08.05.2025

To,

National Stock Exchange of India Limited
"Exchange Plaza",
Bandra-Kurla Complex,
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 Monday, 5th May, 2025 for Q4 & FY 2025 – Results

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Transcript of Conference Call held on Monday, 5th May, 2025 for Q4 & FY 2025 – Results.

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

This is for information and records.

Thanking you,

Yours faithfully,
For Epigral Limited
(formerly known as 'Meghmani Finechem Limited')

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“Epigral Limited Q4 FY-25 Earnings Conference Call”

May 05, 2025

MANAGEMENT:	**MR. MAULIK PATEL - CHAIRMAN AND MANAGING DIRECTOR, EPIGRAL LIMITED** **MR. KAUSHAL SOPARKAR - EXECUTIVE DIRECTOR, EPIGRAL LIMITED** **MR. SANJAY JAIN - CHIEF FINANCIAL OFFICER, EPIGRAL LIMITED** **MR. MILIND KOTECHA - INVESTOR RELATIONS, EPIGRAL LIMITED**
MODERATOR:	**MR. MEET VORA – EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day, and welcome to Epigral Limited Q4 and FY'25 Earnings Conference Call, hosted by Emkay Global Financial Services Limited.

As a reminder, all participant lines will be in 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 phone. Please note that this conference is being recorded.

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

Meet Vora: Thank you. Good evening, everyone. Thank you for joining us on Epigral Limited's Q4 and FY '25 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. Sanjay Jain – 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.

Management: Thank you Meet. I am just filling in for MD, he just had to step out for urgent stuff, he will be coming in, I am just filling in. Good afternoon everyone and welcome to the call to discuss Epigral's Q4 FY'25 performance.

I believe you had an opportunity to view the earnings presentation that was released earlier this day. Overall, the chemical industry is witnessing some sort of a growth in a few selected products portfolio and a few products baskets, the growth is still at a slower pace. So chemical industry movement is product specific and region specific in terms of growth. In the case of Epigral specifically, we have ended FY'25 with the highest ever revenue of Rs.2565 crores, and also the highest ever sales volumes. The PAT of Rs.357 crores is also the highest ever.

We witnessed growth of 33% in revenue and 82% growth in PAT. This is majorly on account of contribution from Derivatives & Specialty business for which in the recent past we have done substantial CAPEX and commissioned the plants.

This year, we have witnessed volume growth at 11% which led us to have a sales growth of 33% on account of contribution from higher value products. Our strategy to diversify into downstream and our selection of high value products are yielding fruits and creating value for our stakeholders.

We ended the year with a revenue contribution from Derivatives & Specialty business of 54% compared to 45% the previous year. We commissioned our chlorotoluene value chain facility in March 2025 and we expect to reach optimal utilization of the plant by the end of this financial year. Once we reach optimal utilization, and also as our expansion announcement of doubling capacity of CPVC resin and Epichlorohydrin facility will also reach optimum by that time, we expect the revenue contribution from Derivatives & Specialty business to reach around 70%.

In FY'25 our captive chlorine consumption was around 72%, this is in-line with our expansions. Our captive chlorine consumption will also increase and will be optimum, strengthening our integrated complex further.

We are geared up completely, we have strengthened our balance sheet and our position to grow further by focusing on import substitute product, further diversifying and increasing Derivatives & Specialty business and strengthening our integrated complex. We believe that our strategy will help us to have consistent growth and will create value for our stakeholders.

I now hand over the call to Mr. Sanjay Jain – the CFO, who will take you through the financials. Thank you.

Sanjay Jain: Thank you, sir.

Let me take you through the quarterly number first:

On a year-on-year basis the sales volume is almost at the same level. However, for Derivatives & Specialty business the sales volume grew by 12%.

Revenue for Quarter 4, FY'25 increased by 20% to Rs.631 crore, against Rs.526 crore in Quarter 4 FY'24, this is backed by the volume growth from Derivatives products and increase in realization. EBITDA grew by 12% to Rs.173 crore against Rs.155 crore in Q4 FY'24, this is partly on account of increase in the volume contribution and contribution from value added product and partial on account of improvement in realization of certain products. PAT increased by 13% to Rs.87 crore in Q4 FY'25 against Rs.77 crore in Q4 FY'24, the margin stood at 14%.

