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1st November 2022

Listing Department **The National Stock Exchange of India Ltd.** Exchange Plaza, 5th Floor, Plot No. C/1, G-Block Bandra Kurla Complex, Bandra (East), Mumbai - 400051 Symbol: CENTENKA	Listing Department **BSE Limited** 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400001 Stock Code: 500280

Sub: Transcript of Q2-FY23 Earnings Conference Call of Century Enka Limited ('the Company')

Ref: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

Pursuant to Regulation 30 of the Listing Regulations, please find attached herewith transcript of the Q2-FY23 Earnings Conference Call conducted on Thursday, 27th October 2022. The same is also available on the website of the Company i.e., www.centuryenka.com.

This is for your kind information and records.

Thanking you,

Yours faithfully,
For **Century Enka Limited**

RAHUL DUBEY Digitally signed by RAHUL DUBEY Date: 2022.11.01 17:16:56 +05'30'

(Rahul Dubey)
Company Secretary
Membership No: FCS 8145

“Century EnkaLimited

Q2 FY’23 Earnings Conference Call”

October 27, 2022

MANAGEMENT: **MR. SURESH SODANI–MANAGING DIRECTOR–CENTURYENKA LIMITED**
MR. KRISHNAGOPAL LADSARIA – CHIEF FINANCIAL OFFICER –CENTURYENKA LIMITED

MODERATOR: **MR. PRASHANT SHARMA – QUANTUM SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Century Enka Limited Q2 FY '23 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 star andthen zero on your touchtone phones. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prashant Sharma. Thank you and over to you, sir.

Prashant Sharma: Yes. Thank you, Maran. On behalf of Quantum Securities, we welcome you all to Quarter 2 FY '23 Results Conference Call of Century Enka Limited. We thank the management for giving us the opportunity to host this call. The Management is represented by Mr. Suresh Sodani, Managing Director, and Mr. Krishnagopal Ladsaria, Chief Financial Officer.

I now hand over the call to Mr. Suresh Sodani. Over to you, sir.

Suresh Sodani: Thank you and good afternoon, everyone. I would like to welcome you to our Q2 FY '23 Earnings Conference Call and wish you all a happy Diwali and New Year. Let me first brief you on the operational highlights for the second quarter of FY '23. We had a moderate growth in revenues due to marginal de-growth in volumes in Q2 FY '23 by around 3.8% year-on-year to 18,100 metric tonnes.

Demand for NTCF was influenced by moderating replacement demand and decreased tyre exports as a result of global slump. The NTCF margin is under pressure as a result of substantial decrease in Chinese NTCF prices. OEM tyre demand has increased, although it remains below pre-pandemic levels. The result of war between Russia and Ukraine and the rebound in Chinese demand will define the near-term view. However, the mediumto long-term view remains favorable due to an anticipated rise in economic activity. Cost of fuel and power also rose sharply, which negatively impacted the margin.

In Nylon filament yarn segment, lower demand was witnessed as weavers were in wait-and-watch mode due to following price scenario. NFY margins were impacted by sharp price corrections in-line with Caprolactam price corrections, which have declined by around 20%, while our costs remained elevated due to stock increase. The volatility in Caprolactam prices is expected to persist until Chinese demand and the geopolitical situation stabilized. China is dumping materials due to a slowdown in its domestic markets. Imports from China more than doubled in second quarter of FY '23 compared to the same period last year. Our ability to pass on cost increases is being hampered by a Chinese campaign.

On the CapEx front, all CapEx approved by the Board are proceeding as planned. CapEx deliveries began with some equipment delays from China and Europe. However, we hope to commission on scheduled time. In H1 FY '23, there was a cash outflow of INR 128 crores for the ongoing CapEx. The NTCF expansion is expected to be operational by Q4 FY '23. Full capacity of polyester Tyre Cord Fabric is expected to be commissioned by next year, fourth quarter. NFY value enhancement CapEx was completed near the end of Q2 FY '23. NFY capacity expansion will be completed by Q4 FY '24.

