



“Oriental Carbon & Chemicals Limited
Q2 and H1 FY ‘23 Earnings Conference Call”

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Moderator: Good day, ladies and gentlemen, and welcome to the Q2 and H1 FY '23 earnings conference call of Oriental Carbon & Chemicals Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance, during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Akshat Goenka, Joint Managing Director of Oriental Carbon & Chemicals Limited. Thank you, and over to you, sir.

Akshat Goenka: Good afternoon, and a very warm welcome to everyone. Along with me, I have Mr. Anurag Jain, CFO; and SGA, our Investor Relations advisor. We have uploaded our results and investor presentation for the quarter and half year ended 30th September 2022 on the stock exchanges and company website. I hope each one of you have had a chance to go for the same. The global economy has witnessed numerous headwinds in the last two to three years. Despite a challenging environment, the company delivered a top line growth of 22% year-on-year in Q2 FY '23 and 39% for the H1 FY '23.

Our margins were impacted due to higher input and freight costs. However, on a half yearly comparison, EBITDA profitability is almost the same. We expect these costs to rationalize and hopefully, the company is likely to achieve an EBITDA in the range of INR 100 crores for this year, if the demand is maintained during the coming two quarters.

Even quarter 1 and quarter 2, one of the main differences in profitability has been due to this inventory adjustments. So, if you normalize those, the performance between quarter 1 and quarter 2 is quite similar. The domestic tyre industry is experiencing pent-up demand from OEM and replacement segments, currently supported by the gradual recovery of economic activity across, infrastructure spending, favorable freight rates and stable financing environment.

Demand from commercial vehicle segment, which was low during the quarter is expected to return on the back of increased investments in both infrastructure by the government, along with the freight movement which is anticipated to increase strengthening the offtake of commercial vehicles. OCCL has strengthened production process to increase efficiency and moderate energy costs. The company has also institutionalized an exercise to moderate fixed costs and also strengthen its R&D facility with investments in equipment and technical talent. We are focused on consuming less and manufacturing more, while minimizing our environment impact.

OCCL has progressively produced insoluble sulphur to greener alternatives. It continues to invest in low-carbon technologies that translated into enhanced resource and energy efficiency. We invested in renewable energy also reducing our carbon footprint further. I'm also very



pleased to share that during this quarter, we have achieved a great place to work status and along with that, we also got a very prestigious award from the Indian Chemical Council, which recognized us for the company in the sub INR 1,000 crore category as having the best HR practices across all chemical companies. So, we are very happy to receive this honor from them.

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

Anurag Jain:

Thank you, Akshat. Now I will take you all see standalone financials of the company. The Board declared an interim dividend of INR 7 per equity share or face value of INR 10 each for the six months ended 30th September 2022. Total income for Q2 FY '23 stood at INR 122.7 crores as compared to INR 100.9 crores in Q2 FY '22, a growth of 22% year-on-year and stood at INR 259.1 crores in H1 FY '23, a year-on-year growth of 39%.

Growth was on account of better realization and higher volume. EBITDA for Q2 FY '23 stood at INR 20 crores as compared to INR 24.9 crores in Q2 FY '22 and EBITDA for H1 FY '23 stood at INR 47.7 crores as compared to INR 47.2 crores in H1 FY '22. Margins were impacted due to higher freight cost and input costs. Profit after tax for Q2 FY '23 stood at INR 7.8 crores as compared to INR 12.6 crores in Q2 FY '22 and stood at INR 21.7 crores in H1 FY '23 as compared to INR 25.1 crores in H1 FY '22, mainly due to higher interest and depreciation due to commissioning of IS and acid plants at Dharuhera .

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

Moderator:

We have the first question from the Chirag Setalvad from HDFC Mutual Funds.

Chirag Setalvad:

Good morning. Two questions from my side, the first was you mentioned that adjusted for inventory the second quarter looked similar to the first quarter. So, if you could quantify and elaborate that point. The second is, when you look at margins going into FY '23, where do you see profitability normalizing from an EBITDA margin perspective, if you can speak on that?

Akshat Goenka:

So in the first quarter, that is the quarter ended June 30th, you can see that there has been an entry where we are getting credit for inventory of about INR 12.85 crores. And in this quarter, we are noting a charge on INR 7.34 lakhs, **which is mainly due to adjustment in inventories due to rationalization of production** as well as due to decrease in raw material thereby decreasing the valuation of inventory. So these are the two things.

