



“Epigral Limited
Q4 FY26 Conference Call”

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

MODERATOR: **MR. HARSH SHAH – EMKAY GLOBAL FINANCIAL
SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Epigral Limited Q4 FY26 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 this 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. Harsh Shah from Emkay Global Financial Services Limited. Thank you and over to you, sir.

Harsh Shah: Thank you. Good afternoon, everyone. Thank you for joining us on Epigral Limited's Q4 FY26 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 and Strategy.

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

Milind Kotecha: Thank you, Harsh. Good evening, everyone, and welcome to the call to discuss Epigral's quarter 4 and FY26 performance. I believe you had an opportunity to view the earnings presentation that was released earlier today. If we let's talk about the chemical industry in the last quarter, then quarter 4 was a volatile and a critical quarter. On the positive side, we saw relief for Indian exporters as the US reduced reciprocal tariffs and China removed its VAT export rebates on few of the chemicals.

However, on the escalation in the West Asia, this disrupted the global supply chains and tightened the availability of key raw materials. This created a mixed impact, while some chemical segments faced higher cost and deferred demand, whereas others saw a pricing movement, benefit from the pricing movement. With ceasefire efforts underway, the market is beginning to stabilize.

That said, we estimate that even as the conflict ends, it will take time to repair facilities and normalize shipping lines, hence pricing movement should be gradual. However, we are positive on the demand growth of India.

Now let us discuss on the performance of the company. In quarter 4 FY26, we achieved highest ever revenue of INR736 crores, driven by volume growth of 15% quarter-on-quarter and 14% Y-o-Y. We had seen demand pickup from mid of November and that was continued in the quarter 4 as well, and also major maintenance work was over in quarter 3 FY26, and hence caustic soda plant was also running at optimum level.

Leading to our EBITDA margin has been normalized range of 23% on account of better sweating of the plants and also normalized level of raw material prices. While the West Asia conflict has driven up raw material prices and as well as finished good prices, the impact remained minimal in quarter 4. We expect this inflationary pressures to be reflected in the

coming quarters.

However, our diversified product portfolio provides resilience. We estimate while certain segments may face headwinds, others are positioned to offset this impact and sustain overall growth trajectory. Our capacity expansion projects of Epichlorohydrin and CPVC are progressing on track and within budget.

With demand for both the products projected to maintain double-digit CAGR growth over coming years, our enhanced infrastructure is perfectly positioned to capture the India's growing market and hence drive significant top and bottom line growth for the company.

With completion of the above capex, we would have already created a level of infrastructure for sizeable growth from here on, and simultaneously we are working on new projects as well, so we can have a consistent year-over-year momentum. Our team is optimizing current projects to drive steady growth and deeper integration, while deploying capital with discipline to create value for our stakeholders.

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

Rakesh Agrawal:

Thank you, Milind. Let me take you through Q4 numbers. In Q4, we witnessed volume growth of 15% compared to previous quarter, resulting in overall plant utilization above 80%. This resulted in a highest ever revenue of INR736 crores, a growth of 22% compared to previous quarter. Revenue contribution from derivatives and specialty business stood at 54% compared to 52% in previous quarter.

EBITDA increased by 64% to INR169 crores compared to INR103 crores in the previous quarter. EBITDA margin improved to 23% on account of normalized level of raw material cost and improved in overall utilization of plant. PAT stood at INR82 crores versus INR35 crores in previous quarter. PAT margin stood at 11%.

Now if we discuss full year, full year revenue dropped marginally by 1% to INR2,542 crores on account of drop in volume of around 4% in the year. EBITDA stood at INR567 crores compared to INR711 crores in the previous year. EBITDA margin for full year stood at 22%.

PAT stood at INR330 crores, which includes one-time benefit of INR81 crores on account of reduction in deferred tax liability. So if we exclude that, then our PAT will be INR252 crores compared to INR357 crores in the previous year. ROCE stood at 16%.

