THE DHARAMSI MORARJI CHEMICAL CO. LTD.

CIN NUMBER: L24110MH1919PLC000564

Responsible Care®

27th August,2018

To,
Listing / Compliance Department,
BSE Limited,
Phiroze Jeejibhoy Towers,
Dalal Street, Mumbai -400 001.

BSE CODE 506405

Dear Sir / Madam,

Ref:- Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This has reference to the Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.Kindly note that Shri Bimal Lalitsingh Goculdas – Managing Director and Chief Executive Officer, Shri Dilip Trimbak Gokhale – Sr. Executive Vice President & Company Secretary and Shri Chirag J. Shah, Chief Finance Officer had a meeting with below mentioned Analysts' on Tuesday , 21st August,2018 :-

Participants List

Sr. No.	Name of the Institutions	Name of the Analyst
1	India Infoline	Abhijeet Akela
2	Canara Robeco	Abhinav Khandelwal
3	Prabhudas Lilladher	Abhishek Dutta
4	Individual Investor	Ajay Upadhayay
5	Rubicon Capital	Akshay Badjate
6	Axis Capital	Akshay Dedhia
7	PhillipCapital India Pvt. Ltd.	Akshay Mokashe
8	Astute Investment Management	Aman Baid
9	Stallion Asset	Amit Jaswani
10	Karmic Securities	Amit Panchamia
11	Kitara Capital	Amitabh Chakraborty
12	Individual Investor	Anil Raika
13	Bamboo Capital	Ankit Gupta

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BUREAU VERITAS Certification

14	IndiaNivesh	Ankit Gupta
15	PhillipCapital India Pvt. Ltd.	Apurva Shah
16	Investor	Ashwin Agarwal
17	DHFL Pramerica Mutual Fund	Avinash Agarwal
18	IDBI Capital	Bhavesh Chauhan
19	Individual Investor	Chaitali Shah
20	Sirius Advisors	Chirag Shah
21	Nirvana Capital	Darshit Shah
22	Individual Investor	Deepak Kapoor
23	Sapphire Capital	Deepak Poddar
24	JM Financial	Dharmendra Dave
25	Girik Capital	Dhaval Shah
26	Asit C Mehta	Dhiral Shah
27	Turtle Capital	Dhwanil Desai
28	Subhkam Ventures	Dikshit Mittal
29	iWealth Management	Dinesh Kumar
30	Individual Investor	Gaurav Khanna
31	Individual Investor	Harish Kumar
32	Pragya Equities	Harshil Cholera
33	Investor	Hemant Reddy
34	Joindre Capital	Hiten Boricha
35	Individual Investor	Ishan
36	Infina Finance	Jasdeep Walia
37	Monarch Networth	Jason Soans
38	GS Investments	Jatin K
39	Candyfloss Advisors	Jeevan Patwa
40	J&J Holdings	Jenny
41	Individual Investor	Jinesh Shah
42	Dhanki Securities	Kaushal Shah
43	Investor	Kirit Gogri

44	Crest Wealth	KR Sentilnarain
45	Prabhudas Lilladher	Krishna Biyani
46	Niveshaay	Kunal Shah
47	Kitara Capital	Kush Joshi
48	HDFC Securities	Kushal Rughani
49	Athena Investments	Lavita Lasrado
50	ValueQuest Research	Levin Shah
51	Crescita Investments	Mamta Jain
52	Equicorp	Manoj Bagadia
53	IDFC Bank	Mehek Mittal
54	SPA Securities	Mehul Mehta
55	Motilal Oswal Financial Services	Mitesh Jain
56	IIFL	Mohit Surana
57	OHM Portfolio	Naitik Modi
58	Anand Rathi	Nav Bharadwaj
59	Minarva Advisors	Neha Idnani
60	Rubicon Capital	Nikhil Marathe
61	Green Lantern Capital	Nilesh Doshi
62	Individual Investor	Nitin Agarwal
63	Kredent Research	Pankaj Gupta
64	B&K Securities	Parth Adhiya
65	Individual Investor	Pradeep Jain
66	Edelweiss	Pragya Vishwakarma
67	Individual Investor	Prashant Patil
68	Individual Investor	Prateek Choudhury
69	Investor	Pratik Vora
70	Lucky Investment Managers	Pritesh Chheda
71	Individual Investor	Pulkit Jhunjhunwala
72	Catalyst Global	Puneet Kochar
73	Credence wealth	Rahul Jain

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74	Investor	Rahul Rathore
75	Individual Investor	Rajat Sethia
76	Individual Investor	Rajeev Shukla
77	SBI	Rajesh Gandhi
78	B&K Securities	Ranjit Cirumalla
79	Deep Financial	Ravi Mehta
80	Individual Investor	Rishabh Ghia
81	Girik Capital	Ritesh Poladia
82	Monarch Networth	Rohan Admane
83	VRDDHI Capital	Rohit Balakrishnan
84	JM Financial	Romil Jain
85	Research Bytes	Rupali Zade
86	Param Capital	Sachit Motwani
87	Individual Investor	Samir Bhatt
88	Investor	Sandeep Arjunkarna
89	B&K Securities	Sanket
90	Individual Investor	Saunak Mayani
91	Stewart & Mackertich	Saurabh Ginodia
92	Astute Investments	Saurabh Jain
93	Investor	Sri Krishna
94	Motilal Oswal	Shrikant Shinde
95	NVS Brokrage	Shrusti Dhumal
96	Motilal Oswal Financial Services	Srikant Shinde
97	Enam Holdings	Sushil Bhatia
98	Taurus Mutual Fund	Tinkesh Punjabi
99	Quest Investments	Ujjwal Shah
100	SKS Capital	Vaibhav Gupta
101	Narotam Sekhsaria Family Office	Veena Patel
102	Pragya Equities	Vijay Ramchandani
103	Individual Investor	Vikas Joseph

