February 10, 2025

The General Manager
Corporate Relations Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Scrip Code: **500770**

The Manager
Listing Department
The National Stock Exchange of India Limited
Exchange Plaza
Bandra-Kurla Complex
Bandra (E)
Mumbai – 400 051
Symbol: **TATACHEM**

Dear Sir/ Madam,

Sub: Transcript of Analysts/Investors Call pertaining to the Financial Results for the third quarter and nine months ended December 31, 2024

Further to our letter dated February 3, 2025, we enclose herewith a copy of the transcript of the Analysts/Investors Call on the Unaudited Consolidated and Audited Standalone Financial Results of Tata Chemicals Limited for the third quarter and nine months ended December 31, 2024 held on Monday, February 3, 2025.

The same is also being made available on the Company's website at: https://www.tatachemicals.com/investors/financial-reports.

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For Tata Chemicals Limited

RAJIV MANJUNATH CHANDAN
Digitally signed by RAJIV MANJUNATH CHANDAN
Date: 2025.02.10 15:29:06 +05'30'

Rajiv Chandan
Chief General Counsel
& Company Secretary

Encl: as above

Tata Chemicals Limited

Q3FY25 Earnings Conference Call Transcript
February 03, 2025

Moderator: Ladies and gentlemen, good day and welcome to Tata Chemicals Q3FY25 Earnings Conference Call.

Please note that this conference is being recorded.

I now hand the conference over to Gavin Desa from CDR India. Thank you, and over to you, sir.

Gavin Desa: Thank you, Sagar. Good evening, everyone, and thank you for joining us on Tata Chemicals Q3FY25 Earnings Conference Call.

We have with us today R. Mukundan, Managing Director & CEO, and Nandakumar Tirumalai, Chief Financial Officer.

Before we begin, I would like to mention that some of the statements made in today's discussions may be forward-looking in nature and may involve risks and uncertainties.

I now invite Mukundan to begin proceedings of the call.

R. Mukundan: Thanks Gavin. Good evening, and welcome to everyone. I am joined by my colleague, Nandakumar Tirumalai.

I will start the discussion with a brief overview of our operational highlights across business and geographies.

The demand scenario across geographies is as follows:

Broadly, the Asian markets continue to show growth, particularly China, which has shown robust growth in volume compared to previous year. U.S. and Western Europe, rest of the world in fact, is showing a slight decline, reduced demand for flat and container glass. In the short term, the current demand-supply situation in our view is likely to persist, while in the long term, it will be stabilizing and balancing out, driven by the growth sectors, primarily solar glass and the lithium carbonate and other related markets, which are growing at a faster pace.

Supply has certainly increased in this quarter from major exporting countries, including China, U.S., and Turkey. China's exports have been muted and moderated depending on the domestic demand. But clearly the U.S. and Turkey have upped the exports from their units. In fact, part of the exports also has gone to China, which has supported the increased output.

In terms of pricing, China soda ash prices sharply dropped anywhere between 25% to 30%. In India, soda ash prices declined compared to last year's same quarter by about 15%, primarily driven by lower-priced imports. The domestic prices in Western Europe and U.S. has remained steady. These are, as you know, mainly annual contracts. We expect pricing to remain at a similar level or around the same level, maybe trend a bit lower, at least for the next three to six months.

Overall, the revenue was down 4% against Q3FY24, largely due to pricing pressure. The revenue is lower in India compared to previous year mainly due to lower realization. It was offset by a little bit of higher volume. Imposition of MIP is expected to be sentimentally positive as this will safeguard the domestic price volatility. Our FOS plant is on track to go into full utilization of capacity.

U.S. overall sales volumes were higher. However, prices were lower than Q3FY24. U.S. exports to Southeast Asian countries, Indonesia, Malaysia and Thailand increased significantly.