If we exclude capital work in progress of INR451 crores, then our ROCE stood at 17%. Net debt to EBITDA stood at 0.9 as on 31st March '26 compared to 0.7 in the previous year. Our net debt stood at INR508 crores versus INR489 crores in the previous year. During the year, we spent around INR394 crores on the ongoing capex and we have generated around INR436 crores from the operations. With this, we can now open the floor for questions.

Moderator:

The first question comes from the line of Priyank Chedda from Vallum Capital. Please go ahead.

Priyank Chedda: First question on what was the realized ECU for the quarter for which we have achieved this performance on the caustic soda, and what's the current trending ECU? And we made a comment that you think that the supply chains will remain disrupted for long.

So what does it mean for the caustic soda players like us, what can be the elongated ECU that we should think of it, along with if you can touch upon the prices of other derivatives where we are involved? How has they moved and how are they moving in the current quarter? That's first question.

Milind Kotecha: So see, current quarter, quarter 4 we have ended with the ECU of around INR30,000 and that has been there. And currently the ECU because of the war situation had gone up, like caustic soda prices have increased by almost 30% to 35% compared to what it was before war. Then but because of the bit cool down as well, the price has also come down.

So current ECU would be ranging somewhere around INR37,000 kind of thing. And considering the war situation, what we witness is that the whole cycle of the chemical segment starting from crude to chemical has been upset, even the shipping line has been upset. And also on the shipping line, things are not moving smoothly. And also the war which is going on, there is no clarity whether how things will be moving smoothly.

So considering the situations, the stabilize as well, like if there is a pause in the current situation, then also it will take at least four to five months of time for things to stabilize for the realizations of all the products to come down. So that's what we are expecting. And again, in the other derivatives as well, we see the prices have gone up in line with the raw material prices.

And again, depends on how the things shape up in the war situation, that will ultimately translate this. But again, considering how generally things, I mean, even if it ends, it will take time to stabilize and it's not going to happen in a -- immediate basis.

Priyank Chedda: Got it. So if I have to just reflect back on past nine months' performance and this quarter has been significantly way better than the past nine months. If you can just summarize what has been the key problems that we faced in last nine months. How are we shaping up as this quarter goes by in terms of say utilizations of caustic soda, we went down to a level which did not make unit economics.

And now when the utilizations have picked up, what is the current utilizations for each of the product as well as if you can just briefly touch upon what went wrong in -- or say, maybe what were the headwinds in last nine months. And what are the current tailwinds that we are witnessing in this going quarter?

Milind Kotecha: So see, Priyank, if we look at like the full year performance of the company, the first half of the company we were down in terms of volume because of the two things. One, we were having a major maintenance that generally happens once in a 8 year, so that maintenance was over from October onwards.

And also because of the prolonged monsoon plus there was too much volatility into the PVC,

which is raw material for CPVC, the demand was bit impacted. But again, once the monsoon ended in October, we saw a demand pickup from mid of November in CPVC as well.

And also on the caustic soda side, the major maintenance was done, so the plant that we were running at 67%, 70% utilization levels, after the November has been running in the range of 78% to 80%, 83%, 85% utilization levels.

So that's where you can say Quarter 4, I mean, even from mid of November, we were running at optimum for both, I mean, the whole plant put together. And even the Quarter 4 has been the optimum in terms of all the plant capacity utilizations.

So currently, things are on the optimum side and we expect FY '27 to be on a better side and we will have a volume growth. So that's what we are expecting for FY '27.

Priyank Chedda: Okay, so the Quarter 4 becomes a new normal as things were to do with respect to internal to Epigral?

Milind Kotecha: Yes, you can say it that way, Priyank, but see the thing is war is still there and definitely it impacts in some or the other way. It's our product basket mix where we have set of chemicals in both the segments and that's where we are more resilient even in this situation.