104	Individual Investor	Vikram Sharma
105	Deutsche Bank	Vikrant Yadav
106	Kotak	Vipin Jain
107	KR Choksey Shares and Securities	Viraj Parekh
108	SBI Funds Mangement	Vishal Shroff
109	Greener Finance	Vivek Maheshwari
110	Canara Robeco	Yogesh Patil

The Transcript of the conference call held with Analysts on Tuesday the 21st Augustd,2018 can be viewed on the below weblink

http:www.dmcc.com/investorinformation/announcements

Kindly take the same on record.

Thanking you,

Yours faithfully,
For The Dharamsi Morarji Chemical Co. Ltd.,

(D.T. Gokhale)
Sr. Executive Vice President & Company Secretary

"Dharamsi Morarji Chemical Company Limited Conference Call"

August 21, 2018

MANAGEMENT: **MR. BIMAL GOCULDAS – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER**
MR. CHIRAG SHAH – CHIEF FINANCIAL OFFICER
MR. D.T. GOKHALE – SENIOR EXECUTIVE VICE PRESIDENT & COMPANY SECRETARY

MODERATOR: **MR. SAMARTH SANGHVI – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and Gentlemen, good day and welcome to the Dharamsi Morarji Chemical Conference Call, hosted by PhillipCapital (India) Private 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 '* 'then '0' on your touchtone telephone. I now hand the conference over to Mr. Samarth Sanghvi from PhillipCapital (India) Private Limited. Thank you and over to you, sir.

Samarth Sanghvi: Good afternoon to all the participants. Thank you very much for joining on this conference call for Dharamsi Morarji Chemical Company. We would like to extend our thanks and gratitude to the management for letting us host this call.

Form the management's end we have Mr. Bimal Goculdas who is the MD and Chief Executive Officer, Mr. Chirag Shah who is the Chief Financial Officer, and Mr. D.T. Gokhale who is Senior Executive Vice President and the Company Secretary.

I would like to hand over the floor now to the management for their opening remarks, followed by any question-and-answer sessions that would continue after that. Thank you and over to you, sir.

Bimal Goculdas: First of all, thanks to PhillipCapital for organizing this. And thanks to all the investors for joining the call. This call is primarily to discuss the first quarter results of this year. I am sure you all have seen them. Just I will highlight a few points about the results.

The turnover has been substantially higher than the previous quarters. The profit before tax and profit after tax is also probably one of the highest ever. And I will take this opportunity to comment on that since this is probably the most important thing on your minds at this time. It was a good quarter from several different perspectives, the market was very good, not only for the specialties but also for the commodities. For sulfuric acid itself we had very good pricing, we were able to take advantage of the volumes. And the raw material prices were low. Currency also was in favor of exports, so we had some benefit on the FOREX side. And all in all, it was a quarter which we saw probably unprecedented results. In the specialty chemicals we had some improvements in terms of volumes and a lot of improvement in pricing possibilities. So, all of this has lead to the overall results that you are seeing.

In terms of the operations, as most of you may be aware that we have two operating plants, one is in Roha in Maharashtra and the other one is in Dahej. And we have started getting some output of specialty chemicals from our multipurpose facility in Dahej as well. So, it is really a combination of all these factors. We have brought down the interest rates by repaying and replacing higher cost borrowings by lower cost borrowings. So, all these things would result in the numbers that you are seeing right now.

With that, I would like to throw it open to any questions that you may have.

Moderator: Thank you very much, sir. Ladies & gentlemen, we will now begin the question-and-answer session. Our first question is from the line of Kunal Shah from Niveshay. Please go ahead.

Kunal Shah: As we saw in the last quarter the raw material as a percentage of sales was 48.65% and for the previous quarter it was 55.6%. So, can you throw some light on how the raw material pricing has changed, both with respect to boron plant and as well as the other plant?

Bimal Goculdas: So, as far as boron business is concerned, it was almost flat. As far as the sulfur and ethanol business is concerned raw material prices were lower, and the finished product prices were higher, so that is why you are seeing a higher delta.

Kunal Shah: And sir as we know that the Turkey currency has depreciated a lot in this time period and it is the highest producer for Boron. So, are we importing from that country or our imports coming from some other country?

Bimal Goculdas: I think the bulk of devaluation has happened subsequent to this quarter in terms of getting material from Turkey and all that. So, this quarter results would not be affected by the Lira devaluation. And in any case the prices are not in Lira, they are in US dollar, so no impact on that at the moment.

Kunal Shah: And our imports for boron is significantly less than the raw material that is used for boron. And we know there is no boron plantation in the country, so where is this difference coming from? As in the raw material part for boron was significantly higher than the imports for boron, so where is this difference coming from?

Bimal Goculdas: Say that again?

Kunal Shah: Sir, our raw material for boron was considerably higher than our imports for boron. And there is no boron in our country. So, can you tell the difference, where is this difference coming from?

