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To,
National Stock Exchange of India Limited
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Bandra (East) Mumbai 400 051

BSE Limited
Floor- 25, P J Tower,
Dalal Street,
Mumbai 400 001

SYMBOL:- EPIGRAL

Scrip Code: 543332

Dear Sirs,

Sub.: Transcript of Conference Call held on Friday, 30th January, 2026 for Q3 FY26 – Results

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Transcript of Conference Call held on Friday, 30th January, 2026 for Q3 FY 26 – Results.

The said Transcript is also available at www.epigral.com in the Investor Relations section.

This is for information and record.

Thanking you,

Yours faithfully,
For Epigral Limited

Gaurang Trivedi
Company Secretary & Compliance Officer
M. No. A22307





“Epigral Limited
Q3 FY '26 Results Conference Call”
January 30, 2026



MANAGEMENT: **MR. MAULIK PATEL – CHAIRMAN AND MANAGING DIRECTOR – EPIGRAL LIMITED**
MR. KAUSHAL SOPARKAR – DIRECTOR – EPIGRAL LIMITED
MR. RAKESH AGRAWAL – CHIEF FINANCIAL OFFICER – EPIGRAL LIMITED
MR. MILIND KOTECHA – INVESTOR RELATIONS – EPIGRAL LIMITED

MODERATOR: **MR. MEET VORA – EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Epigral Limited's Conference Call, hosted by Emkay Global Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Meet Vora from Emkay Global Financial Services Limited. Thank you, and over to you, sir.

Meet Vora: Thank you. Good evening, everyone. Thank you for joining us on Epigral Limited's Q3 FY '26 Results Conference Call. We would like to thank the management for giving us this opportunity to host them.

On this call, we are joined with Epigral's management represented by Mr. Maulik Patel, Chairman and Managing Director; Mr. Kaushal Soparkar, Executive Director; Mr. Rakesh Agrawal, Chief Financial Officer; and Mr. Milind Kotecha, Investor Relations.

I would like to invite Mr. Maulik Patel to initiate the proceedings with his opening remarks, post which we will have an interactive Q&A session. Thank you, and over to you, sir.

Maulik Patel: Thank you, Meet. Good evening, everyone. Welcome to the call to discuss Epigral's quarter 3 FY '26 performance. I believe you had an opportunity to view the earnings presentation that was released earlier today. The chemical market currently exhibits mixed performance with some segments achieving robust growth, while others grapple with slower recovery due to a prolonged monsoon and persistent geopolitical uncertainty.

Few segments, in particular, drove weak quarter-on-quarter performance despite year-on-year gain from the low base, amid challenges like muted exports, stalled U.S.-India trade progress, low realization, utilization and tariff impacts. Nevertheless, outlook indicates improved performance in coming quarters, supported by strengthening demand fundamentals and gradual recovery across the key sectors.

In quarter 3 FY '26, revenues grew marginally by 2% sequentially through volume remained largely flat versus the prior quarter. The derivatives and the specialty business contributed 52% of the revenue, up from 50% last quarter. The first half of quarter 3 FY '26 faced headwinds from the prolonged monsoon, festive season disruptions and plant maintenance, but volumes picked up strongly from mid-November onwards.

We expect this positive momentum to persist in future quarters. EBITDA margins contracted to 17% in quarter 3 FY '26, pressured by lower realizations, rising raw material costs and higher cost inventory. However, over 9 months FY '26, we sustained margins at 22%.

With the monsoon now over and plant maintenance complete, demand is recovering.

We have seen volume pickup since mid-November and expect sustained growth ahead. As utilization improves, overall performance should strengthen further.

Our capex project to double capacity at the CPVC, epichlorohydrin and wind solar hybrid power plants are progressing on schedule and remain on track for commissioning within the announced timeline and budget. This will support diversification, targeting 70% revenue contribution from the derivatives and specialty business as we have committed.

Combined with the chlorotoluene value chain commission in March 2025, that position us for a strong growth from FY '27 onwards. For our new projects, we are finalizing capex plans, expect to announce details in the coming months. These initiatives will enhance our integrated complex and extend the value chain. They are set to drive significant growth from FY '29 onwards.

In line with this plan, the team remains focused on scalable, profitable growth, strengthening our integration and driving value for all stakeholders. We are advancing with clarity on milestone, capital efficiency and disciplined execution to deliver sustainable growth as we expand capacity and capabilities.