So definitely it looks good, but if the war does not escalate and it does not impact too much into the key raw materials, then we are confident, but again we will have to factor in the not too much, I mean, we will have to factor in the war impact as well. So that is something which is not very clear to anyone.

Priyank Chedda: One last question on the unit economics again. Given the energy cost is one of the key raw material for say caustic soda players, say around 50% to 55%, and that energy estimation leads to a caustic soda prices going up. When it comes to Epigral energy and for industry, can you throw upon a comparable with respect to how much would be the green or renewable energy share within our energy source and how are we insulated versus a global escalation in their energy mix versus Indian industry players?

Milind Kotecha: See, in that way, energy cost has also gone up because of the war. So that has also gone up in the range of around 15%. But again, in caustic soda, if you see, it's also the supply chain which is bit impacted globally because of the crude impact where the ethylene is not available and the PVC plants are running at lower utilizations and that's where it impacts the caustic soda production as well.

So it's a combination of things which is driving the prices. So that is not just one thing. And in terms of like what we see in terms of caustic soda, as I said, the war is still there or the issues are still there, so it will take time for us for it to stabilize. And in terms of like wind-solar energy in our total power consumption, it is currently somewhere around 8% to 9% for Epigral.

And as we are further expanding into the further addition of wind-solar of around 19.50 megawatts, so once that commissions and reaches at optimum level, then around 15% of our

power requirement will be coming from the wind-solar hybrid power plant.

Priyank Chedda: And what would be this number for say the industry, Indian industry caustic soda players?

Milind Kotecha: I would not have that number on hand, but that scheme, this is a scheme very good scheme from the government of Gujarat and many other states have implied. So I guess every company is trying to take a benefit of it. So right now it will be on a lower side, but I'm sure that down the line the usage of this will definitely increase.

Priyank Chedda: Anything lastly on FY '27 as we start, what would be your broader guidance in terms of volume growth aspirations and we are looking ahead for a capacity additions also in the following 6 months. What can be a peak EBITDA North Star target that we can think of it as per the prices that are prevailing? Any thoughts on this?

Milind Kotecha: See, I would avoid giving any number, but in terms of volume growth, we are targeting around 10% to 12% of volume growth from here on. And definitely considering the growth expectations from the various products that we are into, barring the war does not impact too much, we are confident to grow with the volume growth of 10% to 12%.

And so that is what I can guide, I mean, I won't be able to guide much better than that. But yes, on that basis, definitely FY '27 looks much better than FY '26 based on that, because the volume growth that 10% will be from the capacities of like of a higher value products compared to what we were into, so that will drive the value growth as well.

Priyank Chedda: And may I add one more element on this, just on the chlorine consumption, what would be the internal chlorine consumption that would reach as a percentage after the -- what is the current mix and what would this reach after the expansion?

Milind Kotecha: Current chlorine captive consumption is around 75%. And as we are commissioning our ECH and CPVC capacity in the Quarter 2 of FY '27, and it will run at a lower utilizations initially because it will take time to ramp up that facility. So maybe in FY '28, once we kind of reach to the optimum utilization levels, at that point of time, we expect this 75% chlorine captive consumption to reach around 90% to 95% captive consumption.

Priyank Chedda: Wonderful, all the best. Thank you for all the answers.

Milind Kotecha: Thank you, Priyank.

Moderator: Thank you. The next question comes from the line of Nipun Sharma from VLS Finance. Please go ahead.

Nipun Sharma: Good evening, everyone. Can you please confirm if my audio is clear on your end?

Milind Kotecha: Yes, it is clear.

Nipun Sharma: Okay, so congratulations on a good revenue growth for this quarter. My first question being on the CPVC facilities that I believe it has been commissioned in March 2026, I believe so. So

what are your plans for the CPVC products, I mean, what would be your target customers, what would be your target market, and if you are planning to, you know, have a brownfield capacity expansion for the same existing facility, as well as the competitive landscape? So would you please comment on that?

Milind Kotecha: You're talking about the CPVC or Chlorotoluene?

