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November 05, 2026

To,

National Stock Exchange of India Ltd. Exchange Plaza Bldg. 5th Floor, Plot No.C-1 'G' Block, Near Wockhardt, Bandra Kurla Complex Mumbai 400 051 Symbol: DCW	**BSE Limited** Department of Corporate Services, 1st floor, New Trading Ring Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code: 500117

Dear Sir(s)/Madam,s

Sub: Transcript of Investor(s)/Analyst(s) Call – Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

In Compliance with Regulation 30(6) of the Listing Regulations, please find enclosed herewith, the transcript of the Earnings Conference Call held on Friday, October 30, 2026, at 2:00 P.M. (IST) with Investor(s)/ Analyst(s), to discuss the unaudited Financial Results for Q2 and H1-FY27

The transcript has also been uploaded on the Company's website and can be accessed through the following link:

https://dcwltd.com/wp-content/uploads/2026/11/Earning-Conference-Call-Transcript-October-30-2026.pdf

You are requested to take the aforesaid information on your record.

Thanking You,

Yours faithfully,

For **DCW Limited**

DILIP VISHNUBHAI DARJI
Digitally signed by DILIP VISHNUBHAI DARJI
Date: 2026.11.05 14:31:07 +05'30'

Dilip Darji
Sr. General Manager (Legal) &
Company Secretary
Membership No. ACS-22527

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Earnings Conference Call Invite

VALOREM ADVISORS

is pleased to invite you for a Conference Call

to discuss Q2/H1-FY27 earnings of

DCW Limited

on Friday, 30th October, 2026 at 02:00 PM (IST)

Management will be represented by:

Mr. Saatvik Jain - President

Mr. Sudarshan Ganapathy – Chief Executive Officer

Mr. Pradipto Mukherjee - Chief Financial Officer

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Diamond Pass link -
DCW Ltd Q2/H1-FY27 Concall Link

Investor Kitlink -
https://valoremadvisors.com/dcw

DCW Limited
Q2 and H1 FY27 Earnings Conference Call
October 30, 2026

Moderator: Ladies and gentlemen, good day and welcome to DCW Limited. Q2 and H1-FY27 Earnings Conference Call hosted by Valorem Advisors.

As a reminder, all participants will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you, Purvangi.

Purvangi Jain: Thank you. Good afternoon, everyone. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations for DCW Limited.

On behalf of the company, I would like to thank you all for participating in the company's earnings call for the 2nd Quarter and the First Half of the Financial Year 2027. Before we begin, let me mention a quick cautionary statement.

Some of the statements made in today's Earnings Call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by and information currently available to the management.

Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decision. The purpose of today's Earnings Call is purely to educate and bring awareness about the Company's Fundamental Business and Financial Quarter under review. Now, let me introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks.

We have with us Mr. Saatvik Jain – President, Mr. Sudarshan Ganapathy – Chief Executive Officer and Mr. Pradipto Mukherjee – Chief Financial Officer.

Without any further delay, I request Mr. Saatvik Jain to start with his opening remarks. Thank you and over to you, sir.

Saatvik Jain: Thanks, Purvangi. Good afternoon, everyone, and thank you for joining us today for DCW's Quarter 2 and First Half FY27 Earnings call.

By now, we are all familiar with the challenges arising from the ongoing situation in West Asia. What has made the First Half particularly difficult for the chemical industry is not just the sharp movement in crude oil and energy prices, but the speed at which these changes have flowed through feedstock costs, freight rates and supply chains. At the same time, global demand remains uneven, while competitive Chinese exports continue to put pressure on pricing. Higher costs, therefore, have not always translated into higher realizations, creating a challenging margin environment across the industry. Yet, India's long-term demand opportunity remains compelling. We continue to benefit from investment in housing, infrastructure, water management and manufacturing. These are structural demand drivers for many of our products and they reinforce our confidence in the markets that we serve. Turning to our performance, Q2 reflected some of these contrasting trends. Our Basic Chemicals' profitability improved sequentially, primarily driven by a recovery in PVC. As I indicated on our last call, we believe that the exceptional pressures in Q1 were largely event-driven.

During Q2, higher landed costs of imported PVC, partly reflecting increased ocean freight, supported domestic realizations. This helped the VCM-PVC spread begin to normalize and was the principal driver of the improvement in our Basic Chemicals' profitability. Specialty Chemicals, on the other hand, experienced some near-term margin pressures. In CPVC, the PVC input costs rose faster than the selling prices could adjust, particularly on sales contracted at earlier prices. This temporarily compressed the spread. We expect the pricing mismatch to correct progressively as the lag works through the system.

In our Pigments Business, higher ocean freight to North America impacted export economics during the quarter. Together, these factors weighed on our sequential profitability. Importantly, we do not see them as a change in the underlying opportunity. Demand for CPVC continues to be supported by plumbing and infrastructure applications, while pigments are well positioned across paints, coatings, construction, and concrete applications. Our balance sheet continues to strengthen. Net debt to EBITDA is now just 0.12 x, and finance costs have declined by around 8% sequentially. We expect the full-year finance costs to be approximately 10% lower than last year. This gives us room to invest for growth without compromising our leverage or returns. As I mentioned last quarter, FY27 is a turning point for us, from strengthening our foundation of the business to investing in its next phase of growth.