Now I'll request our CFO, Mr. Krishna Ladsaria, to brief you on financial performance.

Krishnagopal Ladsaria: Good afternoon to everyone. We wish you a happy Diwali and prosperous New Year. Let me start with the financial results for Q2 FY '23. The operating results for Q2 FY '23 stood at INR 563 crores, an increase of 5% year-on-year. EBITDA for the quarter stood at INR 38 crores, which was a decline of 36% year-on-year. EBITDA margin was 6.73% for the quarter. Profit after tax was INR 26 crores, a decline of 38% year-on-year. PAT margin was 5% for the quarter.

[inaudible 0:04:37]sales for Q2 FY '23 increased by around 1% year-on-year to INR 276 crores, while NFY is for the same period increased by 7% year-on-year to INR 58 crores. The operating revenue for H1 '23 stood at INR 1,131 crores, which was an increase of 18% year-on-year. EBITDA for the year for first half stood at INR 99 crores, which was a decline of 82% year-on-year. EBITDA margin for the half year was 8.75%. Profit after tax for the half year was INR 66 crores, which was a decline of 21% year-on-year and PAT margin for the half year was 6%.

NTCF sales for H1 FY '23increased by around 7% to INR 561 crores, while NFY sales increased by 27% to INR 503 crores. NFY sales increase was mainly on account of COVID second wave which had tempered Q1 of last year. With this, we open the floor for questions-and-answers.

Moderator: Thank you, sir. We will now begin the question-and-answer-session. Anyone who wishes to ask a question maybe press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants arerequested to use handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from the line of Shubham Agarwal from Aequitas. Please go ahead.

Shubham Agarwal: My first question was slightly near-term on the margin front. So the company has been facing headwinds from both the demand and supply side.SoI wanted to know your view how the margins will pan out for the rest of the years, given in lights of the current situation?

Krishnagopal Ladsaria: Are you coming with a second question or should we respond to this first?

Shubham Agarwal: No, we can do question wise?

Krishnagopal Ladsaria: Right. So the main reason for margin squeeze in Q2 was one is a significant increase in the power and fuel cost and which is a phenomenon across all industries due to elevated prices of crude as well as coal and impacting other alternate fuels as well, which is expected to remain high and while there has been some corrections, both in crude oil prices as well as the coal due to the uncertainty of war, very difficult to predict what levels will prevail for the entire Q3 and what happens in Q4. But at least Q3, we expect that this volatility and high levels of power and fuel would continue. If any respite comes, it will be dependent on the Russian-Ukraine war as well as other geopolitical issues. So that part would continue to press margins in Q3 and possibly in Q4.

The second reason for a significant drop in margins in Q2 was a very substantial fall in Caprolactamprices are underlying raw material by about 20% in just the space of three months. And that's -- while we feel that it has stabilized towards the end of September and till early part of October. The uncertainty, again, due to geopolitical issues as well as Chinese market and Chinese local demand will determine the price levels which prevail for Caprolactamand this -- while we don't expect a similar 20% fall in the Caprolactamprices in the quarter and Q3 and Q4, but the volatility can continue. So that uncertainty would remain, and we do expect some margin pressures, especially in Q3.

Shubham Agarwal: And so what would be the total stock in trade left for Caprolactam in terms of high price for us?

Krishnagopal Ladsaria: Normally, our stock right from raw materials to finished goods in the pipeline is about 60 days. While we have reduced our stocks, particularly on the NFY side in Q2 in anticipation of the fall in prices where the finished good prices correct quite immediately after the fall in raw material prices. So we do expect the stock levels to impact Q3, particularly in the initial months of possibly in October and November, and once the price levels of underlying come to stabilizes, I think we'll have more stability on margins.

Shubham Agarwal: And the spot price of Caprolactamin China has further fallen down in the last month. I think the last time I said was INR 1,550, so does this impact or increase dumping from China to us?

