ACHIEVING NEW HEIGHTS

Lords Chloro Alkali Limited
A-281, Ist Floor, Defence Colony, New Delhi-110 024
Phones :+91-11-40239034/35/36/37/38
E-mail : contact@lordschloro.com
Web : www.lordschloro.com

Date: 17.11.2025

To, **The General Manager,** **Department of Corporate Services,** **BSE Limited,** **Phiroze Jeejeebhoy Towers,** **Dalal Street, Mumbai – 400 001**	**To,** **Listing Department,** **National Stock Exchange of India Limited,** **Exchange plaza,** **Bandra-Kurla Complex, Bandra (E),** **Mumbai – 400051**
Scrip Code: 500284	**Scrip Code: LORDSCHLO**

Dear Sir/ Madam,

<u>Sub: Outcome of conference call with Analysts / Investors - audio recording</u>

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find below the Transcript of earning call with analysts / investors held today i.e. Tuesday, 11th November, 2025 to discuss Q2 & H1 FY26 Results of the Company.

You are requested to take the same on your records.

Thanking You.

Yours faithfully,

For Lords Chloro Alkali Limited

Madhav Dhir

Digitally signed by Madhav Dhir
Date: 2025.11.17 16:54:05 +05'30'

Madhav Dhir
Whole-Time Director
DIN: 07227587

"Lords Chloro Alkali Limited
Q2 & H1 FY '26 Earnings Conference Call"
November 11, 2025

MANAGEMENT: **MR. AJAY VIRMANI – MANAGING DIRECTOR – LORDS CHLORO ALKALI LIMITED**
MR. MADHAV DHIR – EXECUTIVE DIRECTOR – LORDS CHLORO ALKALI LIMITED

MODERATOR: **MR. SMIT SHAH – ADFACTORS PR**

Moderator: Ladies and gentlemen, good day and welcome to Q2 FY '26 conference call of Lords Chloro Alkali Limited. 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 then zero on your touchtone phone. Please note that, this conference is being recorded.

I now hand the conference over to Mr. Smit Shah from Adfactors PR. Thank you and over to you.

Smit Shah: Thank you. Good afternoon, everyone. And thank you for joining us on the Q2 and H1 FY '26 results conference call of Lords Chloro Alkali Limited. We have with us Mr. Ajay Virmani, Managing Director and Mr. Madhav Dhir, Executive Director.

Before we begin, I would like to remind that certain statements made in today's discussion may be forward-looking in nature and may involve certain risks and uncertainties. A detailed statement in this regard is available in the Q2 and H1 FY '26 results presentation that has been uploaded on the stock exchanges.

I now hand over the call to Mr. Ajay Virmani to begin the proceedings. Thank you and over to you, sir.

Ajay Virmani: Hello, everyone. I am Ajay Virmani, Managing Director of Lords Chloro Alkali Ltd. And I welcome you to the earnings conference call of the company. I would like to begin by thanking all of you for taking out your time.

Just to introduce, I am Ajay Virmani, Managing Director of the company. I hope I am coming out clear, and loud to everybody right now. So today's call is special because it is beginning of a new chapter for us where we not only share our financial results but also the strategic transformation and long-term vision of the company. So this company was incorporated in 1979 by Modi Group of Industries and this company was operating. Then we took it over in 2006 under the BIFR scheme and then we sort of revitalized the company. So, this facility is on 84 acres of land in Alwar, Rajasthan and we make caustic soda, chlorine, hydrogen, bleaching powder and CPW and HCL. So the products have very, very wide applications into many industries, you know, which are the building block of any economy, into paper, alumina, textiles, soaps and pharma and other chemicals.

Over the last few years, Lords Chloro has undergone a significant transformation from a traditional chemical manufacturer into a modern sustainability-driven company. We currently operate a plant which is 300 tons per day of caustic soda and a 50-ton plant of CPW and HCL also around 200 tons per day. And the CPW capacity is being ramped up to go to 100 tons per day.

Also, the other capacities are also increasing, but I'll ask Madhav to touch upon, these later, after me on our future expansion plans and, you know, the numbers. The expansion in all this will enhance captive chlorine consumption, improve cost stability and strengthen our downstream product mix.