Our growth ambition is not simply to add capacity. It is to build a larger, more differentiated Specialty Chemicals portfolio, expand our value-added product offerings, and structurally improve competitiveness and returns on capital. We have now initiated work on the Rs. 250 crores investment program announced last quarter, covering the expansion of our iron oxide Pigments Business and optimization of our captive power infrastructure.

Both projects are at an early stage, with the previously communicated timelines remaining intact. We have also taken an important capital allocation decision. Following SEBI’s reintroduction of open market buybacks through the stock exchanges, our board yesterday approved a buyback of up to Rs. 40 crores. Subject to execution, this could reduce our equity base by slightly shy of 3%. We see this as a measured opportunity to enhance value for continuing shareholders at current market valuations, while expressing

confidence in the company's long-term prospects. Importantly, this does not come at the expense of our announced growth investments or balance sheet discipline.

We believe that returning capital selectively and investing for growth can and should go hand-in-hand. This quarter, we also unveiled a refreshed identity for our 80-plus-year-old company. This is not about changing who we are, it is about reflecting where we intend to go. Our mission is to harness the power of chemistry to create products that shape the world. Our vision is to be a global leader in chemicals

powered by innovation and sustainability. Our values, innovation, agility, trust and sustainability will guide that journey.

Looking ahead, external volatility remains a reality, but based on current visibility, we expect the Second Half of FY27 to be significantly stronger than the first. Our focus is firmly on execution, improving margins, maximizing existing assets, progressing our investments and increasing the contribution from value-added products. We are building DCW not merely for a better cycle, but for a substantially larger and stronger future.

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

Pradipto Mukherjee: Thank you, Saatvik, and good afternoon, everyone.

Let me take you through the financial performance for the 2nd Quarter and the First Half of FY27:

Revenue from operations for the quarter stood at Rs.663 crores, representing a robust growth of 23% Y-o-Y. This performance was propelled by strong traction across both business segments, with Specialty Chemicals expanding by 32% on a Y-O-Y basis and Basic Chemicals growing by 20%. Specialty Chemicals top-line growth was primarily driven by CPVC volumes following our capacity expansion, while basic chemicals benefited from increased sales volumes of Caustic Soda, Synthetic Rutile, and combined with improved net realization in PVC.

On sequential basis, the revenue from operations rebounded strongly, rising 22% quarter-on-quarter, comprising a 4% sequential uptick in Specialty Chemicals and a 31% expansion in basic chemicals. The sequential momentum in basic chemicals was backed by volumes and realization gains across Caustic Soda, Synthetic Rutile, and PVC, which comfortably absorbed the impacts of lower soda ash volumes resulting from temporary plant disruption during local floods. Meanwhile, Specialty Chemicals recorded sequential volume gains across both SIOP and CPVC, partially offset by steep market price erosions in CPVC.

Turning to profitability:

EBITDA, including other income, for the quarter stood at Rs. 55 crores or 32% sequential growth, reflecting an EBITDA margin of 8.2%. Quarter-on-quarter recovery was anchored by strong turnaround in basic chemicals, where the EBITDA swung back into the positive territory at Rs. 20 crores, recovering

from an EBITDA loss of Rs. 14 crores in the first quarter of this year, as the VCM price spreads normalized and Synthetic Rutile volumes recovered from the previous inventory degradation.

On a Y-o-Y basis, the EBITDA, including other income, from the quarter contracted by 13%, dragged down by a 33% reduction in Specialty Chemicals EBITDA, even as basic chemicals surged by 43% behind volume and price gains across all products outside soda ash. Specialty Chemicals profitability during the quarter faced pressure from sharp contraction of PVC and C-PVC spread and elevated ocean freight impacting exports to North America. For the First Half of the Financial Year FY27, revenue from operations clocked at Rs. 1,205 crores, reflecting 19% Y-o-Y growth driven by 35% expansion in Specialty Chemicals and 13% growth in basic chemicals.

EBITDA, including other income for the period, stood at Rs. 96 crores, a contraction by 20%. It is noteworthy to mention that our company was faced with a series of non-recurring and abnormal events, one being the West Asia crisis in Quarter 1, partly affecting production of PVC and severely impacting the VCM-PVC spread. Flood for our Dhrangadhra facility at Gujarat in Q2, affecting plant stoppage and Soda Ash production sales. Volatile price movement of PVC, including removal of import duties on petrochemical products for a certain period, resulting in abnormal contraction of VCM-PVC spread in Q1, followed by the second order effect in PVC and C-PVC spread in Q2. Abnormal increase in freight in Q2, impacting profitability on export sales to North America. Finance costs for the company in Q2 stood at Rs. 13.6 crores, a reduction by 8% on Q-o-Q basis and 12.5% on Y-o-Y basis. The H1 finance cost stood at Rs. 28.4 crores, demonstrating a reduction of 7.2% on Y-o-Y basis. The company expects to conclude this fiscal year with a 9%-10% reduction in interest cost. On the balance sheet front, it is important to state the following.

Cash and cash equivalent, including investments in FD and mutual funds totaled to Rs. 297 crores as at 30th September 2026. The company's gross leverage stood at Rs. 323 crores, resulting in net debt of Rs. 26 crores. The debt on trailing 12-month EBITDA at gross level stood at 1.5x and at net level stood merely at 0.12x. Debt-EBITDA ratio was comfortable at 0.29x. Current ratio as on September end is maintained at a healthy level of 1.17x. The company's asset turnover on H1 FY27 annualized performance stood at 1.83x versus 1.62x in FY26. Looking forward, we remain focused on strengthening earnings quality, driving cost discipline, maximizing utilization across our newly expanded capacity as we advance our capital deployment roadmap.