Anurag Jain:

The sale is also slightly less than quarter 2 compared to quarter 1.

Akshat Goenka;

So these are the two things which have impacted the inventory

Moderator:

Sorry to interrupt, your voice is breaking.

Akshat Goenka:

But if you consider the contribution, the contribution per metric ton is better than -- better in Q2 versus Q1.



- Chirag Setalvad:** So just if I could repeat, if I understand that correctly, there is a INR 12 crores gain in the first quarter? And how much was the negative impact on second quarter?
- Akshat Goenka:** The second quarter **there is a charge of INR 7.34 crores**, which is mainly due to adjustment in the valuation of inventory due to lower raw material costs and also due to reduction in inventories because the rationalization of production. And now your second question is regarding the half year margins.
- One more point on this. The sale in quarter 2 was also slightly lower than the sale in quarter 1. So that also laid a part in the profitability, but major chunk came from the inventories.
- Chirag Setalvad:** Now my second question was in terms of how do you see normalized profitability for next year?
- Akshat Goenka:** Into that, when you're talking about the half year, you will see that the margins on EBITDA level are coming down, but if you look at it on a per ton basis, it's not coming down. What has happened is because of increased raw material costs, we have an increased sales price. So even if the margins per metric ton are the same, as a percentage of the sales price, the margins come down.
- Chirag Setalvad:** And lastly, if you could comment on volumes and utilization.
- Akshat Goenka:** We expect the utilization to be better in Q4. So, we are looking at improved utilization from Q4 onwards.
- Chirag Setalvad:** And what was it in the first and second quarter.
- Akshat Goenka:** Second quarter it was about, between 70% and 75%.
- Chirag Setalvad:** And lastly, if you could highlight the expansion plans.
- Akshat Goenka:** So Chirag, regarding the expansion plans, from our side everything is ready. We will trigger it as soon as we see better visibility on the capacity utilization and so when I say visibility, I mean confirmed orders. So, when we think that our capacity utilization confirm is heading up to 85%, 90% onwards which could well happen in the coming months, we can immediately trigger it. There is not much of rework of reparation, all that is done.
- Chirag Setalvad:** Just a follow-up to the earlier question on margins. So, you highlighted that margins on a per ton business has stabilized, but on a percentage basis come down. So when you look at it on a percentage basis level because we don't get volumes on a quarter-to-quarter basis. Is this likely to be the new normal, which is this 16%, 17% or as freight normalizes and raw material normalizes, this can move up?
- Akshat Goenka:** So this will depend a lot on the raw material and freight costs, yes. So for example, if the raw material costs look were to come down and differently or sale price work we adjusted, then the margins will go up. But if the raw material costs remain the same and our sales prices remain



the same then this is the kind of margin we're looking at. If there is no -- in the event that there is no increase in sale.

Again on the quarter basis, right? So if the overall cost of production goes up in the overall margin, which we need on EBITDA level will come down even when we are getting better margins, which we did this quarter, we've gotten better margins. So, in order to get better margins than it will see the numbers.

Moderator: We have the next question from Aditya Khetan from SMIFS Institutional.

Aditya Khetan: First on the freight cost. So you have mentioned that the freight cost have been -- so there is an impact which you have taken on the freight cost. But sir, when we look at the freight indexes that is actually coming down and many companies in this quarter have reported benefit because of the lower freight cost. So -- and even the other expenses also in this quarter, so we have been actually down by the roughly 18% on a decline of 7% in revenue. So that seems to be like rationalized.

Akshat Goenka: We have not been able to understand your second question Mr. Khetan.

Aditya Khetan: Sir, on the freight cost, I was trying to understand.

Akshat Goenka: You are asking some second question, which I have not understood.

Aditya Khetan: Sir, second, I was asking that the other expenses, so that is also down by roughly 15% on the decline of 7% in sales. So definitely, there is a benefit of lower freight costs, which seems like in the numbers. But you are saying that there is an impact in the into the freight costs. So just wanted to know?

Akshat Goenka: So what **is happening here is** the freight costs for us are also coming down. So when I'm talking about the impact, I'm talking about on a half yearly basis or from last year to this year basis. So, if you talk about freight costs vis-a-vis Q1 to Q2, they have come down. Obviously, the full impact is not there, so there will be an additional impact of freight in the coming quarter, that impact is going to be there. So they have started coming down. You are absolutely right.