Krishnagopal Ladsaria: No. The prices, yes, one important thing which is happening in China is there is a normal margin between various value chain, parts of from [Inaudible0:10:32]] right up to the fabric or the yarn. The margin between the various segments like lactam, such as chips to yarn, yarn to fabric have been quite volatile and that impacts certain products getting dumped to India with lower -- and that was more a phenomenon because the prices were falling week-on-week.

The pace of falling, I think, has reduced. We see more stability around $1,700 for the last few weeks. And if that sustains because there is also a cost pressure on underlying raw material for upstream not going down. So there has to be a limit that to what levels they can fall and at what levels the Chinese companies can operate at, so that kind of uncertainty would remain.

However, as I said, if the fall is not significant, normally, the markets are able to absorb and the prices get adjusted.

Shubham Agarwal: And secondly, on the power and fuel cost, you said that the high cost will continue. So just wanted to have one clarification on our investment of INR 9 crores in the CPP…

Krishnagopal Ladsaria: Sorry, voice is tracking?

Shubham Agarwal: Yes, I wanted to know when the benefit of our investment in CPP kicks in, which will reduce our

Krishnagopal Ladsaria: Yes, it's not actually a CPP. It's a hybrid power of solar and wind energy, which is being implemented through an SPV company, so we expect that to commission in Q4, and we should start getting benefits immediately once it gets commissioned because normally, once the wind and solar plants are commissioned, they normally run at -- and they achieve their optimum capacity very early.

Shubham Agarwal: So from Q1 onwards, we can expect that?

Krishnagopal Ladsaria: Yes, from Q1 FY '24, definitely, but we hope that in some months of Q4 as well, we should be able to get that benefit.

Shubham Agarwal: Sir, one more question I had around the CapEx. So our CapEx of around 12,000 tonnes is expected to come from Q4 onwards, and even then that the demand scenario also doesn't look great and supply also is increasing from China, how do you see next one year possibly?

Krishnagopal Ladsaria: I think particularly in the last two quarters have been quite normal because of the war in Ukraine, which has disturbed the -- and as also the significant COVID-related lockdowns at China has been implementing very strictly. I think these are two disturbing factors which have impacted our business significantly. And we don't expect, as of now to say the certainty would be difficult, but we don't expect that to continue in the next year, next financial year.

And second is Indian economy has been doing well. A lot of the underlying segments, particularly the medium and heavy vehicles, the goods movement GST collections and all others look promising in terms of volume growth. So we do expect that FY '24 should be more normal than compared to FY '23, and obviously, that is dependent on a lot of geopolitical challenges that are currently prevailing.

Moderator: Thank you. Participants who wish to ask a question may press star and one on your touchtone telephone. We have the next question from the line of Manish Dhariwalfrom Fiducia Capital. Please go ahead.

Manish Dhariwal: Yes, sure. Is it better now? Yes, it's much better. So basically, I wanted to understand a little bit more about the industry. I see the company presentingtwo segments. One is the NFI and the second is NTCFin which is the Tyre Cord. So this Tyre Cordis basically only used in those plytyresor is it also used in the radials?

Krishnagopal Ladsaria: No. see the nylon tyre cords are in the truck and bus segments are used in the bias tyre and not in the radial tyre, whereas in certain other categories like farm and OTR off-the-road vehicles, two-wheelers, three-wheelers and LCVs only or mostly NTCF is used. So there are different technical reasons why NTCFs, used but truck and bus is only the category where you have bias tyre as well as radial tyres.

Manish Dhariwal: Sorry, sir, I didn't follow. Sir, instruction wise NTCF is used in both bias as well as radial.

Krishnagopal Ladsaria: No, it is not used in the radial only in the biastyres on the cross ply tyres

Manish Dhariwal: So yes, that's what my understanding was, but in the other segment, that is the non-trucking bus. Are they also using radials, like passenger cars?