And with this, we now open the floor for any questions and answers. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin question-and-answer session. Our first question comes from Abhinav Mandowara with Aequitas Investments. Please go head.

Abhinav. M: Hi, my first question was regarding PVC-VCM spread. Like you mentioned, it improved in Q2. Just wanted to understand directionally how it has been now and if you can quantify the number of PVC-VCM spread in Q2 versus as on today where we stand in October end.

Sudarshan Ganapathy: See, the PVC-VCM spread in Q2 was not totally normal. It has started normalizing. So, I can say that it was on a ballpark north of $100. And as we talk now, the spread has somewhat further improved to close to $120. Still, it is not at $130, $135 but we expect the coming months to be there.

Abhinav. M: How are we seeing imports coming in for PVC-VCM which I think was the problem last quarter? And how is the contract? Is it short-term contract like PVC-VCM in this quarter?

Sudarshan Ganapathy: You meant to say the PVC or VCM?

Abhinav. M: PVC.

Sudarshan Ganapathy: PVC, we don't import know, so there is no way I can elaborate.

Abhinav. M: When you sell PVC, it is distributed, right?

Sudarshan Ganapathy: Yes, so we usually benchmark the product based on the import bookings. So, there are many regular exporters to India who sell that product. So, based on that prices, we benchmark the price.

Abhinav. M: What was the spread last quarter in Q1, for?

Sudarshan Ganapathy: Last quarter was pretty bad. I would say it was less than $50.

Abhinav. M: Less than $50, got it. Now coming to CPVC, just wanted to understand what are this contract length or why is it taking time to pass on the prices for C-PVC? Is it a demand issue or is it just a nature of contract that it is a short-term contract?

Sudarshan Ganapathy: It's a mixture of both because some contracts, we don't have any fixed term contracts. Some contracts which are volume contracts, there will be some carryover to the next month's depending on the volume of quantity that you sign. So, one reason for the inability to pass on the increase in the PVC price to CPVC is partly because the prices were locked and we were not able to pass on that increase. Second aspect was that even traditionally the Quarter 2, the demand also is sluggish because of monsoon. So, it's a combination of both. It is not only the lag in the passing on the increase in the input cost, it's also that demand was also not at its peak.

Abhinav. M: I just wanted to understand how much are these contracts which are short-term and which prices are fixed and how much percentage of revenue would this be?

Sudarshan Ganapathy: Usually the contracts are only on a monthly basis but you lock the prices in the last week or in the beginning of the month. So irrespective of the price movement, if you see the price movement in

PVC is very volatile and even in a month, we have seen 3, 4 price corrections. So, if your C-PVC prices are locked at the beginning of the month, you will not be in a position to implement any increase in the input cost. As we are consuming our PVC so when there is a price increase, even the price given to us for our other division is also based on the selling price.

Abhinav. M: Right. I just wanted to understand the PVC space. I think last quarter what happened that China was dumping the calcium-carbide PVC into India and they had a lot of supply. So, I just wanted to understand what has changed in the PVC market which is leading to the price increase apart from prices increasing of course.

Sudarshan Ganapathy: Yes, one is as told by Mr. Saatvik Jain, there has been a steep increase in the inward freight rates. So obviously since we are benchmarking the prices based on landed price, we have taken advantage of that. So, the freight rates have increased significantly. That is one reason. Second reason is that there has also been a cost impact even on the Chinese. So, they have also increased the price. So, there has been an upward correction in the prices of PVC which is being exported to India.

Abhinav. M: So that would be how much? What would be the current PVC prices?

Sudarshan Ganapathy: Current PVC prices are in the range of $940 to $960.

Abhinav. M: Last time around when the PVC cycle was on the peak, I think it went up to 130 around level. What kind of spread do we make at those levels?

Sudarshan Ganapathy: I think it is too farfetched to compare what happened at that time. At that time there was an increase in the PVC prices because of very, very abnormal container availability. And there was no corresponding increase in the feedstock prices for us. So, the margins were abnormal. So, I don't think we should really draw any parallel to what happened during the COVID or the post COVID to what is happening now. Now there is a cost increase to everyone because the crude prices are higher and even the ocean freight for the containers. as well as the ocean freight for our bulk cargo are also on the higher side. So, we cannot compare the prices what was prevailed in 2021 and 2022 and compare any parallel.

Abhinav. M: Okay sir. Thank you so much. I will get back to the queue if I have any further questions.

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

Madhur Rathi: Firstly, I must say that it is a very disappointing share buyback that the company has announced that even after 18 years. back when share price was Rs.46 there was no specialty division SiO_2 and CPVC. And the net worth was a fraction of what it is today. But despite that we are doing a minuscule and meaningless share buyback and promoter holding is barely

increasing by 1% point. I mean we could have done a buyback of Rs. 280 crores which is a maximum permissible limit of 25% of net worth which is incidentally equal to the operating cash flow that the company did last year around Rs. 275 crores. So somehow it just conveys poor business confidence. But sir now be that as it may. So, are we on track to do Rs.300 crores EBITDA that you had guided for?