And when I talk about other expenses being down as a percentage, what are your comparatives? Can you tell me you're talking about Q1 to Q2 or?

Aditya Khetan: Q1 to Q2.

Akshat Goenka: So again, other expenses includes fixed expenses. As I explained earlier, my sales price have gone up, to adjust for higher raw material costs. So therefore, even though they have gone up in absolute terms,

Aditya Khetan: And second question, so there is an 8% decline in top line on quarter-on-quarter basis. So is it largely because of realization or even volumes were impacted?



- Akshat Goenka:** No, no. This is mainly because of volumes.
- Aditya Khetan:** This is mainly because of volumes and realization has been flattish on a quarter-on-quarter basis?
- Akshat Goenka:** On a quarter-to-quarter basis, there has been a marginal increase on realization.
- Aditya Khetan:** There has been a marginal increase in realization?
- Akshat Goenka:** Yes.
- Aditya Khetan:** But sir, considering now the exports have started to see an impact considering the inflationary trend and demand is taking down, so considering now that there should be an impact on the realization, so what is leading to this?
- Anurag Jain:** See, a lot of your questions can be answered by saying that we have a long sale cycle from the time an order leave our premises to the time the sale is booked because a lot of the places we are selling deliver duty paid, we are not selling CIF whereas other companies that you're comparing to be selling CIF. So there is always an extra month or so and the sales being booked in our books.
- And that is reflected in all these things that you're asking regarding freight and sales price and all of these things. And also [inaudible 0:15:41] at something in June as per June freight and as per June sales price, it will start hitting our books only in September. So similarly, if we do whatever the Q2 dispatch and agreement or will actually hit our books in Q3.
- Aditya Khetan:** And sir, the pipeline has been healthy, like so from the tyre side or is like we're taking some sort of like demand drop or some sort of like, so you are getting reduced inquiries from the customer side?
- Akshat Goenka:** So what I can say is that currently, if you look at the current customers, the demand from the current customers is similar to what it was in Q2. So we are looking at the same kind of demand from the current customers.
- Aditya Khetan:** So the expansion of 5,500 tons which we have done recently. So what would be the utilization on that capacity.
- Anurag Jain:** So that would depend and Mr. Akshat Goenka has pointed out already once we cross the 85% capacity utilization on the current capacity, then we will trigger the next expense. Obviously.
- Aditya Khetan:** I was asking on to the recently expanded 5,500 tonnes, which we have expanded. So what is the utilization on that?
- Akshat Goenka:** As I said earlier the overall capacity of the company is utilized about 70% to 75% as of today. Yes, you cannot aggregate that this capacity is utilized, or this is not utilized.



- Aditya Khetan:** And sir, if you can highlight on the raw material prices. So sulphur and coating oil how is the trend now as compared to quarter-on-quarter basis?
- Akshat Goenka:** So in the last quarter, the sulphur prices have started to come down, and they came down quite appreciably. But from October onward, again, we are seeing an increasing trend in sulphur.
- Aditya Khetan:** And coating oil also similar....
- Akshat Goenka:** Stabilizing. It's now stabilizing.
- Moderator:** We have the next question from the line of Umang Shah from India Bridge Capital.
- Umang Shah:** Sir, with the increasing power cost in Europe, are we seeing any advantage to us as compared to the manufacturers making in Europe?
- Akshat Goenka:** See, what has happened is that the increase in power cost obviously will increase the price of production of insoluble sulphur in Europe. But at the same time, it is also having an impact on the production of tyres as well. So if you look at it from the demand side, obviously, there is no surge in demand from Europe.
- Umang Shah:** So where is the tyre production moving to is it producing in Europe?
- Akshat Goenka:** No, it's not moving anywhere as of now.
- Umang Shah:** The overall production itself is -- and sir, is an what is the status of the ramp-up of chemical plant in Malaysia. I believe that they have a capacity of 40,000 tons there. Are we seeing increased competition from them?
- Akshat Goenka:** So we don't have data on their ramp-up as far in we know. So there is no new competitive intensity that is coming
- Umang Shah:** One more final question would be what would be the difference in price of the highest grade of Crystex and the highest grade of our products?
- Akshat Goenka:** So I cannot give all that information out please.
- Moderator:** We have the next question from the line of Dhruv Muchhal from HDFC Mutual Funds.
- Dhruv Muchhal:** So your guidance for about INR 100 crores EBITDA. Does this also include other income? And secondly, this is also implying about INR 50-odd crores in H2, but in your commentary seeing the utilization can improve going ahead and also the RMs have fallen. So is this more on a conservative sense, just trying to understand.
- Akshat Goenka:** So yes, when we're talking about EBITDA, we are talking on a like to like basis, if that is your question.