For financial, for year as a whole FY'25 we ended the year with highest ever revenue of Rs.2565 crore. We witnessed growth of 33% compared to FY'24. Derivatives & Specialty business contributed 54% of the revenue in FY 2025 compared to 45% in last year.

The capacity utilization of the plant for FY2025 stood at 81% against 78% in last year. EBITDA grew by 48% to Rs.711 crores, leading to EBITDA margin of 28% compared to 25% in FY 2024. The PAT jumped by 82% to Rs.357 crore, compared to Rs.196 crore as on FY 2024, with overall improvement in earning of the company, thus the return on capital employed improved to 25% for the year ending 31st March, 2025 compared to 17% as on 31st

March 2024. This is including the capital work-in-progress. If we exclude capital work-in-progress, the ROCE stands at 28%.

Our net debt-to-EBITDA has remarkably improved to 0.7x at the end of March 2025 against 2.0x at the end of March 2024. This is mainly on account of reduction in debt and increase in the overall profitability of the company.

Lastly, the rating is also upgraded by CRISIL, rating upgraded to CRISIL AA Stable from CRISIL AA- positive outlook.

Now we can open the floor for question-and-answer.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. We have our first question from the line of Dikshant Gupta from GOG PMS. Please go ahead.

Dikshant Gupta: Yes. So my first question was, like the realization for caustic soda and some of the products have improved but for some products like hydrogen peroxide, the realizations have dropped. So what is the plan to maintain margins on that?

Milind Kotecha: See, that's where we have always tried to diversify our business model, we are getting into different set of products. So currently, a quarter, the hydrogen peroxide relations were down. But at the same time, the Derivatives, there were other products which had compensated for that, and that's when the average EBITDA we have landed up around 28% and considering the situation, we believe that on a longer-term basis 25% is something which is achievable. So, that is something the business model and the revenue mix will help us to have a sustainable margin growth henceforth, going forward as well.

Dikshant Gupta: Okay. And the CAPEX for the next year, what are the plans for the CAPEX, where will it be deployed?

Milind Kotecha: So capital expenditure, we have announced to expand CPVC resin by adding another 75,000 so we reach to 1,50,000 tonnes of capacity for CPVC resin. We are adding Epichlorohydrin, we are expanding Epichlorohydrin as well. So we will reach from 50,000 to 1,00,000 tonnes of capacity by the first half of FY'27. So in-line with that, this year we are expecting to spend the CAPEX around Rs.450 crore.

Dikshant Gupta: And for the newly commissioned plants, when can we expect the commercialization to take place?

Milind Kotecha: So this year, we have commissioned the CPVC, CPVC compound and the chlorotoluene plant. So, all the three plants is ramping up so I guess by end of this year, maybe around December, January we will reach optimum kind of thing. And CPVC resin and compound both are also ramping up in-line with the demand that is growing.

Dikshant Gupta: Okay. And regarding the solar power plant, what are the expected cost savings from it, when it will be completed?

Milind Kotecha: So we have already commissioned 18.34 megawatt we have already started almost two years before this time. So that has already started contributing to the bottom line, and in terms of cost saving, it is almost you can say 25%, 30% cheaper than grid price.

Dikshant Gupta: Okay. And for now, my last question will be, what is the highest margin product and what percentage of sales are it and what is the market share of the highest selling product?

Milind Kotecha: So, see we have diversified products and the margin that we guide is in the range of around 25% but we avoid giving product wise numbers.

Moderator: Thank you. We have our next question from line of Nirav Jimudia from Anvil Wealth. Please go ahead.

Nirav Jimudia: Sir, a few questions to ask. So first is on, the ECU realization so, if you can share what was the ECU realization in Q4 and also, if you can share how much was chlorine negative this quarter?

Milind Kotecha: The ECU for the quarter, for the Q4 was around Rs.33,000 and the chlorine was somewhere around negative Rs.5000.

Nirav Jimudia: Okay. Also, if you can share like, how has been the scenario currently in terms of the ECU relations, because I guess chlorine has further improved from April. So if you can share your thoughts here #A and #B, what was the capacity utilization of the caustic plant in 4Q of FY'25?