UK had low volume. The price was slightly better. We also took an exceptional charges Rs.70 crore consisting of estimated expenses related to employee termination benefits, the decommissioning of the plant, as we cease the operation of Soda ash production at our Lostock site. 70,000 TPA Medi-Salt plant has been commissioned in the UK. We have also, as I mentioned, seen the cessation of Lostock plant in North which is underway.

Kenya saw lower volumes. However, prices remained steady during the quarter. Rallis results were lower due to continued weakness of export demand and intense domestic market.

In conclusion, while overall our volumes have tended to be better than previous year, especially in India and U.S., they will continue to remain so for the next quarter too, however, there is a pricing pressure which is impacting our margin structure even though costs have come down. We also do believe that the current prices are below cash cost in China and is unsustainable beyond certain point.

Our focus is on increasing our sales volume through customer engagement as new capacities have come on stream in India especially, and these are available to sell in the market. We will focus on cost rationalization and optimization as well as we will calibrate our CAPEX now going forward to suit the market conditions.

With this, I hand it over back to moderator for Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question comes from Saurabh Jain from HSBC Securities and Capital Markets (India) Private Limited. Please go ahead.

Saurabh Jain: Thank you so much for the opportunity. I wanted to seek the clarification. Did I hear it right that there are exports coming out of China now? And if yes, then can you quantify the amount and the region?

R. Mukundan: Yes, China till last quarter remained a net importer. There is some small quantities which are coming out of China, not a large quantity compared to the quantities which are getting exported from U.S. and Turkey and largely these products are going into Southeast Asia.

Saurabh Jain: Okay. And do you also see any, you know, synthetic capacities in China kind of coming back online? What are your thoughts over there or any closures in plants that you might have seen?

R. Mukundan: So, clearly, I think what is happening in China is exactly what we have said. As the Inner Mongolia capacity at Berun comes on stream, that will tend to push the synthetic plants which are on the coast to start to move material out because somewhere something has to give. Exactly as you mentioned, either people start lowering their output or they become unviable.

Already we have highlighted from all the data sources available, China is today selling at today's market prices both the processes, HOU and Solvay process they use, are below cash cost and we just have to wait and watch how long this is sustainable. We do believe the current prices are unsustainable for China, for domestic and export blended together and especially for exports. Even for India, these prices are unsustainable for exports today. So, I really think this is a point we will have to wait and watch.

Saurabh Jain: Okay, understood. That is helpful. My second question is on the UK plant. I think there was a notification that the production of chemicals in that plant has ceased production. So, can you clarify, is it only a short-term pause or it is a complete decommissioning? What are the strategies on that plant and which chemicals in particular are impacted because of this? And if you can also quantify the benefit that it is going to flow to the company because of that closure.

R. Mukundan: Yes, the cessation Lostock unit, it's not a complete plant, but what it has ceased is to operate the soda ash unit. There are some other parts of the unit which will be still running. For example, delivering some of the chemicals to customers there and those would continue, including the traded imported chemicals, soda ash, which we are getting from U.S to service the UK market. Our intention is to maintain our market share in UK for heavy ash with material coming in from U.S., and we would continue with production of bicarbonate and production of salt in UK. It is just that soda ash has been ceased to be produced there.

Saurabh Jain: Okay, so it's like a temporary pause because of adverse economics and if things improve in the future, then you will bring that capacity back live again.

R. Mukundan: The Lostock plant has ceased to operate, and it is unlikely that it is going to start. But other parts will continue. What I mentioned is the Bicarb at Winnington and salt at Middlewich which will continue.

Saurabh Jain: Understood. I will get back into the queue for more questions. Thank you so much.

Moderator: Thank you. The next question comes from Abhijit Akella from Kotak Securities Limited. Please go ahead.

Abhijit Akella: Good evening and thank you so much. Mukund, you mentioned about calibration of CAPEX in light of market conditions. If you could please help us understand what the revised plan might be now. You have previously articulated plans to expand across most of your major geographies.