Nipun Sharma: Chlorotoluene.

Milind Kotecha: Yes, so Chlorotoluene we commissioned in March 2025. And you can say we have passed through, I mean, in terms of the process of getting approvals and testings from the from the customer side. And that's where the capacity or you can say the revenue increasing on a month-on-month basis.

And so that's where we are targeting for. So FY '27 will see a sizeable contribution from the Chlorotoluene. And further as we go in FY '28, we should be able to reach optimum utilization levels. This majorly goes into the agrochemical and pharmaceutical segments.

So basically the companies who are into specialty chemicals in making the final product for the agrochemicals, we sell to them. So it has been, you can say, we have passed through the approval process and all the testing process. So now it's the time to ramp up in terms of because here the volume will increase steadily, it's not going to increase in one chunk.

So that's what we have witnessed already in the Quarter 4 and we expect that to happen in the Quarter 1 as well, Quarter 1, I mean, from Quarter 1 as well. So FY '27 should be contributing a sizeable number. Maybe once the 1 or 2 quarter goes, we might be able to give you a number of that once we have that sizeable number into the P&L.

Nipun Sharma: Okay, sure. And what would be the optimum capacity utilization for the Chlorotoluene facility?

Milind Kotecha: So optimum would be in the range of 70% to 75% utilization level, which we expect to reach in FY '28.

Nipun Sharma: Okay. And my next question being for as I have seen in your FY '26 revenue growth, it was it was a little bit of a degrowth because of a 4% sales volume degrowth in FY '26, I believe. And I think it is majorly on account of first half of FY '26 due to some factors including the unfavorable monsoon conditions which impacted the sales of ECH as well as CPVC.

So could you think so that if such unfavorable monsoon condition happens in the future, so how would you mitigate such risk? Because it is also known that 2026 is going to be a major year for El Nino as well as or even if the unfavorable monsoon condition repeats in any upcoming years like it did last year. So how would you mitigate such risk?

Milind Kotecha: See, what you said is true for the last year, but it was not just because of the monsoon. There were many things in last year which were impacting the raw material prices, which were impact which were ultimately impacting the final, I mean, the finished good prices as well.

So you were seeing that last year there were anti-dumping duty and BIS were expected in the PVC. So because of that, there were volatility in the prices. Plus prices of the PVC was also dropping, which were impacting the CPVC prices. And also the real estate market was bit subdued, I mean, post the election of 2024. So all these things have now end because there is a clarity on the ADD, there is clarity on BIS, monsoon has ended, and also the real estate market has bit picked up after that.

So it's not just one particular thing. And generally also, Q1 and Q2 will be a quarter where it's a monsoon, so demand for that product will be lesser compared to what it will be in Q3 and Q4. So but considering just one factor, it will not impact to an extent what we saw in FY26. So that's where we are confident that FY27 should be better than FY26 in terms of the volume.

Nipun Sharma: Okay, okay. And one question being that could you please provide the average price realizations for your products for Hydrogen Peroxide, CPVC, and ECH as compared to last quarter, I mean, the third quarter of FY26?

Milind Kotecha: It's difficult to give all the numbers together, maybe we can take this offline.

Nipun Sharma: Okay, sure, sure. Thank you for answering my questions and best of luck for your future endeavours.

Milind Kotecha: Thank you.

Moderator: The next question comes from the line of Kiran Naik from Mody Fincap. Please go ahead.

Kiran Naik: Thank you for giving me an opportunity. Sir, can we expect revenue for '27, 5% better than '26?

Milind Kotecha: Sorry, FY27?

Kiran Naik: '27 revenue growth 5% better than '26 revenue growth?

Milind Kotecha: Can you tell me what is 5% I mean I didn't get it.

Kiran Naik: '27 would have better revenue growth than '26?