Maulik Patel: Yes, so in terms of chlorine, we are seeing a lot of Derivatives are expanding and our internal consumption are also increasing. So going forward, definitely it looks better, but looking at the long term in India, we believe that now bigger capacity of caustic soda is coming. We feel now smaller capacity of chlor-alkali will not be feasible in India looking at the going forward. So chlorine price may improve down the line in India. But as a Derivatives, right now all chlorine Derivatives because of the agro is revived, agro business has revived and it is moving on the positive side in terms of CPW is doing good in India. In terms of monochloroacetic is also doing good so, and there are a lot of additional chlorine Derivatives also increasing in the capacity, in the demand in terms of chloromethane, or in terms of other Derivatives also. So we are looking very positive, looking at the long term in terms of the chlorine application in India will increase further down the line. So, we don't see the last quarter, the negative margin was there will remain, will be better off in the coming times. That was the scenario, but it also depends on the caustic soda demand and globally, the caustic soda demand will remain robust in terms of the alumina, in terms of the nickel consumption, nickel mining and in terms of the alumina consumption of the caustic soda globally. So that is remain from globally and the pressure will remain on the chlorine side only because of the caustic soundness, but we are going to be better than in the last quarter going forward.

Nirav Jimudia: Got it sir. Sir just to add a bit, you mentioned that our captive chlorine consumption is 76% so two things here. One, how much would be the pipeline sales out of this 76% and you also mentioned that chlorotoluene is expected to reach around full utilization by the end of this year. So, is it safe to assume that once this reaches 100% utilization, our captive chlorine consumption will go up by close to around 100 TPD?

Maulik Patel: So, once the chlorotoluene consumption, same time we are also expanding CPVC as well as the Epichlorohydrin. So once everything will be commissioned to reach that optimum level, definitely it will take time after commissioning of the plant. But, once it reached at optimum level, we are 90% going to be a internal and captive consumption going forward and the pipeline customers are hardly it is 20% maximum right now, and that is going to be remain constant. I don't think it will increase further from this table.

Nirav Jimudia: Okay, so effectively 56% captive chlorine would go up to close to around 70%, once all these three facilities will come.

Management: Yes, 70% to 75%.

Nirav Jimudia: Got it. Sir second question is on the peroxide. So, we have been operating the plant at around optimum utilization for last so many quarters. So let's assume that after consuming close to around 4000 metric tonnes of hydrogen for the captive hydrogen peroxide plant. How are we utilizing the excess hydrogen? So are we converting those hydrogen to the flicker plant, or are we selling those hydrogen in the outside market, and how you see plans for other downstream products of hydrogen, or we will keep selling hydrogen in the outside market?

Maulik Patel: So we are selling a part of hydrogen just to give you answer about this, it's not a one dedicated answer we are doing all mix. We have a pipeline in the hydrogen peroxide application, we are selling outside in the market also some part of it, and we are also having a pipeline hydrogen customer also they are buying from us. So all mix kind of and we are also using in the flaker. So that's how we are managing our hydrogen balance. Sometimes because of the downstream people who are buying in the hydrogen by pipeline, this hydrogen requirements are keep on changing and the balance are keep on changing, but we are using all multiple kind of options to consume the hydrogen, and this will remain as it is going forward, also because such a big quantity of hydrogen, I don't think so it is possible to manage for one particular application, or even there is a great demand in terms of the consumer, also, you are able to manage everything to sell outside hydrogen, this much quantity because you need a huge infrastructure around hydrogen to sell continuously this much quantity, what we are producing to outside, which is not possible and that is what we think.

Nirav Jimudia: Correct. Sir last question, what was our capacity of the flaker plant?

Maulik Patel: Flaker, we have a 200 tonnes per day caustic soda flake out of what we produce 1000 TPD of caustic soda plant.

Nirav Jimudia: And the utilization that would be higher than the overall caustic soda plant?

Maulik Patel: That utilization is now almost similar level.

Moderator: Thank you. We have our next question from the line of Vedant Sarda from Nirmal Bang Securities. Please go ahead.

Vedant Sarda: You may have a plan of Rs.450 crore of CAPEX in the current year, as a plan.

Management: We cannot hear you Vedant.

Vedant Sarda: Sir your Rs.450 crore CAPEX plan in this year. Rs.450 crore CAPEX plan in the current year, the mode of financing we have decided on that?

Milind Kotecha: Financing, yes so Rs.450 crore what we are saying is for financial year 2026.

Vedant Sarda: Yes.

Maulik Patel: So, the financing we are going to do it by debt and debt mainly, if required moving forward. But as of now, there is no, we are going to manage from the internal accrual.

Vedant Sarda: Internal accrual only, like no QIPs or debt planning for that?

Maulik Patel: Definitely not, but if required we can plan from the bank going forward. So, debt and internal accrual is the option yes.

