



“I G Petrochemicals Limited Q1 FY 2026 Earnings Conference Call”

August 14, 2025

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**MANAGEMENT : MR. PRAMOD BHANDARI – CHIEF FINANCIAL
OFFICER, I G PETROCHEMICALS LIMITED**



Moderator: Ladies and gentlemen, good day, and welcome to the I G Petrochemicals Limited Q1 FY '26 Earnings Conference Call.

As a reminder, all participants' 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 “*”, then “0” on your touch-tone phone. Please note that this conference is being recorded.

Please note, this conference call may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Pramod Bhandari – CFO from I G Petrochemicals Limited. Thank you, and over to you, sir.

Pramod Bhandari: Hi, good afternoon, everyone. Thank you for joining us today.

On behalf of I G Petrochemicals, we extend a warm welcome. We are also joined by SGA, our Investor Relations Advisor. I trust that you all had an opportunity to review our Financial Results and the Investor Presentation, which is available on the Stock Exchange as well as the Company's website.

We will begin with a brief overview of recent industry development, IGPL progress in relation to our new projects and followed by operational financial highlights. Over the last few quarters, the global chemical industry navigated a difficult environment with challenges such as the volatile crude price, rising trade cost, subdued demand from western market for key chemicals. Many leading Indian chemical manufacturers especially those with the high export dependence and competitive product portfolio or reliance on the raw material from Western side, Europe, China has significantly impacted. The uncertainty around the U.S. tariffs has also been added to the pressure on this sector.

At IGPL, we are extremely delighted that these external headwinds did not directly affect our core operation. Given the majority of our product, we are selling in domestic market or within the radius of 200 to 300 km, and few portions, 10%, 15% we are selling in the export market. However, starting the downstream industries we cater to did have experience of some slowdown. Additionally, our performance this quarter was impacted by rupee depreciation and compressed margin.

That said IGPL stands on a strong foundation, renowned for our operational efficiency, we are one of the lowest cost producer and largest producer of Phthalic in India. Second largest producer in the world. Over the years, we have built a reputation of excellence in producing high-quality Phthalic Anhydride a versatile product use across multiple end user industries like paint, plasticizers, pigments, polymers, coatings.



The domestic demand for the Phthalic Anhydride is expected to be around 5,00,000 to 5,50,000 tons and which is currently growing at between 5% to 6% per annum. With commissioning of PA-5 plant, the total capacity of IGPL today for Phthalic is 2,75,000 tons.

As a part of diversification, as discussed earlier, we have committed Rs. 165 crores to set up a green field plasticizer project with a capacity of around 75,000 tons, which can be extended to a 1,00,000 tons. This facility will produce a range of plastics including DOP, DINP, DPP, DIPT, which will result into internal consumption of 30,000 to 35,000 tons of Phthalic. We expect that plant to commission by December 2025.

We are also taking a meaningful step towards a sustainable energy economy and setting up the compressed biogas and the pyrolysis plant in Raichur, Karnataka. The CBG plant is currently under implementation by pyrolysis is just in the process to getting the construction started. The capex of the pyrolysis plant is around Rs. 16 crores, which will convert most type of plastics available in the market into the fuel through the chemical recycling.

In parallel, we are improving our operating efficiency and reducing our carbon footprint by integrating the solar power and other renewable energy solutions in our existing facility. We have also initiated phased replacement of conventional fuel through LS fuel, which is the LSFO, diesel with the natural gas at our existing plant.

Looking ahead, with these strategic initiatives, our expansion into the plasticizers and foray into green chemistry and sustainable-driven investments will open up new growth avenue, build new capacity and deepen our customer relationships. Combined with our proven operational excellence, they will put IGPL in a scalable long-term growth trajectory.

Now coming to our financial performance.

The total leverage stood at Rs. 481 crores compared to Rs. 594 crores, mainly due to the lower production and the sales. Revenue contribution for the non-Phthalic business stands in the current quarter Q1 FY '26 at Rs. 35 crores. Gross profit was at Rs. 102 crores, EBITDA was Rs. 13 crores.