R. Mukundan: In terms of our CAPEX, in terms of the, let's say, 400,000 ton in U.S. and about 300,000 odd ton in Kenya and 300,000 odd ton in India, when I said calibrate, we are also looking at option of bringing them up in stages. In Kenya, for example, we will be bringing on stream 50,000 ton immediately, and then we can bring the capacity out in steps of 50000 or 100,000 ton so that we manage our cash flows better. This is not to say that there is a change in plan.

Even in U.S., we are examining, is there a two-step investment option there, which we will come back with specific, but clearly this is, when I said calibration, the target doesn't change, but there is an opportunity to bring these up in phases. In India, that opportunity is not there. The 300,000 ton will come as one stream only, whereas in US, it can come in two steps. In Kenya, it can come in about three to four steps.

Abhijit Akella: Got it. Thank you so much. And the other one I just had was with regard to any color you might be able to help us with on the progress of the annual contract negotiations in the U.S.

R. Mukundan: So, contracts in U.S. are more or less done. I think the annual contracting is more or less done barring some minor quantities which need to be stitched up. Even in India, I think contracting is for the quarter and some for half year is more or less done. So, if you needed the color, the domestic prices, I mentioned, are either same or maybe a $1 or $0.50 less than last year, but it's not a big move. So, we will have to see margin structure depending on the gas price.

Abhijit Akella: Right, and the U.S. also commensurate reductions.

R. Mukundan: Yes, when I spoke about $0.50 to $1 reduction, that is mainly the U.S. market. It's a blended number. And in India, the pricing is more or less steady as we speak.

Abhijit Akella: Okay. Thank you so much and wish you all the best.

Moderator: Thank you. The next question comes from the line of Vivek Rajamani from Morgan Stanley. Please go ahead.

Vivek Rajamani: Sir, just a couple of clarifications. On the US, I think you mentioned that there was a production outage, which potentially explains the sequential drop in volumes. Could you also give us a sense of what the cost impact was, which impacted your EBITDA because of the same?

R. Mukundan: Actually we have two large shutdowns in a year and usually this should have happened in Quarter 2, we pushed it to Quarter 3, mainly to ensure that we supply to customers even when the pricing was a bit higher.

Now, as far as the quarter is concerned, let me just say including quarter 4, our annual numbers should be ahead of the previous year numbers. So, we are on track to sort of deliver the volumes which are more or less there. There will be no change in the volume as what we delivered last year.

In terms of the maintenance cost, the quarters when there is a maintenance shutdown like this quarter, usually it is about Rs.30-odd crore of cost impact for the sustenance shutdowns.

Vivek Rajamani: Rs.30 crore. Got it, sir. And when you say that in terms of volumes you should be above last year, just to clarify, is this ongoing activity now over or is there some spillover into Q4?

R. Mukundan: No, it's over. And I think it was mid-quarter we took the shutdown.

Vivek Rajamani: Sure, sir. Thanks. And just a last clarification for the question that was asked by the previous participant. You mentioned the U.S. contract in terms of the ASP, it's broadly unchanged, but your margins would be determined based on the gas pricing. If you just elaborate a bit more on the margin part, that would be super helpful.

R. Mukundan: It should remain flat, Vivek. Our team is still going through the process of hedging. We expect if at all, a squeeze of $0.50 to $1, not more than that per ton as far as the domestic sales are concerned.

R. Mukundan: Got it, sir. Okay, sir, I will rejoin the queue. Thank you so much.

Moderator: Thank you. The next question comes from Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: Sir, considering your competitor numbers reported today and they have shown a good operating performance, but for our Soda ash India business looks muted despite volume growth in salt and soda ash.

So, is that because of some we are selling more on contractual basis or we have a lower spot sale?

R. Mukundan: No, if you really look at the EBITDA number for the quarter, it is almost similar to previous quarter as far as the TCL is concerned. Compared to previous year, it is down by Rs.108 crore, which is largely driven by the increase in employee benefits by 12% and freight cost by 16%.