- Dhruv Muchhal:** So other income or no.
- Akshat Goenka:** Yes, yes. Including other income.
- Dhruv Muchhal:** And the second part to you at mentioning about utilization, improving and RM falling. So -- and we are EBITDA is implying about remaining INR 50 crores for the remaining half. So just trying to understand what could be missing.
- Akshat Goenka:** If I'm understanding your question right, you are saying that if the utilization level are going to grow up, then why -- EBITDA levels are going to remain the same....
- Dhruv Muchhal:** The utilization are improving. I believe also the RM has fallen significantly sulphur has fallen in also there's some increase, but it is still much below what was in the, I believe, the last one year and also the freight seems to be falling.
- Akshat Goenka:** No, we are not, they are still above we are about -- in the last one year, they are better than what they were in Q1, which was the worst quarter as far as the raw material pricing was concerned. And obviously, even in Q2 because we carry inventories and therefore, the impact of the profitability are there in Q2 because of inventories of finished goods and when the raw material. And therefore, that is why I'm saying that -- and we have got an EBITDA of INR 47.5 crores, which when we have around INR 100 crores, we are saying maybe it will go up to up to from 47.5 crores around INR 55 crores, INR 53 crores. So there is -- we are taking them upside a little bit. And that is why we -- Also, it comes back to my original point that if you see increased ramp-up of utilization in Q4 by the time it starts hitting the books at sales, there will be a gap. So that is active margin.
- Dhruv Muchhal:** Sir, the second was on the freight, just trying to understand the quantifying the freight and benefit. So we have seen this freight increase significantly now they've started to decline. So in the past, when I see the freight cost for you from a percentage of sales was about 6%, 7-odd-percent and FY '22 it had increased about 11% to 12%. This is from your annual report. Sir, should we now this freight declining by should we assume that this benefit will start reflecting that or a 5% increase the impact that you see on sales will start to reflect back in your EBITDA margins now?
- Anurag Jain:** So right now, the freight has still not fallen to the earlier levels.
- Akshat Goenka:** Yes. Now even in the first half of the year, the freight is about 10% of the cost of the sales price.
- Dhruv Muchhal:** Yes. But that I understand but freight has only started declining in the last one month or so.
- Akshat Goenka:** So yes. So what is that it's declining from a level of 10% plus. It is still not down to those old levels that you're referring to. It is down rate, freight rates are down of the peak, but they're still not down to those bottom levels.



- Dhruv Muchhal:** But the understanding is fair that the decline in freight it benefits you because your competitiveness to Europe improved...
- Akshat Goenka:** Yes. But freight benefits there I mean you have to keep one more thing in mind that when we ramp up sales, it will be more from exports. And therefore, the freight will -- even though the margins will be the per ton freight will remain to be a little higher because as a percentage of total sales, the value the share of exports would increase.
- Dhruv Muchhal:** And sir, just a follow-up on one of the earlier comments. You mentioned that on a per ton basis, your contribution or EBITDA margins are okay. So when you say, okay, the -- are you referring to on a Y-o-Y basis or you're listening to a longer-term plan? Because if I'm not wrong, your commentary from earlier calls and earlier even from your annual report is that the margins have been a bit weak and on the per ton, I think that is on a per ton basis. .
- Akshat Goenka:** Yes. they are better on a year-on basis, they are better than last year.
- Dhruv Muchhal:** And versus the historical trend I mean, last five years, seven years?
- Akshat Goenka:** On an average, they have not yet come up to those levels. We are still below those levels.
- Dhruv Muchhal:** And any sense if you can give what will have to play out for this to improve to your historical levels or some triggers are you looking for?
- Akshat Goenka:** It will be very speculative today. It will be speculative to say.
- Dhruv Muchhal:** And lastly, on demand. You mentioned about it. On Europe, you're not seeing a significant negative implication on demand given how the situation there is I believe Europe is a big market for you.
- Akshat Goenka:** So yes, there has been some impact in Europe and which we can see in our quantities coming down in Q2 versus Q1. So that impact is visible. And we think that this impact of Europe could continue in Q3 as well.
- Moderator:** We have the next question from the line of Prashant Rishi from Cascade Capital.
- Prashant Rishi:** You said that volumes have been hit quarter-on-quarter, even though there was a marginal increase on realization. Can you just quantify roughly how much the volume hit it would be within mid-single digits percentage wise?
- Akshat Goenka:** We do not give the numbers of sales. So that would be very difficult for me to say.
- Prashant Rishi:** But what is the reason why volumes are getting hit. I mean -- so in India, we know that the auto cycle is on and tyre production is increasing. Can you give me the reason why volumes are hit quarter-on-quarter?