On profitability:

For the quarter was largely impacted because of the Rs. 18 crores provision of M2M on our euro loan, which was Rs. 15.3 crores included in the other expenses and Rs. 2.68 crores as a part of financial charges. And then there was some overall compression in the margin that has affected the overall financial performance.

With this, I will conclude the presentation and open the floor for the question and answers. Thank you.

- Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Aditya Khetan from SMIFS Institutional Equities. Please go ahead.
- Aditya Khetan:** Yes, sir. Just a couple of questions. Sir, during the quarter I believe the volumes are lower. Any particular reason, sir? Like I believe last quarter also, there was a shutdown. And this quarter also, the volumes optically look lower. Any reason, sir?
- Pramod Bhandari:** So, there was some planned and unplanned shutdown in our existing plant facility, that has resulted into the overall lower production which was, I think, around 45,000 tons. And similarly, the sales was also in similar quantity. So, typically, we are expecting between slightly more than 50,000 tons on per quarter basis. But this time, it was 10% lower.
- Aditya Khetan:** Got it. So, this compression in gross margins is a function of lower volumes coupled with lower spreads?
- Pramod Bhandari:** Two things, yes. First, the volume typically has to be around 50,000, which was 10% lower. And second, there was a compression in margin. And third, which is the EBITDA, mainly impacted because of Rs. 18 crores or Rs. 18.5 crores of provision of M2M. As you know that more to our debt, which is €22.5 million is in euro, and euro has moved from Rs. 92 to Rs. 98. So, this has resulted that we need to provide the M2M provision in our financial statement for the quarter ended June 26.
- Aditya Khetan:** Got it. Sir, this M2M, which we are talking, I believe you had mentioned that it is a euro loan. And sir, like every now couple of quarters like this number of M2M is coming. So, do you attribute this as a one-off or it would be a recurring number, which would come every now and then as per the current rates?
- Pramod Bhandari:** I think we, as a management, have decided to dilute probably 50%, 60% or 70% of our debt from euro to the rupee currency, because now the rate in rupee is also reasonable. And being global uncertainty, you never know what type of movement between dollars, euro and rupee will happen. So, we will be subsidized in probably next month, more than 60% of our loan from euro to Indian rupee. We will not see going forward. Going forward, you will not see that much that much price.
- Aditya Khetan:** Got it. Okay. Sir, into the annual report when we checked, so the euro loan figure was somewhere around Rs. 230 crores, the total loan, out of which are so Rs. 50 crores was the payable. So, this M2M which is coming, it is on this complete amount, this Rs. 230 crores?
- Pramod Bhandari:** So, let them complete the total debt amount is around Rs. 227 crores. Out of that, the net in the balance sheet because we have prepaid certain debt of one of the lenders, Rs. 35 crores to net. If you ask me the total debt in the balance sheet on the June, that's Rs. 196 crores. This includes, I think, except one loan, most of that was in euro. And I think out of €22 million, €10 million to 15 € million we will be able to convert in next one month.

Aditya Khetan: Okay. Got it. Okay. Sir, on to the operational part. As I believe plasticizer as a plant is now delayed by three months from the earlier plan. Any clue onto the numbers, how we are looking at revenue EBITDA and bottom line for '26?

Pramod Bhandari: Again, we thought plasticizer will be starting in the trial in August, in September. But because of some delay in the approval, the approval from the statutory authority, it will be having a commissioning the operation by December. It is two to three months, but in a big project like that, two to three months is normal. It's subject to the various approvals which you need to get.

We plan that I think it will be ramped up in I think Jan, Feb, March. You will be able to see a good amount of utilization beginning from April '26 onwards. The overall revenue at the peak capacity will be around Rs. 1,000 crores based on the price of the various plasticizers which we are planning to produce. And that level margin is expected between I think about the gross margin (Errata: To be read as EBITDA Margin) between 10% to 12%. When I am saying margin 10% to 12%, it implies and indicates that we will be transferring the Phthalic anhydride at the marketplace.

Aditya Khetan: Got it. Just one last question. So, compared to Q1, like current spreads, are they better like compared to the historical average or are they in similar lines? And sir, what number are we looking for FY '26 in EBITDA?