R. Mukundan: For India business, if you compare to previous year, the same quarter, we had Rs.206 crore of EBITDA. This year, we got Rs.209 crore of EBITDA. It's almost at par compared to previous year. In fact, India business has improved from the EBITDA which it had previous quarter. Rs.144 crore was the previous quarter EBITDA. This quarter, the EBITDA is up to Rs.209 crore. It's almost Rs.65 crore more than immediate previous quarter.

Sumant Kumar: So, when we see the overall cost scenario for India business, energy cost and any other cost and that is mostly stable, and our volume has also increased in soda ash and salt, but still we are showing muted numbers. So, you are talking about the employee cost has increased for us?

R. Mukundan: No, no. In fact, when I said EBITDA, EBITDA includes all the employee cost everything. So in fact, from the previous quarter of Rs.144 crore, it has gone to Rs.209 crore. And from previous year, the same quarter, it was Rs.206 crore EBITDA. So that takes care of everything. Rest is all issues related to JV income, other income and all of that. Also the interest cost because we have also moved that into India the debt from Singapore has moved into India as we speak.

Sumant Kumar: Okay. Thank you.

Moderator: Thank you. The next question comes from Arjun Khanna from Kotak Mahindra Asset Management. Please go ahead.

Arjun Khanna: Sir, the first question is just to understand the CAPEX going forward. So, when we had announced CAPEX, we said that if we don't see a 20% IRR, we won't go ahead, given where prices are at this point in time. I am kind of curious, why are we going ahead with the CAPEXs, given that it seems that a 20% IRR seems difficult at this point in time? The second part is if you could give us the timelines. So, while we have done the first phase of CAPEX for U.S., Kenya and India, what are the timelines for the expansion of 400 and 300, 300, 1,000 in salt?

R. Mukundan: Yes, you are absolutely right, which is why we said we will calibrate it. What has come on stream, we will sort of run it to full capacity. What is going ahead is the Kenya 50,000 ton as we speak and we also fundamentally don't take a short-term view. We will calibrate it to cash flows. If we do believe that in the medium term these are going to trend upwards, which is what our belief is, we will bring it on stream in a calibrated manner, which is not bunch them together, but bring them out in phases. That is what we are doing.

And these are, in addition to that, our CAPEX mostly is brownfield. So, for us, every rupee contribution we earn, the fixed source is already covered. So, it flows straight into the bottom line. So, for us, the returns will still be good, and we will keep a watch on the return, as you mentioned, that if the returns don't track what we committed, we will make sure that we either optimize the CAPEX or we phase out or we wait for better visibility.

Arjun Khanna: Sir, could you help us with the timelines of U.S., Kenya and India in terms of, is it a three-year period where we expect this CAPEX to be done through? I understand they would be in phases, but what is the timeline for this 1-million-ton expansion?

R. Mukundan: So, we had initially planned exactly what you mentioned, three years. So, depending on how we phase it, it may go into four years, but we will come back to you with specifics. Because it's also brownfield, it allows us to bring CAPEX on stream, earn the cash flow, and then use the cash flow which we earn to do the further expansion.

Arjun Khanna: Sure. Sir, just on the debt part of it, our net debt is up almost Rs.900 odd crore. We had earlier stated that we are looking at paying down debt. Since then, debt continues to move up. So, how do we look at this at this point in time in terms of calibration with CAPEX? So, what kind of peak debt do we envision at this point in time?

N. Tirumalai: So, on the debt part, if you will look at that, it's gone up compared to March 24 mainly on the working capital debt part. Long-term debt is intact. In fact, we have moved the debt from Singapore to India. So, mostly working capital debt was the timing issue, and that should, over a point in time, come down as we have the inventory, because we also have higher inventory in end of December ending. As I can reiterate that, that debt will come down. So, it is more of a timing issue. Long term debt gets repaying in both Kenya and U.S. So, long-term debt is lower than what we had earlier, but now short-term debt has gone up.