Moderator: Thank you. We have our next question from line of Pinaki Banerjee from AUM Capital. Please go ahead.

Pinaki Banerjee: Sir my first question is, actually can you just give a general your view on how the international caustic soda prices are shaping both at the international and.

Management: We can't hear you Pinaki.

Pinaki Banerjee: Sir, can you please a general outlook as to how the general caustic soda prices are shaping up at the international level, and what is your outlook for the future?

Management: Sorry, your voice is very fumbling, we can’t hear anything.

Pinaki Banerjee: Okay. So can you just give a general outlook on how the international caustic soda prices are shaping up at the international and both at the domestic level, and what is your current outlook for the future?

Maulik Patel: So, caustic soda price are remaining soft globally, the reason behind is the downstream chemistry which is used chlorine globally, which is almost 60% to 65% that is very low. So somewhere, even PVC cycle is on the lowest level right now and because of that, caustic is remain firm. That is one of the reason, and second biggest reason is the demand from the alumina side and the nickel mining side, it is also very strong so because of this two major reasons, we are thinking that the caustic soda will remain firm even current this financial year, as well as going forward also.

Pinaki Banerjee: Okay. Sir my last question is, in your presentation the Page #39 the investments it's now showing about Rs.77 crores, and the last two financial years it was nil. So, can you explain, are these liquid investments or something else?

Milind Kotecha: That is surplus cash that we had that we have parked in debt, mutual fundshort term

Pinaki Banerjee: So, it's liquid so you are having almost the cash and investment almost Rs.100 cores of surplus cash in your books now?

Milind Kotecha: Yes.

Moderator: Thank you. We have our next question from the line of Manish Badhani, from B&K Securities. Please go ahead.

Manish Badhani: Sir my first question is, as you mentioned in your press release that your Derivatives & Specialty business increased to 52% versus 48% Y-o-Y, so why is there a 200 basis points hit in the EBITDA margins?

Milind Kotecha: See the EBITDA margin, which was in Q4FY24 that was on a higher side, considering even in a cycle where the raw material prices were already low compared to the realization so that was at 30% in Q4FY24. Even at 28% is something which is, is good number. And considering the guidance that we had given, it was around 25%. So it's not a drop of by 2% in fact, 28% itself is more like a realistic number rather than 30%.

Manish Badhani: Okay sir got it. And sir is there any outlook for the FY'26?

Milind Kotecha: So considering the CAPEX that we have commissioned this year, we should be seeing a volume growth around 10% to 15% and that will drive the value growth as well. And considering the products that we have commissioned is of high value compared to what we were, so the value growth should be on a higher side.

Moderator: Thank you. We have our next question from line of Jainam Ghelani from Swan Investments. Please go ahead.

Jainam Ghelani: So sir, what could be the revenue contribution from a chlorotoluene project this year?

Milind Kotecha: So we have just commissioned the chlorotoluene plant in Q4 FY'24 and this is a product which will take time, we have started the trial production, it is we are sending it to our customers, so approval and everything will take around six months to eight months. So we believe that in Q4 of FY'26 we should reach optimum. So as of FY'25 there is hardly anything which is coming from the chlorotoluene.

Jainam Ghelani: Okay, thank you. And sir assuming that in H1 FY'27 our ECH and CPVC capacity has come on stream, then is it right to assume that our chlorine captive consumption should reach around 85% to 90%?

Milind Kotecha: Yes. So in FY'27 we will commission the plant, so we will run partially and they will consume chlorine and hydrogen both. So we assume that 80%, 85% is something definitely achievable.

Jainam Ghelani: So sir, post that do we wish to further expand our capacities within the chlor-alkali space, or do we wish to enter any new chemistry?

Maulik Patel: Yes, so in the existing complex where we have 165 acre land, we are having a 10% to 15% we have kept for the any Derivatives we can do it further integration and we can reach 100% integration of the chlorine going forward. But in the new location, which is one kilometer away, we have already taken a land of 100 acres, there we are looking for a new value chain and new chemistry. We are not going to enter in the similar chlor-alkali that.

Jainam Ghelani: Sir have you identified which chemistry we are planning to enter, and would it be possible to share the details?

Maulik Patel: Not at this moment of time. So once Board will approve it, definitely we will do it. But, we are looking for a couple of chemistry which we are planning to do it based on the India growth story on the next 10 years.