Pradipto Mukherjee: First of all, let me answer you the first question and try to address your disappointment. We are buying stocks from the market as per the new regulation. And if you have gone through the regulation, the regulation says the 25% of the average volume of the last 10 days is what you can buy. This is the last 10 days of our purchase which has happened when we had announced the buyback on the board meeting date. We could have bought a value of Rs. 80 lakh per day which is 25% of the last 10 days average volume. And the buyback period is open for a period of 66 days.

We have chosen to take 50-day operations of Rs. 80 lakh which comes to Rs. 40 crores. We can wish to buy Rs. 280 crores but the SEBI regulation would not allow us to buy more than the percentage which I just mentioned. So, the fact of the matter is as we are also equally, you see this as an opportunity for buyback more value but we are restricted by the regulation which has been given by SEBI for buyback from the market.

Secondly also is that while we have cash in the balance sheet and we have operating cash, buyback will only add value only when we allocate our capital for not only buyback but also deployed for growth. Okay? First of all we are limited by the value, by the regulation and secondly we thought that this is the maximum we can do and save some money for the future growth announcement which will come. The share price increase typically is dependent on buybacks as well as execution of projects which we announce and grow the financials of the company. We thought that this would be the best allocation and we would see in times to come if we can follow up with the buybacks in the future.

Coming to the next point of Rs. 300 crores, I think the EBITDA which we communicated at the beginning of the year was around Rs. 300 crores. We had specifically mentioned in Quarter 1 that there was a West Asia crisis for which our VCM-PVC spread had made an abnormal loss in Quarter 1. This has further been followed with unfortunate event of floods in Dhrangadhra in Quarter 2 and the PVC prices going up and a CPVC-PVC spread coming down because of we unable to pass on, not we, any CPVC player will be unable to pass on other prices to the customers. with such volatile PVC prices.

Given this is the scenario, we had done whatever best we could do in the other products like Caustic, Synthetic Rutile, like SIOP and our profits are predominantly dependent on the market conditions and the prices. We have been trying to tell that we are predominantly an upstream B2B company wherein our raw material inputs are from the natural resources where there is

an increase in price, where there is an increase in labor cost and our basic commodity is predominantly dependent on what the market conditions is in terms of the prices.

We at DCW do not unilaterally decide the price of the product, it is based on the market condition. On the specialty segment, we have been growing and we have lived up to what we had told over many quarters now with our growth keeping in as we had announced within the timeline and with the cost. This is the first quarter where due to this volatility in PVC prices, we see an impact on the PVC-CPVC spread which has impacted our profitability roughly to the tune of Rs. 12 crores, Rs. 13 crores.

We also, I think it is important to note that there is a significant bump up in the ocean trade for our outgoing materials to the US. We have been exporting to North America for SIOP product which is our maximum margin product today. We have incurred significantly Rs. 7 crores, Rs. 8 crores of additional cost of what we usually do over quarters. and this is also a one-off.

Given such scenario, it is very difficult to give a guideline on the EBITDA number. However, we are as a company trying to produce and sell our capacity. With the capacity expansions coming up as you have seen, we have seamlessly commercialized our volumes without any time lag. Rest all factors. are predominantly dependent on the market conditions. We are vigilant on the market conditions and trying to do our best to deliver value to the shareholders. Thank you.

Madhur Rathi: Sir your buyback clarification is much appreciated. Sir, our tax rate if you could clarify that what exactly is that tax rate because in the past 3 years the tax rate has been 38%, 39%, and 35%. So, what is the same expected for FY27 and by when will the company fall under 25% tax bracket.

Pradipto Mukherjee: We have already shifted to 25% tax bracket under the new regime from 1st of April. We have been under the old regime because we had MAT credits. The new regime did not allow any MAT credit to be taken. It was an amendment which came in the finance basis which the new tax regime allows MAT credit to be taken but to the extent of 25% of the tax liability. And we have shifted to the new tax regime. Our effective tax rate now stands at 25.172 to be precise, but barring the adjustment of paper tax assets and liabilities. If you have seen in Quarter 1, since our tax rates from 35% to new regime 25% it's come down, we had repriced our deferred tax liability for which there was an income in the P&L below the line for Rs. 34 crores. I think to that effect, we had made an announcement. Our effective tax rate today stands at 25.17%.

Madhur Rathi: Understood, sir. Now, sir, coming to our capacity utilization, sir, if we see then for the last 2 years, the CPVC and PVC segments were operating at full utilization though in the latest quarter, the CPVC utilization has come down. But if we look at the other divisions, SIOP, Caustic Soda, Soda Ash, all of these divisions have been operating at less than or around 90% or less utilization since April 25 at least. So, can we achieve full utilization going forward in these divisions?

Pradipto Mukherjee: See, I think for the donkey number of years, we have been operating at 100% capacity utilization for PVC and Caustic Soda. For Soda Ash, we have been a bit challenged. One, because of an equipment failure which is imported, which was there for one year. This year, we have operated -- last two quarters, we had operated at around 90%. This quarter, there was an aberration because there was a flood and a plant stoppage for 10 days and a couple of days which took for revamping. So far as SIOP is concerned, our capacity utilization has also been maintained with the de-bottlenecking CAPEX which we announced 2 years. back. And now our rated capacity stands around 30,000 tons. We would be operating at around 80%, 85% because SIOP, we operate in three colors. There is changeover, it is basically dependent on customer specification. 85% should be read as good as 100% because of the changeover time and the specifications. Coming to CPVC, we have been growing from 10 KT to now 50 KT. With three tranches of growth, from 10 we went to 20, from 20 we went to 40 and from 40 we have come to 50 KT. The last 10 KT had come only in Quarter 1 and this quarter has been 500 tons, 600 tons short for certain reasons, for internal reasons. We should be back at 100%. I think that is our capacity utilization status.