R. Mukundan: Yes. Also, I just wanted to highlight this point that if you desegregate the debt, there is debt which is sitting in UK and as you know, where we have already ceased the soda ash unit. So, UK is now going to run only two profitable lines of Bicarb and salt. We do expect the UK to pay down its debt on its own, on the basis of the cash earnings it's going to have.

India, as I mentioned, we will calibrate the earnings in such a way that we are able to also manage parallelly certain deleveraging of the debt we have moved from Singapore to India, because we believe that's the right approach to do. And U.S., again, we will keep an eye on the debt very clearly.

What you need to take out, whereas the CAPEX is more or less done, no major CAPEXs are going to come immediately, except for the 60 million pound, which we had said we will fund. But that is going to be very value adding because it is only in the bicarbonate and salt business. So, UK more or less should be able to manage its debt. We will come back with this peak debt in the next quarter.

Arjun Khanna: Sure. The final question is, just as a carry-forward of this, we have created inventories. We see production much higher than sales, given that the market remains tepid. Just curious, why are we setting up additional inventories when we are not expecting much growth in the overall volume?

R. Mukundan: Yes, so firstly, I think as far as the U.S. is concerned, the inventory is mainly because it has moved into the next quarter. They missed two shipments. Their sailing in the boats, just about moved into the next month. So, it is really a timing issue. The inventory built up in India, we are very sure that we will be able to manage it at a reasonable level. Certainly, we had to test our plant. For example, the Soda ash plant, the commissioned capacity was a million ton. So, we ran and proved the plant can deliver a million ton. And this quarter, it produced I think 251,000 ton, thus proving the capability of the plant. But we are under no longer any pressure. So, we will calibrate the output and the sales in alignment, as far as India is concerned.

Arjun Khanna: Sure. Thanks for this and wishing you all the best.

Moderator: Thank you. The next question comes from Ankur Periwal from Axis Capital Limited. Please go ahead.

Ankur Periwal: Hi, sir, thanks for the opportunity. First on the India operations, now year-on-year while we have seen improvement in EBITDA, which is largely led by the volumetric growth, we are expecting these higher volumes to sustain as well as the pricing net pressure which probably, you know, the full impact of the price decline is already there in this Q3 or Q4 can see further price decline.

R. Mukundan: I don't see an issue on price decline, but certainly the sales volume will be more than Q3 in Q4. And sequentially, I think in India we will be able to place more material in the market because we have the capability to place them, and also the material which will come out of Kenya is likely to be a purer material in the sense that its purity levels will match applications which we have not yet sold. So that 50,000 tons also should find markets both in India and Southeast Asia out of Kenya. And Indian market will be fully serviced through our production from Mithapur which is now on stream.

Ankur Periwal: Sure, and pricing you said should be largely stable Q-o-Q.

R. Mukundan: It has not moved much in the sense that at least this seems to be moving horizontally around that plus or minus minor movements, but we haven't seen either a move up or a move down.

Ankur Periwal: Sure. A second bit on the Chinese capacity Inner Mongolia. Last quarter we had highlighted there were quality issues and hence some issues in terms of the production ramp up. Given that they are still continuing to be net exporters for the last quarter as well, how is the situation there in terms of ramp up? It's fully ramped up now or there is still scope to increase it further?

R. Mukundan: I think it's ramped up to the extent they can, and we are not fully clear about the overcoming of the quality issues. It will be going to applications which can accept that quality. But the real issue is that the synthetic Ash plants are selling below cash costs at the current price, $180, which is the current price. I think they need to sort of increase it by at least $30 more, in our view. So, we need to sort of watch out for how long this sustains.

Moderator: Thank you. The next question comes from S. Ramesh from Nirmal Bang Equities Private Limited. Please go ahead.

S. Ramesh: Yes, thank you very much. So, in the Indian Mithapur Soda Ash expansion, can you share the capacity utilization for soda ash and bicarbonate expansion capacities in 3Q? And what is the utilization we will expect in 4Q?

