



“September Quarter Ended Earnings Conference Call of
Oriental Carbon & Chemicals Limited”

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Moderator: Ladies and Gentlemen, Good Morning and welcome to the September Quarter Ended Earnings Conference Call of Oriental Carbon & Chemicals Limited. Please note 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Akshat Goenka, Promoter & Joint Managing Director of OCCL Limited. Thank you and over to you, sir.

Akshat Goenka: Good morning and a very warm welcome to everyone. Along with me I have Mr. Anurag Jain – CFO and SGA our Investor Relations Advisor. I hope you have received our results and investor presentation by now, those who have not you can view them on our website.

First of all we all wish you and your family a very Happy Diwali and a year filled with happiness, success and prosperity and thank you for joining us this morning. Coming to our business it gives me immense pleasure to inform you that the Board of Director has declared an interim dividend of Rs.3 per share that is 30% of face value. The project that we announced last quarter is progressing as per the schedule and budget and expected to be commissioned as per schedule. As we all know insoluble sulphur forms a critical part of the manufacturing of tyres hence the consumption for this product to a large extent can be linked to growth in tyre industry. So before moving on to the financial section let me give you an update on the tyre industry. The Indian tyre industry has emerged as one of the most competitive markets in the world and with the emergence of new technology modern production facilities and availability of cheap raw materials the sector is poised to grow further.

The CV tyre segment is a primary demand driver for the Indian market, historically we have some subdued growth in industrial activity due to the sluggish economy and the slowdown in infrastructure activity coupled with subdued consumer sentiments which resulted into postponement of demand for the CVs. However, now with the government at the center focusing more on the infrastructure development to drive the overall growth in the economy, we see some traction towards new buying. Further fall in the commodity prices and interest cost has boosted consumer sentiments as well. This demand is likely to accelerate growth in the tyre industry especially in the CV segment.

According to ICRA, the India tyre industry is expected to grow in the range of 4% to 8% over the next three years. The Indian CV tyre industry today is mostly dominated by cross-ply tyres. India has a very low penetration in terms of radial tyres for the heavy segment. It would be in the range of say approximately 28% to 30%. - With increasing awareness about the cost benefit metrics of the radial tyres it has started gaining momentum in the Indian market. As per our latest report the tyre industry is expected to earmark approximately Rs.60 billion CAPEX over the next 3 to 4 years mostly for radial tyres. This in turn will lead to increase in demand for insoluble sulphur.

As the proportion of insoluble sulphur required in radial tyres is more it gives a very positive outlook of demand in the Indian market for the next few years. We expect to see a double-digit



growth for our product in the domestic market and that has been reflected in the first six months of this year as well.

Globally the demand for insoluble Sulphur will be growing in single-digit however, our strategy to foray in newer geographies which we have discussed and elaborated in our earlier calls will help us to grow in the international market as well.

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

Anurag Jain:

Good morning to everybody and I wish you a very Happy Diwali and prosperous year ahead. The revenue for the first-half ending September 2015 is Rs.142.78 crores which is the same as last year. Revenue for Q2 FY16 is Rs. 70.67 crores. EBITDA for H1 FY16 stood at Rs.46.45 crores as against Rs.41 crores in H1 FY15 a year-on-year growth of 14% and margin for the same half year improved from 29% to 33%.

For the September quarter EBITDA stood at Rs.24 crores as compared to Rs.22 crores in Q2 FY15 a year-on-year growth of 10%. EBITDA margin for the quarter improved from 29% to 33%. The improvement is on back of operational efficiencies and lower costs.

For the first-half of the year PAT is Rs.27.29 crores with year-on-year growth of 18% in spite of charging higher depreciation of Rs.2 crore during this period on account of the revised Accounting Norms for the depreciation. Profit after tax for Q2 FY16 is Rs.12.94 crore similar to Q2 FY15 in spite of higher depreciation charge of Rs.66 lakhs during the quarter for the same reason. Net profit margin for the quarter is 18.3% as against 17.6% in the corresponding quarter previous year.

With this I would like to open the floor for question-and-answers.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Prateek Chowdhary an Individual Investor. Please go ahead.

Prateek Chowdhary:

My first is on the competition and how it may affect your industry so, I mean the leader in this industry that is Eastman Chemicals they are saying that their manufacturing cost are going to get reduced by 20% to 30% owing to enhancements and technology and this they said in one of their very recent presentations and con-call. And they said that this new technology which is going to reduce their manufacturing cost by 20%-30%. They are going to retrofit this technology in their existing plant in Germany and basically they would be using their technology in new 40,000 metric ton plant in Malaysia which is going to come in 2017. So how do you see this development any thoughts on this?