Madhur Rathi: Understood, sir. And now, sir, lastly is there despite commissioning 44 megawatt of renewable power in April 2025, sir, our power cost seems to be going up continuously now. Last year also the power outgo was flat at around Rs. 307 crores versus Rs. 312 crores year before. And sir, now in the half year if we see, then again, the power cost has gone up. Sir, so why exactly is the power cost continuously going up and what is the plan to bring it down?

Pradipto Mukherjee: The intention of doing the CAPEX was to have a power cost reduction of 25-30 odd crores on a base of coal price which was at that point in time prevailing, correct? Eventually what has happened is the coal price has been going up. Had that been static, that Rs. 25 crores of savings which we envisaged for the CAPEX would have been witnessed. You also need to understand that we have substituted only 25% of the power for the solar facility which is significantly lower in rate terms from the coal prices. As the prices go up, our CAPEX in the solar actually becomes more lucrative. But on an absolute term, the power cost does not come down because of the variability of coal prices. In Dhrangadhra we have coal lignite usage. All these prices have been more or less on the upward trajectory. And as we speak, Quarter 3, there is a significant bump in further in the coal prices. Okay. So, it should not be fair to see the coal prices on absolute terms. What it would be to see is that our power cost in line with the coal index which is available on these quarters. when you are comparing. I think that would give you an answer for why the power cost is not coming down despite the solar. But the solar would have provided a Rs. 25 crores-Rs. 30 crores of annual savings. In fact, the prices going up in coal actually is giving us more savings had we not done it. But it is to camouflage because of the overall power cost going up.

Moderator: Have we done with the questions, sir?

Madhur Rathi: Yes. thank you so much.

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

Pujan Shah: Thanks for the opportunity, sir. First question, I wanted to understand on the spread part. So, obviously the VCM-PVC spread has been incrementally narrowed that has been ultimately difficult in terms of conversion of profitability in PVC. So, what is the fixed cost percentage in terms of when you convert from PVC? Obviously, VCM includes to convert PVC it includes many other things as well. But on a spread part or the fixed cost part, if you can just give a broad sense…

Sudarshan Ganapathy: I don't think we have data for the fixed cost product-wise. It will be difficult.

Pujan Shah: Okay, got it. I just want to understand on 26th of October, I think there was a countervailing duty initiation done by the industry. So, after having exclusion of rebate and obviously with this crisis, do you still feel that there should be a constant dumping can be happening from China? Even after, let's suppose, the war gets end or let's suppose the shipping units conclude.

Sudarshan Ganapathy: On 26th October, there was a recommendation of controlling duty made by DGTR on imports of PVC from China. It has to be approved by the Ministry of Finance, which may take couple of months. So, post that, we expect some level play possible between the domestic industry and vis-a-vis the imports.

Pujan Shah: Got it. Sir, let's suppose duty gets implemented. So, what could be the base price of PVC? That would be $90 per ton.

Sudarshan Ganapathy: Yes, but you should not directly take as $90 per ton. Because at some point of time, there will be normalization of the freight rates also. Okay, In the near term, yes, the freight rates may remain elevated, but we feel that we cannot make a basis based on the current freight rates. So, there will be some reduction in the freight rates and we have to see what will be the Chinese prices and then we have to add these recommended duties and arrive at what would be the corresponding price.

Pujan Shah: Okay, sir. In terms of CPVC, can you just tell what is the current realization and what was the months contract for this quarter so that at least we can get a sense that how it spreads?

Sudarshan Ganapathy: You see, I can only say that the spreads will get normalized to what it was in Quarter 1. Because whatever was the price correction and price erosion, I think mostly it has all been behind us now. So, I think Quarter 3, we can expect a similar number of what we did in Quarter1. For you to tell an exact number, I think it will be a bit difficult. I think it will be north of Rs. 125 is the current price.

Pujan Shah: Got it. And sir, we have drawn, I think, more than Rs. 100 crores of long-term borrowing. So, is it only for SIOP? Have we started all the agreements and the purchases and the construction for SIOP Phase-1?

Pradipto Mukherjee: So, the SIOP, our Phase-1 CAPEX, what we discussed was around 7 KT with a power efficiency project to be undertaken. The next phase was around for another 8 KT of SIOP, which takes our capacity to 45 KT. The total CAPEX available in the public domain estimated by us is around Rs. 250 crores. We intend to borrow around Rs. 150 crores, of which Rs. 50 crores have been borrowed and lying in investments in mutual funds. We basically follow the discipline of spending the money, liquidating the FDs, which are earmarked for the growth projects. And the rest Rs. 50 crores-Rs. 60 crores has been borrowed in terms of a working capital, WCDL, which basically would prepare and keep us for any bad times.

Pujan Shah: So, what would be the rate at which we have borrowed as of now?

Pradipto Mukherjee: It would be around 9%-9.25% average for these two borrowings. There would be a spread, there would be a negative carry, because the money is obviously, our net debt is not increasing, but there is a negative carry to that effect in our P&L. However, as an organization, as we discussed, we intend to keep around 5%-6% of our top line as cash maintained at every point in time. It is in line with our internal financial policy.

