Tata Chemicals Limited

Q1FY25 Conference Call Transcript
August 05, 2024

Moderator: Ladies and gentlemen, good day and welcome to Q1FY25 Earnings Conference Call of Tata Chemicals Limited.

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 day, everyone, and thank you for joining us on Tata Chemicals Q1FY25 Earnings Conference Call.

We have with us today R. Mukundan – the Managing Director & CEO, and Nandakumar Tirumalai – the Chief Financial Officer of Tata Chemicals Limited.

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 would also like to state that the duration of this call will not exceed 50 minutes.

I now invite R. Mukundan to begin proceedings of the call. Over to you, Mukund.

R. Mukundan: Thank you, Gavin. Good evening. Welcome everyone to our Q1FY25 Earnings Call. I have alongside with me Nandakumar Tirumalai – our CFO.

I will start the discussion with a brief overview of our operational highlights following which we can commence the Q&A session.

Overall, on the industry:

The demand has been stable across all end user industries. Demand for detergents, as you usually know within India, goes through a bit of moderation during monsoon and then picks up again very strongly after winter and goes on to remain robust. Demand for flat, container glass and solar glass is good. In North America, while the demand is flat, Europe experienced muted demand and Chinese demand was strong between January and May and demand for solar glass and lithium carbonate was on a strong footing within China.

Imports into India, while they did go up between January to May, it has been moderated post that and mainly on account of higher freight rates due to tensions in Middle East. Most of the companies in US have been able to resolve operational issues, and most of the units in US are operating at normal operating levels. Chinese soda ash production, however, was slightly reduced due to some issues in Inner Mongolia and this was also partly, we heard, because of some issues related to quality improvement which was needed in the product. So, overall, I think the demand supply situation remains balanced and we do believe that this situation is likely to continue for a couple of more quarters.

India had stable volumes; prices were lower. During the quarter, we commissioned 2.3 lakh tons of soda ash at Mithapur. This capacity will come on stream in the coming months. Export market in US saw a low volume, but between the Quarter 1 of last year and this year, it is an increase. And sequentially, the export pricing was better. UK had stable volumes; however, the prices had softened. Kenya saw marginally higher volume and marginally higher prices sequentially. Rallis's Q1 was mixed quarter, domestic business performed well, and there was a pricing pressure on export markets.

So, overall, I think this quarter has played out exactly as we had anticipated. The operations have performed to a plan. We continue to focus on ensuring that we serve our customers well. We focus on being cost competitive and continue to deliver the CAPEX plan on schedule. We would bring on stream several of the CAPEX which we had planned, including the bicarbonate capacity of 70,000 and the pharmaceutical salt by second half of this year in UK.

So, all in all, we are focused on efficient operations and serving customers well.

With this, I will hand over to the moderator to open for Q&A.

Moderator: We will now begin the question-and-answer session. Our first question is from the line of Saurabh Jain from HSBC Securities and Capital Markets (India) Private Limited.

Saurabh Jain: My first question is regarding one of the US peers announcing a price increase couple of months back. So, have Tata Chemicals also taken such kind of a price increase? And if yes, then what is the expectation on the margin profile in the US market going forward?

R. Mukundan: Actually, in US, you would see that the domestic market is mostly annual contracts. So, you would find right up to December, the domestic prices will remain the same. They are moving at a very narrow band and almost stable. However, the export prices, we have seen a bit of up movement in the Southeast Asian markets, and we will continue to be in sync with the market.

Saurabh Jain: So, do you expect that the benefits will flow to you in the second quarter, which may result in further improvement in the margin profile for the US?

R. Mukundan: The sales to Southeast Asia sequentially, as we book the orders, will come into play in the export markets. The domestic markets, it would be better that we speak to you closer to the month of January, when the new contracts will be negotiated.

Saurabh Jain: What I want to understand on the export side, at least, would you see a benefit on the margins in the future quarters?

R. Mukundan: Yes, I think as we service these orders, they are at a slightly higher level.

Saurabh Jain: Okay, so do you believe more than $50 a ton kind of EBITDA margin?

R. Mukundan: No, I think the move in the market has been between $10 and $20 at best.

Saurabh Jain: Again, the same thing for the UK. What happened in the UK geography this quarter? There has been a collapse in the margin. I thought it's a fixed margin contract.