R. Mukundan: Our capacity currently is about 250,000 per quarter. And if you look at this is the gross production and split it into bicarbonate and soda ash and dense and light ash, we should be running close to 235,000 to 240,000 tons. So, pretty much that should give you the range of utilization.

S. Ramesh: And what was it in 3Q?

R. Mukundan: We had actually produced fully. We had produced to the extent of 251,000 tons. That was the capacity it ran. It actually ran at full load, which is why the inventories went up to almost 20/30,000 tons.

S. Ramesh: Okay. So that figure includes the bicarb production.

R. Mukundan: Yes, we only declare the gross production. Correct. Production figure is gross. The sales figure is net.

S. Ramesh: Okay. So, in terms of the run rate on depreciation and finance cost, how do you think that will move compared to 3Q? Will it be similar or will there be any increase in 4Q and then for FY26 once the entire capitalization is done?

N. Tirumalai : It will be similar for Q4FY25 as of now because the debt is expected to be remaining same. So, we don't expect any increase in Q4FY25 compared to Q3FY25.

S. Ramesh: And same for depreciation.

N. Tirumalai: Also because you can capitalize the whole thing in end of Q2. So, this will not change too much for Q4.

S. Ramesh: Okay. So, in terms of the 15% decline in prices you mentioned in India, has your list price been reduced because we haven't seen that in your website or is it more in terms of discounts? How has it worked out? What is the current realization for Soda ash from your plant?

R. Mukundan: We said 15% is on import offerings. It is not really, now then they are dollar prices, right? 15%. Now dollar itself is depreciated. So that should provide some cover. So, if you back calculate that in rupees with all the duties put together, that would have already taken care of about 7 or 8% of that 15% as far as the imports are concerned in rupee terms. Our rupee number, as I said, is more or less stable and hasn't moved much. This fall is on the import price.

S. Ramesh: Okay. So, in terms of the latest that we hear from Canada kind of blocking imports of alcohol from U.S., do you think that will have any impact on the U.S. container glass demand for alcoholic beverages? Because last time when there was a disruption in beer production, there was a similar disruption in container glass demand. So, how do you see that impacting your container glass demand in U.S.?

R. Mukundan: So, our domestic sales into container glass actually is fairly low. Our sales are mostly into chemical applications and to flat glass. So, we don't see that as a big issue for us. We will see the exact impact, but we are less impacted because our exposure is low.

Moderator: Thank you. The next question comes from Rohit Nagraj from B&K Securities. Please go ahead.

Rohit Nagraj: Thanks for the opportunity. Sir, first question is on the UK Soda ash plant, which is likely to be ceasing to exist. So, it has got a capacity of 400,000 tons. Effectively from this quarter onwards that entire capacity will not be available, and which also means that the 1 million tons we are targeting to add about 400,000 tons is just to replenish the soda ash capacity of UK which is going out. Thank you.

R. Mukundan: Yes, I think that's one of the issues we are looking in U.S. because the unit which feeds into the UK market is actually U.S. They will get about and there is a dense and light ash split. So, we do see that they are now contracted out about 150,000 tons annually into the UK market itself from existing customers. So, this is continuing to serve the existing customers which we have in UK. So, obviously, they have a market space available to at least take care of, if not, I would say 400,000 tons which we planned in U.S., at least half the number, which is why I said initially that we are trying to calibrate the market expansion in such a way that we also de-risk ourselves from any gyrations in the market price.

Rohit Nagraj: Fair enough. And the second question on the specialty products front. So, we have seen that this segment has barely been able to make any money at the EBIT level. So, any specific reasons for the same?

R. Mukundan: This quarter is actually a weaker quarter for Rallis, which is why the amount is usually lower. And if you come to standalone, I think, as far as we are concerned, this quarter, in fact, for the last two months, the orders which we are fulfilling are closer to about 80-85% of the production capacity. So, we will come back with specific numbers for both Nutra and Silica in the fourth quarter where we should be producing to the fullest output of these two plants.