Krishnagopal Ladsaria: Passenger car anyway does not use nylontype of fabric,it is on polyester type of fabric. And so there is no nylon usage in passenger as of now and passenger car tyres are almost entirely on radials because fuel efficiency is very critical for passenger vehicles. So in India, also internationally, almost all the tyres are radial tyres, which use polyster type of fabric.

Manish Dhariwal: Which is what you are saying about capacity for

Krishnagopal Ladsaria: Yes, we'll be getting into the segment by Q4 of FY '24.

Manish Dhariwal: I understand that you have the 20% market share in the NTCF which is a big business for the company, so what are the other competitors, sir?

Krishnagopal Ladsaria: There are two other players. One is SRF and second is Madura International Limited and imports, obviously, from which is another…

Manish Dhariwal: Which is creating a lot of concern because a lot of these Chinese dumping is actually impacting the supply chain scenario. So sir, how does the order entry, I think you only work the OEM. So how does it work? You get the order for how many months in advance the firm orders, I'm not the visibility but the firm orderSo is it likethree months in advance or only monthly they give you the orders or how does it work sir?

Krishnagopal Ladsaria: So we have an indicative annual volumes because our volumes are dependent on offtake of their tyres of the OEM tyre companies and which goes both to their and the auto OEMs, as well as the replacement market. So, we get an indicative volumes for the year which we finalize mostly at the start of the year and then we get a more firm demand on a monthly basis.

Manish Dhariwal: Yes. So that's what my understanding was. And then also coming to the, so the [inaudible 0:18:35] OEM products where the margin obviously would be like depending on the kind of negotiations we can have OEMs the basically are always under pressure. So now on the NFY, how does that work? How does the NFY industry works?

Krishnagopal Ladsaria: NFY is, more scattered with multiple producers and much larger customer base because our customers are viewers who make fabrics for either dress materials or sarisor various innerwear. So there are a large number of viewers spread across India, particularly in the Western India, which is a prime hub for mandate fiber-based fabric.

So this is very different from NTCF market because we deal with a large number of customers through a dealer network. And since there are multiple producers, there are obviously margin pressures as well as the differentiating part is because cloth is something where the kind of finish and the look makes the difference on, with the same product. So there are a number of products that Qs are very large in terms of deniers, shine, finish, so it's very different from NTCF because one is an industrial product. Second is a product which forms a part of our consumer value chain.

Manish Dhariwal: Absolutely. And sir, I know that you're also getting into these specialized segments. So sir, where I think the market would be all be more stable and the market will be a little more better margins. How is your efforts in that direction kind of proceeding as?

Krishnagopal Ladsaria: Our focus on NFY is completely on value addition only on niche products as well as value addition, it's not volume. And we have commissioned, for example, small capacity in the end of this quarter, Q2, which is raw textured yarn. Basically, there's a competition even from value-added products from China is also less, because these are very customized products, which is required by specific weavers our customers and we work with those customers to develop products specifically for their end use. So that's where we try to maintain our margins or maintain our leadership in this segment. when the competition is also from a lot of unorganized segment.

Manish Dhariwal: So how much of your NFY business would be towards the socialized segment?

Krishnagopal Ladsaria: I mean there's no accurate data on that because we work with a large number of customers, and they have a combination of both. So, it's not that you can give us a straight answer because that data is not very accurate and not also because the viewers are so spread out, and there's no association to collect that kind of data.

But that segment remains an attractive segment because ultimately, garments or fabric or apparel everything has to be different or unique. And that's why the differentiation always comes in what kind of yarn and what kind of look and finish comes in the final, either the garment or the fabric.

Manish Dhariwal: So sir as a business leader, so like you would usually want to ensure that your EBITDA margins become more stable, although the industry that you function in will continue to have these difficulty. But sir, like I know that the margins at the EBITDA at range from like 6.55% to 12.6%. And every year, there is a so much volatility. How are you kind of trying to ensure that some bit of predictability can come in the business model?