- Akshat Goenka:** So we have already said that one of the major reasons for decrease in volume has been Europe. And In India -- there has not been any significant change from Q1 to Q2.
- Prashant Rishi:** And what's happening in Europe that is causing it?
- Akshat Goenka:** I think it's the Ukraine war and the gas energy crisis.
- Prashant Rishi:** So it's still far as a result of Ukraine war.
- Akshat Goenka:** There are some major crisis, yes.
- Prashant Rishi:** Sir, so the increase -- you also mentioned that there was an increase in the input prices, which is hitting the margins. Can you tell me what would be the prevailing global sulphur prices right now? You said they have started stabilizing after October?
- Akshat Goenka:** They had Come down, they have started going up again. It was for the offset I said that they have now stabilized and are marginally coming down so it had gone up to \$500, then it came down to \$132-odd, \$135-odd. I'm talking of CF India, and now it has gone up to around \$200 again. So that is how the sulphur has moved
- Prashant Rishi:** So 500 it dropped to \$130 and then now it's again back to \$200 . And sir, last question, the price that you charge to your customers, how frequently is it adjusted? For example, obviously, if raw material prices goes up, it is in our interest to charge a higher price to the customers. But I understand the sales happen...
- Akshat Goenka:** Normally the contract with our customers are either on a quarter basis or on a half yearly basis.
- Prashant Rishi:** Half yearly basis. And so sir, the margin that we're seeing with respect to high sulphur prices, for example, -- it has -- I understand that has not been adjusted right now or not fully adjusted so far with the customers. That's why our gross margins are hit. Is there a chance of that getting adjusted in coming one or two quarters?
- Akshat Goenka:** Improved from last quarter, they improved a little bit because we had taken a slight price adjustment, not the whole of it, but slight price adjustment to partially offset the increase in costs. And obviously, when you talk about the peak price of sulphur that is not my average price of purchase. It is lower because we also plan our purchase accordingly that is why if you say that the margins are going to increase certainly by \$300, that's not going to happen.
- Prashant Rishi:** But any particular adjustment of price, which is expected in the next one, two quarters and significant one because our margins are hit. So our cost of material is high compared to what we are charging the customer...
- Akshat Goenka:** We did adjust the prices in the last quarter, that is July, August, September. And now since the raw material prices are not going to go up again. So we do not expect any increase in prices now because the prices of raw material has come down rather from the July quarter.



- Prashant Rishi:** So margin should improve then?
- Akshat Goenka:** Sorry?
- Prashant Rishi:** So margins should improve then? Even at the same prices margin should improve then.
- Akshat Goenka:** Yes, the margins play out, but we expect to maintain the margin. That is our endeavor, but how it will play out is something that has to be seen.
- Moderator:** We have the next question from Gunit Singh from CCIPL.
- Gunit Singh:** Sir, sorry if you this is a repeat question because I wasn't able to clearly hear you. I have a question regarding your raw material prices only. So how have they moved quarter-on-quarter to elaborate that?
- Akshat Goenka:** Quarter-on-quarter, a mention of raw materials are not the exact reflection of the reduction or increase in price. But if I were to look at my per ton of raw material cost, it has come down by about 5% to 6%. It is quarter-to-quarter not previous year, Q1 to Q2.
- Gunit Singh:** And another question I have is that I observed that pre-COVID around financial year 2018, 2019, we had operating margins around 29%, 28%, 30%. So are we going to reach those margins again going forward?
- Akshat Goenka:** As I said that the margins in our business is calculated on per-ton basis. Now if, for example, I would give an example that if my margin is, say, INR 30 per ton or INR 60 per ton and my selling price is INR 120 then my margin is 60% then before fixed costs, it will be 50% of my selling price, right?
- Now if I maintain that 60% margin and my selling price becomes 180 my cost becomes 120, then that 60 becomes 33% of my margin. So whether that go up back to those 28%, 29% will depend on these dynamics of how the raw material and selling prices move. For example, if tomorrow our raw material prices were to come down by half to those levels to the level that we're prevailing three, four years back, then margin percentage will again go up. But then so would be the sales price, the sales realization.
- Gunit Singh:** Right. I got it. So what you are essentially saying is that EBITDA per ton has remained almost constant or not declined as much as the margins have, right?
- Akshat Goenka:** What I'm saying is that you look at margin per ton and then, of course, the fixed cost is reduced from there. So not EBITDA margins on variable cost. That is a slight difference.
- Moderator:** We have the next question from the line of Saravanan from Jambhavan Equity Research.
- Saravanan:** So the last con call you spoke about expansion in the North American market. So could you elaborate more on that front?