I now hand over the call to Mr. Rakesh Agrawal, who will take us through the financials.

Rakesh Agrawal:

Thank you, Maulik. Let me take through Q3 numbers. Overall plant utilization stood at 78%, similar to previous quarter and 81% in the corresponding previous year. Quarter-on-quarter, we witnessed volume growth but as product mix improved, resulting to revenue increase of 2% to INR603 crores. Revenue contribution for Derivative & Specialty business stood at 52% versus 50% in the previous quarter.

EBITDA dropped by 22% to INR103 crores as realization for the few products dropped, there were increase in raw material prices and high inventory costs. PAT stood at INR39 crores versus INR51 crores in previous quarter, it includes onetime expense relating to change in Labor Code. And for 9 months of FY26, plant utilization stood at 76% versus 82% in the corresponding period, resulting in drop in revenue by 7% to INR1,807 crores. EBITDA stood at INR398 crores with margin stood at 22% versus 28% in the corresponding period of previous year.

This dip in margin was on account of drop in realization and increase in raw material costs. We commissioned the chlorotoluene value chain plant in March '25, and it is expected to contribute sizable to profit and loss account from financial year 2027 onwards. Once the plant starts generating sizable revenue, overall profitability should improve. ROCE stood at 17% as on 31st December '25. If we exclude capital work in progress, then our ROCE stands at 20% as on 31st December '25.

Net debt to EBITDA stood at 1x as on 31st December versus 0.8x as on 31st December '24. And hence, we are in very comfortable position for our debt. Our net debt stood at INR557 crores versus INR531 crores as on 31st December '24. And during the year,

we spent capex of INR337 crores and our capex plans are moving as per schedule. We witnessed utilization level improved from mid of November, and we expect that momentum to continue in coming quarters as well. Hence, we expect overall performance to improve from here on.

With this, we can now open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Deepesh J. Sancheti from Maanya Finance.

Deepesh J. Sancheti: Am I audible?

Moderator: Yes, you are audible.

Deepesh J. Sancheti: Okay. Now we are expanding the CPVC -- almost doubling the capacity of CPVC, but Reliance and Adani are coming up with huge capacities by FY '28. What is your view on this? Will it put a margin -- I mean, will it put a pricing pressure and realization pressure?

Maulik Patel: Deepesh, Reliance, I think they are coming up with small capacity right now, I think, around 11 Kt. That's what I know right now, which is they are going to commission in this year. And Adani has not announced yet. That's what we know in terms of the CPVC. Definitely, they are coming with a big capacity of PVC plant, both the players in a big way. But the CPVC capacity is not coming with the big capacity. That's what we hear so far from the market and what they have announced so far in the market, yes.

Deepesh J. Sancheti: Okay. So I mean -- but -- I mean, so you don't see any pressure -- right now, there is no pressure on the CPVC prices?

Maulik Patel: No. CPVC prices, the pressure is there. It is because of the PVC prices has gone down substantially in last 4 months, 5 months, but it is bottom out. Now everyone knows that the PVC prices have started going up. So we see the prices are going to improve from this quarter onwards.

Deepesh J. Sancheti: Okay. You mentioned that there was a temporary pressure or -- sorry, you're saying...

Maulik Patel: So no, I believe it is a temporary, particularly if you're talking about the quarter 3 because this kind of situation was never seen in terms of the PVC pressure, in terms of the pricing of the raw material and the CPVC also takes time. And now the pricing of PVC is improving, so we see the improvement in the CPVC pricing going forward.

Deepesh J. Sancheti: Okay. So you mentioned that there is a temporary pressure of softer realization on select products. Can you mention which products are these? And why these temporary pressures have come in? And how much of that -- how much time would it take for this temporary pressure to go away?

Maulik Patel: So if I consider the overall chemical industry, the pressure was there in last, I think, 9 months, the pressure was there because of the global situation is not doing great. And

from -- I believe from this quarter onwards, we see very positive signs in terms of the prices have now started moving upwards -- majority of the chemicals, not only the products which we are manufacturing, but I see the demand has also started picking up and quarter 3 and quarter 4, normally, it is on the higher side for us in terms of the consumption pattern.