Bimal Goculdas: See, the raw material for boron, there is no particular distinction on that. We would be getting some indigenously, as you know we are focusing more on downstream boron products, we are moving towards more specialties. So, we may buy some locally, we may buy imported refined products or we may buy imported minerals, but it does not really matter, that has not really impacted any of the operations here.

Kunal Shah: And sir what is the boron market size for our country?

Bimal Goculdas: So, boron market overall would be Rs. 200 crores – Rs. 300 crores.

Kunal Shah: And our share would be?

Bimal Goculdas: We are doing about Rs. 50 crores on the boron business.

Kunal Shah: And what will be our capacity for the same?

Bimal Goculdas: So, we have different boron products each having different capacities, so overall difficult to say. But we would have typically the capacity to do between Rs. 75 crores to Rs. 100 crores in the normal boron products itself.

Moderator: Thank you. Our next question is from the line of Sandeep Arjun Khanna, an individual investor. Please go ahead.

Sandeep Arjun Khanna: My question to you is, how about the sustainability of these results, how is the current quarter likely to be?

Bimal Goculdas: I would not like to give any forward projections as such. The primary purpose of this call is to discuss the previous quarter results. I can say that raw material prices have increased a bit and finished product prices have come off from the peak, but I do not want to get into specifics on that.

Moderator: Thank you. Our next question is from the line of Ashwin Agarwal, an individual investor. Please go ahead. As there is no response, we take the next question from the line of Jeevan Patwa from Candy Floss Advisors. Please go ahead.

Jeevan Patwa: Just one question, on Borax side can you just tell us when there will be turnover this quarter, on the PAT level I am asking?

Bimal Goculdas: Sorry, say again.

Jeevan Patwa: On Borax side till last quarter…

Bimal Goculdas: See, now we do not look at Borax side and Dharamsi side, it is one company with two units as such. So, as I mentioned, we have started doing some of our specialty products at Dahej as well and we continue to do the boron business there. A lot of our expansion will be at Dahej, because it is logistically better for us, it is closer to the market, it is closer to the suppliers. And lot of space available for expansion. So, as we mentioned last year that was the primary reason for the merger itself. And we are seeing now some of the benefits of that merger.

Jeevan Patwa: So, we started doing specialty boron product as well from this quarter?

Bimal Goculdas: Not much in the specialty boron products, we started some of the specialty sulfur products.

Jeevan Patwa: By when you think we can start specialty boron products?

Bimal Goculdas: So, we are in the process of building multi-purpose plants there, partly they have been commissioned. But we expect to go at least another two, three quarters before it is fully complete.

Moderator: Thank you. Our next question is from the line of Saurabh Ginodia from Stuart and Stewart and Mackertich. Please go ahead.

Saurabh Ginodia: My question was more with respect to last quarter, can you just break the growth in Q1 with respect to your volume and pricing growth?

Bimal Goculdas: I will have to come back on that. But I would say what happens is even a small growth in the pricing has a large impact on the bottom-line. And I have not analyzed this, probably I will have the numbers at the AGM, we will have a look at that at the AGM.

Saurabh Ginodia: And last time when we had spoken, we were in the process of monetizing the Amarnath plant, we were waiting for some approvals which were pending. So, what is the current status?

Bimal Goculdas: So, we still have not received the last amount on that, that is still the same status quo.

Saurabh Ginodia: What kind of realization are we expecting from Amarnath?

Bimal Goculdas: So, it is just residual amount, the bulk of the realization has already been received and booked. It is a residual amount which is on the books at about Rs. 5 crores.

Moderator: Thank you. Our next question is from the line of Ravi Mehta from Deep Financials. Please go ahead.

Ravi Mehta: Just wanted to know, in your opening remarks when you said there are a couple of situations like raw material price being low, FOREX also in your favor and finished price being higher, so is it possible to quantify this one off kind of an impact in the Q1 numbers, some rough cut ballpark?

Bimal Goculdas: Yes, as a rough cut we know that we got approximately about Rs. 4 crores beyond what is normal, thanks to the commodity fluctuations on raw material and finished products, I am talking about sulfuric acid group.

Ravi Mehta: Meaning this Rs. 4 crores is sitting in the Rs. 17 crores PPT?

Bimal Goculdas: Yes, out of the total. If you look at the difference between the previous quarter and this quarter, about Rs. 8 crores, I would say Rs. 4 crores is from the sulfuric acid business.

Ravi Mehta: And was there a similar one of in the boron side of the business?

Bimal Goculdas: No.

Ravi Mehta: And is it possible to give a rough breakup of the top-line in terms of commoditized products and the specialty products?

Bimal Goculdas: We do not do it on quarterly basis, but we do report it annually. So, as a thumb rule we are now about 50:50, or a little more in favor of this specialties.

Ravi Mehta: And this will improve going ahead?

Bimal Goculdas: The thing is we are going to invest both in commodities and specialties. And the commodities may grow first than the specialties, so it could be a skewed growth in that sense. But overall in the long term the specialties will grow definitely more than the commodities.

Ravi Mehta: Sir, you mentioned I think the investments are on their way and it will take two, three quarters away to get more into downstream products. So, can you just give us a fair understanding on what kind of CAPEX you are doing and by when will it be commissioned maybe in the phased manner? Just to get an overall sense of where the company is moving.

Bimal Goculdas: I already mentioned that, it will take two, three quarters, I cannot be more specific than that to complete the project. And then there will be some time before we can ramp up to full scale.

Ravi Mehta: So, once we are finished with the CAPEX what could be the full capacity peak utilizations we can reach, in terms of top-line?