Energy is a critical cost for our business, accounting for nearly 55 percent of the total production cost. So, taking cue from this, we took a major step in financial year 2025 by commissioning a 16-megawatt solar, renewable solar plant in Bikaner, Rajasthan. So it is meeting almost 10% of our power requirements, resulting in annual savings of around INR12 crores and reducing our carbon footprint by around 17,000 tons, equivalent to planting 8.5 lakh trees every year.

Building on this success, we have acquired a 26% equity stake in a hybrid energy park of being operated by Continuum Energy, so which will give us 10 megawatt of hybrid energy of solar and wind put together.

This will bring in additional around 12% to 15% of our power requirements, so our renewable footprint will go to around 25%. Additionally, we are now embarking upon additional 21 megawatt of solar plant, so our renewable footprint will go up to 40% to 50% of our power requirements.

The transition will make us one of the few chemical companies in India with such a high renewable energy share, while stabilizing margins and reducing exposure to energy price rise.

Together, these initiatives are helping us evolve into a green chemical company, and probably we would be the only company having almost 40% to 50% green footprint, caustic soda, I would say having 40% to 50% green footprint in India or anywhere in the world, maybe.

So I'll just touch upon the industry in general in India. The total capacity is around six million tons, and the production is 5 to 5.5 million tons. The capacity utilization factor is around 85%, which across worldwide is also around 82% to 83%, Indian industries operating at a very good level. When we say 85%, since the capacity is counted on 365 days, 24/7, so the plant shutdowns for maintenance and everything, so 85% is like utilizing it to full. So the whole industry is operating at a very reasonable and a very good capacity utilization.

The worldwide demand is around 102 million ton, so Indian production is roughly around 6% of the total world demand, so India has a lot of catching up to do with the world. China is around 42 million tons, 44 million tons. India has announced almost 2 to 2.5 million tons of capacity expansion in the coming up in the next three years, with a lot of chlorine tie-ups on PVC side.

So we see India emerging onto the world scale in caustic soda and chlorine capacity. And also now for the last two, three years, India was an importing country for caustic soda, but now India has become an exporting hub. This year, we should be exporting nearly one million tons of caustic soda all over the world. And the share of Indian caustic soda is going to increase over the years, as a lot of European capacities are shutting down because of high energy costs, so which is going to be a very good for the Indian industry and the expansions, which are coming up in India.

So, what I'll do is now I'll, just pass on to Madhav to explain about the capex, which we have done and the capex's which we are going to do and touch upon the numbers. I'm sure numbers are with you people, we declared the results yesterday, so you must have seen the numbers, but anyway, he'll touch upon all that.

Over to you, Madhav.

Madhav Dhir: Thank you, Ajay ji. Good afternoon, everyone. As Ajay ji suggested, everyone actually has the numbers, so I'll just quickly take you through the financial performance of September 30, 2025. So total income for this H1 was INR201 crore, which is a growth of approximately 59% year-on-year. Operating margins also significantly grew in H1 FY '26 to about 20.76% or equivalent to INR41.78 crore. Profit after tax also significantly recovered from H1 year-on-year because they were subdued last year.

Now moving to the second quarter performance specifically, total income stood at about INR100 crores in Q2, similar to Q1. And in comparison to year-on-year, it was 60.86 in Q2 FY 2025. EBITDA for this quarter stood at 21.09, similar to last quarter as well. And EBITDA margin for this quarter stood at about 20.93, which is healthy numbers.

Notably, we reduced our energy cost per ton significantly from 51% to 39%. This is due to the solar plant that we set up, as well as the energy mix reducing because of addition of CPW as against revenue. As a result, the profit of this quarter stood at about INR9.04 crores in comparison to 0.36 Q2 FY '25.

Looking ahead, our strategy is built on clear four priorities. First, through cost leadership through renewable energy. We are on track, as Ajay ji mentioned to reach about 40% to 45% in renewable power integration, which will make our operation significantly more efficient and sustainable.

I would now like to briefly talk about the capex journey we've had over the last one or two years, what's ongoing and what will go on subsequent to our announcements yesterday. So, in terms of our capex journey, between FY 2024 to 2025, we have invested approximately INR150 crores, primarily in expansion of caustic soda from 210 tons per day to 300 tons per day, CPW from 20 tons per day to 50 tons per day and the 16-megawatt solar power plant based in Bikaner.