Moderator: Thank you. Next question comes from Nitesh Dhoot from Dolat Capital. Please go ahead.

Nitesh Dhoot: Yes, hi sir, thanks for the opportunity. So, my question is on the amendments to the Emission Trading Scheme, ETS, you know, in EU, will likely lead to lower Turkish soda ash imports and benefit the local manufacturers. So, Turkey players had also mentioned about an impact on the contract negotiations for 2025. So, how should one read this in the context of Tata Chem shutting down the plant? And as a follow-up, is this, I mean, an incremental question there, is it likely to put further pressure on the Indian industry as Turkey imports will likely increase significantly into India?

R. Mukundan: So, I think as far as Europe is concerned, I think their Emission Trading Scheme and its impact on, to protect the domestic industry, the CBAM is there, they have done. Natural soda ash still would be a lower carbon footprint than synthetic soda ash in many ways. And it is, for Turkey, the natural market will continue to be Europe. That doesn't change the basics of the discussion in terms of what makes sense. And that's where I would stop it. And the logistic cost to India and Asia, I think they have to come through Suez, they have to come through Red Sea. So, there are other issues in this market. What they will naturally try to push their product is to Western Europe and whatever is the, let's say, some overflow, if it does happen, it will find onto the Eastern seaboard of South America.

Moderator: The next question comes from Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Thank you for the opportunity. Sir, firstly, with the introduction of the minimum import price, the threshold level of 20,000 odd level per ton, how does this suffice a lot of this import issue which you have alluded to in terms of the same flowing from China and other geographies into the country, and thereby supporting our margins and also improve levels of utilization levels for the Indian operations?

R. Mukundan: I think it provides the floor and secondly, as we said, it is also sentimental in some ways because the MIP as we speak today is actually lower than the current prices at which we are contracting, and we are not seeing our sales price ever touching that number. What is more important is that the anti-dumping investigations have started and I think that process will move in parallel. So, while this has been imposed as a quick measure to ensure it doesn't go below a threshold price, the real numbers would come out when the ADD investigations are over, which is already underway.

Saket Kapoor: Okay. Sir, you are mentioning that the realizations are currently higher than the MIP mentioned.

R. Mukundan: Yes, the current realizations for Indian manufacturers domestically are higher than MIP, in any case. So, it has provided a floor. It has provided a psychological barrier, but I think in reality, the imposing of anti-dumping duties is a permanent measure which will protect and improve the situation, which is underway as we speak.

Saket Kapoor: Okay. And sir, when can we hear more about it?

R. Mukundan: I have no definite time frame, but this is up to authorities to investigate. Usually it takes anywhere between four to six months of investigations.

Moderator: Thank you. The next question comes from Mithil Bhuva from Unlisted India.com. Please go ahead.

Mithil Bhuva: Yes, sir, on the U.S. front, EBITDA margins, can we say that the new normal is like 15%, which used to be 20% before even after the coal prices have come down actually? So, the new EBITDA margins in Soda ash business is around 15%.

N. Tirumalai: Yes, this being a futuristic number, we can't comment on that as of now in this call.

Mithil Bhuva: Okay, but has it come down actually? What is the expectation of the management? It used to be 20% before, but now after the new capacities have come, is it going to be 15% only?

N. Tirumalai: This quarter also is a question of mix. So, each quarter the whole mix might change depending upon the customer mix. So, one can't really comment on quarter-on-quarter that margin is going to remain. So, therefore, I am saying going forward what margin we are going to keep, we really can't comment on this one quarter numbers. It could be different. Because mix changes. It may have a higher EBITDA or lower EBITDA. But I can't comment on future numbers based upon this one quarter numbers.

Mithil Bhuva: And how does Tata Chemicals plan to decommoditize, like the management has said that they will decommoditize Tata Chemicals. How do you plan to do it? Any comments on that?