Bimal Goculdas: See, this is only regarding the multipurpose plants I am talking about, this is not the end of the expansion or anything. But the current investments that we are making would result in a top-line eventually of about Rs. 30 crores to Rs. 40 crores extra. That is one part of the investments that we are making.

Moderator: Thank you. Our next question is from the line of Rohit Balakrishnan from Riddhi Capital. Please go ahead.

Rohit Balakrishnan: Bimal, you mentioned in last quarter that this part of the profits they are about Rs. 4 crores of one off. So, still if you compare this number versus the other quarter it is still substantially higher. So, can you just throw some light in terms of what were those new specialty products that you mentioned in sulfur? And what were those products and I am assuming they contributed a lot to the profitability again?

Bimal Goculdas: Well, the other things were also, as I mentioned, the pricing on the specialty products, we were able to take advantage of the market situation. We are also able to introduce a couple of new products in the same line of business that we are, sulphone, thio compounds, that kind of thing. And which has given rise to the extra profit as well, lower cost of raw materials as well helped us in this quarter.

Rohit Balakrishnan: So, in that sense…

Bimal Goculdas: So, as I mentioned, about Rs. 4 crores was directly connected to sulfuric acid and rest of it you could divide between higher volumes, between better realization of the specialties and also lower cost of raw materials.

Rohit Balakrishnan: And were supposed to do CAPEX on both sulfuric and specialty side, so this you mentioning that this MPP, multi product plant that you were saying, so this would commission in next two, three quarters. What about the sulfuric acid plant?

Bimal Goculdas: So, we are close to financial closure on that, we have not got it yet. But we expect that shortly.

Moderator: Thank you. Our next question is from the line of Deepak Poddar from Safire Capital. Please go ahead.

Deepak Poddar: Sir, just wanted to understand, you mentioned that Rs. 4 crores is extra as compared to what the normal is. So, even if I have to adjust that Rs. 4 crores our EBITDA margin this quarter was 24% - 25% odd. So, some thought process on the sustainability on such kind of margin would be helpful.

Bimal Goculdas: You know I do not like to give forward projections, specially on hard numbers. But as I mentioned, the newer products are coming out, the sulphones, the thio compounds, things like that. We are able to improve the pricing. So, these two things are in our favor and under control at this time. In terms of the raw material pricing, it is not in our control and we had a good quarter that time and commodity prices have moved up since then.

Deepak Poddar: So, since then even the raw material prices, how has that been?

Bimal Goculdas: Raw material prices have moved up, that is what I meant.

Moderator: Thank you. Our next question is from the line of Ankit Gupta from Bambu Capital. Please go ahead.

Ankit Gupta: Sir, just wanted to understand what is the reason of higher pricing for the last quarter?

Bimal Goculdas: So, even in the specialties there are sometimes market situations which allow you to take advantage of higher pricing. And we have done that, some of it will be sustained increases, some of them are spot increase. Part of it could be the effect of Chinese availability of some of the materials; others could be having a better position ourselves in terms of overall market. So it is a combination of things. We also renegotiate contracts after some time which gives which gives you a better realization, for one of the products that is what has happened which gives us a better delta.

Ankit Gupta: So, let us assume at least from the sustainability point of view if we remove this Rs. 4 crores then comes sulfuric acid, the remaining has been because of higher pricing, higher volumes and all.

Bimal Goculdas: As I said, higher pricing, higher volumes and lower raw material prices. So, all of it may not continue all the time and you could have a reverse situation, you will have eventually a reverse situation in commodity pricing as well. So, do not extrapolate the numbers based on this.

Ankit Gupta: And sir just wanted to understand in terms of new product introduction, we have three large products benzene, sulphone and chloride, sodium, vinyl sulfate and diethyl sulfate. We have remained among the top three players in the world. So, if you can also talk about how these products are doing and also on the new products that we have introduced and what are the pipeline for the new product going forward?

Bimal Goculdas: Sure. For competitive reasons I would not talk individually about the products. But on the whole I will say that the existing larger volume products continue to do well. There is still some growth in them as well. And for the newer products, particularly the sulphones what we have been working on in terms of market for the past probably year plus are finally coming on line. So, now we are working towards expanding our production and delivering more product to the customers. From the customers side the approvals are in place, we started shipping some volumes. And we look at growing from here.

Ankit Gupta: The new the product has also been developed in line with the customers' requirement, so can we say that this has some larger long-term contract that we have entered for new products as well?

Bimal Goculdas: No, I did not say we have entered into any long-term contracts, but we have got approvals and we have started supplying.

Ankit Gupta: Sir my last question, basically if we understand that there are two CAPEX which are happening, one is on the Dahej side and even I think we are expanding in Roha. So, if you can just talk a bit about where exactly is Dahej plant expansion. And then on Roha also there were some expansion plans that we had.

Bimal Goculdas: So, I think Dahej I have already mentioned, I do not want to repeat that. But Roha what we are doing is more debottlenecking than anything else. I am looking at improving energy recovery, looking at improving our affluent treatment, we are looking at increasing our generation of key raw materials like liquid sulfur trioxide, that kind of things. And Dahej I have already mentioned, I think if you look at the transcript you will find the answer.

Moderator: Thank you. Our next question is from the line of Darshit Shah from Nirvana Capital. Please go ahead.

Darshit Shah: Sir, my first question pertains to we did a plant shutdown last year, I think in Q1 if I remember right. So, when is the next shut down expected to be?