R. Mukundan: In the UK, there is a bit of an impact of volume. The second one is that there has been a drop in the earnings which we used to get from energy business, which means we were supplying energy to the grid at a lower margin due to high generation of wind energy that has impacted the margin for soda ash. So, in UK, we expect a similar kind of margin to run through the year.

Saurabh Jain: Okay, so what you delivered in the first quarter, this is kind of margin would continue for the rest of the year?

R. Mukundan: Yes.

Saurabh Jain: Okay, and my last question before I join back the queue is that there has been a lot of rainfall in some of the Gujarat regions, very heavy rainfall. Are you seeing any sort of possible production disruptions for your salt? And that may result in sourcing from your vendors. Is that something kind of a scenario that is happening?

R. Mukundan: Actually, as far as we're concerned, as I speak today, we expect to be on track for delivering numbers as we have planned. It will be in terms of volume ahead of what we had last year.

Saurabh Jain: So, no disruption as such that you have seen?

R. Mukundan: We have not seen, and you will have to wait until the month of September because monsoon now a days is elongated. Hopefully, the situation remains as we have seen up to now.

Moderator: Thank you. The next question is from the line of Sumant Kumar from Motilal Oswal.

Sumant Kumar: Sir, can you talk about the Kenya sequential margin decline? Is all because of the prices is firmed up but our margin has declined sequentially?

R. Mukundan: The Kenya margin in terms of the per ton margin, is in sync with the market pricing and is in sync with what we are seeing across the board. But however, there was a slightly higher variable cost mainly due to the realiasation cost ie., shipping and transportation cost was slightly higher this quarter. We expect them to normalize.

Sumant Kumar: Can you talk about the demand supply scenario currently in soda ash?

R. Mukundan: We are fully sold out and we expect to remain fully sold out.

Moderator: Thank you. The next question is from the line of Ankur Periwal from Axis Capital.

Ankur Periwal: First question on the India business on the capacity expansion for sodium bicarbonate. Just trying to get some clarity. We have already expanded 70,000 tons and we are going to expand 70,000 further, is it?

R. Mukundan: Yes, 70,000 tons has already come on stream. I think another 70,000 tons will come somewhere around mid of October ahead.

Ankur Periwal: Sure, and this will aggregate to around 290,000 ton per capacity?

R. Mukundan: That's right.

Ankur Periwal: And how do you look at the volume growth in the bicarb here? Historically, the numbers have been slightly slower, but given that we have ample capacity now, any thoughts there?

R. Mukundan: Full utilization should happen through the year. So, we expect the first stream should get fully absorbed during the year and the balance maybe by Quarter 1 of next year. It may be even faster than that, but I think our teams are working to make sure the market is able to absorb the volume. India has much lesser consumption of bicarb than other markets and we do expect that this supply will drive some of the demand.

Ankur Periwal: So, sorry, if I got you right, you're saying the optimum utilization by the end of this financial year?

R. Mukundan: What I was saying is that the first 0.7 lacs MT should get fully absorbed during the year and second 0.7 lacs MT, depending on how the market evolves, our plan was to sort of get it done by Quarter 1 of next year, but it could be faster depending on how the market is and how we are able to service the market.

Ankur Periwal: Sure. And last question on the domestic, which is India's EBITDA improvement on a Q-o-Q basis. Any specific drivers there? How should we look at the business, and margin improvement?

R. Mukundan: Probably it's going to be stable. There was a question on Kenya, I think that would also normalize because there was some one-off shipping and one-off variable costs which sort of impacted us. So, we see nothing on the horizon, which is going to impact our elements right through December.

Moderator: Thank you. The next question is from the line of Vivek Rajamani from Morgan Stanley.

Vivek Rajamani: Two questions. Firstly, in pricing on both the India and the US, would it be fair to say that the improvement that we saw in the implied pricing and margins was more due to the supply-driven relief that we were seeing in this quarter because you

mentioned demand was broadly flat? That was the first question on pricing. And secondly, on demand, if you could just give some color on demand by geography from some key markets in terms of what you've been seeing after the June quarter, thank you.