Ongoing and current projects approximately amount to INR40 crores. This includes CPW capacity expansion from 50 tons per day to 100 tons per day. Significantly, after seeing the results from the power that we are taken from Bikaner and our captive solar plant, we entered into a power purchase agreement and a share purchase agreement with Continuum Energy to supply us 10 megawatts of wind solar hybrid. Together with these projects, 25% of our energy will be from renewable sources.

Subsequently, I would like to talk about the capexes that we have announced yesterday and how our renewable mix will be subsequent to those capex as well. Yesterday, we announced a further capex of INR165 crores, which includes expanding our caustic soda from 300 tons to 400 tons. However, we will be also shutting down a 40 ton per day Ode plant. This plant was a little more inefficient compared to our other electrolyzers. As such, our total installed capacity will be 360 tons subsequent to the expansion.

We are also adding sulfuric acid not only as to diversify our product mix, but also for the steam generated through sulfuric acid, which might bring down our costs in the boilers. We are also adding another solar power capacity of 21 megawatts. Again, this is in captive use. This will also help reduce our cost and roughly bring our renewable power mix to between 40% to 50%.

The total capex outlay for these 3 projects is approximately INR165 crores. And put together, between FY '24 and '28, the total capex amount is roughly INR355 crores. So I appreciate for everyone's time regarding the capexes.

Moderator: Should we start with the question-and-answer session, sir?

Ajay Virmani: Yes, please do.

Moderator: Ladies and gentlemen, we will now begin the question-and-answer session. We will take our first question from the line of Shubham from RV Investments. Please go ahead.

Moderator: Yes, Shubham. Please go ahead.

Shubham: You have given the capex guidance of INR 165 crores, can you please divide open these financial years, how much you will be implementing in H2 and then in FY ’27?

Ajay Virmani: See, all these projects have a gestation period of one year to 18 months. So the capex will start. In fact, the capex will be starting from now. And the project commissioning's will be spread over -- the solar plant will get commissioned over six to seven months and the other plants may take 12 months to 18 months to come up. So the capex are going to be spread over the next, let's say, 1.5 years.

Shubham: Hello?

Ajay Virmani: Yes. I hope you heard me correct.

Shubham: Can you please repeat the last sentence, sir?

Ajay Virmani: So I said that the projects commissioning's are going to start solar will start -- get commissioned by March, April. And the other plants will take almost 12 months to 18 months to get commissioned. So the capexes will also happen as per the progress of the project. So the money will keep getting deployed over the next maybe four to five quarters or so.

Shubham: Sir, what are your revenue guidance for the coming year and the coming half of the year as you have said that you will increase your capacity from 300 to 400 tons per day?

Ajay Virmani: See, that capacity will come up next year, sometimes in the third quarter.

Shubham: Yes. So basically...

Ajay Virmani: So for the next three quarters, we would expect the same kind of revenue to continue.

Shubham: Okay. Basically, INR100 crore

Ajay Virmani: Documented, only then the revenue will go up, right?

Shubham: Okay, sir. Thank you.

Moderator: Thank you. We will take our next question from the line of Prachi from Phillip Capital. Please go ahead.

Prachi: Hello, sir. Congratulations on a good set of numbers. So, also, what is your view on caustic soda prices currently? So, do you feel now it has been bottomed out? And with that four-year cycle, overall, if you see the realization per kg also, it has been dipped a little bit if we compare quarter-on-quarter basis. So, last quarter, it was 47.

Now, it has gone to 46. So, what are your view on that? And second question was on, do we expect stability in the EBITDA margin going forward since we are now coming up with a solar plant as well.

Ajay Virmani: So, this four-year cycle, you know, it has been holding true for many years. But, you know, the world scenario is changing a lot because of Mr. Trump and, you know, a lot of, capacities being coming or getting scrapped in China. So, of course, but the price has been pretty steady for the last, I would say, three quarters now.

So, we can say that last year was bottoming out. So, now, I feel that, you know, upsurge has started into the price. Prices, I feel, are going to be pretty stable, you know, in the next few months or so. This is a commodity you can't predict for a very, very long time. But I would say in the coming, you know, at least the two quarters, the prices are going to be pretty stable.