Bimal Goculdas: So, the next one is expected in Q3 of this year, so it will be in October, December.

Darshit Shah: And what would be for how many days?

Bimal Goculdas: Typically, it is 30 days.

Darshit Shah: And could you quantify out of this Rs. 60 crores top-line how much would be the boron business?

Bimal Goculdas: See, boron is roughly about Rs. 50 crores per year and we have not deviated too much from that.

Darshit Shah: And in terms of profitability I assume it would be flattish, right, for this quarter?

Bimal Goculdas: Yes.

Darshit Shah: So, in that case then we have done phenomenally well as far as sulfuric business is concerned, is it right to assume that?

Bimal Goculdas: Yes.

Darshit Shah: And one last question, can you quantify the CAPEX that we are going to do this year?

Bimal Goculdas: Roughly looking at about Rs. 10 crores this year, without counting the sulfuric acid plant.

Moderator: Thank you. Our next question is from the line of Rohit Balakrishnan from Riddhi Capital. Please go ahead.

Rohit Balakrishnan: So, just in terms of Borax, you mentioned that we are trying to get into downstream products, so any sense on what portion would that be right now and when will that be at a decent scale, any sense on that?

Bimal Goculdas: So, what we are looking at, they are all specialties, we have completed the R&D on that and we are in the process of investing in the plant. So, it could be small products but again high margin items. And difficult to predict when we will actually see it, because again it is approval process and all that.

Rohit Balakrishnan: And right now, it is not a big portion of the revenue?

Bimal Goculdas: No.

Rohit Balakrishnan: And just correct me if I am wrong, I think in the AGM you mentioned the total CAPEX of between Rs. 40 crores to Rs. 50 crores, including the sulfuric acid. So, right now you are saying Rs. 10 crores plus sulfuric acid. So, what would be the CAPEX in sulfuric acid?

Bimal Goculdas: It depends, we are looking at around Rs. 40 crores.

Moderator: Only in sulfuric?

Bimal Goculdas: Yes, it would be of course sulfuric and it goes along on chlorosulfonic acid and all that.

Rohit Balakrishnan: But that plant will allow you to also expand the capacities in specialty side?

Bimal Goculdas: Yes, that is the whole idea. Like we have an integrated complex in Roha, we want to create an integrated complex in Dahej as well.

Rohit Balakrishnan: So, total CAPEX would be about Rs. 50 crores is what you are planning this year?

Bimal Goculdas: Not this year, we have not decided yet on the investment on the sulfuric because we have not tied it up financially. But that is in the plan for sure.

Rohit Balakrishnan: So, if it goes to then it will be Rs. 50 crores?

Bimal Goculdas: Yes.

Rohit Balakrishnan: And the other question that I had is, you mentioned about this sulphone which we have been working on for about a year, so congratulations that it is much closer to closing now. So, in terms of products this quarter saw some shipping from there as well, right?

Bimal Goculdas: Yes.

Rohit Balakrishnan: So, would it be possible for you to sort of quantify the overall market size for this globally and what is the opportunity that we are going after and we are majorly selling at this point of time?

Bimal Goculdas: Well, I think I have done it in the past, but I believe that opportunity for the sulphones is over Rs. 100 crores for us. And how fast we achieve it remains to be seen. But the top-line of Rs. 100 crores is not very difficult. And for getting market share, of course you got to get your approvals customer wise, you got to make the investments in your plant and machinery and all that goes without saying.

Rohit Balakrishnan: And where are we selling this right now, in terms of geography?

Bimal Goculdas: Several countries, from Japan to US, so everywhere in between.

Rohit Balakrishnan: And just trying to understand boron a bit more, so would it be fair to say that economic there would be similar to the margins that we earn in the specialty side of sulfur?

Bimal Goculdas: For the specialty boron chemicals?

Rohit Balakrishnan: Yes

Bimal Goculdas: You would see the same margins, yes.

Rohit Balakrishnan: And right now as you said, somebody else was asking, boron did Rs. 50 crores roughly on a yearly basis, it is pretty much breaking even right now, right, there is no profit as such?

Bimal Goculdas: Right.

Rohit Balakrishnan: Do you see that turning around in the next couple of years?

Bimal Goculdas: Yes, certainly. As I mentioned in the past we will bring that back, even the commodity boron business to about Rs. 70 crores - Rs. 75 crores and we are working on specialties.

Rohit Balakrishnan: And last question, once we get the sulfuric acid CAPEX going, this plant shutdown that we have every six quarters, that will not be there, right?

Bimal Goculdas: It will be there but it will be staggered, both plants will not be down together.

Rohit Balakrishnan: So, there will be not much impact in terms of the financials?

Bimal Goculdas: Well, one of the plants would be impacted, but because overall pie is bigger it will be a smoother bump.

Moderator: Thank you Our next question is from the line of Ishan, an individual investor. Please go ahead.

Ishan: I just wanted to know what is the capacity utilization for this quarter?

Bimal Goculdas: Ishan, difficult to say because we have several plants and in sulfuric acid we are always running at maximum capacity, for the newer products we are running at capacities which are lower because we are still developing the market. So, it is difficult to quantify overall capacity utilization.

Ishan: Can you just give me a ballpark on the ethanol then?

Bimal Goculdas: We have several products even which are ethanol base, one of them we are running at full capacity, one we are running at only 30% capacity, one we are running at lower capacity right now because of technical constraint. So, it is difficult to quantify. The capacity utilization does not really apply to us in that sense.