Pujan Shah: okay. Got it. Sir, we have mentioned in our PPT that we are also planning to expand our power project. So, likely to know, we are already doing 25% of our requirements. So, what is our aspiration to reach for a certain percent? And what would be the capital cost we have been planning to spend?

Sudarshan Ganapathy: No, I would like to clarify. The CAPEX that has been announced, it is for our internal power plant. It has got nothing to do with the renewable power. To see, SIOP as a product, you need more steam. So, our steam and power arrangements need to be modified and optimized. So, this CAPEX what we are spending is to optimize our co-generation power plant, by which we will have a benefit of a lower power cost and a lower steam cost.

Pujan Shah: Okay. So, there might not be a…

Sudarshan Ganapathy: No, there will be no increase in the renewable power allocation with this CAPEX. Maybe at a future date, if we decide to invest, that will be a separate investment. This is only for optimization of our cost, because we need to have more steam availability for our Iron oxide. So, that's why we did this.

Pujan Shah: Right, sir. And in terms of SIOP, in terms of synthetic rutile, so, when will the Japanese agreement start flowing in terms of revenue and EBITDA? And what do you expect for current year and the next year?

Sudarshan Ganapathy: I think the sale has started from second half of, I mean, 2nd quarter of this year…

Pujan Shah: Got it.

Sudarshan Ganapathy: And it is back-ended. So, our sales to non-Japanese customers was more in the 1st and the 2nd quarter**.** So, from 2nd quarter onwards, our sales to Japanese customers. will be higher in terms of volume.

Pujan Shah: 2nd quarter of Q2 FY28 you're talking about…

Pradipto Mukherjee: No, from Quarter 3, our sales mix towards Japan, which gives us a higher spread, would start showing benefits into the P&L.

Pujan Shah: Got it. Thank you so much, sir. All the best. I will join back to the queue.

Pradipto Mukherjee: Thank you.

Moderator: Thank you. Next question comes from the line of Kandaswamy V with Sincere Syndication and Corporate Services LLP. Please go ahead.

Kandaswamy. V: Good afternoon, sir.

Pradipto Mukherjee: Good afternoon.

Kandaswamy. V: The PVC price has been quite strange in the recent times. And one thing unique about India is that India is the only country where even in the quarter end of December, the demand is going to be very good compared to most of the global markets. But will it be different this time because of this El Nini becoming super El Nino? There are two thoughts in this regard. One could be that the PVC demand itself will be very poor from the rural sector. Or that because of various government schemes, possibly the demand could be much better than ever before. What is your thought process?

Sudarshan Ganapathy: It could be, see El Nino has got nothing to do with the PVC demand. Because if you really talk from the point of El Nino, if there is a scanty rainfall, you will need more pipes because you will need to move more water. So, El Nino as a reason for any impact in the PVC demand is, I think, is not a correct way of reasoning out whether the demand will be good or bad. Yes, the government demand on the Jaljeevan mission and all other missions are showing an uptick, particularly in the eastern and other regions where the uptick was not that high in the earlier years. So, we feel that the demand will be good. I won't say it will be exceptionally good. Demand will be good. I don't see any demand getting reduced because of El Nino or any other reason.

Kandaswamy. V: On your Ilmenite, nothing much has been discussed in the last couple of quarters. Are you soft peddling it because somewhere we felt that is one area where, if not today, over a period of time, you can venture into titanium on a big scale. Of course, technological issues are there and denying that. But beyond that, there is one area where possibly despite having an early mover advantage, only one or another public sector is there in that space. Nothing much is transpiring on those lines. Would you like to show some color on how the Ilmenite business could scale up quite significantly going forward?

Pradipto Mukherjee: No, I think on the project side, the management has not made any announcement as yet. Whatever has been announced, it has been in the public domain. Secondly, our understanding is always a first mover advantage for any business you get in, just to answer your question on the first mover advantage. But the first mover advantage does all the dirty job in terms of creating the domestic market. Maybe a follow-up immediately following the second mover tends to gain. So that has been our understanding.

On the project side, I think we would have a certain amount of communications which come in, trying to see how this year shapes up. And accordingly, you can expect some project expansion announcements which will come in for us. In our space of SIOP, we have announced a 50% capacity announcement. And the power, which is the efficiency, which we have been doing for the last couple of years.. The efficiency CAPEXes have come on the basic chemicals to keep us cost competitive with our peers., who have been cost competitive by expansion and economies of scale. We have very clearly articulated that we would not be seeing any expansion into our commodity or basic chemical segment, where we are keeping CAPEXes, which are efficiency improvements, which keep us competitive.

On the growth side, it has been till now on SIOP and CPVC. You can wait for any announcement from our side in days to come. Thank you.

Kandaswamy. V: My concern is that we are not getting the imminent volumes or prices or margins. None of this is disclosed. Of course, you don't disclose any of the products. But every other product, there is availability in the market. So, it's easy for us to understand how best these numbers. are going.

Sudarshan Ganapathy: No, you can check our competitors this thing no. There is a competitor for us in Synthetic Rutile Ilmenite. You can check the performance of that company. Because to say that Ilmenite business is not a good business, I think I don't agree with you. So, business has its own upsides and downsides. And you can compare our competitor, how they are performing. And it is easy to say that we can do a value add and all. Technology also plays a big role. So, it is not that easy to go for any expansion on a product upward, unless we are sure about the technology.

Kandaswamy. V: But on that front, I just want to know, if at all we could disclose volumes, prices, variations, all that, so that it becomes much more transparent. Obviously, I can get from the competitors.