And your other question was about the, you know, renewable bringing stability. Of course, you know, when Madhav mentioned that, you know, the cost of power is around 50%, 55%, which is now coming down because of renewables. So, naturally, any vagaries of prices in the Indian or international markets will get even out by the renewable footprint. So, we'll bring in, you know, at least stability to the profitability of the company, for sure.

Moderator: Okay. Thanks, Prachi. This answers your question, right?

Prachi: Yes.

Moderator: Okay. Thank you. We'll take our next question from the line of Poojan Shah from Molecule Ventures. Please go ahead.

Poojan Shah: Hello everybody. So, I just wanted to understand your view on caustic soda expansion. So, we understand that we are shutting down a 40 TPD plant and additionally incremental, the new capacity will be coming in 60 TPD. But just wanted to understand the dynamics because two giant companies have been announcing their caustic soda expansion already. I understand that their use case is to ultimately use the chlorine for the PVC part.

But wanted to understand your view because if we look at the 6 million tons capacity in India as well, which is operating right now at 80%, 82% utilization. I still feel that the caustic soda in India has been suffering in terms of pricing. So, just wanted to know why we are expanding specific in caustic soda? Is it due to value addition products which we have been incorporating like CPW or it is -- we are seeing something else in terms of market?

Ajay Virmani: I'll tell you. So, I'll be a little elaborate on this. So, the Indian market works as far as we go in two islands. One is the West Island, other is the North Island. So, North Island is North of India and West of India. So, we are in North of India.

All the capacity expansions which are coming up are coming up in West of India. So, if anybody has to bring the material from West to up North, we'll have to spend almost INR6,000 to INR7000 as a freight on caustic soda, which roughly is around 20% to 22% of the cost of caustic soda, which is very, very huge. So, it becomes very prohibitive for any Western player to come to and sell it in North India.

The demand for caustic soda, like I mentioned, 6 million ton is the capacity. And we are operating around 80%-85% capacity utilization, which is like a 100% capacity utilization. So, the demand is growing at around 5%-6% every year. So, that means we are adding roughly one third of a million ton every year.

All these capacity expansions which are coming up. Reliance may be starting next year end and Adani in 2027-2028. So, by that time, we will, -- the Indian demand would have grown by almost a million ton or a little more. And they both are coming out with two million tons in phases.

And like India was exporting only half a million last year which is going up to one million this year. So, India is also expanding into the worldwide trade. India is taking more and more share of the export market.

Like I mentioned in the beginning that European capacities are shutting down because of high energy costs and both these high-capacity plants of Adani and Reliance are on the port. And they are best suited to take the advantage of the European market. So, of course, there will be some upheavals when such a big capacity comes in.

But I see that maybe upheaval of a year or two then the things will smooth out, because Indian economy is also growing. And caustic soda is one product which is very well linked to the growth of our economy. All the products which are done from caustic soda are very, very heavily linked with the growth of economy.

And secondly, if there will be some dip in caustic soda prices, the chlorine prices should be able to make up for it because these two plants will use all the chlorine captive. When we say that the caustic soda demand is going up by 5% to 6%, in the other way we are saying that even the chlorine demand is also going up by a similar number because you can't produce caustic without chlorine.

So, when we are doing that, so where the extra chlorine is going to come from, so the price of chlorine we expect to go up when the caustic capacity comes in. So, as far as the ECU number goes the chlorine and caustic put together, I don't foresee much of a dip there. So, I think things will even out with the capacities and demand taking care of it.

Poojan Shah: Sir, just adding to this point, so understanding how much chlorine we have been using captively, it is 100% right now?

Ajay Virmani: No, no, no, we roughly, I would say, we sell almost 40%-45% of our chlorine outside to the other customers.

Poojan Shah: Okay, got it. And sir, you have been mentioning about the European capacity being closed, closing out in phases. I just wanted to know what the European installed capacity is right now.

And what you have been reading is how much capacity is being planned to get shut down or, so what is the broad criteria you have been looking into, because ultimately the demand would be coming to the Eastern countries like China or India. So, that could be the only case. So, I just wanted to understand the European side.