Anurag Jain:

I think this is a positive development because the more cost effective the leaders of the industry becomes with better the quality, more difficult it is for new players to enter. We are also working on cost reduction in a continues manner and you would see from our result that our variable costs have come down quite efficiently over the last year and we feel that this trend should continue in the next year also so, I do not think that we have anything to worry on that account because we are well prepared for that cost reduction.

Prateek Chowdhary:

And like along with this they also mentioned that with this new technology they have been working on increased product characteristics. I mean so what I am trying to understand is this something that can disrupt the other two players in anyway...

Anurag Jain:

Not at all, we are again very happy for them to take the lead. We are also working on increasing our product characteristic and differentiating ourselves and we are in no way behind in terms of development of the product and it is a positive development for the industry.



Because it is only when the product characteristic gets better that its utility for the consumer increases and they would like to buy the product with dormant product characteristic a product dies on its own. So it should always keep improving.

Prateek Chowdhary: And sir one related question, since their 40,000 metric tonne plant in Malaysia is going to come just around the same time as our 11,000 metric tonne capacity is going to come on stream and also Shikoku Chemicals is also increasing they said that they will increase their capacity by around 30%-40% about at the same time that is first-half of 2017. So do you think with almost 50,000 metric tonnes - 60,000 metric tonnes coming on stream from the demand side would it be able to absorb all of that?

Anurag Jain: See Flexis is the company which controls majority on the demand and it is for them to worry because it will be very difficult for them to grab more market share. As far as our expansion is concerned if you look at our expansion for the last ten years it attuned to the market growth. So we do not think that we have a reason to worry with respect to adding capacities at all. We are always welcome as second or alternate supplier and whenever there is huge capacity expansion it is for the leader to worry when they are controlling the 75% of the market. So whether there will be an increase from 75% to 80% is a big question mark. It is we have 12% to 13%-14%. That is a not a big question mark. So we have to look at it in that context.

Prateek Chowdhary: Okay. And sir what about your tax because like one of your plants is under tax free holiday so when is that getting over? Because I mean has it already over tax in rate increased quite significantly in this quarter?

Anurag Jain: For SEZ This is the last year for the 100% tax holiday then there will be addition five years for 50% tax holiday but because we are going on expansion, our tax payout is going to be on MAT basis for the next six to seven years.

Prateek Chowdhary: I did not get you sir.

Anurag Jain: Our net tax payout is going to be on MAT basis only for the next six to seven years.

Prateek Chowdhary: Okay. So it will be on similar lines the total yearly tax rate.

Anurag Jain: Yes, on the MAT basis.

Prateek Chowdhary: Okay. And sir, if like in tyre if we talk about the exports then I think India as well as other countries has been facing a lot of pressure from Chinese dumping. So when your insoluble Sulphur goes to neighboring countries in Asia and Europe how does that affect?

Anurag Jain: Our competition is mainly with the other two big companies not with the Chinese because Chinese product is not the same category.

Prateek Chowdhary: No, I understand that you do not supply to the Chinese guys I mean the Chinese tyre manufacturers.

Anurag Jain: I am saying we supply to Chinese manufacturer also because even in China there are two kind of consumers, one who consume the kind of product which is manufactured by the three global measures and then there is another category which consume the kind of product which is manufactured by the Chinese only. As far as other Southeast Asian countries are concerned. Wherever we sell our product we are in a bracket with the two global companies. It is not a competition with the Chinese manufacturers.