Krishnagopal Ladsaria: See when we have a large imports, it can come from China that is very difficult to predict because our size of industry is much lower than the Chinese capacities and we are integrated to that capacity with even the duty production is quite low at the 5%, 5.5%. So difficult to predict, but our strategy in this segment is to go for niche products and look for value-added products.

As I said, we are not looking to any volume growth in overall terms in the NFY segment, except for the niche segment, which will be also very small in the overall context. So our focus will be on segments which have less threat from the imports as well as where even the domestic competition is not easily able to catch up quite fast.

Manish Dhariwal: In fact, should that I think we'll only bring in more stability, I guess. and we basically have more assured kind of a supply scenario with your customer base at some predictable margins. So fair enough. Sir, last thing is, I just want to understand, so you just set up this NFI value addition capacity that close in the last quarter of 23. So what was this about -- you mentioned one textured yarn. Can you just explain a little bit about what this was about and what was the capacity size like?

Krishnagopal Ladsaria: See, while we show NTCF and NFY, we actually operate in one segment because the raw materials are the same, a lot of other things are common. So we are not getting into any volume breakup either say, overall segments or within the segments. But as I said, the strategy is to increase the value-added share in the NFI segment, and that will be continued in the forthcoming years as well

Manish Dhariwal: So right now, we have 78,000 NTPA, which is a consolidated capacity for both NFY plus the NTCF.And sir this NTCF capacity of Q4 FY '23 commissioning that is happening. So a how much work capacity

Krishnagopal Ladsaria: So total, we expect about a 10% increase in the capacity by end of FY '23. But the full volume gain will come from FY '24 for the NTC expansion.

Manish Dhariwal: No.So I just want to understand the capacity of the CapEx program. So there are fourCapEx that you are talking about, one is the NTCF CapEx, which is commissioning in the Q4 of FY '23. What would be the capacity for that particular CapEx?

Krishnagopal Ladsaria: That's I said, our capacity will increase to about 86,000 by FY '23 and total capacity. And when all the capacities are commissioned, it should be around 94,000, 95,000 tonnes by FY '24 end.

Manish Dhariwal: Okay, which you mentioned NFI capacity in Q4 FY '24? Because your [polyester polypropylene fabric project for12,000 tonnes?

Krishnagopal Ladsaria: Yes. So that will also come in most likely in Q4 FY '24. And on a combined basis, we should reach at about 94,000 to 95,000.

Moderator: The operator would like to kindly come with follow-up questions in the queue. Participants who wish to ask a question may press star and one on your touchtone telephone.We have the next question from the line of Pranav Jain from HDFC Securities. Please go ahead.

Pranav Jain: Sir, so I wanted to have an understanding about the vacant land, which have at Mahad.So what is the value of this land? And like do you have any plans in your mind for materializing this?

Krishnagopal Ladsaria: We have not got the land valued because first of all, there's no intention to sell in the immediate future. But as also on any new projects on the same land, we will be able to announce only once it is finalized, if at all, whenever, but as of now, there is nothing concrete to say that in the next one or two quarters will come on that land, but we do keep evaluating alternate opportunities. And as and when something fructifies, we'll inform it through the stock exchange as well as in the earnings call.

Pranav Jain: And sir, secondly, after the PTCF capacity is commissioned, so what would be your market share in this space?

Krishnagopal Ladsaria: PTCF is currently, mostly dominated by imports. And as I said, the consumption mainly is in the passenger vehicles. So our capacity will be a small capacity of the total current demand. Difficult to predict that because the way auto segment has been growing and the personal car usage had not normalized, but has been continuously improving, but it will be a small capacity compared to our NTCF share.

Pranav Jain: What would be the number, sir the amount of capacity in this space?

Krishnagopal Ladsaria: As I said, we'll reach about 94,000 on a combined basis for all the man-made fiber as well as the fabric made out of that.