Ajay Virmani: See, the European capacity as till last year was around 12-15 million tons. But was almost I think 300,000-400,000 ton capacity has shutdown already this year. And the operating rate of the European plant is 60-70% right now because of the energy cost is very high.

So, even if slowly, slowly, slowly, I think they will not be able to compete. And almost 10 million tons of demand, which is there, maybe another additional 5-6 million ton, will shutdown.

And 5-6 million they will keep producing because of the integration of their products with the plants, because some plants need chlorine for operations of the chlorine derivatives. So, I foresee that a lot of demand will come from Europe that way and almost 4-5 million tons over the next few years.

Of course, India will not take everything of it. And then a lot of demand is getting created in the Far East. Indonesia and Africa have become a big hub for Indian exports also. It is not just the Europe, but Indonesia and Australia also, for that matter, where we are competing with Japan and China.

And then Africa also is now consuming. A lot of industrialization is happening in Africa. So, the products are going there also. Right now, India is exporting to almost 50-55 countries around the globe.

Poojan Shah: Got it, sir. And just to understand the expansion part. So, we have been planning to spend around INR165 crores amount in expansion. Just wanted to know how we are planning for -- it will be internal accruals, it will be debt funded. How it will be?

Ajay Virmani: See, the whole INR165 crores is not just for expansion. Quite a part of it is for the solar plant also. And naturally, it will be a mix of debt and equity. So, we haven't decided, because it will all depend on the internal accruals of the company. So, but definitely some debt will come in. But what is the mix of debt and equity, I think it is yet to be finalized.

Poojan Shah: But there is no intention to raise by equity, right?

Ajay Virmani: We have a warrant issue coming up, which will -- I think the January is the last date for completing that warrant issue. So, that warrant issue was for around INR44 crores. 25% of it has already come in. So, I see that INR32 crores of money coming through the equity route also.

Poojan Shah: Got it, sir. I just want to understand the Chinese economy that has been right now anti-involution been going on. So, do you think that would be benefiting us in coming one to two years, because always -- the Chinese guys are always strict about their norms and regulations. I just wanted to understand that part.

Ajay Virmani: I missed out your first two lines about the China thing. What did you say?

Poojan Shah: So, China has been right now focusing on anti-involution, in which they have been deciding to close down or shut down the capacities, which has been incompetent and making losses. So, just wanted to understand, do these capacities being shutting down will be benefiting to us or it will...

Ajay Virmani: I tell you, China is a very, very opaque wall, one thing. But whatever -- I have studied, because I was the President of Alkali Manufacturers Association for two years. I completed my two years just in September. So, I've been well entrenched into the world market on this.

So, I'll tell you that the capacities -- they have shut down but they're shifting capacities. China is a big country, so they are moving to remote areas, for hazardous chemicals. So, the total capacity in China has not come down. Rather, they have announced almost 4 million tons of capacity over the next two years.

So, their share was around 41 million tons out of the total world of 101 tons, which is expected to go up to around 45 to 46 million tons in the next two to three years. So, whatever is shutting down, the new capacities are coming up in the remote areas, and bigger capacity plants.

Poojan Shah: Got it. Last question would be on the power commissioning, which we expect in next three -- in six, seven months. I just wanted to understand after the commissioning of the additional power solar grid, I just wondered, will it be 25% of internal consumption will be from power or it will be less than that?

Ajay Virmani: I'll ask Madhav to come up.

Madhav Dhir: So, we have currently a 16 megawatt solar power plant in Bikaner that contributes to about 10% of our energy. We've also signed a share purchase agreement and power purchase agreement with a company called Continuum, which will provide us 10 megawatt wind solar hybrid, which will additionally contribute 15% to our renewable energy mix.

In total, we'll be at 25%, subsequent to which we have also announced yesterday another 21 megawatt project in Bikaner. Put together, that will add another 15% at least. So, at that point, in approximately by April, May, we'll be at 40% to 45% of renewable energy.

The intent with renewable energy is not only necessarily carbon saving. It is also the fact that it improves our cost structure entirely, because our caustic soda plant primarily takes electricity at the moment from the grid. Where the grid rate is significantly higher than the price at which we generate electricity through our solar plants and/or purchase electricity through Continuum Group capital project.

Poojan Shah: Got it. Last book-keeping question would be what is the current AC use right now prevailing in North?