Moderator: Thank you. Our next question is from the line of Sameer Bhatt, an individual investor. Please go ahead.

Sameer Bhatt: Same question I would like to ask on capacity utilization for the first quarter. See, in terms of when it is a multi product in terms of machine hours it can be spelled out?

Bimal Goculdas: Yes, the thing is we are running all the time, 24/7, that sense is 100%. But if you are looking at some overall number, I would be stretched to give it, but I would say something like 75% - 85%.

Sameer Bhatt: In Q1?

Bimal Goculdas: Yes.

Sameer Bhatt: And what is the budgeted revenue and budgeted profit for the year?

Bimal Goculdas: So, we are not publicizing the budget, we have our internal targets.

Sameer Bhatt: But in the budgetary control as an internal audit…

Bimal Goculdas: Yes, we have that but we are not disclosing that.

Sameer Bhatt: In AGM will it be disclosed?

Bimal Goculdas: No.

Moderator: Thank you. Our next question is from the line of Ashwin Agarwal, an investor. Please go ahead.

Ashwin Agarwal: Which one is your flagship product, which is the main product?

Bimal Goculdas: In terms of volume I would say it is sulfuric acid.

Ashwin Agarwal: In terms of value?

Bimal Goculdas: In terms of individual top-line also it would probably sulfuric acid. But we have other products, not a single product which contributes the bulk of it, Benzenesulfonyl chloride, Sodium vinylsulfonate, diethyl sulfonate, all of these are important forus.

Ashwin Agarwal: In our last year annual report I think the exports are about 25% of the total turnover.

Bimal Goculdas: Yes.

Ashwin Agarwal: So, with this quarter let's say Q1 has the ratio of exports more this time?

Bimal Goculdas: I do not know off hand, but I do not think there is a significant difference, and frankly we do not really worry about whether it is domestic sales or exports, because lot of multinational customers are now taking products in India, prior to that they were exporting the product, now they want us to supply to another plant in India and then the next product is exported. So, it is difficult to quantify in that sense.

Ashwin Agarwal: And my last question, what is the scenario about this sulfuric acid pricing and what has caused a sudden rise in prices for sulfuric acid?

Bimal Goculdas: So, it is a pure commodity so there is always some things which impact it. Typically, when there is a shortfall in supply and one of the thing which happened which you all must have read about was the Sterlite plant closure, which is in the public domain, so that has affected supplies in South India. Although we are far away from that, but there is definitely a trickledown effect. Then India in general, the chemicals business is doing well, so consumption in India is also increasing, that is the second factor. And third is, during April, May time several sulfuric acid plants are on maintenance shutdown which also affects supply, so a combination of all these factors lead to the price increase according to me.

Moderator: Thank you. We have the next question from the line of Nav Bharadwaj from Anand Rathi. Please go ahead.

Nav Bharadwaj: Basic question, what is the split between our long-term and spot sales?

Bimal Goculdas: Sorry, could you repeat that?

Nav Bharadwaj: Do we have any number in terms of what percentage of our sales is long-term, like long-term contracts and how much of it is spot sales?

Bimal Goculdas: I can give you a rough idea of that. Sulfuric acid kind of products we do not do any contracts, that is the spot business essentially. The specialty is typically sometimes they are under contract, but even if they are not under contract they are to known customers with known volumes. So, it is sort of a predictable business. So, you could say about 40% to 50% is spot and you can say 50% to 60% is predictable, if not under contract.

Nav Bharadwaj: Also, do we have pass through clauses wherever we have 60% predictable business, do we have a pass through clause for raw material prices?

Bimal Goculdas: Largely yes, not in all cases but in most of the important customers, yes.

Nav Bharadwaj: So, ideally raw material fluctuations, basically sulfuric acid and benzene, what else would be our key raw material?

Bimal Goculdas: Well, sulfur, benzene, ethanol, caustic, all these things.

Nav Bharadwaj: I know it is going to be very diversified, but if I were to consider you as a proxy to a particular industry in terms of end user, if that is doing good we should be bullish as well. Could you outline like who are your key user industries or customers?

Bimal Goculdas: Well, one of the key things that is our strength I would say is that we are not directly connected to any single industry or any single geography. So, we are spread across pharmaceuticals, agrochemicals, dyes, pigments, you name it. So, any of these sectors going up and down will have a small effect; and same way in geography.

Nav Bharadwaj: Is China a threat or an opportunity, how do you see it in the current scheme of things?

Bimal Goculdas: Good question, I mean it is on everyone's mind right now. I look at it as both in the sense that we know that currently the Chinese are cracking down on companies that are polluting. And while some industries and some sector are really benefiting from this, my caution is twofold, one caution is that India should not fall into the same issues. So, Indian chemical industry needs to be very conscious and very active on pollution prevention, not just treatment but prevention. And second caution is that by not having some intermediates from China it could affect other intermediate sales from India as well. For example, in a particular pharmaceutical if you need a product from India and a product from China, but the product from China is not available, then the product from India may also not be bought between the customer just cannot produce his finished product. So, in that sense it is a threat as well, but on a different thing than what you are thinking. There is one more thing that the Chinese, while they are shutting down they are also reorganizing, they are moving all their industries which are standalone into the equivalent of our industrial zones. So, they are insisting on manufacturing only in designated zones, no standalone factories will be allowed in the future. So, that is another thing which in the short-term may be good but in the long-term will make the Chinese stronger as well.