R. Mukundan: So, in terms of demand situation, you must take it with a bit of caution because while I said this is stable demand, Europe is an area where muted demand is being seen. If you leave that aside, the growth we have seen in Chinese demand, we need to be very watchful whether that continues because the general news from on all other front is that there could be some bit of softness and things may not go well. But I think the issue is that while this news has been around, the demand has been good. So, we are not able to sort of figure out the equation as it's playing out, so we remain watchful. As far as South America and North America is concerned, especially on the Southern American side, you would know already the lithium prices are at the bottom and the solar glass production also, the supply is ahead of the demand seen by the module manufacturers. So, what we are seeing is that the demand for soda ash has continued to be fine. But the market conditions hopefully for our customers are bottomed out and it should start improving. They've gone through a bit of a difficult period in the last two quarters. We are watching if there are early signs of that happening. At the same time, I think on the Chinese side, we need to be watchful of any signs of softness. So, on one side, the market could move in the positive direction, on the other side you would have a potential for softness. So, that's why we said it's balanced right up to Quarter 3. But as signals come, we will sort of highlight them to you maybe in the next quarter, if we pick up anything different.

Vivek Rajamani: That's very helpful. And if I could just clarify on the supply side as well, do you see a significantly more supply to be relaxed this quarter?

R. Mukundan: Correct. I think supply side, as I said, there's been an increase in freight rates, mainly on account of the tension that you're seeing in the Middle East and other parts of the world, that has led to some material not arriving at the Asian market. The second piece on the supply side as I mentioned within China again, especially for solar glass which needs low iron, what we have picked up is that Inner Mongolian plant iron content is slightly high, so it is unable to service the solar glass demand. So, there are very product specific issues on supply side. Barring these two, rest of the market is, we are not seeing any major changes in terms of contraction of supply. So, there's one quality related supply contraction, other one is a supply chain related contraction.

Moderator: Thank you. The next question is from the line of Abhijit Akella from Kotak Securities.

Abhijit Akella: So, the India costs seem to have declined quite meaningfully on a quarter-on-quarter basis, leading to some margin expansion. So, just wondering what the reasons for those might have been. And in the US as well, we have seen some improvement in realization this quarter along with EBITDA per ton. So, if you could please just shed some light on both these aspects?

R. Mukundan: So, it's mainly on account of the energy and fuel costs on sequential basis and the cost of some of the materials that were trended down and that has driven mostly the reduction. So, if you see power and fuel and that's been one of the drivers. The other element I would say in US again, its mainly steady production has meant that they have been able to maintain both efficiency and the cost line within control.

Abhijit Akella: Got it. And the debt numbers seem to have increased quite meaningfully sequentially. Is this just a precursor to the startup of the new capacity in India? And therefore, they should normalize? Or how should we read the debt regulation?

R. Mukundan: Working capital increase of Rs. 800 or Rs. 850 crore which has happened should normalize through the year. This is, we are seeing it happen every year that before monsoon, we tend to stock up some of the material, because we are now wanting to be safe than running short on these materials. The monsoon sometimes just drags on a bit longer. And the second piece is that about Rs. 170 odd crore is an impact of capitalization of the warehouse which we have taken on lease. So, that is what accounting norm is even though it goes through P&L, we also end up doing capitalization, that has led to about Rs.170 odd crore impact.

Abhijit Akella: Thank you. That's helpful. Just one last quick thing for me. The China demand you mentioned in your opening remarks was strong from January through May. So, post-May, has it softened, or do we just not have data now?

R. Mukundan: We think it is holding well, but only thing we need to be watchful because if you see the news flow which has come both in terms of their vehicles getting stranded in Europe, if you look at the kind of the news flow which is coming in terms of many of the countries wanting a local production, we are watching all this, especially because China is such a big player in solar modules, also such a big player in lithium, EV, it's a big part of the demand growth as we have seen. So, anything happening in that sustainability space, it may be a temporary blip, but I think we need to, while we all believe that sustainability is a long-term trend, but at least from the end user, we are seeing some bit of softness coming through, so which is why we are watchful.

Moderator: Thank you. The next question is from the line of S Ramesh from Nirmal Bang Equities.

S Ramesh: So, if you look at the current pricing and margin environment, what is the kind of sense you have in terms of when you can show year-on-year growth in EBITDA and in terms of the interest expense because of the increase in your debt, what is the kind of increase in debt we should expect for the year? Will it be similar to what we have seen in the first quarter? And will you be able to reduce that trend, say, next year by repaying some of the debt?