- Prateek Chowdhary:** Okay. And sir previously you had indicated that you would somewhere achieving close to anywhere between 5% to 10% volume growth but if you look at the current numbers the sales numbers have come out almost flat. So has the industry witnessed a price reduction?
- Anurag Jain:** No, there is no price reduction .
- Prateek Chowdhary:** No, because the commodity prices have come down I mean I am not too sure about it but I understand that that have come down and Eastman Chemicals they in their latest presentation I guess mentioned that some anywhere between 8% to 10% prices reduced in their Cristex category of business.
- Anurag Jain:** Please allow me to respond, there has been no price reduction in the current six months. The revenue however has been impacted by the Euro which came down from 80.41 to 72.14 average. So that is why the revenues were less. However as a company we are more focused as we have said earlier also on the bottom-line and you will observe that bottom-line has improved in spite of this reduction in Euro and that is because our cost of production has come down. The reason for the cost of production coming down are two: one, that the cost of raw material has come down because of the global reduction in prices and the other is that our manufacturing cost has come down due to our optimization of efficiencies which I mentioned earlier also. So what is happening now is may be Flexsys is passing on those benefits to the customers which would obviously happen over a period of time for everybody but I do not know what is going to happen is going to impact the EBITDA margin. It is basically whatever benefit we get...
- Prateek Chowdhary:** So you will just pass it on means it will not affect.
- Anurag Jain:** It will have to be based of it persists.
- Moderator:** Thank you. The next question is from the line of Sunny Agarwal from Emkay Global. Please go ahead.
- Sunny Agarwal:** Can you give us the revenue mix terms of currencies or the geographies where we exports?
- Akshat Goenka:** No, we do not want to give out the exact data because that would be giving our competitive info where most of our products are being sold. But as we said earlier we are predominantly Euro denominated company in that respect. Euro movement impacts us much for than dollar movement.
- Sunny Agarwal:** Second on the cost side just wanted to understand on the other expense line where we see some reduction can you tell us which of the cost have reduced and second on the power side...
- Akshat Goenka:** In other expense where is the reduction?
- Sunny Agarwal:** So, I can see on a Y-o-Y basis from 19 crores to 14.5.
- Akshat Goenka:** 19 to 14.5?
- Sunny Agarwal:** Okay, I do not think I am seeing the right thing. Okay, I am not referring to the right number, sorry.
- Akshat Goenka:** Yes.
- Sunny Agarwal:** And second on the power side we had some plans on savings that cost or maintaining that cost at the same level, if you could just update us on that?
- Akshat Goenka:** I did not get your question on power.
- Sunny Agarwal:** On the power we did some changes at the Mundra plant, right?



- Akshat Goenka:** So that was the coal part boiler which will be commissioned in April so it is not yet being commissioned.
- Sunny Agarwal:** Okay, it will be commissioned in April?
- Akshat Goenka:** Yes.
- Sunny Agarwal:** What would be the changes on the costing side on account of that?
- Akshat Goenka:** On a per Mundra line we expect to save anywhere around 1 crore on an annual basis so, if there are two lines in Mundra where we would expect to save around 2 crore per annum.
- Sunny Agarwal:** Okay, this is at the current capacity two lines.
- Akshat Goenka:** Yes, see also one more thing you have to appreciate when we talk of how much we will save it is related to a particular price of oil at that stage. So if the oil prices go up then the saving will increase if they come down then the saving will reduce.
- Sunny Agarwal:** Is it some switch of fuel from....
- Akshat Goenka:** Yes, basically we are switching to a coal fired boiler.
- Sunny Agarwal:** And earlier what we were using?
- Akshat Goenka:** Currently we were using an FO denominated pricing system
- Sunny Agarwal:** FO to coal?
- Akshat Goenka:** Yes.
- Sunny Agarwal:** And lastly I just want to check in H1 what kind of volume growth we would have registered?
- Akshat Goenka:** We cannot give out exact quantity numbers for how much material we sold.
- Sunny Agarwal:** I am not looking for material sold maybe percentage growth should also be sufficient enough as an indicated.
- Anurag Jain:** I am sorry because see we were disclosing our volumes earlier and we were at a disadvantage vis-à-vis our competitors and currently because we have been reporting volumes till year before last therefore at least this year also we are not talking about volumes because then it can be associated and it can be used.
- Sunny Agarwal:** Or is it safe to assume there was volume growth and you would have started moving over the capacity the name plate capacity.
- Anurag Jain:** No, we are not we had earlier said also that we will not move our name plate capacity this year.
- Sunny Agarwal:** No I am saying you were utilizing more than the name plate capacity and
- Anurag Jain:** That is what I said that we said that earlier also in the beginning of the year also that we are not looking at utilizing the name plate capacity this year.
- Moderator:** The next question is from the line of Bobby Jairam from Frunze Investments. Please go ahead.
- Bobby Jairam:** Yes, my question is are you planning to grow in line with the growth of the tyre industry or are you also planning to take market share away from the other players?
- Akshat Goenka:** No, we are planning on taking market share so, for example we are not really present in North America and we have already given our plan for expansions we are going to be targeting North America. China is another geography we are not very present so, in regions where we are not really present there we will be taking market share. In regions where we already have a strong presence there we will be growing with the market.
- Bobby Jairam:** Okay. I understand that insoluble sulphur is a very small cost component of a tyre. So how would you be able to gain market share in the U.S. where presumably Eastman is dominant. Why would someone switch to your supply?