But also the prices are also moving -- started moving upwards globally. Mainly -- and then one of the major factor is China has announced 250 products, they have withdrawn the rebate of the product. So I think globally and other petrochemical products are also going up. So all commodity prices are going up. So all chemical prices also started moving -- slowly going up from this quarter onwards. But the last quarter, we believe that it is -- it was the bottom-out situation for majority of the chemical manufacturing products.

Deepesh J. Sancheti: So you don't see any pressure coming -- I mean by FY '27, you think all the pressures will vanish on all the products? Or do you see any -- I mean, any pressure coming on some other products still?

Maulik Patel: So I would say for the next financial year from this quarter onward, the situation will be better compared to the last 9 months. That's what we see from going forward in terms of demand also, in terms of the pricing also. That's what we can see. But individual product to product, it may defer the time line, but definitely, compared to last 6 months, everything will only improve. It is going to be on the positive side.

Moderator: The next question is from the line of Rohit Sinha from Sunidhi Securities.

Rohit Sinha: So first of all, I just wanted to know what was the ECU for last quarter and this quarter?

Milind Kotecha: The ECU for this quarter is around INR29,000, INR30,000, and it has been almost similar to last quarter, marginally INR500 to INR1,000 down.

Rohit Sinha: Okay. So post December, have we seen any correction in ECU or it is just remain in that similar rate?

Milind Kotecha: It is in the same range. And I guess it will be around INR30,000, INR31,000 kind of a thing in the coming months as well, looks like.

Rohit Sinha: Okay. Some bit of improvement is there. Got it. Secondly, on the chlorotoluene side, as we have commissioned in last year March, now -- till now, what kind of utilization we have reached? And as -- although you already have indicated that FY '27 would be the year where we will see meaningful contribution, but still, I just wanted to know how we are progressing in that in terms of utilization levels?

Milind Kotecha: So in chlorotoluene, if you see, the volumes are increasing like on month-on-month as well as quarter-on-quarter. But again, it has not reached a sizable number to give any kind of percentage of utilization. Maybe once the next quarter, that is from Q1, we are expecting it to contribute in a sizable way. So at that point of time, we might be able to

share some sort of number, but nothing as of now. But it is improving on a month-on-month and quarter-on-quarter basis.

Maulik Patel: So in terms of volume, we are not able to achieve. But in terms of approvals of the customers, we have achieved quite a bit and quite a number of products we got approval from the end users. And they have started using it. And I think we are going to get advantage in terms of the China is also going to reduce the export benefit. So I think this will have a positive impact on this line of products also going forward.

And also the currency situation is also changing in China. China currency is appreciating and Indian currency is depreciating. So that has also an impact of the local manufacturing going forward in this kind of products.

Rohit Sinha: Fair enough. Fair enough. And in chlorotoluene, I mean, as of now, since we are gradually progressing, so these -- whatever volumes are going, these are more or less kind of samples only? Or we have started delivering some orders for the customers or it's just, I mean, sample kind of things only?

Maulik Patel: No, no, it is not a sample. It is actual delivery on a full truckload basis. But the people change the volume. And once they started using slowly and gradually, they will transfer the order to the domestic players. So overnight, they don't stop supply from where their supply chain sources are there. So that confidence will take time. That's why it is getting delayed, but it's not about the sampling, it's actual delivery.

Rohit Sinha: Got it. Got it. And these orders would be, what, short-term orders or would be a 6-month, 1-year kind of contract with the customers?

Maulik Patel: So currently, till the -- as Milind has mentioned, actually substantial number will start from the FY '27 onwards. So we are expecting the major orders will start coming and major time line -- with the time line and with a long-term contract also in terms of volume, will start coming from the FY '27 onwards. So far, they are testing and trying and the confidence once they get it, then only they will place long term. So right now, everything is on the quarterly basis only.

Rohit Sinha: Okay. And one last question on ECH side. I mean, earlier, we were seeing price increase because of rising glycerin prices. So how -- I mean, the pricing has been there for ECH and ECH also has, I think, a significant export contribution, how that has been affected or worked out in this quarter?

Maulik Patel: So ECH, yes, you are right, because of the glycerin prices going up, the ECH value is also going up because 65% of the world demand is converted to the glycerin-based ECH globally. So yes, globally, the ECH price has gone up. And the Trump is not supporting the biodiesel project and the glycerin is a byproduct of biodiesel, so the glycerin price is going to remain high till the biodiesel are not getting supported by the global leaders.