Ajay Virmani: It is around INR37,000.

Poojan Shah: 37, which was -- what was on Q-o-Q and Y-o-Y basis? Can you just share that?

Ajay Virmani: I see, offhand, I can just say that for the last two quarters, it is on a similar line. I would say for the last three quarters, based on two periods.

Poojan Shah: Okay. Got it. Thank you so much.

Moderator: Thank you. We'll take our next question from the line of Shubham Padhiyar from Raas Capital. Please go ahead.

Shubham Padhiyar: Hi, am I audible?

Moderator: Yes, please go ahead.

Shubham Padhiyar: Yes. First of all, I want to thank, congratulate the entire team of Lords Chloro-Alkali for the great performance till now.

Ajay Virmani: Thank you.

Shubham Padhiyar: And I just had a question. If we can segregate revenues based on caustic and other products, because I feel chlorine derivatives are getting higher realization than caustic. So, if that's possible, it would be a great help.

Ajay Virmani: You want to understand as to what is the revenue stream separated caustic and chlorine? That is what was your question?

Shubham Padhiyar: Yes. Yes. I mean, so currently this quarter we had so if we can just bifurcate caustic revenues and if there's other, I'd say chlorine products. So just to understand the realization.

Ajay Virmani: Majority, I can very broadly tell you that caustic and its products constitute the majority of the revenue. The other revenues are not very high. What is the…

Management: CSL value is about 80% of quarter…

Ajay Virmani: So it's around 80% of this quarter. The caustic soda revenue is around 80%. So, the other revenues do not have much kind of impact on the profitability and because chlorine as it is a negative product and whatever we make out of it, say, we make CPW. So, we are able to get positivity on that. Otherwise, chlorine whether in West or anywhere in the world for that matter except US is a negative product.

Shubham Padhiyar: Okay. Understood. And also, since you said a lot of demand might be coming from Europe. So are we planning to do any exports anytime soon or we're just going to focus on North Indian market only because of cost advantage that we have?

Ajay Virmani: See, being in Alwar in Rajasthan is good and bad both ways. Good is that nobody from West can come and sell in North. And that will – the similar way it is very difficult for us to export because we have to pay a similar kind of rate if we have to export. So, it may work sometime if somebody is willing to pay a premium for a green caustic soda which we are going to be making in future. So if we get a premium, yes.

But if somebody says, fine, I'll give you only a preference but not kind of any price advantage then the exports may not work out for us. I don't foresee it working out for us in the short-term. Because we are able to get a better price in the North market.

Shubham Padhiyar: Understood. And just one last question on the solar capex that we are doing. So, what would be the probable payback period for this capex on solar power plants?

Ajay Virmani: It's very encouraging and pretty good. I would say the time period is going to be much, much shorter than a normal industrial product is. Because there is a huge difference between the grid price and the power which you produce, solar power produce. So the payback is going to be much faster than a normal industrial. So normal industry we expect six to seven years for it to pay back. This should be quite accelerated from that.

Shubham Padhiyar: Okay. So, I mean, I'm assuming it might be lesser than five years, is that correct?

Ajay Virmani: I would presume so, yes.

Shubham Padhiyar: Okay. Yes. That's it from my side. Thank you.

Ajay Virmani: Thanks.

Moderator: Thank you. Next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: Hello. Good morning, sir. Thank you so much for taking my question. Hopefully, I'm audible?

Moderator: Can you use your handset mode, please, Darshil?

Darshil Jhaveri: Yes, just give me one second. Hello. Hope this is better.

Moderator: Yes. Please go ahead.

Darshil Jhaveri: Yes. Yes. Hi. So, a lot of my questions have been answered. So just one point I wanted to understand. So, we are saying a lot of solar power will come online by April 20, in the April month, April or May month.

So, going forward, like, our margin should be even better than what we are doing right now, right? Like, because we've already reached nearly 19%, 20%. So, what could be the margin that we can expect?

Madhav Dhir: I would prefer not to give a percentage claim. I would rather say that we do expect EBITDA margins to improve significantly subsequent to the solar project commissioning, other than any vagaries that comes from the price sensitive of commodity chemicals like caustic soda. So, if all else remains the same, EBITDA margins should significantly improve subsequent to our solar plant coming online.