- Akshat Goenka:** Same reason why the same people have switch to us in other geographies alternate source, second supplier, security of supply, it is the same thing. These are not the new people in the U.S. these are the companies that we have been supplying to all in now and other parts of the world. So it is an extension of our existing relationship.
- Bobby Jairam:** Right. But Eastman would be in their home country so you would still...
- Akshat Goenka:** That is debatable what their home country is because they have plants all across world. One of their biggest plant and biggest expansion is Malaysia so they will have the most capacity after 2017 in Asia so I think the concept of home country does not exist in the industry.
- Moderator:** The next question is from the line of Naresh Kataria from Money Curves Investments. Please go ahead.
- Naresh Kataria:** I have two questions, one is on the U.S. plans. In one of the previous con-call you had indicated that we are in some advance stage of the approval process with some U.S. clients. So if there is something you can tell on we are there? And the second one is on the expansion where are we in terms of has the work start and when can we expect the expansion to start?
- Akshat Goenka:** So first I will answer the expansion question. as I already indicated in my opening remarks we are on schedule and on budget we said that the coal fire boiler should be commissioned by April 2016 we are on track and the first phase of our plants should be commission by April 2017 we are on track for that as well. With regards to the U.S. market we have nothing new to add and as you would appreciate we would not like to give out our exact status to the different tyre companies on a public forum as this information is available to everybody but we are on track based on what we had told you earlier.
- Moderator:** Thank you. The next question is from the line of Aayush Mittal from Mittal & Company. Please go ahead.
- Aayush Mittal:** You mentioned about the currency impact that we had faced and that has been a key reason for the top-line growth not showing up so, wanted to understand that with the currency how have we been able to improve our margins? Like if the currency has fallen by approximately 10%-15% then why have not our margins got hit?
- Akshat Goenka:** See if you look at the P&L we benefited from a) a raw material cost going down and b) our operational efficiencies have gone up due to internal improvements and this is what always our stated target that we must focus on the bottom-line.
- Aayush Mittal:** Any particular examples that you can give about the efficiency steps that you have taken and they have resulted into the improvement of margin?
- Akshat Goenka:** See this has been an ongoing process and every year as we keep improving our operational efficiencies go up, our capacity utilization keeps improving this happens naturally and there is no like big ticket step that we have taken that big step should hopefully be coal fired boiler which will come April but apart this through the years keep working and then the results show-up.
- Aayush Mittal:** Okay. And do you see what would be the key...
- Akshat Goenka:** Also one thing I should point out in power and fuel there is power cost and there is fuel cost. The power cost actually has gone up in the country but fuel cost has come down. So that is sort of offset each other as well. The power rate has gone up.
- Aayush Mittal:** You mean to say that the power and fuel cost has been negatively affecting you yet you have been able to do better or the vice versa?



- Akshat Goenka:** No part of power cost has negatively affected but then HSD FO cost has come down so that has compensated in that part.
- Anurag Jain:** One second let me clarify this further. When we say power cost we mean per unit selling price of the suppliers that is the state electricity federations right. So they have increased their per unit cost. In spite of everything coming down it has gone up a little bit but in spite of that we have made overall savings. You will understand that whenever there is a great currency fluctuation and appreciation it is mostly coupled by volatility in commodity price which has happened this time around also.
- Aayush Mittal:** Okay. So the margin expansion that we have seen, do you think what will be the reasons about the sustainability of it getting affected going forward?
- Anurag Jain:** Our long-term commitments on margins remains the one that we have said earlier at EBITDA level and these margins are showing that our commitments are sustainable and we have headroom to absorb more fluctuation in the market.
- Aayush Mittal:** Okay, that is great. And second thing is around the cash flow like now the company is generating a lot of cash flows what are the plans of utilizing the same as the expansion is quite a bit away and I think in your presentation you have mentioned funding it by 2:1 debt-equity.
- Anurag Jain:** Yes. See expansion is not a quite a bit away, expansion is in full steam ahead and it is working the production would start on 1st April, 2017 but the expansion expenditure has already started full steam. Civil work is on all the major equipment have been ordered all the approvals have been in so it is not that expansion is a bit away we are in the thick of expansion just now.
- Aayush Mittal:** Okay. So you expect to utilize majority of your expansion CAPEX over next one year is that right?
- Anurag Jain:** Yes, that is right. For the first phase because we are doing it in two phases so, the cost of 160 crores is for two phases. The first phase expenditure would be within one year next year majority of it will be there.
- Akshat Goenka:** And also the debt that we have to pick-up that we will delay as much as possible. We do not have to pick up the debt right now.
- Aayush Mittal:** Anything else that we are planning to do with the cash or do any other expansion or any other product line or acquisition something on that closed line.
- Akshat Goenka:** No, you know naturally this question is also raising in our mind and as soon as there is anything concrete we will share.
- Aayush Mittal:** Also I forgot a query that was on your Schrader Duncan what is the progress on that
- Anurag Jain:** Se the Schrader Duncan the results have come out for the half year and the first point is that on a year-on-year basis it has done much better and the second point is that we have already indicated that our goal is to have that company profitable in the next financial year and we are on track to make that call.
- Aayush Mittal:** Okay. Any major growth that can happen in that company or some initiatives on that front
- Akshat Goenka:** Yes, definitely a lot of things are under discussion and in the pipeline and you will have to be more patience. we will come out with all our plans in the next few months.
- Moderator:** Thank you. The next question is from the line of Vipul Shah from Network Stock Broking. Please go ahead.