Pranav Jain: And sir, thirdly is it possible for you to give a breakup between the margins of NTCF and NFY, because this is the only thing which is not mentioned in your presentation and also in the previous quarter, because it gives a better picture regarding the margins. So is it possible to give a breakup in this segment?

Krishnagopal Ladsaria: We have been reporting our operations in one segment as Manmade Fibre. And we will continue to do that. And for competitive reasons in the past calls also, we have mentioned that we'll not be giving a breakup of other volumes or margins for the two segments.

Moderator: Thank you. We have the next question from the line of Vipul Shah from Sumangal Investments. Please go ahead.

Vipul Shah: Sir. I just want to know what will be the polyester cord capacity, sir, once the expansion is completed?

Krishnagopal Ladsaria: As I mentioned in the previous question, the total capacity we report our capacities on a combined basis for all sub-segments of the manmade fibers. It will be about 94,000 after all current CapEx-es are commissioned.

Vipul Shah: So you would not list polyester as a separate segment?

Krishnagopal Ladsaria: So it will remain -- these are all manmade fibers coming from polymers. So this will remain as a segment on a combined basis.

Vipul Shah: So in Polyester cord business also margins are more or less same as NFY and NTCF. Can you give any broad color? I don't want anything [inaudible 0:31:10].

Krishnagopal Ladsaria: I mean, we are getting into the segment and the reason to getting into this is that margins are attractive. So we expect that this should be similar on that range of because they are, again, going to the tyre segment, which operates in a different context versus textile segment. We hope that margins should be similar or closer to NTCF margins.

Vipul Shah: And sir, you have mentioned that Caprolactam prices have fallen 20%. So your net realization of NFY and NTCF have also fallen similarly, quarter-over-quarter or the fall is more than 20%?

Krishnagopal Ladsaria: Yes, it is almost similar because in NTCF, there is a lag of one month. So in pass-through whereas in NFY normally, prices correct immediately, and when the fall is significant, sometimes even on a weekly basis, the prices can correct. So in that range, yes, the prices have corrected, but it has been gradual this 20% did not fall in one month, it is between end of June to end of September, and in certain weeks, within this quarter, the fall was significant and certain it was more stable. So I can't give one -- but yes, the fall has been in that range because ultimately, our finished goods prices have to reflect the underlying raw material prices.

Vipul Shah: And the Caprolactam constitutes what percentage of your raw material costs, sir?

Krishnagopal Ladsaria: It is around 65% to 70%. So last quarter, it was around 68%.

Vipul Shah: So should we expect some more inventory losses in this quarter, sir?

Krishnagopal Ladsaria: Raw material stuff, most of the stock remain at cost. So some amount of raw material is still priced at a price which is higher than the running raw material prices. So there will be some loss in October, if prices remain at these levels.

Moderator: We have the next question from the line of Anant Mundrafrom Mytemple Capital Advisors. Please go ahead.

Anant Mundra: Sir, I wanted to understand in the NFY segment, do we have any long-term approval based sales in this year?

Krishnagopal Ladsaria: No. As I said, in NFY, we work with our customers to develop special products for them, so which is not a long-term, which is more to do with fashion and the trends that are going on. And it depends on if there is an import fabric or import yarn, which is coming, which can be replaced by domestic yarn.So, there is no long-term -- and it's the approval process is also not long, so it goes through a short cycle. And once the product is approved, then it comes into regular commercial production, depending on the demand for the finished product coming from such yarns.

Anant Mundra: And sir, what is the value of the facility that we've commissioned the NFY value enhancement…

Krishnagopal Ladsaria: Just about, in value terms is about INR 6 crores.

Anant Mundra: And sir, in the earlier presentation that was mentioned that our capacity after all the CapEx is completed will be about 98,000 metric tonnes per annum, but now you're mentioning it's about 94,000, so has there been some change?