Darshil Jhaveri: Could you, if possible, just give me a range or in terms of power cost, how much would we save per unit or something that would just help us, if that's possible?

Madhav Dhir: I would, I would hand over the call to Ajay ji.

Ajay Virmani: So, hi. Yes. So, you see, the grid rate is around INR8 right now, landed power. And the contracts, the solar contracts, which are happening, around for capex thing, are roughly around INR2.75 to INR3. And the opex contract, which we did with Continuum is INR4.5. So, you can see that there's a vast difference between the grid power and the power which we produce. So, then it all depends on the percentage points that how much we are able to convert to capex, opex -- it's a combination.

And then how much we are able to reduce the grid kind of dependability on the grid power. And then like Madhav said that, we may gain here, but we may lose if the prices go down. So, we are actually trying, to have a stable trend line on the profits by increasing our renewable footprint.

So, of course, the more and more -- it is a question of choice of going capex or opex in future, which will have different cost points and different, then the average landed cost will happen depending on the percentage of renewable we are able to bring in. The price points on what you produce and what is the opex price and what is the grid price.

Darshil Jhaveri: Okay. Okay. Fair enough, sir. I just wanted to know with regards to, the capex that we did in FY '25, the 90 TPD caustic soda. So, that's completely utilized right now. It's working at full optimal utilization, right?

Ajay Virmani: Like I said, 85% capacity utilization all over India. So, same as ours.

Darshil Jhaveri: Okay. Okay. Okay. So, basically, till the new capex comes in, like the one that you're trying to do for the new, the 100 TPD and the sulfuric, our revenue should be range more depending on caustic soda prices, obviously. So, is that a fair assumption, sir?

Ajay Virmani: See, I would ask, you and -- because we look at the whole picture in two parts. One is the revenue part and the other is the cost part. So, sometimes you focus on revenue, sometimes, focus on bringing down the cost. So, all this, project which we are announcing and we are saying have two parts built into this. One is, increasing of the revenue. The other part is bringing down the cost.

So, the bringing down cost part will be faster this time because of the solar plants getting operational earlier, easier to operate, easier to commission comparatively. So, naturally, till the time the other capex's, complete, the revenue side, the total top line may not increase, but of course the bottom line will help, will be helped by the solar plant. So, when you are looking at our company, kindly look at it, from both the sides, not just from the -- don't evaluate it just by if you have a stable top line it does not mean that the bottom line may not go up. It is not linked to the top line increasing.

Darshil Jhaveri: No, no, I understand that. Yes, that's what I wanted to know about our savings from solar plant. So, that's -- just wanted to get an overall picture of the company for the next year.

Ajay Virmani: What happens is that, the top line capexes will take a little longer to materialize than the bottom line capexes.

Darshil Jhaveri: Oh, fair enough, sir, fair enough. Sir and just last book-keeping question from my end, sir. What is our effective tax rate? Because I think last year was around 25%, but this quarter it's 36%. So, I just wanted to get what will be our average tax rate going forward.

Ajay Virmani: The average tax rate is around 25%, but just that we had some, carry forward, losses from previous years, which got, absorbed in the last quarter. So, this time the tax incidence is little higher than the previous quarter.

Darshil Jhaveri: Oh, okay, okay, okay, fair enough, sir. Yes, that's it from my side, sir. Thank you so much. All the best.

Ajay Virmani: Thanks.

Moderator: Thank you. Next question is from the line of Manoj Rajani from Rajani Family Office. Please go ahead.

Manoj Rajani: Hi, am I audible?

Moderator: Yes, please go ahead. Yes.

Manoj Rajani: Thank you so much for the opportunity and congratulations, sir, on the good set of numbers. Sir, just wanted to ask one thing that, I guess we had a capex of about INR100 crores to INR150 crores within one or two years. So, wanted to understand the debt equity mix of this particular capex.

Madhav Dhir: Between INR152 crores was the total capex, about the capex that had just been completed in last to last quarter. So, I believe it was INR60 crores was internal accruals and INR92 crores was debt. I have our CFO with us here as well. Is that it? INR90 crore term loan, sir, and INR60 crore internal accruals.