Milind Kotecha: So we tend to believe, I mean, in the current quarter and also coming down the line,

this is kind of a new normal, which will continue.

Rohit Sinha: Okay. Okay. And any export revenue got impacted or still we are doing similar kind of export volumes, because of this U.S. tariff angle or anything?

Maulik Patel: U.S. was not a major for us for the epichlorohydrin particularly. The exports overall volume will remain almost same as last quarter in terms of volume for the overall products. But yes, European volume has affected last quarter, but I think it is coming on line right now because some of the manufacturers of epichlorohydrin has decided to close their plant permanent because of the current situation is very tight in Europe. So that advantage may come in the coming years, probably to the Indian manufacturers.

Moderator: The next question is from the line of Pranav Jain from Ageless Capital and Finance.

Pranav Jain: Just a couple of questions. First on CPVC and on the similar lines for ECH as well. Even though now we -- like you said, the prices have bottomed out and they're slowly going up, but the overcapacity that has been persistent and that has been there with our competitors also increasing capacity with our customers backward integrating into the making of ECH or CPVC.

So in that sense, how are you viewing the scenario because we are essentially doubling our capacity in both of these segments. So will we be suffering from more capacity? What kind of capacity utilizations can we expect on the enhanced capacity?

Milind Kotecha: Yes. So see, when -- I mean, again, whenever we put any plant, either it's for ECH or CPVC, our perspective is considering the demand growth that is expected to come in next 5 to 7 years. So considering current situation, the demand is also growing into ECH and CPVC.

So we don't see much of a kind of a pressure. But yes, it can happen that when we commission our plant, which we are expected to do in kind of September '26, so maybe for initial 6 months or a year's time, we have to run our plant at lower utilizations.

But eventually, considering the growth which is expected into the epoxy, which will lead to growth in ECH and in terms of real estate, which will drive the growth in CPVC, we tend to believe that in maybe a matter of 1 or 2 years, we should be able to run our plant at optimum utilization levels even after considering the new capacities which are coming because growth in India is there, which will definitely absorb the capacities that are coming.

So whoever or including us, if we are putting a plant, we have thought of the growth that is going to come in terms of demand. But yes, it can be like 1 year here and there. And in that particular year, we might have to run our plant at a lower utilization. So we'll live with that. But it's not going to happen that that's going to be there for like 4, 5 years. It's a matter of 1 or 2 years.

Pranav Jain: But can you -- like not to quote you on it, but can you just give me a brief range that

we can expect with respect to our capacity utilization for both these segments for FY '27 or '28, whatever?

Maulik Patel: It is very difficult to predict because in the chemical plants, people announce the date of commissioning, but normally, it is not happening on time. And once they start the plant, the teething problems and everything, how much time they are able to resolve and how much time they are able to commission their capacity, that is also timing we cannot predict.

So based on that, it keeps changing. If you noticed the past announcements and past records, every chemical company has announced, these timings are not able to match. And based on that, I think it is difficult to predict exact when it is going to happen and why it is going to happen. But yes, normal this situation will come going forward.

Milind Kotecha: But as a management, what we anticipate is that like what happened in FY '26 of the last 9 months or 6 months, that was because of the prolonged monsoon and also the early monsoon and also the demand was a bit subdued. But now it looks the demand has been picked up. So it looks like that the coming quarters or the coming months will be much better compared to what it was last 6 months or 9 months.

Pranav Jain: Got it. Understood. But not even like a base case so that we can understand like will we be utilizing 75,000 tonnes of the 150,000 of CPVC, just a random number. Just a base-case scenario that the management might have thought of.

Maulik Patel: So probably -- our budget exercise, we are going to start probably from this month onwards. So probably, it will clear -- probably by March, it will be clear more about the next year.

Pranav Jain: Understood. And just to understand on Astral doing their own CPVC, is it -- how difficult is it to set up a plant of CPVC, how capital intensive is it? Can the other CPVC pipe guys like Supreme, Prince also do this, which may cause us more harm?

Maulik Patel: See, that is difficult to comment while others might will do it. Definitely, it is difficult and it is a different compared to the pipe manufacturing facilities and the mindset, this is a B2B kind of mindset and that is B2C.