Nav Bharadwaj: But the cost advantage I think might be lost because of that?

Bimal Goculdas: True, cost advantage, at least really low cost fellows will be out, everybody will have to have certain standards of pollution control of paying the employee, things like that, repaying loans to banks, etc.

Moderator: Thank you. Our next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Three questions from my side. First question is regarding the new CAPEX that we are doing, specially on sulfuric acid price. I think we are spending around Rs. 30 crores – Rs. 40 crores, or we are intending to spend that kind of amount…

Bimal Goculdas: Intending to, yes.

Dhwanil Desai: So, my question is, sulfuric acid is a pure commodity product and since you are going to be in a chemical zone, and believing that it should be freely available, if you can share your rationale behind why you think that it makes lot of sense to spend money on making sulfuric acid?

Bimal Goculdas: So, I have replied to this in the past, I will just tell you briefly, we are not looking at the sulfuric plant for sulfuric acid, we are looking at it for downstream products. And you cannot get the downstream products without getting the sulfuric acid. So, lot of the downstream product s will be consumed internally. And having an integrated plant is of advantage to us, that is our business model.

Dhwanil Desai: My second question is in terms of gross margins across three different chemistries that we operate in, sulfur, ethanol and boron, and boron largely being commodity. Do we see substantial difference between sulfur and ethanol chemistry gross margins or they are similar since both of them are specialty side?

Bimal Goculdas: So, I would divide it into specialty and commodity, not in to product chemistry, because in any chemistry you can have specialties and commodities. But in general, the specialties have much better margins than the commodities and more predictable also. Of course, there are times like Q1 when the commodity has outperformed everything else. You get what I am saying?

Dhwanil Desai: Yes. So, basically specialty chemicals will have much better gross margins than commodity over a period of time?

Bimal Goculdas: Yes, of course.

Dhwanil Desai: And my third question, this is a very generic question, but we as an investor get lot of, almost every other company is now a specialty chemical company , so in your scope of business how do you define that this is a specialty chemical and this is a commodity, any attributes that you can highlight on or how do you differentiate or categorize?

Bimal Goculdas: See, people have different approaches to this and there is no clear cut scientific definition. But the way we look at it is that if it is sold simply on price and specification then it is a commodity, but if it is sold on something else, maybe performance in terms of what it does in the end use or in terms of certain range of impurity level or in something different where your product stands out from other people or your product stands out from other products, then it can be considered as specialty. If you are just selling on price and spec, then it is not.

Moderator: Thank you. Our next question is from the line of Aman Baid from Astute Investment Management. Please go ahead.

Aman Baid: Could you quantify the market size in India of sulfuric acid as well as our market share? Along with the fact that what are our plans in thio compounds, what is the potential market available in thio compound?

Bimal Goculdas: So, sulfuric acid is huge, I mean millions of tons of production. So, we do not look at India market share or anything, we just look at market share within our geographical area, because you cannot transport it very far. And as I mentioned we are not looking at particularly market share of sulfuric acid, sulfuric acid for us comes along with other products that we want to consume, so it is sort of a necessary evil. Occasionally we do make money on it, but that is not the objective of a sulfuric acid plant, from a sulfuric acid plant we want the downstream products and we want the energy. As regards the thio compounds there is no real published data, but we are getting information from customers, from distributors, from global agents as well. And it is not something which I would like to share.

Moderator: Thank you. Our next question is from the line of Abhijeet Akela from India Infoline. Please go ahead.

Abhijeet Akela: Just one clarification, where are sulfuric acid prices right now and what were they on average in 1Q for you?

Bimal Goculdas: So, at the moment they are about the same level as Q1.

Abhijeet Akela: And I believe they went up all the way from Rs. 4 a kilo or so before the Sterlite plant shutdown to somewhere maybe in the mid-teens or so, is that…?

Bimal Goculdas: No, not that high, but they did go up substantially.

Moderator: Thank you. Our next question is from the line of KR Senthil Narin from Crest Wealth. Please go ahead.

Participant: Sir, is there a price rise on the boron side also?

Bimal Goculdas: It is not very significant, there is some price rise but not that significant.

Participant: And for us is there a volume increase in this quarter?

Bimal Goculdas: There would have been some volume increase, again, not very significant on the boron side.

Moderator: Thank you. Our next question is from the line of Hiten Boricha from Joinder Capital. Please go ahead.

Hiten Boricha: Sir, just two simple questions. What percentage of sulfuric acid is contributing to our top-line?

Bimal Goculdas: Around one-third.

Hiten Boricha: And what is the total debt on the books right now?

Bimal Goculdas: Total debt in the book as of end of June including promoter loans and everything would be around Rs. 20 crores or so.

Moderator: Thank you. Our next question is from the line of Neha Indanani from Minerva Advisors. Please go ahead.

Neha Indanani: I just wanted to ask, why there was a delay in sulfuric acid financial closure of the plant?

Bimal Goculdas: I would not be able to answer that question. That you will have to ask the people we are approaching.

Neha Indanani: And just to kind of get a sense, when is that plant expected if you had some time line?

Bimal Goculdas: So, it is 15 months from the date of financial closure.

Neha Indanani: And when are you expecting the financial closure to happen?

Bimal Goculdas: Now, we are close to it, but rather than predict I will tell you when it happens.

Moderator: Thank you. Our next question is from the line of Jinesh Shah, an individual investor. Please go ahead.