Manoj Rajani: Yes, actually that leads to my second question, sir. So, just wanted to understand what is the optimal debt to equity mix that we are looking at. Since I can see in the presentation, in the first year of presentation of 2023, that the ratio was about 0.09 and right now it's about 0.6, if I'm not wrong. So, just what is the…

Moderator: I'm sorry you're muffled, Manoj. Can you just repeat the last part?

Manoj Rajani: Yes. So, I'm just saying that what is the optimal debt to equity ratio that management is aiming at?

Ajay Virmani: See, we are trying to keep it around 1 for our future extensions also. Maybe a little over 1, but not too high. I think 1, 1.2 is a very, very comfortable debt to equity ratio. Normally the companies are operating at 1.5 or so, but we do not plan to touch 1.5 at all.

Manoj Rajani: Okay.

Ajay Virmani: So, I think with the future capex also, we should remain in the region of around 1, 1.1 or so.

Manoj Rajani: Okay. And also, I actually joined late, so sorry if this question might be repeated. What would be the payback period of our solar plan?

Ajay Virmani: I think I explained that in the previous question only, but I'll just repeat it very shortly. I would say it is very, very accelerated to a normal industrial payback. Normal industrial payback is around 6 to 7 years, but it should be below 5 for a solar plant.

Manoj Rajani: Okay. And, sir, just one last question. So, since it's a commodity-based business, so there must be price fluctuations in our products. So, any plans to move towards any high-value products in a gradual phase?

Ajay Virmani: Don't think so. We have a lot of mileage to cover in caustic soda and its domain. We are studying a few products, but all are on a drying board stage as of today. So, right now we are concentrating on our own products, which we do. There's a lot of market and scope to expand in this, which is what we are doing right now.

Madhav Dhir: And I think the intent is to build a significant margin within this business itself. I think that is the primary goal, is to focus on caustic soda and allied chemicals, as well as building a very good margin within this business itself prior to moving into new business. As Aditi mentioned, we do study it, but they're all on drying phase, and we have a long way to go primarily in building margin and building revenues from caustic before moving to other avenues.

Manoj Rajani: Understood. And what kind of numbers we can expect this year? I mean, margin?

Ajay Virmani: The two quarters, we are almost INR200 crores. And since no capacity is getting added into the next two quarters, I think if the prices are similar, they go up and down. There might be a little up and down in the top line from INR100 crores of this quarter. So roughly it should hold, and we can look at a number of INR400 crores or a little plus on that.

Manoj Rajani: Okay. And what is our capacity utilization at the moment?

Ajay Virmani: Almost 80% to 85%.

Manoj Rajani: Okay. That's quite optimal. Yes. That's it from my side, sir. Thank you.

Ajay Virmani: Thanks.

Moderator: Thank you. Next question is from the line of N. Modi, an individual investor. Please go ahead.

N. Modi: Yes. Good afternoon. My question is regarding other income. This quarter we have shown INR242 lakhs as other income, and in six months we have shown INR269 lakhs. So, is it regular in nature?

Ajay Virmani: No, this is a one-time thing. It was a scrap sale because when we did the capex last time, a lot of old things were dismantled. So, the metal prices have gone up. These are old pipelines or things like that. So, we were able to fetch a good price. So, this is a one-time thing, not every quarter.

N. Modi: Okay. Other things have already been ensured. These are my questions.

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

Ajay Virmani: Okay. I thank everybody for taking out time and showing interest in our company. And our company is well on the way to progress, both ways, increasing our footprint in the market share and also increasing our profitability by controlling our costs in a big way.

So hope to be and talk to you many more times in the coming year or so. And we then can monitor the progress of our company together. So I'll give it to Madhav to say a word or two, thanking everybody. Thanks.

Madhav Dhir: I thank and appreciate everyone for their time and for joining us on our maiden earning call. It was definitely our first call, but we expect to hold earning calls. So please request everyone to join us, as Ajayji mentioned, to monitor the progress of our company after every quarterly result.

Appreciate everyone's time. And if you have any further questions, you can always reach out to me personally or Adfactors through Smit, and he will be sharing his email ID shortly and mine. So if there are any follow up questions, we are happy to answer them as well. Thank you.

Moderator: Thank you, sir. On behalf of Lords Chloro Alkali Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.