So I don't know how people are thinking and how they will commission this plant. But yes, so every plant has -- definitely, they will -- once they announce, I think they will do it. But how much time it will take and when they are going to commission, it's a question mark because every new manufacturing has a learning phase.

So how much time they are able to resolve the problems and commission successfully and reach to optimization level the time will tell, yes. But yes, as you rightly said, everyone can think of it, if Astral can think of it. But normally, people wanted to focus on the B2C part of the business rather than going into the B2B business who are already focused on the customers, B2C kind of business normally. They don't think like the pipe people, even except Finolex, they don't have the PVC manufacturing facility.

- Pranav Jain:** Understood. Okay. I got on the CPVC side. Just one last question. On the ECH side, will we ever consider forward integrating into epoxy?
- Maulik Patel:** As of now, we have no plan to going into the forward integration because we find it ECH has enough demand going forward. And the growth will come from the capacity expansion, which is happening recently in the epoxy business. So as of now, we are not taking anything on the epoxy side.
- Moderator:** The next question is from the line of Nipun Sharma from VLS Finance.
- Nipun Sharma:** So I wanted to know the bifurcation for the revenue for this quarter in terms of volumes sold as well as the realization for the products. So did the volumes go up for this quarter as compared to last year's quarter or even the previous quarter? And what about the average revenue for each products? Can you comment upon that?
- Milind Kotecha:** So see, in terms of the overall volume compared to last quarter, it has been almost kind of a flat or marginal kind of a growth. But in terms of product-wise revenue, it's not something that we share. So I won't be able to share any data on that.
- Nipun Sharma:** Okay. Okay. Because last quarter, it was CPVC, caustic soda and I believe hydrogen peroxide whose realizations were low. So what is the situation right now for them?
- Milind Kotecha:** So it has been in the same kind of a range, nothing -- I mean, maybe 1,000 here and there, but not a major movement in terms of the realization.
- Nipun Sharma:** Okay. Okay. And talking about hydrogen peroxide, the realization last quarter was low because I believe, I might be wrong, there were several imports from Bangladesh. So what is the current scenario? Can you comment upon that?
- Milind Kotecha:** It has been the same situation. See, the import is coming from there, and we are also selling in India. And again, there is a good demand for that. So in terms of demand, there is no change. In terms of import from Bangladesh, that is also no change. And the prices also remain in the same range.
- Nipun Sharma:** Okay. Okay. And any new update on the new chemistry that you were talking about in the previous con calls? Any expected date that when it will be announced?
- Milind Kotecha:** So we are on the advanced stage in terms of finalizing a few things on that line. So maybe once it is freezed, I will be able to share. Before that it's difficult to share anything on that news because it is not in public domain.
- Nipun Sharma:** Understood. Understood. And my one last question. I read it somewhere that Epigral has been making a pilot plant for CPVC pipes. So are we planning into forward integration into CPVC pipes as well for the future?
- Maulik Patel:** No. So we already have a pilot plant for the pipes, but that is for the -- our internal development of the CPVC resin in terms of the quality, and it is for the CPVC compound, what we are manufacturing for our customers for that testing purpose. But

as you understand right, we are building up a pilot plant right now, but that is mainly for the -- to serve our customers in the chlorotoluene derivatives and for the future products as well as for the CPVC also.

So combined, we are building one pilot plant right now in our campus just to support the downstream and the improvement in terms of the quality. And when you launch a product, I think you can do the sampling much more advanced from the pilot plant and you can -- so that is much easier in terms of -- rather you spend on the full-scale plant and then you start sampling to the customers.

So that we understood and we are -- we wanted to reduce that time line going forward in the future, and that's why we are building up one pilot plant. But that's common for all the products. It's not particularly for particular chemistry. The thing which you mentioned about the CPVC, we already have a pilot plant for the pipe, but it is not for the -- we wanted to go in the pipe manufacturing, but just for the internal testing in the parameters and for the compounding facility.

Moderator: The next question is from the line of Maneesh Bhadane from 360 One Capital.

Maneesh Bhadane: Sir, as mentioned in the PPT presentation that there is some temporary pressures from the softer realization on the select products. And also, there is some raw material increase in the cost, so for which product this increase in the raw material and the realization dropped?