Jainam Ghelani: Sir what could be the broad CAPEX if you could just quantify in the new chemistry a rough estimate please?

Maulik Patel: So overall see, so you can divide the entire project in the couple of phases also, so that the planning in terms of the phases, how many phases we will do it, the entire CAPEX it is not yet decided and Board has not approved it, but once the Board will approve, we will do it the phase wise investment how much we are going to do it in the new location?

Moderator: Thank you. We have our next question from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

Rohit Sinha: So some of my questions are already answered. Just a couple from my side, one is on the pricing side for both CPVC and ECH side, how the trends are right now and how we are looking for at least for next couple of quarters?

Maulik Patel: Yes, so looking at the next couple of quarters, we are looking the CPVC on the downward side in terms of the value utilization, and then the ECH is on a slightly higher side compared to the past quarters, so this is what we see in next couple of quarters.

Rohit Sinha: Okay. And possibly our overall CAPEX which we are planning is, will be over by first half of FY'27 that the right assumption. And post that, are we looking to expand this chlorotoluene also, if things goes as per our plan?

Maulik Patel: So, Chlorotoluene, we just commissioned, it as Milind has mentioned that in the first half it will mostly going to be the approval of all the Derivatives of the chlorotoluene which we are planning to have. Once, so we will reach optimum level by end of this financial year, probably we might decide to expand further on the Derivatives side, or the chlorotoluene side, probably by that point of time. But till that time, we have no plan to expand further going forward as of now.

Rohit Sinha: Okay, okay, and what kind of customers as of now we are targeting for this chlorotoluene, and if at all, things are meant for approval. So which sort of customers are there, domestic or export also, if you can highlight?

Maulik Patel: It's a mix, definitely export customers are there, which are majorly focused on the agrochemical intermediate manufacturing companies and Indian Specialty chemical companies, who are doing toll manufacturing for on behalf of all multinational they are going to be our customers, along with some of the pharma intermediate companies as well, because the agrochemical and the pharma both having application of chlorotoluene Derivatives mostly, you can say in the 70% and 30% in the ratio, 30% is in the pharma intermediate and 70% belong to the agro intermediates.

Rohit Sinha: Okay. So overall, broadly what we have been highlighting that almost close to 15% to 20% kind of volume CAGR growth for next two year is possible still intact given the kind of capacity addition we have, are we still on?

Milind Kotecha: 15% volume growth is possible in next couple of years, based on the CAPEX what we are planning in terms of chlorotoluene will reach to optimization level, CPVC, additional capacity, as well as Epichlorohydrin in additional capacity.

Rohit Sinha: And sir, just last question on the chlorine side. So as with this capacity, maybe we will be touching 85%, 90% kind of level. Then, are we looking anything on adding capacity for caustic also going forward, if at all we need further requirements for chlorine, or would it be purchased from the outside, if at all its required?

Maulik Patel: See we are not looking for a major possibility for expansion on the chlor-alkali side, but minor debottlenecking kind of thing we will definitely consider at the right point of time, once we reach a 90% choline integration.

Rohit Sinha: Okay. And that, would be done within how much kind of amount CAPEX?

Maulik Patel: It's too early to comment, and it is just debottlenecking kind of thing, I don't think it is going to be major one.

Moderator: Thank you. We have our next question from line of Rohan Mehta from Fycom Advisory LLP. Please go ahead.

Rohan Mehta: So, sir back in 2022, few years ago management had articulated a five year revenue vision of about Rs.5000 crores by FY‘27 which is essentially implying revenue to double from the FY2025 base of Rs.2500 crores. So, I wanted to understand, is the Rs.5000 crore revenue still an aspiration for FY‘27 and if yes, how would this revenue come about, that's part one and part two, what would make up the large contribution to growth in the next two years. Essentially, what would be the key drivers?

Milind Kotecha: Right, coming back at this, the drive growth that we are expecting in the coming years will be coming from the volume growth from the CAPEX that we have executed. So like this year, FY‘26 the growth should come from the additional capacity of CPVC resin that we have done, chlorotoluene, and also the caustic soda capacity utilization, inching up towards 85% so this volume growth will be for FY‘26 and in FY‘27 the capacities that we are expanding in CPVC resin and Epichlorohydrin will contribute the volume and again, that will drive the value growth. So considering that, we believe that on a CAGR basis, for next four to five years, around 15% to 20% of growth is something which is achievable considering the CAPEX plan and assuming the demand that we have assumed might continue. So on a CAGR basis, 15% to 20% growth for next five years is something which is visible.