Jinesh Shah: Sir, two questions, one is on CAPEX. You said that we are going to have a CAPEX of around Rs. 40 crores to Rs. 50 crores going forward, so how are we going to source it, is it through internal accruals or we are going to take some loans? And second question is on dividend, we have come to a dividend list after a long time, so is there any policy which you are going to devise, is your company having any thoughts on that for dividend, if we do profits and you can shell out more than you were?

Bimal Goculdas: First question, we are looking at about 50% from internal accruals and 50% in terms of borrowed funds, that is as far as financing of the projects is concerned. And regarding dividend, it is a decision which Chairman and the Board takes, and then approved by the shareholders. So, nothing I can comment on at this time. But there is no particular policy in place, we will have to look at cash flow, we will have to look at what the company needs at that time, which would be the best way to deploy the available funds, etc, etc. So, I am sure board and chairman will take an informed view and they will definitely address the shareholders well in time.

Moderator: Thank you. Our next question is from the line of Pratik Chaudhary, an individual investor. Please go ahead.

Pratik Chaudhary: Sir, only sulphones are the new products that we have launched and have been selling to our customers. What is the kind of ramp up do we see over the next two, three years, like Rs. 100 crores top-line that you mentioned, what is the ramp up schedule that we might possibly see for the same?

Bimal Goculdas: So, I had answered that in response to what is the potential we could achieve, but difficult to give you an exact timeline, because it depends not only on us but it also depends on how fast the customers do their approvals, things like that. So, that is certainly our target, but not possible to say when exactly we can achieve it.

Pratik Chaudhary: And are we competing against the Chinese or the Koreans in these product lines?

Bimal Goculdas: Yes.

Pratik Chaudhary: And who would be the domestic ones?

Bimal Goculdas: Domestically in sulphone in general you have Atul, you have Aarti, there could be some others as well.

Moderator: Thank you. Our next question is from the line of Rajat Sethia, an individual investor. Please go ahead.

Rajat Sethia: Starting with the question, one question I had was on the other expenses, we can see the other expenses coming down big time, they came down big time in FY18 as well as in first quarter FY19. If you can explain a bit on that?

Bimal Goculdas: Could you repeat that please.

Rajat Sethia: Other expenses have come down big time in FY18 in absolute terms as well as in quarter one of FY19.

Bimal Goculdas: I will have to check and come back to you on that one. It could be a combination of different things, possibly at the AGM we will some answer.

Rajat Sethia: Sure. The other question was on the top-line, so it is on the top-line of FY18 basically, so if we look at the top-line of FY17 and FY18 it was broadly flat, even if we adjust for one month of loss and sale because of the plant shutdown. So, was there no volume increase or was there actually a volume decline during FY18 because crude prices were going up during FY18?

Bimal Goculdas: No, if you see that it was Rs. 40 crores the quarter ended June 2017 and is Rs. 60 crores now. So, definitely it is a growth, even if you consider one month shutdown it is a growth.

Rajat Sethia: Actually I am talking about FY17 full year versus FY18 full year.

Bimal Goculdas: See, in FY17 we did not have any annual shutdown, we did not have any planned maintenance shutdown.

Rajat Sethia: So, that is what I was saying, even if we adjust for the shutdown…

Bimal Goculdas: It is not directly one month, it also affects a little more than that, it sort of disrupts your operations. And I would have to go back to see what were the prices like. The thing is in our business particularly the sulfur business and all there are large fluctuations both in raw material and finished product price. So, just going by the top-line you cannot give an impact of the volumes, it is not stable pricing in that sense.

And I think I will like to answer one question which was asked earlier about the other expenses, a lot of it was in the GST versus excise duty. So, in the previous year's figures there would be the impact of the excise duty which is not there in the current year.

Rajat Sethia: The other question was on the point that raw material prices have gone down in this quarter and hence we got the benefit. So, to really understand this point further that are we on a cost plus model and hence are we not on the cost plus model? So, if you can explain a bit on that.

Bimal Goculdas: So, if you look at the commodities we do not have any cost plus model, whereas on some of specialties, particularly for the large regular customers we do have formulas. So, for those products where we are dealing with multi nationals on regular requirements, we certainly have built in formulas, and that would go up and down. Of course, it would be delayed by one quarter, for example, the prices of April to June would apply to sales from July to September, that kind of thing. Whereas in commodities we do not do any such formula.

Moderator: Thank you. Ladies & gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. Samarth Sanghvi for closing comments.

Samarth Sanghvi: Thank you very much, Mr. Bimal Goculdas for running us through this presentation on the company and also giving us an update on what the quarter one results and future of the company looks like. We would like to thank you for giving us an opportunity. And if there would be any closing comments you could let us know and then we could end the call. Thank you so much.

Bimal Goculdas: I would like to thank you all again for organizing and attending the conference. I hope I have answered all the questions to your satisfaction. There are somethings which for confidentiality reasons we may not like to reveal, particularly when I am asked about individual products or individual pricing. But we have a fairly transparent business model which I have explained in the past, and that is to focus on those products where we believe we have core strength and long-term strength. And we will be setting up in Dahej a similar integrated unit like we have in Roha, while we cannot predict the exact time we are confident it will happen. So, with that we look forward to support from all of you as investors and we will be in touch again shortly. Thank you.

Moderator: Thank you very much, sir. Ladies & gentlemen, on behalf of PhillipCapital (India) Private Limited. that concludes this conference. Thank you for joining us. And you may now disconnect your lines.