R. Mukundan: See, even if the margin profile remains the same, the capacity which is getting commissioned as we speak through the year, next year should give us at least Rs. 400 crore bump up in the EBITDA. So, I think if these conditions persist, that is what we think will happen if we look at all the salt, bicarb and soda ash and the pharmaceutical salt capacity getting commissioned. So, that keeping everything constant. But if market conditions improve, as we are saying in some places, it has started to improve. But if that trend continues, and again I'm saying if the trend continues, we need to be watchful in this bit of a difficult volatile environment. It's only going to be a plus point. We see that till December we are clear. We need to be watchful. We will update as we move along because our visibility doesn't extend beyond that today.

Nandakumar T.: On the India working capital debt that will be unwinding by Q2 or Q3 as we start using all the stocks. Q1 is the aberration in terms of the higher working capital loan that will get unwound as we go by. So, that number will come down going forward in India.

S Ramesh: So, just to clarify the increase in EBITDA, you mentioned Rs. 400 crore, you take the 2,30,000 of soda ash, the increase in bicarb and the pharmaceutical salt?

R. Mukundan: If we take a full year impact of that, that will be the number.

S Ramesh: That including the entire 1,40,000 expansion in bicarb, right?

R. Mukundan: All that put together.

S Ramesh: How do you see the global supply getting rationalized? That's been one challenge. So, do you see any further reduction in the operable capacity or closures? And how do you see the Inner Mongolia capacity utilization ramp up?

R. Mukundan: Inner Mongolia capacity is fully commissioned, fully on stream. They are having some quality issues with specific segments of the market. They need to address it. Hopefully they address it. These are technical matters which companies do take a bit of time, but they finally address it. So, if you ask me any guess, it's anybody's guess. But it's not going to last forever. Second is, as far as capacity rationalization is concerned, that you will see when the news happens. But we have always maintained that the capacity which will come under immediate pressure should be the European capacities pressured from Turkish natural ash. We have not seen them come off, but we all know where the numbers are the weakest, you know our own numbers. So, we will have to watch that space carefully.

Moderator: Our next follow-up question, again, is from the line of Abhijit Akella from Kotak Securities.

Abhijit Akella: Just a quick one, on the UK expansion, could you please just help us with the capacity over there, the bicarb capacity and the pharma grade salt? What's the capacity number there?

R. Mukundan: The bicarb is constant. It's the pharmaceutical salt which we are commissioned at, 70,000.

Abhijit Akella: Okay, so the Rs. 400 crore incremental EBITDA we are talking about is basically 70,000 tons of salt from the UK, along with the India expansion we have talked about.

R. Mukundan: Yes, it is all included. UK pharmaceutical salt, India soda ash, salt and bicarb, everything put together gives us an EBITDA bump up of about Rs. 400 crore.

Abhijit Akella: Yes. And the 2,30,000 tons soda ash (Corrected post call) in India, is any part of that currently being sold or it's pretty much at zero base right now?

R. Mukundan: It will start to go to the market. As a first quarter, I would say that there is a very small increase quarter-on-quarter, year-on-year number. As you know, during monsoon, people do tend to bring stocks down, especially these sort of materials. And that's what has happened. (Corrected post call)

Abhijit Akella: And just one last thing, the pharma salt, what sort of margin differential does it enjoy over the normal salt that you sell?

R. Mukundan: It has a higher margin, but I've given you a total picture.

Moderator: Thank you, the next question is from the line of Rohit Nagraj from Centrum Broking.

Rohit Nagraj: Sir, the first question is that in the previous call, we had mentioned that the market is oversupplied. And now we are talking about the balanced market. There have been some logistic challenges there have been some quality issues. But is it that, I think there are no capacities which have gone off stream or probably any closures because of maintenance. There is an inventory in the system. And because of the logistic or any other challenges that is not coming to the market, and once these are probably getting taken care of, this inventory again will come back into the system and probably will have some bit of misbalance again. So, I just wanted your thoughts on this?

R. Mukundan: See, this current situation we are in is slightly what I would call impact of the two factors you highlighted. And if you look at India, inventory levels actually are lower today than before. And this is a combination of, some constraints which came on supply side and some uptick which happened on demand and that got the system under a bit of a stretch and there was a drawdown on inventory across. So, that's the situation we are in.