Krishnagopal Ladsaria: No. One is some of the segments in NFY, we are doing a portfolio analysis to correct the capacities or to stop some certain old capacities which are not viable. So we expect that some of the capacities would be become offline because these are not viable in terms of the current new machines or the product by itself is not very competitive, particularly against imports. So that's why, yes, there has been a correction, but we expect -- and then there is normally some impact due to the change in deniers,which are required based on the market, so this capacity can be 1,000 tonnes or 2,000 tonnes plus or minus on an annualized basis because we are taking in tonnage, whereas sale is dependent on the deniers that are more prevalent in that period, but yes, we expect it to be around 94,000.

Anant Mundra: So sir, will there be any write-off of the obsolete machinery or anything?

Krishnagopal Ladsaria: No, these are already, I mean, the fully depreciated equipment because what we are doing is doing with old machines, which are inefficient or where the products are not to competitive against imports.

Anant Mundra: And sir, what is the import duty on NFY and NTCF at the moment? Is there any anti-dumping duty present in any of these segments?

Management: No, there is no anti-dumping duty. There used to be, but which has been withdrawn almost 1.5 years and two years back, NFY was much earlier, and the current duty on NFY is 5.5%, including the surcharge and on NTCF it is 20%.

Management: 20%, and with surcharge around 22%. But in case of NFY, there is an anti-dumping from Vietnam and Europe. So that anti-dumping duty is thereearlier Vietnam used to be a large exporter to Indiaand they used to dump because there is an NFTs,after this anti-dumping duties, imports have come down significantly. But today, the major imports are coming from China, more than around 80% and there is no anti-dumping duty on China, towards NFY.

Anant Mundra: And on the raw materials, the Caprolactam that we import, is there any anti-dumping out on that?

Management: No.

Anant Mundra: And sir, one final question. Maybe I can take this offline. So sir, I was not able to find the sales data prior to 2019 even in the annual reports, so would it be possible for you to share those figures?

Management: Yes. Okay. Please take it offline because I think it would be available anyway at the company's website, but otherwise, we'll send it to you. Please contact with our Secretary Department or the Finance Team, they will send it and make it available to you.

Moderator: Thank you. We have the next question from the line of Dharmil Shahfrom Marcellus Investment Managers. Please go ahead.

Dharmil Shah: Sir, most of my questions have been answered. I just have some few follow-up questions. So sir, if you can explain for the region, are there any other tyre cord apart from PTCF that are being used, or is it just PTCF that are used in radial tyres?

Management: No. In truck and in bus segment, two types of reinforcement are used in the buyers tyres, it is as nylon tyre cord fabric and in the radial tyre, it is steel tyre cord fabric. So we are not planning to -- as of now planning to go into the steel tyre cord. There is no polyester, which is used in truck and bus segment. In the passenger vehicles, only polyester tyre cord fabrics are used, maximum quantities are from that only, and when I say they are used -- these are the -- I mean, would be the maximum quantities that are used, but in -- we are not experts in manufacture of tyres, so if anything else, other materials are used, I will not be able to comment more on that.

Dharmil Shah: And as you mentioned, PTCF is mostly imported right now. So any specific country that we are dependent upon? Is it China, Vietnam or any other or?

Management: Mainly China and Vietnam, which are currently supplying the PTCF to India.

Dharmil Shah: And again, how much is the import duty? And what would be the fundamental reason for OEMs to source their requirement from Indian vendors?

Management: So import duty is same as NTCF, 20% basic duty, custom duty, and this has increased from 10% in the last budget. And now they are at par with NTCF, so one of the reasons why local OEMs were looking at domestic supplier is that China-Plus-One policy and the huge supply chain issues, which almost all countries based in the last two quarters of FY '23. So that -- it's always good to have a percentage of technical raw material being available from local sources, and that's the reason they are keen on looking at domestic supply.

Moderator: Thank you. Participants wish to ask a question, may press star and one on your touchtone telephone. We have a next question from the line of Vipul Shah from Sumangal Investment. Please go ahead.

Vipul Shah: So what will be the saving in power cost due to this investment of INR 6 crores from next year, sir?