Rohan Mehta: Right. And any update on the three to five year vision you would like to share with investors at this time, baring the 15% to 20% growth that you see for the next four years?

Milind Kotecha: I didn’t get you, this is for?

Rohan Mehta: So any vision statement you have for the next five years in terms of revenue, in terms of margin, in terms of growth or where you wish to expand?

Maulik Patel: So we are working on a new value chain of the chemistry, which we can expand for next 10 years. And that strategy we are working on, once the Board will approve definitely we will share with that, but that we are doing it for our new location which we have taken back. Two years back, we have taken a land of 100 acres, where we are planning to have a new value chain. So, that we are working right now and once Board will approve, we will disclose to the investor as well.

Rohan Mehta: Sure. And also the Rs.5000 crores, is it something we are expecting in FY’27, FY‘28 and the 10% to 15% I believe volume growth you said, I am considering that the 15% to 20% CAGR which will be essentially value growth, will that be enough to achieve the Rs.5000 crore revenue, or will we require an additional CAPEX beyond what you have currently instituted?

Milind Kotecha: So see the Rs.5000 crore, the amount that we had given was based on the realization, two years back when everything was at peak so, considering currently it will be difficult to give any specific number in a specific year. Though we have our internal guidelines and targets that we are looking for, but it will be difficult to give any number specific but one thing I can give you is the volume growth that we are expecting around 10% to 15% on a CAGR basis for next five years.

Moderator: Thank you. We have our next question from line of Dhruv Muchal from HDFC AMC. Please go ahead.

Dhruv Muchal: Sir the first question is on power cost. So Y-o-Y we see an increase in the power cost, I believe, and also some increase in Q-o-Q basis, I believe volumes are broadly flat. So what's driving this to the profits?

Maulik Patel: Sorry, Dhruv can you repeat?

Dhruv Muchal: The power cost for the quarter seems to have increased, and also on both Q-o-Q, Y-o-Y, believe volumes are broadly flat. So what could be driving this?

Maulik Patel: So the major point was, compared to last year, the similar quarter what we generate the solar and wind which was this quarter, it was little lesser in terms of the percentage, because it is related to the natural phenomenon. So it was little less unit generation compared to the last year. And the second thing, there is a slightly increase in the coal also compared to last year.

Dhruv Muchal: Okay, got it. And sir second point was only volume growth for the quarter. In the presentation you are mentioning that volumes are broadly flat, Y-o-Y, but of that, the Derivatives have increased. So I am just wondering, what are the key products where the volumes have declined?

Milind Kotecha: That is majorly from the CPVC and ECH because, last year this quarter.

Dhruv Muchal: On a Y-o-Y basis.

Milind Kotecha: Yes, on a Y-o-Y basis ECH was at a lower utilization, which has reached around 85%, 90% and CPVC also last year, the capacity was around 30,000 only, whereas from 1st April of FY2024, additional capacity of 45,000 also came. So that also contributed in terms of volume. So on the Derivatives side we see growth that is majorly coming from these two products.

Dhruv Muchal: Yes, but what are the products which were declined Y-o-Y, so these two, I understand for meaningful ECH and.

Maulik Patel: They have mentioned hydrogen peroxide has slightly declined compared to last year Y-o-Y.

Dhruv Muchal: Okay, so the realizations were also lower, and volumes were also lower. That was the decline?

Maulik Patel: Yes.

Dhruv Muchal: Got it. And lastly, just a clarification, you are guiding for 10% to 15% volume growth for FY'26, so this primarily comes from your CPVC and ECH ramp up. I believe chlorotoluene will come probably at the end of the quarter, but for the year broadly, these are the two key drivers for volume?

Milind Kotecha: Yes. Chlorotoluene is also going to start, but it is not going to be the major contributor in this financial year, but it is also going to contribute in terms of the revenue and top line and majorly it is coming from the CPVC additional capacity, what we have commissioned in last year, this will pick up in this financial year. And as well as the ECH, and the ECH capacity will run on the full swing, and the caustic also we can run, caustic also the efficiency will also improve in terms of operation.

Dhruv Muchal: Okay. So we have made some changes that we can optimize it better is it?

Milind Kotecha: Yes.

Maulik Patel: Every eight years you normally do a major change in the caustic soda membrane and electrolysis that we have already done, that is going to be completed in May, so probably from the next quarter onwards, the operation efficiency of the caustic soda plant will also improve.