Milind Kotecha: See, FY26, FY27 because see the FY26 year put together our chlor-alkali production was impacted, even the CPVC was impacted because of the muted season. So that's where we see that revenue, I mean, the volume growth will come in FY27 based on the FY26 and that's where we are expecting the growth to add to the value growth as well.

Kiran Naik: And EBITDA margin also same level for '27?

Milind Kotecha: I would defer giving any guidance on the EBITDA margins. But what we have achieved so far, we would be maintaining in that range.

Kiran Naik: Okay. Thank you, sir.

- Moderator:** Thank you. The next question comes from the line of Rakesh Nair, an Individual Investor. Please go ahead.
- Rakesh Nair:** Yes, hi, this is Rakesh.
- Moderator:** I'm sorry to interrupt Rakesh, you're not quite audible. Could you be a little louder, please?
- Rakesh Nair:** Hi, hi, is it audible?
- Milind Kotecha:** Yes, yes, Rakesh.
- Rakesh Nair:** Yes, congratulations for the good set of numbers. And my question is like can we expect further growth in next quarter and coming quarters and what is the impact of this US-Israel-Iran war on our company revenues in future?
- Milind Kotecha:** See, the war situation is there and because of that there is an escalation in raw material prices as well as finished good prices. So that's where we are so that's where we think even on that basis we will have a bit of a volume growth in FY27 unless the war escalates too much and it disrupts the market all together in terms of demand.
- So otherwise if we does not consider that situation, then we can expect a volume growth in the range of 10% to 12% in FY27 and that will eventually drive the value growth. And it's always better to to see things on a year put together basis rather than seeing quarter on quarter.
- Because one particular quarter or two quarters there might be an off-season for few products and there might be an up-season for another products. So it's always better to look at year as a put together rather than looking quarter on quarter.
- Rakesh Nair:** Okay, and how what is the trend of CPVC prices in upcoming months?
- Milind Kotecha:** So CPVC prices had gone up in line with the PVC prices. So again considering current situation how things are, it will go in line with it the CPVC prices will go along with the PVC prices. Again there also it's too much volatility in the PVC prices. So it's difficult to give any specific number as of now.
- Rakesh Nair:** Okay, okay. Thank you, thank you very much for your answer.
- Moderator:** Thank you. The next question comes from the line of Resham Jain from VVD Asset Managers. Please go ahead.
- Resham Jain:** Yes, hi, congratulations on good set of numbers. So I have a couple of questions. So the first one is with respect to the overall profitability in this quarter. So what I've understood is that there has been a good price increase in the month of March and is there inventory gains also sitting in this quarter's profit given that you might already have inventory and prices have gone post that, versus the current spreads which you might be enjoying?
- Milind Kotecha:** Yes, so thank you, Resham. So what you said is true, but again see the prices had started

escalating over a period of time once the war was announced and then the things started going up. But if you see on a Quarter 4 basis, then in one or two products and that too might be for last five or ten days we would have got the benefit of a higher price because for every product you have some set of I mean the contract or you can say order placed at the starting of the month.

So if you actually put together I mean feel the marginal benefit, Quarter 4 has not received any much of the benefit in terms of escalation of the prices because this was announced around 28th Feb or starting of the March where it's you I mean one would have already booked the orders for that month.

So barring some sort of the very spot or like one week ahead of others, it's not impacting. So that's why you see the ECU of caustic soda has been around INR30,000 and all other products also it's marginally here and there, nothing major movement. So whatever Quarter 4 numbers have been, it's not majorly because of the escalation prices of the war.

Escalation in the price of the war will be reflected in the Quarter 1. So again because of the product basket that we are into where 60% of our product basket is something which goes into the basic things and where the demand is still intact even at elevated prices, so we are better off compared to the situation that and again there is a 40% of our product basket where the elevated prices bit of a restricting the demand.

So there the volume will be bit lower. So the balance so because of this product basket or you can say the mix of products that we have, we are more better off compared to being into the product basket where the demand directly gets impacted when the prices goes up. So to put it short, the price increase because of war will be majorly reflected in Q1 and not in Q4.