But we DCW as an entity has been doing quite well. We have been much more transparent now than ever before. So that way, it could be all the more exciting for the investors. to get to know the nuances of each and every segment of this. Of course, you may not invest more in that. That's a different issue altogether. That's a management call. And you may not be able to comment at this point of time, which is well understood, that is one…

Pradipto Mukherjee: Your requirement is well appreciated, sir. But having said that, we really had made an announcement where we grouped our products into specialty bucket and basic chemicals bucket. Not with the intention of suppressing information's with our shareholders. It was with the intent of not letting our competitive edge be made available to our competitors. However, having said that, we have tried over the past many years. and now, been as transparent as possible in our earnings call and our communication with our shareholders. I think there are companies who work on 10 products and don't have a segment. They only report the company's numbers. We actually are categorically telling which are the products in the segment and explaining to you all. Having said that, specific to Synthetic Rutile, it was never a segment for us. It was always a part of the caustic division even earlier. And it was a part of the caustic division because of its interlinkage. I think if you have certain specific questions, you can send us. We can evaluate and communicate with you.

Kandaswamy. V: As regards power, is there a scope for increasing the share of solar power so that in due course, we can get the payback much faster? Of course, it has to be an expansion only, not before.

Sudarshan Ganapathy: No.See, we were contemplating further increasing our renewable power. Because the recent amendments announced by the Tamil Nadu Government, there are many people who have challenged in the court. That is not conducive for any expansion in the renewable power because the payback is not very advantageous to us. So, we are waiting for an outcome of the court case, post which we will decide our next course of expansion into the renewable power.

Kandaswamy. V: Thanks, sir. This is slightly a fundamental question. We have seen the interest cost of DCW Zoom in the past. It has come down quite significantly, no doubt about it. But the benefit of venturing into scaling up investment or management focus into Specialty Chemicals is yet to get reflected in the markets. Even basic chemical margins are at least double digit these days. But we are ending up with less than that in the last couple of quarters., each of the quarters. is about 7%. And most of the basic chemical companies are able to see a good margins. Are we on course to cross 10% at least from the second half of the current fiscal?

Pradipto Mukherjee: So, to answer your question, while you say all other basic chemical companies are doing well, you should also take cognizance of the fact that when the PVC market was doing well, our competitors. with similar business like Chemplast had an EBITDA negative. From an EBITDA negative and many other companies who were into the one product segment, they had struggled. We had scaled through with a steady resilience in our bottom line.

Obviously, in case of growth into the segment, we would have also liked to see a growth because as we speak, we always say that our EBITDA would be quite stable at a particular number with the advent of the specialty segment, which puts stability to our bottom line. We are on the track if you can see our numbers. of specialty segment on an annual basis, it has gradually been increasing. And more or less, our capacity is what we had expansion, which we have told. It has reached to a level where you can now quantify for yourself and see what is the maximum amount of profitability which comes to a stable bottom line. Our challenge obviously has been into the basic chemical segment.

And the basic chemical segment, there has been wild swings for all companies who are into Caustics, Sodas and PVC businesses. We have tried to balance it. We are equally disturbed that we are not getting the top-up in terms of our profitability, which should have come from the advent of the specialty chemical. But we just proved our resilience over this period and we have maintained a strong balance sheet. Our announcement in terms of CAPEX would have been much more aggressive, but for the global situation, which always keeps us wondering in terms of making any large leap of faith. So, we are watchful of the market conditions and we will see an opportune time for growth.

Kandaswamy. V: Just one last question. DCW is the only company which has double advantage. Your Caustic Soda division chlorine is used for your CCVC and your PVC is used for uPVC. This advantage of this percentage, this linkage is not available to anybody else…

Pradipto Mukherjee: Sure.

Kandaswamy. V: That is one reason and many others., whatever you have mentioned in the recent times. But you are still not directly giving an answer. Whether you are confident of getting into double-digit margins in the second half and going forward?

Pradipto Mukherjee: There is no question of shying away from that. From second half of the year, we are confident of getting a double-digit number.

Kandaswamy. V: Okay. That’s nice, sir. Thank you, sir. That's it from my end.

Pradipto Mukherjee: Thank you.

Moderator: Thank you. Next question comes from the line of Ansh Khimavt with Capital One. Please go ahead.

Ansh Khimavt: Hello, sir. Good afternoon.

Pradipto Mukherjee: Yes, good afternoon.

Ansh Khimavt: Hi, sir. I just wanted to understand what kind of realizations you are getting for SOIP and what kind of payback you are expecting for the T-tax which you are doing right now?

Pradipto Mukherjee: I think our SOIP margins have significantly been in the range of 40% and we still hope that that would remain because it has been tested over the period of time, the last 4 years, 5 years. when the markets were very volatile. SOIP was not a product into the US tariff. So, it has tested its times and has proven to us that it will continue to have a margin of around 40%.

The payback period roughly as an organization, we take in when it is a 3 years to 4 year payback. We expect that the investment what we have done or we have announced would also have a payback of 3 years-4 years.

Ansh Khimavt: Okay sir. So, any guideline on what kind of realizations are currently today and what they had been in the last 2 years.?