Maulik Patel: So it has happened because of the PVC price was going down drastically in last 6 months. And because of the high inventory and low offtake during the monsoon time, we have a higher capacity of PVC in the stock. And that was the major reason in terms of the inventory cost -- high inventory cost.

Maneesh Bhadane: So basically, you are saying that the softer realization has happened only in the CPVC and not for the other products?

Maulik Patel: Other products, yes, it was not a major issue, but in CPVC, it was a big gap in last 4, 5 months' time, in a very short period of time.

Moderator: The next question is from the line of Ashish from Leo Capital.

Ashish: So my first question had to do with -- I wanted to understand the demand-supply dynamics around caustic soda in India. Are there any new capacities that are coming in over the next few years? And if so, how viable -- and how viable are imports into India? Is this a long-term risk?

Maulik Patel: Okay. Yes, Ashish, the caustic soda plant in the current situation, like the Adani and the Reliance is building up a big capacity, including the forward integration of PVC. So the chlorine is completely utilized in the PVC and the caustic will be excess. So going forward, we see the caustic price will come down and the chlorine price will go up going forward once the plant being commissioned.

Because everybody, as I mentioned, the plant is -- they announced big capacity, but they -- gradually they commission the plant because entire such kind of big capacity is difficult to commission at the time. So slowly and gradually, the Indian demand is also increasing.

So we don't see the problem in the chlor-alkali industry, but the dynamics of the caustic and the chlorine might change going forward slowly and gradually, but it will take time. Currently, it is under construction. And I think when it is going to commission is yet to be seen going forward.

Ashish: Okay. And secondly, on the CPVC side, I know you mentioned that post commissioning in Q2 FY '27, possibly, you expect that 1 year of subdued utilization post which you expect utilizations to pick up because of real estate growth. So I wanted to understand the demand dynamics around -- market dynamics around that. So how much is imports currently? How much is demand fulfilled inside India? And how much do you expect this to grow?

Maulik Patel: So India, we analyze normally every year, but the CPVC consumption has also gone up this year also in terms of volume. We'll come to know in the March end, but last quarter is very peak normally for the pipe industry. So we'll come to know in the March. But in terms of volume, there is a growth even in such kind of time where the monsoon is prolonged, then the market has affected quite a bit this year. Still, there is a growth in the CPVC in terms of the volume.

But compared to previous year, there was a slow growth in last year. But we are expecting going forward, as you rightly said, the real estate growth is going to continue. And we see the more growth going forward because the CPVC and the PVC price difference was a little lesser compared to previous time. So we see the more faster growth in coming years in the CPVC industry going forward.

Ashish: Can you quantify this CPVC from the management's perspective because you're expanding capacity there?

Milind Kotecha: So CPVC demand would be somewhere in the range of around 280,000 tonnes. I mean that would be -- we are expecting by end of this year, around 31st March. So every year, we expect that to grow in the range of 10% to 12%. So considering when we have -- when we will be coming with our capacity, maybe next year, we'll end up with around 320,000 tonnes of demand. So considering that, we see that even the supplies that are coming will be eventually absorbed by the demand that is growing.

So maybe 6 months or 1 year can be here and there. But eventually, the growth in the CPVC market because we expect the CPVC demand to reach 5 lakh by FY 2030, '29, '30. So -- and this is just a plumbing application. So -- and that will happen. So eventually, all the supplies that are coming will be absorbed.

But again, 1 year can be -- here and there, it cannot be like a steady growth of 10% to 12%. So this year was that kind of a situation. But we believe that considering demand,

it will be absorbed whatever supply that we are bringing.