And considering current spreads also, it is almost normalized situation because, because of the volatility, any increase in the raw material prices is passed on to the raw I mean finished good prices and because and also we are also going cautious in terms of wherever the order is has to be placed. So that way we are being cautious and not hurrying too much in terms of where we would land up in a inventory loss kind of thing.

Resham Jain: Understood, understood, clear. And the second part is the overall volume, are you seeing any - as you right mentioned just now also, but overall volume how you are seeing from the Indian market as well as on the export side?

Milind Kotecha: See, company put together we hardly have around 4% to 5% of exports and that too it's to the Europe. So again on the domestic side, as I said, there are set of chemicals where the demand is intact even at the elevated prices because it goes almost into everything.

There are set of products where the volumes will be low because the inventory cost has gone up that has pushed the finished good prices. So that's where even everyone is cautious, including us and even our customers are cautious. So that's where you can say there'll be kind of a -- April was bit of a quarter where there was a volume bit low compared to what it was in a normal case.

Otherwise as the things have better off compared to what it was at the starting of the April, we

see the growth is picking up from the from the May onwards. But again as the time goes it will be better because time is too uncertain to confirm on anything in terms of how things will be going.

Resham Jain: Understood. One final one is with respect to Chlorotoluene, what is the current utilization level and given that this product is imported largely because of rupee-dollar and all, are you seeing any positive traction in Chlorotoluene?

Milind Kotecha: So Chlorotoluene as I conveyed earlier in the con call, that -- this year full put together has been an year where almost you can say seven to eight months has been gone in terms of getting approvals and testing with the customers.

Now we see the volume pickup in terms of the -- from the customers, but again here the demand pickup will be gradual. So if we look at FY26, the volume has been volume has been almost lower to give any number. So I guess FY27 will be a year where we will have a sizeable contribution and the plant should be somewhere around 40%.

But again it will be difficult to give an absolute utilization level as of now because it was very minuscule. Maybe once we cross half of this FY27, it will be better to give some sort of good number or the sizeable number. And in terms of...

Resham Jain: Yes, sorry.

Milind Kotecha: Resham, your second question I missed it.

Resham Jain: Yes, yes, no, I was asking about the demand conditions given that rupee-dollar and all import substitution it could have been better off right last six months and on the traction side for Chlorotoluene.

Milind Kotecha: Yes, definitely. In traction, see basically Chlorotoluene is something which majorly goes into the agrochemical and the pharmaceutical segment. So we were seeing kind of a bit uptick from the January in terms of the orders it was increasing.

But current uncertainty which is there because of the war situation that has impacted bit in terms of volume. So it's not a normal month which we were already witnessing in January, February and March. But again as things are cooling it off, at least for the time being, that we expect the volume growth to happen from the May onwards again.

Resham Jain: Okay, perfect. Thank you and all the best.

Milind Kotecha: Thank you.

Moderator: Thank you. The next question comes from the line of Shubhanshu from Sharma & Family. Please go ahead.

Shubhanshu: Yes, so my first question will be around the new chemistry, has this been delayed indefinitely now?