Management: We expect the gain would be basically power rate difference between the grid rate and the rate at which we have contracted with the producer.Weexpect annualized gain of about INR 15 crores from this LCV, in terms of power rate reduction flowing to the company.

Vipul Shah: And when are the supplies going to start, from next financial year?

Management: No. As I mentioned we expect some supplies to starting Q4 FY of the current financial year, but definitely from Q1, FY '24.

Moderator: We have the next question from the line of Manish Dhariwal from Fiducia Capital Advisors.

Manish Dhariwal: So are you really getting handle on the CapEx program, so what is the -- so the numbers actually in your presentations are INR 128 crores spend in Q2 and INR 220 crores in FY '23, so sir, this INR 128 crores is included in INR 220 crores? And even what about the Q1 or how much do we spend? And so then how much is FY ‘24 because the capacity is coming in next year, so there'll be some money spent to next year as well because of some clarity on the CapEx amount will be very helpful?

Management: Yes. So INR 220 crores is for full year, which include INR 128 crores , which has already been spent, and total money which we plan to spend, including what has already been spent is around INR 350 crores, on the existing CapEx program, it will be around INR 350 crores, which will be spent on CapEx.

Manish Dhariwal: So then can we understand that can we assume that it INR 350 crores, minus INR 220 crores, which is INR 130 will be spent in FY '24?

Management: Even before this year also, there was some money which has been spent. In FY '22 also, there was some amount of CapEx out of this INR 350 crores was made. So exact amount, I will have to calculate and give, but broadly, the numbers will be INR 350 crores on the entire CapEx program.

Manish Dhariwal: And any debt support would be needed for this or?

Management: So we are taking loans of around INR 70 crores of which around 34 has already been taken in H1. And total INR 70 crores loan will be taken, which will be to take benefit of tough subsidy for this CapEx.

Moderator: Thank you. We have the next question from the line of from RamakrishnanV from Equity diligence. Please go ahead.

Ramakrishnan V: Sir, what is the credit period in the case of NFI as well as on nylon tyre cord typically?

Management: Normally, in nylon tire cord, it is about 60 days. And in nylon filamentyar it is normally around 15 days. it could differ from party-to-party, but that's the general term.

Ramakrishnan V: And when we export, we take out, do we get a credit also for the raw material or is it on the LC basis?

Management: The raw materials also, it is a mix of credit and cash payment to local parties, we try to make the cash payment to get advantage of cash discounts. So wherever possible because our balance sheet supports early payments. So wherever possible, we make early payments and get cash discount. And for overseas parties, generally, it is 90 days at from the date of shipment.

Ramakrishnan V: Sir, last question is Mahad, what is the area we have in acres?

Management: Around 68 acres

Moderator: Thank you participants who wish to ask the question may press star and one your touchtone telephone screen. Participation who wish to ask a question and one on your touchtone telephone. The next question is the line of Pawan Nahar, an Individual Investor. Please go ahead.

Pawan Nahar: So I have two questions. One is, I understand that there would be some inventory losses, etcetera. But have we seen a spread compression given that earlier, I think we mentioned about the two annual spreads negotiations[inaudible 0:48:35] for NTCF. And secondly, if you can talk about your -- further if there is any CapEx plan after INR 350 crores?

Management: So in terms of spread compression on NTCF, yes, -- there are pressures on NTCF spreads. And although we cannot talk of specific cases or specifics into it. But there is pressure because of global or Chinese NTCF price is coming down. So there is some pressure on NTCF spreads. And as of now, there are no further plans for any CapEx. Once it is considered by the Board, we will announce it on our website and keep to the stock exchange.

Moderator: Thank you. Participants who wish to ask a question may press star and one on your touchtone telephone. As there are no further questions. I'd like to hand it over back to Mr. Prashant for closing comments.

Prashant Sharma: On behalf of Quantum Securities, we thank everyone for joining us today. We look forward for staying in touch in future quarters. Have a nice day.

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