- Vipul Shah:** Yes, sir raw material benefits we have seen in current quarter is likely to sustain or we will eventually we will pass on the benefit to the customer and we will see some deterioration in the margin.
- Anurag Jain:** See we have always said that our long-term sustainable margins are the margins that we have indicated earlier and the raw materials costs are something which could be short-term and long-term. If they are long-term then obviously there would be some passing somewhere but if they are short-term then it could be a different story because raw material are based on petroleum prices.
- Vipul Shah:** Okay, so what is the long-term sustainable margin you are targeting?
- Anurag Jain:** Long-term sustainable margin at EBITDA level is between 25% to 30%.
- Moderator:** Thank you. The next question is from the line of Kashyap Jhaveri from Capital 72 Advisors. Please go ahead.
- Kashyap Jhaveri:** I have a question on your power cost you highlighted the per unit power cost that is charged to you SEBs has gone up, your volumes have also gone up. But if I look at absolute power and fuel cost that has actually come down so, apart from electricity or power cost any other fuel cost which has built into this number?
- Akshat Goenka:** Yes, so furnace oil, HSD, steam, everything is built into that number.
- Kashyap Jhaveri:** Right. So when I look at your year-on-year or quarter-on-quarter our power and fuel cost put together which has come down from let us say 11.5 crores to 9 crores or let us say 9.5 crores to 9 crores on Q-on-Q basis apart from let us say apart from let us say one change in fuel that we are planning down the line any other exercises to save on cost that is undergoing right now?
- Akshat Goenka:** See this as we have said earlier many times this is an ongoing process and it will never stop. Power and fuel is one area where we can keep doing continues improvement and that process is always on and other thing is as capacity utilization improves on a per metric tonne on a percentage of turnover basis this number also comes down.
- Kashyap Jhaveri:** Right. And if I look at per say per metric tonne in FY14 power and fuel cost per metric tonne was roughly about Rs.22,500 odd which came down to about Rs.19,500 odd in FY15.
- Akshat Goenka:** Where are you getting these figures from?
- Kashyap Jhaveri:** Sir, I have production figure for sulfuric acid as well as insoluble sulphur and if I divide your...
- Akshat Goenka:** No, but the break-up you do not know how much went into sulfuric acid and how much went into insoluble sulphur.
- Kashyap Jhaveri:** Okay. But let us say if I look at blended on per tonne basis should one expect this cost on blended production to keep coming down not going into a product wise usage per tonne...
- Akshat Goenka:** See I will tell you what we have always maintained that as our capacity utilization improves subject to absolute cost of power and fuel being the same per metric tonne cost comes down.
- Kashyap Jhaveri:** Sure, right. And you earlier highlighted that you know probably for competitive reasons you would not like to highlight the production or sales volume number but looking at the growth in EBITDA, looking at EBITDA margins as a percentage of sales broadly our EBITDA per tonne would have been quite dramatically up vis-à-vis last year on a blended basis?
- Akshat Goenka:** I mean if you look at the EBITDA is higher this time then it was last time on a similar turnover so yes naturally.
- Kashyap Jhaveri:** And that EBITDA tonne looks sustainable or is this one time or say any?