- Moderator:** The next question is from the line of Hemkesh Khattar from Green Portfolio.
- Hemkesh Khattar:** My first question is regarding to CPVC, basically on the margin side. So our margins have taken a significant hit like coming down to 17%. So when do you expect the margins to go back to the normal 24%, 25%?
- Milind Kotecha:** See, as we have earlier conveyed in our opening remarks as well, this quarter was impacted because of the high cost of inventory and also the realizations for the product has cooled off. So considering that, we believe that Q3 was impacted in that manner. But Q4 onwards, we believe that the margin will be uptick.
- But again, we believe that it should be in the range of kind of a 21% to 23% or 25% -- 22%, 23% kind of a range. So the things will be better in Q4 onwards, it looks like as of now, considering the prices of PVC going up and also the CPVC prices where it is.
- Hemkesh Khattar:** Okay. And is there an expectation of an increase in revenue also on a Y-o-Y basis?
- Milind Kotecha:** Sorry, Y-o-Y basis? So yes, because see, in FY '26, the volumes were low because the first half was actually muted because of early and prolonged monsoon and also because of subdued demand. So we believe that FY '27, definitely, we will have a good volume growth as well.
- Hemkesh Khattar:** Okay. And in the chlorotoluene segment, basically, the management earlier did mention a sizable revenue expected in FY '27. Could you tell in terms of like percentage, what -- in the overall revenue profile, what percentage of revenue are you expecting to come from that segment?
- Milind Kotecha:** As earlier, we said that we are in the stage of getting approvals and the contracts will get formed from the first half -- I mean, quarter 1 of FY '27, so maybe that would be the right time to convey any number on this rather than committing now.
- Hemkesh Khattar:** Okay. And regarding the margins, so you expect the margins there to also be in the same range of 21% to 23% or a little higher?
- Milind Kotecha:** It should be overall in the range of 20% to 23% kind of thing...
- Moderator:** The next question is from the line of Pujan Shah from Molecule Ventures.
- Pujan Shah:** Am I audible?
- Maulik Patel:** Yes.
- Pujan Shah:** Yes. Sir, my first question pertains to the CPVC and the PVC side. So understanding we have been hearing on the PVC that on the domestic industry, there might be implementation of MIP. Now I just wanted to understand if that happens and the base case scenario would be around \$800 to \$850 per tonne.

So -- and the global level might not be trading at such a high price. I understand the price has been bottoming out, but might the upper end would be sustainable around \$750. So do you feel that we can have some pressure in terms of margins in the CPVC side going forward?

Maulik Patel: So definitely, as you rightly said, that PVC price is going up, so the CPVC will catch up as the increased price of the PVC also going forward. But yes, there was always a lag of increase probably a 1 month or 1.5 months kind of -- it's always in all kind of products. But definitely, it will catch up the price increase of PVC by the CPVC also going forward.

Pujan Shah: Just wanted to understand about right now the situation. We understand this quarter, we have been specifically impacted due to higher inventory of CPVC. But let's suppose the price of the PVC has been in downward trend, and so might be we have refilled the inventory of PVC. So that would be benefit in Q4 for the specific quarter, understanding, let's suppose if PVC increased prices from here on of, let's say, 10% or 15% odd?

Milind Kotecha: See, if you see in Q3, it was impact because we were having a high cost of inventory, whereas the CPVC prices had gone down in line with the PVC prices. Considering current situation and the things enough, I think the Q4 will be better off compared to Q3 in terms of the specific in the CPVC margin case. That is one thing.

Secondly, in considering, as Maulik earlier said, whenever there is an increase in the raw material prices, we are able to pass on in the finished good prices as well. But yes, that can happen with a lag of a quarter.

Now hypothetically, 10% rise, how much it will take, how much time it will take to pass on in the CPVC, that to our estimate generally takes a quarter's time. But I guess any increase in the PVC prices would be able to transfer to the CPVC prices with a lag of a quarter.

Pujan Shah: And so what is the current chlorine utilization percentage as of for Q3?

Milind Kotecha: So as of now, chlorine integration is around 70%, 75%.

Pujan Shah: Okay. So considering -- so ECU, what we have been speaking out is INR29,000, INR30,000. And considering -- so what could be the negative chlorine pricing right now?

Milind Kotecha: So chlorine currently negative is around INR7,000.

Pujan Shah: INR7,000. So basically, if we have that integration in the space, so why we have been suffering in terms of ECU because are we suffering from dumping from China? Or it is the ideal capacity has been built in India that has been impacting the ECU?

Milind Kotecha: I didn't get your question.

Pujan Shah: Yes. So let suppose if ECU is trading at INR30,000 and our integration -- chlorine integration is 75%, so broadly, we have been negative 25% only we have been throwing out at negative INR7,000, right? So ultimately, what I've been trying to understand is why our ECU has been impacted so much, considering the scenario that rupee has been depreciating.

So dumping -- if there would be a dumping ground also, the rupee depreciation might help us. So trading at low ECU or we have been impacted by the lower ECU or what is the case right now in caustic?