Pradipto Mukherjee: See, the realization as a number is around…

Ansh Khimavt: I am sorry sir, there was some…

Pradipto Mukherjee: For SIOP, the realization is around $900-$950 depending on the type of contracts we get in CIF or FOB. But this more or less will be works prices what we have. On an average over the last couple of years. got, despite the increasing volume from 10,000 tons-12,000 tones to now this year 25, 000, 26,000 tons. So, we have been commanding that kind of prices and eventually if you see, we talk about a payback period of 3 years-4 years. in SIOP today so confidently is because we have done our hard work in terms of the first CAPEX validation of the product with our customers. and we have a fair understanding of our customer's requirement. So eventually on top of it, it obviously should not take 3 years-4 years. payback while our initial investment took 8 years-9 years. of payback because of missing validation times and our experience into the product.

Ansh Khimavt: Okay sir, understood. Nothing from my side sir. Thank you.

Moderator: Thank you. Our next question comes from the line of Abhinav Mandowara with Aequitas Investments. Please go ahead.

Abhinav. M: Yes. My first question was regarding how much of our power cost is captive, like coal linkages and how much do we import?

Sudarshan Ganapathy: Power cost is 75% captive and 25% we import out of which I would say majority is the renewable power.

Abhinav. M: And regarding PVC-VCM spread, what were they last year?

Sudarshan Ganapathy: Last year spread was around 125-150.

Abhinav. M: Okay. And any last 5-year average if you could give?

Sudarshan Ganapathy: I don't have it offhand, you can ask to our Valorem and they will come back to you.

Abhinav. M: Okay. And regarding the CAPEX which you are doing for SIOP, how much time does it take to ramp up our utilization to HST?

Pradipto Mukherjee: I think we have put it, we expect the capacity to be on board on Q4 of next financial year.

Abhinav. M: And utilization at 90%-100%, how much time does it take?

Pradipto Mukherjee: Our historic experience says that it takes 6 months-12 months in terms of validation, but I think it should be more on the bracket of 6 months because we have customers., all the domestic players., big players., marquee and names who are taking product from us and we think that we will be able to place the volumes in 6 months but gradually ramping up. That's what we are hopeful. Because the validation period is behind us, our product is well established into these customers. It's only about getting the customers. on boarded for a higher share of take from DCW. Because if you understand today's market scenario, everybody wants to de-risk their supplies. We would obviously try to push our volumes depending on their calculation of de-risking along with DCW.

Abhinav. M: Okay, and regarding the CPVC, what sort of margin did we give up for manufacturing our own CPVC?

Pradipto Mukherjee: I beg your pardon; I could not get your question please.

Abhinav. M: So basically, for the next quarter when we say that our contracts are short term in nature, I just wanted to understand the next quarter going forward. I said we'll be back to what it used to be.

Pradipto Mukherjee: I'll tell you, I think I just needed to tell a bit of something which is a question on the CPVC front. Please try and understand, Quarter 1, when there was a West Asia crisis, there was a force majeure for getting VCM for all across producers. who were doing VCM to PVC. If you recall when we were getting into the end of Quarter 1, there was also government's intervention of removing the duties on the petrochemical products.

The PVC business from a VCM basically depends also on the duty spread which we have in import of PVC to the country and VCM. The PVC prices were nose diving at that point in time when we had to contract for the CPVC prices, getting into Quarter 2 which is a rainy season where the demands are weak. Okay? And subsequent to that, miraculously, the PVC prices started going up.

So hence, there is a significant contraction in the PVC to CPVC spread. And to be fair to any organizations who have been doing this into PVC to CPVC, every management would have come across this challenge. We think that the spread what we had in Quarter 1 should get restored. But there are many variabilities which happens. We have in the history of last 40 years, 50 years. did not have so many wars. going on in the world and also in Asia. We have in the history of these last 40 years. never seen a freight which goes up from one quarter to another quarter by 3-4 times. Okay? So I think we are trying our level best to produce and sell the product into the market with the market names and trying to liquidate our inventory. The result of top line and EBITDA is a market condition. I think we are not left with any hope of what could happen.

On a steady state, on whatever is today, we should get back to the PVC-CPVC spread which was available in Quarter 1, which is around Rs. 25-Rs. 30 per ton. But I would request that we should not be held responsible for this spread, provided some other crisis comes in Quarter 3.

Abhinav. M: Of course.

Pradipto Mukherjee: I think it is fair enough for the investors. to understand that there are certain things which are beyond our control and we are at our best possible case trying to produce and sell the entire product.

Abhinav. M: Sure. We understand the commodity nature of the business inherently. I just wanted to understand the direction of it from our perspective. So, my second question is in terms of, since we are going for capacity, we have done capacity addition, we are ramping up also the newer CAPEX. At full capacity and at current prices, what are their steady states? What would be the peak revenue the company can do, considering current prices?

Pradipto Mukherjee: Considering the current price, I think our revenue should be around Rs. 2,500 crores. Having said that, may be north of Rs. 2500. But having said that, we also need to understand 30% of our capacity. When you will be getting this number, you obviously as analysts would be comparing with the previous 2 years. or stuff like that. You also need to discount for the fact that today we are diverting 30% of our PVC production into CPVC, which otherwise would have been a top line 2 years back.

Abhinav. M: Right. Got it. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for the closing remarks. Thank you and over to you team.

Saatvik Jain: Thanks for everyone joining the call today and I think if there are any pending questions, request you to write to Valorem Advisors. and we can try and respond to that. Look forward to connecting with all of you again next quarter. Thank you.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of DCW Limited, that concludes today's call. Thank you for joining us and you may now disconnect your lines.