- Akshat Goenka:** We are very clear that sustainable EBITDA let us look at late 20's.
- Moderator:** Thank you. The next question is from the line of Govind Lal Gilada from GG Securities. Please go ahead.
- Govind Lal Gilada:** So question the previous participate was asking I want to understand is the first-half you have done EBITDA on 32% and you are guiding that the long-term EBITDA margins will be in the range of 25% to 30%. So shall I presume that these are the peak margins what we have achieved in this first quarter?
- Akshat Goenka:** No, I would not also venture that to say this is peak margin. We still have headroom on this but I will not commit anything higher than 20's.
- Govind Lal Gilada:** No, but just you told that long-term sustainable margins are in the range of 25 to 30 that is what I was wondering.
- Akshat Goenka:** Yes. But on a quarter-to-quarter basis or a half yearly basis we might have a very good year and once the expansions kick-in you know the fixed cost will not be going up proportionately. So I will not say it is peak margin but, yes. See when I say that long-term sustainable margin is in the late 20's I say it after factoring all possible factors.
- Govind Lal Gilada:** In a worst case scenario you mean to tell.
- Akshat Goenka:** Not worst case but you can say pessimistic scenario probable scenario like that.
- Govind Lal Gilada:** Once we commence our new capacities what right now we are talking about next year and year after we are going to commence new capacities we are doing CAPEX.
- Akshat Goenka:** Yes, in April 2017 we will have new capacity coming in.
- Govind Lal Gilada:** Yes, in 2017-2018 once they commence I want to know these blended margins of old and new capacities both put together margins will go up what I want to understand is that new capacities they will have more margins comparing old capacities or...
- Akshat Goenka:** See I mean fixed cost are not going to up proportionately fixed cost will increase less.
- Govind Lal Gilada:** On new capacities?
- Akshat Goenka:** Yes.
- Govind Lal Gilada:** Fixed cost they will, how come sir the depreciation, interest cost, all will be more on new capacities?
- Akshat Goenka:** No, I am talking at the EBITDA level I am not talking depreciation and interest cost and actually that will be higher but other fixed cost will not go up that much.
- Govind Lal Gilada:** New capacities other fixed cost you mean to tell they will come down comparing the...
- Akshat Goenka:** This is not they will not come down, they will not increase that much, they will not increase proportionately.
- Govind Lal Gilada:** Okay, net-net I can presume that new capacities will have more EBITDA margin then older capacities.
- Akshat Goenka:** You are asking me the same thing in different way.
- Moderator:** Thank you. The next question is from the line of Bobby Jairam from Frunze Investments. Please go ahead.
- Bobby Jairam:** How would you compare the cost structure of your Indian plant with the one is in Malaysia the quanta?
- Akshat Goenka:** We do not have any exact data for any of our competitor's plants.



- Bobby Jairam:** Yes, I understand but I am sure you must have done some analysis because this does not seem like labor intensive industry. It is mostly power and fuel and automated plants. So the Malaysian plant might then will cheaper than the Indian plant could you quantify?
- Anurag Jain:** I think we are cost competitive, then, as I mentioned earlier in the first question itself that we have nothing to worry vis-à-vis their plants to reduce cost so, we believe that we are cost competitive with them.
- Moderator:** Thank you. The next question is from the line of Ashar an Individual Investor. Please go ahead.
- Ashar:** Sir, in last conference call you had mentioned about diversification into different product. Can you give some broad idea about product or industry or CAPEX or likely implementation on market?
- Anurag Jain:** See we are still looking at various possibilities so these ideas are a little bit premature once we zero down on something and then maybe we can more exact about...
- Ashar:** So till these expansion no new ideas will be implemented. After completion of these expansion only it will come?
- Anurag Jain:** It could come most probably after the expansion or maybe a little before if we get something nice on the table we are on the lookout.
- Ashar:** Okay. And any further dilution of equity plans?
- Anurag Jain:** No, there is no further dilution.
- Moderator:** As there are no further questions, I would now like to hand the floor over to the management for closing comments.
- Akshat Goenka:** So I take this opportunity to thank everyone for joining on the call of Diwali day I hope we have been able to address all your queries. For any further information kindly get in touch with me or SGA our Investor Relations Advisors and thank you once again. See you next quarter.
- Moderator:** Ladies and gentlemen, on behalf of Oriental Carbon & Chemicals Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.