Milind Kotecha: It doesn't work that way. First of all, ECU, the formula is very clear in terms of caustic sales minus chlorine prices. So it's not that whether we are integrated, so that's why we should have a better ECU. That's a simple formula irrespective whether we consume in-house or we sell outside. That is one thing.

Secondly, in terms of the import, so import of caustic is not something which is majorly coming in India. In fact, India is a net exporter in terms of caustic. It's just that the currently market was a bit subdued because of which the overall ECU was in that level. And considering the way it was supposed to grow, we believe it will be in the same range. It can go up, it can go down, but we expect that it should be at this level or it might improve from here on.

Pujan Shah: Got it. Got it. And my last question pertains to the CPVC. So what is the current realization of CPVC?

Milind Kotecha: It is somewhere around INR95 to INR100 a kg.

Pujan Shah: So it has been improved somewhere in this quarter...

Milind Kotecha: Yes.

Moderator: The next question is from the line of Shubhanshu from Sharma and Family.

Shubhanshu: Yes. First question is around that labor code implementation. So have we done an adjustment in our income statement this quarter or no? I did not see anything specific, but in the beginning, I think someone mentioned that we have taken, but I don't see any anything very big in the income statement. So are we not getting a very big hit or we will take it around?

Rakesh Agrawal: We have already booked it and the amount is very small.

Shubhanshu: Okay. It's small. Okay. Cool. Good to know. So CPVC, I think you mentioned it is around INR95 to INR100 per kg. This is roughly a little bit lower than last quarter?

Milind Kotecha: Yes.

Shubhanshu: Okay. And what would be the realization for ECH right now?

- Milind Kotecha:** Sorry, what realization of what?
- Shubhanshu:** ECH, epichlorohydrin.
- Milind Kotecha:** ECH, okay, ECH realization relation is ranging around 165 to 170.
- Shubhanshu:** 160 to 170 per kg. And what would be the utilization of these ECH and PVC, respectively? I believe last quarter, maybe it was around 50%, if I'm remembering correctly?
- Milind Kotecha:** So it has improved compared to last quarter, but it will be difficult to give you the exact utilization levels of each product.
- Shubhanshu:** Okay. So it is 50% plus now.
- Milind Kotecha:** Yes, yes, definitely.
- Shubhanshu:** And what about right now going into January, February, it's on the uptrend now, considering you mentioned that there's a demand volume also coming?
- Milind Kotecha:** So we believe that in terms of the volumes, Q4 should be doing better. So definitely, we see uptick in the demand from here on.
- Shubhanshu:** Okay. And about that, the glycerin pricing going up, is most of the ECH glycerin based or the other route is also significant, so like how is the dynamics played out there?
- Maulik Patel:** So in except the very old facility, normally, all new plants are coming with the glycerin base only. The propylene base is only on the western world and some portion is in Korea. Otherwise, most of the plants are glycerin base now. Nobody is putting up a new capacity based on the propylene because it is not feasible in terms of capex compared to glycerin-based ECH. So in Asia, almost the pricing, which is coming from -- it is based out of glycerin only.
- Shubhanshu:** Okay. And if glycerin prices go up, then it's reasonable to expect that ECH will also go up, right? You mentioned lag of a quarter or something.
- Maulik Patel:** Yes, yes, yes. Absolutely.
- Shubhanshu:** Okay. Sure. And about the new chemistry, I think like can you tell which -- will it be like by the end of this financial or like by when will you be announcing it?
- Milind Kotecha:** So as I said earlier, we are in the advanced stage of finalizing things. So once that is done, we will announce. So we are expecting to announce maybe in a couple of months.
- Shubhanshu:** Okay. So hopefully, by the end of this financial year?
- Milind Kotecha:** Yes, we expect that.
- Moderator:** Ladies and gentlemen, we'll take this as the last question for today. I now hand the

conference over to the management for closing comments.

Rakesh Agrawal: In conclusion, I would like to convey that we are moving in line with our strategy through our expansion plans and diversification in terms of multiproduct catering various industries. We are targeting consistent growth. I would like to thank you all for joining us here today. Please feel free to reach out our HR if there are still any unanswered questions. Thank you, everyone, for your participation. Thank you.

Moderator: Thank you very much. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.