- Milind Kotecha:** Sorry, I didn't get you.
- Shubhanshu:** There was supposed to be a new green chemistry being planned, right? Is this now delayed indefinitely or what is the state? Haven't heard anything on this.
- Milind Kotecha:** So you are asking about the expansions that we are planning, right?
- Shubhanshu:** No, you were mentioning a new green chemistry you were planning into, right? I think we have been talking it about in some quarters. It was supposed to happen in last financial year, but there hasn't been any announcement till now.
- Milind Kotecha:** So see, not any green chemistry. In capex what we are doing is we are already doubling our capacity of CPVC and ECH. So that is expected to get commissioned in the Quarter 2 of FY27. And we are working on the new chemistry for further expansion. So that is under process with the management and once it is freezed, we will be announcing that, maybe in a couple of months.
- Shubhanshu:** Okay, because this I think has been under discussion for quite some time, the new chemistry that you're planning, and we haven't heard about it. It has been more than a year. So like why is it taking so long?
- Milind Kotecha:** There is no green chemistry as such we are talking about.
- Shubhanshu:** Greenfield, sorry, okay, greenfield. I think there's a confusion. You were planning a new greenfield project, correct?
- Milind Kotecha:** Understood, understood. So you are talking about the new land that we are planning for in terms of the capex. So yes, that is still under evaluation because earlier we were targeting around. I mean we were evaluating many projects.
- Out of that we have selected few, I mean one of them, and then we are further doing due diligence on that. And so once that is done, we will definitely announce. But it is going to take time because it's a big project, so we are not going to be in a hurry to just to announce it for the sake of it.
- Shubhanshu:** Okay, so when can we expect it? Is it will it be announced this year, next year, or no we cannot comment on it?
- Milind Kotecha:** So this will be announced this year only because see we are always if you look our history as well, we have always done a capex and once that capex is almost on the verge of completion, we announce the next one.
- So we go step by step in a gradual way in terms of announcing and completion the projects. So we are on that stage. So definitely I'm sure that we will be freezing on something and announcing this year so that we can have a consistent growth beyond FY29, FY30 onwards.
- Shubhanshu:** Sure. On the CPVC and ECH capacity, so once it is commissioned, how will the ramp-up look like? Like what can be the expected utilization levels by let's say the end of this FY Q427?

- Milind Kotecha:** So once we commission in Q2, so the ramp-up will be gradual. It will start maybe around 15%, 20% and then gradually every quarter that capacity utilization should go up. And maybe in FY28, we should be able to reach at optimum utilization levels.
- Shubhanshu:** So when you say optimum, what is that number around? 80% or no?
- Milind Kotecha:** Yes, so for like CPVC it will be around 75% and for ECH it will be around 80%.
- Shubhanshu:** Okay. And I think you mentioned that for Quarter 4 '26, this quarter, both CPVC and ECH were running at optimum capacity. So were they running at this much only, 75% to 80%?
- Milind Kotecha:** Yes, it will be somewhere around optimum level, so around 65%, 70% and 80% kind of things.
- Shubhanshu:** Okay, that's nice to hear. I think last quarter it was 50% and it has gone up quite a bit. What was the realization for ECH this this last quarter, Q4?
- Milind Kotecha:** So, realization for ECH has also increased compared to what it was in Q3, but marginally, not like too much.
- Shubhanshu:** Okay. And I think I'm hearing chloromethanes had had gone quite a bit up. Is that true or specifically I think chloroform I've been hearing a lot?
- Milind Kotecha:** So that was in line with all the products. Every product has gone up. It's not just one particular chloromethanes every product relation has gone up in line with the raw material prices. But that will be majorly visible in Quarter 1 and not in Quarter 4.
- Shubhanshu:** So, I've been hearing like 50 % there's been hike, is that the correct range, or no?
- Milind Kotecha:** Yes, it would be around that.
- Shubhanshu:** Okay. So, chloromethanes is like one is this the highest product line that has gone or is there something else also where there is like say price inflation? Or is this the highest one?
- Milind Kotecha:** Every product has seen an increase in pricing in line with the raw material prices. So, it's not one specific product which has gone up. Every product the price has gone up in line with the raw material prices.
- Shubhanshu:** So, I'm just trying to gauge certain let's say percentage jump like say top line number we might expect. What could it be like? 20%, 15% or how is that average number looking out for us?
- Milind Kotecha:** See, as I said earlier, we can expect a volume growth of around 10 % in the FY27. Now in terms of value growth, it will be difficult to give you any kind of specific guidance. We would avoid that.
- Shubhanshu:** What about for this quarter, Q1? Right, you already have some idea on the current prices. Will that be a fair assumption 15% to 20% top line growth for Q1 FY27?