R. Mukundan: No, I said we will also move businesses into more non-cyclical. So, in fact, we have added disproportionate capacity in bicarb and salt, which we will continue to do, and also grow the soda ash to the extent we can enter segments through brownfield expansions.

Mithil Bhuva: Any other area of chemicals that we are planning?

R. Mukundan: No, we are only progressing our both nutraceuticals and silica business. Those are the two we are focused on.

Mithil Bhuva: Okay, thank you.

Moderator: Thank you. Next question comes from Arjun Khanna from Kotak Mahindra Asset Management. Please go ahead.

Arjun Khanna: Thank you, sir, for the follow-up. Just from the Lostock site, we did write off all the plant and equipment. Now we have taken a provision for employee costs. Do we see further expenses, maybe for cleanup of the site, etc., in the future?

R. Mukundan: Actually, that is right. So, what I would say, is that we took an impairment on the asset. An impairment is a testing which you have to do whether you run the unit or close, cease the operation. The ceasing of operation decision has happened only now, and this is the cost to cease operations. Our best estimate as we speak today, is likely to remain in this range. If it's slightly lower, it will release some money for P&L. If it's slightly more, it will go into the P&L. But this is our best estimate in terms of employee benefits for termination of their services. This is what it is going to take us to close the site in a safe manner.

Arjun Khanna: So, it includes both the costs in terms of the employee as well as the closure cost in the Rs.70 crore. So we do not envisage a major incremental expense post this?

R. Mukundan: No, not a major. If at all, there will be some minor movements depending on actual expenses incurred is our best estimate today.

Arjun Khanna: Sure. Sir, the second on the specialty, you did delve on it, but if I look at the standalone, we see that margins are close to nil even though we are operating at 85%. So, either the pricing is extremely low or we are very inefficient at current scale. Could you help us understand what's happening here given that on a sequential basis, margins have actually come off even on a year-on-year basis as utilizations are increasing?

R. Mukundan: Yes. So, I think you are right in the sense that if we don't increase the scale, at least double the capacity over a period of time because the utilities there have been set up for almost double the capacity. It is going to move along. We didn't want to add additional capacity till we proved that the current capacity could be fully used because otherwise you will have a much higher idle capacity. I think now that we are inching towards, we will move forward with what we call as a balance equipment's which will be added to this unit to increase the output for the market.

Arjun Khanna: So, has the decision been taken and what are the timelines?

R. Mukundan: Yes, it is moving forward, and we will come with specific number by the next quarter on exactly what is going to be the phasing. It may still be in two steps because we can add entire 5,000 in one step or we can add it in two steps of 2,000 and 3,000, and we are working. That's the plan today. The plan is just to add, do it in two steps rather than in one step immediately.

Arjun Khanna: Sure, thank you, and again wishing you all the best.

Moderator: Thank you. Ladies and gentlemen, we will take that as our last question for today. I now hand the conference over to the management for closing comments.

R. Mukundan: Thank you for joining the call today. As we spoke from the last call to this call, I think the markets have remained range-bound at a lower pricing scenario, largely driven off the supply-demand imbalance which is existing today. We do expect that over a period of time, the current pricing, which are unsustainable, some changes will certainly happen. We can't comment on the timing. So, we had already highlighted that this level is likely to continue for three to six months at least.

In terms of the growth in market, we do believe that India is well positioned to continue to grow, Asia is well positioned to grow. The U.S. and Western European markets are flat or Western Europe is slightly de-growing. However, we do expect that U.S. would move forward because it continues to grow as an economy at a good rate going forward.

In terms of our approach, we have been very clear about ensuring that we are able to run sustainable units. With that decision, we have taken the cessation of our UK soda ash plant. As I mentioned, that while our growth ambition has not changed, we are only calibrating the growth ambition in line to make sure our cash flows match with the capital needed for investment and at the same time, we are able to deleverage in a meaningful way every quarter, every year going forward. Thank you all and see you next time.