Moderator: Thank you. We have our next question from the line of Parth Mehta from Vallum Capital. Please go ahead.

Parth Mehta: Hi team, just a bookkeeping question. This year, the inventory has been under Rs.25 crore higher than the previous year, if you can just help me, which products do we have such a high inventory?

Milind Kotecha: So our inventory has gone up in-line with the sales as well. And yes, it is bit on a higher side, but we differ to give the product wise inventory break up. But if you consider in terms of the days of inventory that is in-line with what it was in FY'24. So if you see our inventory days that was around 45 days in FY'24, so in FY'25 it is 47 days. So whatever it has increased, it is in-line with the increase in sales.

Moderator: Thank you. We have our next question from the line of Tanish from Boring AMC. Please go ahead.

Tanish: Sir I wanted to understand more on the CPVC, you said that the pricing looked on the downward side in the coming quarter so what we driving this?

Milind Kotecha: Sorry, on the pricing side?

Tanish: Yes, about CPVC.

Maulik Patel: The pricing is seen downside because of, there is slightly demand growth is less compared to last year in terms of the CPVC demand. And the second, because of the real estate sector, is little bit lower side right now in terms of the growth. And the second is, the raw material price has also gone down for the CPVC, which is a PVC, so PVC is on the lowest cycle globally right now. So because of this two reasons we are thinking that it is going to reduce in terms of the revenue, in terms of the CPVC.

Tanish: Sir, do we see our margins being affected in this segment?

Milind Kotecha: So margins again, it will be in-line considering the raw material price has gone down, in-line with the realizations it will be where it was.

Moderator: Thank you. We have our next question from the line of Rohit Nagaraj from B&K Securities. Please go ahead.

Rohit Nagaraj: First question in terms of slightly longer term from a strategy perspective. Once we go to say FY'27, we will be generating a meaningful amount of cash flows. So from an expansion perspective, when we be looking at maybe internal cash flows, or will we be going for still leveraged CAPEX, just to get a broader perspective on this, I know it's slightly longer term, but how the management is thinking about the same. Thank you.

Maulik Patel: So, Rohit for the CAPEX side normally, we always give a priority once we decide the CAPEX and going forward, even though revenue and the finance we can manage from the internal accruals, but it does not go hand-in-hand with the CAPEX what you are planning to do it, because CAPEX once you start and we would like to go on a same speed without any interference. So if required, we might go for a debt even though internal accruals it looks okay in terms of the yearly basis, but sometimes in a peak cycle of the CAPEX, you might need to borrow from the bank so, we are having the same once we decide we don't want to disturb the project because of the finance, even though if you are able to manage from the internal accruals, so that's why we always keep a priority for the project execution, rather than the finance.

Rohit Nagaraj: Sure. The second question is again from the broader perspective, given that there will be couple of large PVC projects which are coming and mostly backward integrated, there will be an availability of caustic, although they will be consuming chlorine. So do we see that the ECUs will remain closer to say 30 plus minus 11, given that maybe chlorine realizations will go up, but availability of caustic will keep the caustic prices down, so to that extent, the ECU will be say Rs.30 plus minus. So, what is your broader thinking on that perspective. Thank you.

Maulik Patel: Normally, if you see the caustic soda price in India, which is at par with the global prices of caustic soda. So definitely, what will and majority the players who are coming in a much bigger capacity their focus, they are not able to manage locally. So definitely, the major volume will go out in the global market, and it will be adjusted according to the global prices of the caustic soda that point of time. And the chlorine we believe because of these two capacities of caustic soda is coming up so we believe the chlorine may go on the positive side.

So, that's our point of view looking at the long term because, even though the smaller capacity which is required for the setting up a plant of chlor-alkali will not be feasible going forward, and economy of scale of caustic soda has already gone up in terms of the setting of a green field facility. So, looking at the long term, we are looking the caustic will definitely will have access availability globally, but the same time, the chlorine price will move forward in terms of the international level also, which was the lowest right now in India.

Moderator: Thank you. This would be the last question for today, and I now hand the conference over to the management for closing comments. Over to you sir.

Kaushal Soparkar: 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 multi product catering various industry. We are targeting consistent growth. I would like to thank you all for joining us here today. Please feel free to reach out to our IR team if there are still any unanswered questions. Thank you everyone for your participation.

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