- Anurag Jain:** Expansion line.
- Saravanan:** Yes, expansion in the North American region. So we want to again grow tap into more market share in North American market.
- Akshat Goenka:** That is still going on. We have nothing to report as of now.
- Moderator:** We'll move on to the next question, which is from the line of Aditya Khetan from SMIFS Institutional.
- Aditya Khetan:** Thanks for the follow-up. Sir, my question was on to the recent acquisition, which has happened with one of the Japanese players. That is J Tsurumi chemicals they have acquired the business of Nippon Kanryu's chemical companies. So just wanted to know, do you have any idea on the deal size what is the capacity of the companies which have been acquired.
- Anurag Jain:** On the Japanese transaction, to be honest, we also heard about those companies and that from the news itself before that, we had also never heard of this company. And at a first glance, it appears to me that they make a different kind of product, not the same kind of product that all of us made, it appears to be something different. And it does not appear to be the same industry or for streaming.
- Aditya Khetan:** But into the media news and what they have mentioned, so the company produces insoluble sulphur, which is under the brand semi-OT and semi-sulphur. And it is immediately used for these so for that tyre products only [inaudible 0:36:06].
- Anurag Jain:** You're right. that is what they have said, but I actually went through the website and we -- to me, it appears that the product is slightly different. In any case, we had never heard of that company before the transaction and we are still not heard of it after the transaction. It does not show up in any insoluble sulphur industry reports. It does not show up in any conversation with customers. It does not show up in any conversation with industry experts.
- Aditya Khetan:** So just one more question, sir. Sir, recently, we had expanded this capacity of 5,500 tons, I was not able to take the environmental clearance document of the same. Have you filed the document or with the government regulatory authority?
- Anurag Jain:** It is not required. We don't qualify for that. So we've not done it.
- Aditya Khetan:** So do we have actually filed it for and it is not available in the public domain. Is that the case or not?
- Anurag Jain:** I think it's not applicable to us.
- Moderator:** We have Mr. Saravanan back in queue from Jambhavan Equity Research.



Saravanan: Yes, Sir, my question is on -- so with the advent of more electric vehicles. Will there be a significant pent-up in demand for insoluble sulphur with more EV adoption. Yes. So my question is on electric vehicles and insoluble sulphur.

So what I'm saying is that electrical vehicles will you use radial tyres like any other vehicle. though obviously the quality of the tyres would be better. So I would assume that the insoluble sulphur ratio might be a little bit more. But whether it will actually impact the consumption of insoluble sulphur.

Anurag Jain: And if at all, they would be using better quality radial tyres, which means that the ratio of IS to rubber could go up slightly. That is what I said, but however, whether they would be using lighter tyres, in which case the consumption of insoluble sulphur might not be impacted on it per tyre basis

Saravanan: And what is your current market share in the North American market that -- remember last time, you mentioned somewhere close to 12% to 13% so has it remained the same or it has gone up slightly. Around 13%, sir?

Anurag Jain: Yes, currently continues to be the same.

Moderator: Ladies and gentlemen, as that was last question that the management could answer, I would now like to turn the conference over to the management for closing comments. Sir, any closing comments from your end?

Akshat Goenka: I take this opportunity to thank everyone for joining on the call. I hope we have been able to address all your queries. For any further information, kindly reach out to us or Strategic Growth Advisors, our Investor Relation advisor. Thank you once again.

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