- Milind Kotecha:** See, Shubhanshu, as I said earlier, we would avoid giving any guidance in terms of giving numbers on quarter on quarter or even on the year-on-year basis.
- Shubhanshu:** Sure. Yes, I have one question on chlorine consumption. I think you mentioned that internal consumption which will reach 95%, 20% by FY28 when you know all things are running at optimal capacity. So, is it entirely internal consumption with respect to Epigral? Or when you say 95% consumption?
- Milind Kotecha:** No, that is a combination of internal as well as the pipeline customers.
- Shubhanshu:** Okay. So, will we expand the caustic soda capacity to have more chlorine at in future or that will not be needed?
- Milind Kotecha:** As of now, we have not that in plan. And if required, we might, but as of now we don't have that in plan to increase the capacity.
- Shubhanshu:** Okay, got it. And I think one last question on the interest cost that I see. In one of the previous calls, we were guided I think for INR45 crores, INR50 crores for the entire year. There it is significantly higher at INR72 crores?
- What might be the reason for the entire year that it's considerably higher? Also, I think the debt was repaid a little bit, so should have been a little bit lower. So, like what's the main reason behind it?
- Milind Kotecha:** So, it was majorly because of one of the loan that where we had we had a mark-to-market impact. So, it's just a mark-to-market impact which has been there in the interest cost put together. Otherwise, what you said is true, the debt has gone down, so in line with that the interest cost will be low, but it's just mark-to-market impact because of the loan that we had taken where we have a foreign exchange derivative.
- Shubhanshu:** Okay. Can you expand a little bit on that? We how are we exposed to it? Like I want to understand in which other micro environments will this interest cost go up in future? Is it because of the INR depreciation or why is that happening?
- Milind Kotecha:** No, it's an INR depreciation. So, our currency, if you look at since last one and a half, two years' time, it has depreciation depreciated more than the generally what it happens in the history. Historically it has depreciated by around 3% or 2%. But since last one and a half year because of many global reasons, it has depreciated more. So that is the reason because of which we have to take mark-to-market impact.
- Shubhanshu:** So, we have borrowings in in foreign currency, that is why it is happening? That's the primary reason?
- Milind Kotecha:** Yes, it's an instrument where it is the derivative swap has been done in terms of foreign exchange. So that's why it has been there. So, it's a mark-to-market as of now.

Shubhanshu: So, anything will we do it can anything be done to prevent this from happening in future or this can again happen in in future if INR depreciates similarly?

Milind Kotecha: See, we are doing our finance team definitely takes care of it and they are looking avenues to mitigate that. So, we are working on that and we will be finding a solution for that. But again, it's not something major, it's a mark-to-market impact and even if the currency depreciates from here like in the range of 2% to 3%, then it's not going to impact too much.

Shubhanshu: Yes, I just wanted to understand like when these environments happen like this year it depreciated more, I just wanted to gauge some idea that there will be an impact on the finance cost?

But what you're saying that this should not be happening at this level in future, right? Because we consider by 10% but we are seeing a 35% increase in our finance cost. So, we might want to look in into it?

Milind Kotecha: Yes, so we have considered when we take such products, we have evaluated based on that where we can reduce the cost of finance. But again, the too much volatility in the currency no one had expected. But we understand that and definitely will take care of that.

Shubhanshu: Sure, that's all from my side.

Milind Kotecha: Sorry.

Shubhanshu: Yes, that was my last question. Thank you.

Milind Kotecha: Thank you.

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 the closing remarks.

Rakesh Agrawal: So, in the conclusion, I would like to convey that we are moving in line with our strategy and our expansion plans and diversification in terms of multi-product catering various industries. We are targeting consistent growth.

So, I would like to thank you all for joining us here today. Please feel free to reach our IR if there are any unanswered questions. Thank you everyone for participation.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Emkay Global Financial Services Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.