Rohit Nagraj: Sure, this is helpful. The second question, again, slightly delving into China. So, the current capacity, probably from your estimates, could be about 5.5 million tons, and that is completely operable. And given that the pricing environment in China still remains denied, the current pricing, does it hold the element of, again, some bit of demand supply imbalance or the higher logistic cost. And once this factor normalizes, probably the pricing across other geographies again will start normalizing. And what is your sense in terms of the Chinese capacity? Will it stop here or is it going to increase from the 5.5 million tons to any other incremental number?

R. Mukundan: So, if you look at short-term, it will go through all these blips we're talking about. Long term, as I've mentioned, a natural capacity will start to pressure closest synthetic capacities and that will play out even in China and China has plants which are, I would say, competitive scale and also plants which are subscale. So, that playout will happen in that local market, not in one year, two year, but I think it will play out over 2-3 years. So, leaving that aside, the current situation we have faced is very unique, whether it corrects itself in 6 months, 12 months, we don't know. And then there is a whole lot of geopolitics which is extremely difficult for us to sort of decipher and read. But we will continue to engage with customers, with market participants to best understand. And our understanding is it seems okay till December, but beyond December, we can't say. So, we will have to wait for next quarter.

Moderator: Thank you. The next question is from the line of S Ramesh from Nirmal Bang Equities.

S Ramesh: Yes, so if you look at the Indian automobile sector, there is some concern about a slowdown. Does that concern you in terms of the growth in soda ash demand in India? And secondly, if you're looking at the solar glass from India, do you see the incremental production in solar glass, especially after the import duty imposed in imports? Will it be a positive for growth in that segment, say, at least over the next 2 years?

R. Mukundan: Every 10 gigawatt needs a million tons. So, I think the demand for solar glass will continue to grow, especially if Government is on track in terms of ensuring solar power plays a key role. And solar power today is probably the one which is going to play an elemental role in shift to renewable in many ways. The second piece around the domestic availability and domestic growth, they are in a very balanced phase and that situation is likely to continue. If you look at imports as a share, the imports are down from 31% to 23% now, about 8% drop and that has been picked up by domestic players broadly.

S Ramesh: Okay, so just one last thought on the US growth in both domestic and export market. So, is that trajectory likely to be sustained in the next 9 months and we will see an improvement in say FY26 given the underlying demand in the EU segment?

R. Mukundan: So, let me state it differently. Except in UK, we do believe that we should either be better in volume terms or at least at the same level as last year in all the geographies. In fact, India and US will show, if we run our operations well, that is within our own remit and what we need to do. Market is not the constraint for us to deliver higher volumes.

Moderator: Thank you, the next question is from the line of Saket Kapoor from Kapoor & Co.

Saket Kapoor: Sir, you alluded to the fact that the Q1 performance for UK is what things are going to be for the current year. So, we had PBT losses of Rs. 60 crore for the first quarter. So, this will be the trend for going ahead also or what factors should undermine this losses?

R. Mukundan: See, within the number in UK, there is a one-off, which is we had a one-off payment of Rs. 13 odd crore, which was a fine which we had paid, and we had declared that to SEBI. So, if you remove that, the Rs.60 crore should read more close to Rs.45 crore. I think that run rate will continue. It may be less. See, the issue in UK is that if, the renewable power generation there reduces, we would probably be closer to 30 odd figure if the renewable power does not reduce, they have high level of wind energy and generation, it will be close to about Rs. 45 crore, that is the kind of range it will fluctuate between in negative terms.

Saket Kapoor: And sir what steps will be taken to reduce this losses because this will be a big dent on the number if you take the annualized number of Rs. 200 plus Rs. 250 crore rather that's a big amount?

R. Mukundan: No, it's not 200, so let me correct, it is as I said between Rs. 30 and Rs. 40 odd crore. So, if you say that for the year it is likely to be the number closer to up to Rs. 100 odd crore if everything continues as is. The team is working on a plan and let them execute the plan, and it's premature for us to sort of highlight. Obviously, we want the losses to reduce to zero, and that's a plan they are working to. And right now, it is still in, finalization phase, and they will come back with specifics. It includes a bit of cost rationalization and portfolio readjustment, which will partly come into play in the second half with the pharmaceutical salt unit getting commissioned with a higher grade of bicarbonate getting sold. So, all these are part of that process.

Saket Kapoor: Okay, so that will lower the losses to come in?

R. Mukundan: Yes, that will lower and obviously we want to end up in a situation by the time the year ends, we are at least talking about a much, much leaner number than what we are speaking today.

