please go ahead.
- Amol Dhansale:** My question is that I have seen in your investor presentation that you are having a shutdown for Basic Chemicals. So will it have any impact in production or you have stock already, can you give some color on that?
- Ankit S Patel:** So we usually take it around November. But this time, we tried to extend it. So we are planning to now take it at end of the month. So for about 20-days that plant will be shutdown. But we usually store all the captive finished goods requirements. So we will be using it from there. But about for 20 days Basic Chemicals plant sulfuric acid complex would be shutdown. It's a routine process for us. There are no problems with that.
- Moderator:** Thank you. Our next question is from the line of Rohit Nagraj from Sunidhi Securities. Please go ahead.
- Rohit Nagraj:** Sir, just one observation that during last quarter, I understand that the dyestuff prices in China have started going up from October onwards. So what is the Indian scenario? Have we seen the same happening in India? How is the pricing shaping up from January onwards?
- Ankit S Patel:** Like you said, definitely, last six months' situation has been improving almost every single month. About 6 months back, all the raw materials and commodities were very much at bottom. But in the last six months most sectors have recovered. And with all these raw materials supply chain going up gradually, all these finished goods have also gone up. So like Vinyl Sulphone level used to be around Rs.170 per Kg, now which is at Rs.235. But some of the raw materials have also gone up. So similarly, I think when Vinyl Sulphone, H Acid, other intermediates go up, then dyestuff prices have to go up. So that natural process is happening I think, and like we have witnessed how things have changed particularly in the last three months, how the economies have opened up and how the overall sentiment of the globe has changed. So it's just

linked with that and overall demand is I think has been very positive. So all the prices have been going up.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the floor back to Mr. Ankit Patel for closing comments. Over to you, sir.

Ankit S Patel: Thank you very much for joining our conference call. And if anyone has a question remain unanswered, they can directly contact us for the same. Thank you and have a good day.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of Bodal Chemicals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.