Saket Kapoor: And when we look at this capacity augmentation for the sodium bicarbonate, 70,000 and then further 70,000 and now totaling to 2,90,000 for us, what are the main demand drivers? And as I think you mentioned that it is not domestic demand that will be catching to, so just correct me there. How are we going to run at high utilization levels? So, where are the demand drivers from sodium bicarbonate?

R. Mukundan: So, on sodium bicarbonate, there's food, feed, and pharma, and the feed market is growing well. For example, for cattle population, the addition of sodium bicarb increases milk production. It also has a positive impact on the environment. So, for cattle, it's clearly the additive which we are promoting. In terms of food, certainly it has a positive impact on food, basically it softens the food in a way that other elements cannot do in a benign manner. And pharmaceutical again, there is an application and in addition to that, there is a flue gas treatment market which all the coal fired plants, especially of PSUs like NTPC, they are now beginning to use, that is mainly for desulphurization and that again is one of the key drivers because the environment norms, India will continue to use coal for some bit of time and we will have coal plants for at least the next 15, 20 years and all these plants with tightening norms will need to use various processes to desulphurize. These are driving the demand. And clearly, we see them to continue to move up. And our business plan does say it will get absorbed.

Saket Kapoor: Right, and last point about the employee cost process. Now with realizations lower and the dynamics changing, the impact of higher or rather, employee cost is also significant. So, what's the cost process behind or this is the quarterly number that we are going to, the run rate will continue to 480 levels.

R. Mukundan: In terms of employee numbers, as you would see, in some quarters it does bump up because that's the quarter in which we pay the variable pay and other elements. But if you take it normally through the year, I think it should be stable. We are extremely focused on employee productivity using all the tools to grow. And as I said, as new capacities come on stream, there is really one of the benefits is the operating leverage we have in all our units because these are all coming in brownfield sites. They are not any new sites getting open. So, that benefit will flow through.

Moderator: Thank you. The next question is from the line of Mithil Bhuva from Unlisted India.

Mithil Bhuva: I had a couple of questions. The first one being we have seen sodium ion batteries emerging as an alternative to lithium ion. So, as sodium ion requires soda ash, so what does the management see the impact on the demand for soda ash because of this? So, the next question is on battery recycling, the waste and the e-waste recycling. As there is a big opportunity going ahead, so does the management sees that as a big opportunity in solving the issue?

R. Mukundan: So, we have nothing specific to state except that our teams are looking. And if anything, substantial does happen, because we had done the battery recycling of the mobile and laptop batteries, and that was mainly dependent on the cobalt pricing. But there is a need for technology as far as vehicle recycling is concerned to have the right approach for LFP, where we have to make them into useful product. And as you know, cobalt is highly valued, whereas LFP ingredients are not that valued. And I think that work is underway and there's nothing more beyond saying that work is underway. Sodium ion battery, even our team is working. And for stationary applications, we do see that as a great alternative today. But for mobility applications for cars, China seems to have got a very good energy density. We are able to get about 120, 130. But China seems to have hit a figure of 160, 170. Obviously at that number it becomes a viable alternate, but we will have to see how that evolves. But clearly it is an opportunity for soda ash business, and we will continue to keep a close watch on it. And, if we can get our own solutions, we will talk about it. But as of now, it's all in the lab in Pune.

Mithil Bhuva: On the e-waste recycling like the electronics?

R. Mukundan: Yes, on the e-waste, as I mentioned, the large chunk of it again will come from mobility applications and there India is likely to remain a LFP market and because India is likely LFP market, we need technology slightly different, rather than which uses NMC. NMC profitability depends on cobalt. In LFP, it is not there. So, our teams are working on it. There's no concrete plan for me to sort of mention anything to our stakeholders today.

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

R. Mukundan: Thank you. As I mentioned, our visibility in terms of markets says that we are in a zone of narrow band of movement. Our teams are well positioned to ensure that we deliver on serving our customers well. We focus on competitive operations and delivering on CAPEX for growth of volume. At the same time, as Nandu has already highlighted, every surplus we have, we will deploy towards debt repayment. These remain our priorities and certainly, as we get greater clarity on the market going forward, we will highlight them to you. This visibility, as I said, is up to December and we remain very vigilant with the kind of market conditions we have. Thank you.