Pramod Bhandari: So, I will not like to comment on EBITDA specifically. It is whatever is the market margin, we will be having \$100 to \$120 above. I believe from next quarter onwards we will see 50,000 plus volume every quarter. And I think because of the compression in the overall production for the last one quarter, which is Q1, our target for the year will be between 2,05,000 to 2,10,000 tons. When I am saying 2,10,000 tons, 5,000 tons to 6,000 tons will be internal condition and around 2,00,000 to 2,05,000 tons will be the annual sales volume for Phthalic.

Aditya Khetan: And sir, on to the spread part commentary, current spreads, how are they like?

Pramod Bhandari: The spread right now has improved. It was around 100 to 110 on the last quarter. It has improved between 120 to 150. But spreads are moving between 100 and 150 for quite some time, and there is a movement of \$20 to \$30 every quarter. So, it's very difficult to pinpoint. But these are the bottom out, it can go below \$100. If it goes, it has to come back because then for most of the plants it will be unviable to produce.

Aditya Khetan: Got it. Thank you, sir.

Moderator: Thank you. The next question is from the line of Riya Mehta from Aequis. Please go ahead.

Riya Mehta: Thank you so much for the opportunity. Sir, the first question is in regards to the spreads. So, I think last quarter, we said that it was around \$150 to 200. So, what I am guessing is amount of \$150 to 200 we are at something around \$100 to 150?

- Pramod Bhandari:** So, typically, the function of the overall demand supply scenario in the international market, while the domestic demand continues to remain same, which is robust, and we are selling most of our products, 90% in the domestic market, 10% is generally exported. But for I G specifically, first, the margin was between \$110 to \$120. The second, the volume was low. And third, because of the M2M provision we have taken, that has resulted into the compression in the market. Otherwise, it's a function of demand supply in the industrial market. When I am saying \$100 to 120, it is the margin and interest in market, not for the I G.
- Riya Mehta:** Right. So, my question was more in terms of a sequential basis, it has fallen from around the ballpark \$170 to 125?
- Pramod Bhandari:** Yes.
- Riya Mehta:** Got it. My second question is in terms of that if you are guiding for 2,05,000 lakh to 2,10,000 tons, then on a quarterly basis, we will be doing more than 55,000 tons?
- Pramod Bhandari:** So, when I am guiding for 2,05,000 to 2,10,00 tons, that means we will be having a 2,10,000 tons production. 5,000 to 6,000 tons will go for internal consumption and around 50,000-plus tons for the next three quarters, every quarter.
- Riya Mehta:** Also, we have taken a shutdown in Q4 on the lease, so what happened? Because I think in Q4, we are pretty confident that there will be no shutdown this year, so what happened in Q1?
- Pramod Bhandari:** Q1, there was some unplanned shutdown and the planned shutdown, which we have taken because we are integrating our existing natural gas because we are planning to replace the fuel LSFO and diesel with the natural gas. So, there was some integration of the pipeline happen in one of the plants where we need to take some certain shutdowns. We are planning to replace the existing fossil fuel, 80% of existing fossil fuel with the natural gas, which will save Rs. 5 crores to Rs. 6 crores on a net basis. So, that was the reason. There are a lot of technical things, but the main reason was the integration of the pipeline.
- Riya Mehta:** Would you say Rs. 5 crores to Rs. 6 crores in other expense this year annually for us?
- Pramod Bhandari:** No, not for this year, it gradually goes up in this year, but '26-'27 you will see the sales of Rs. 5 crores to Rs. 6 crores because the LSFO and the diesel will be replaced at all the points with natural gas.
- Riya Mehta:** Right. And what number of days was the plant shut?
- Pramod Bhandari:** Plant shut was at around 20 to 22 days.
- Riya Mehta:** 20 to 22 days. And in terms of demand, how is our situation standing, because globally also we are looking at it the kind of growth has been a little subdued.

Pramod Bhandari: So, if you ask me, as such in domestic market I have not seen any impact. We are able to sell the similar type of product which we are selling historically into the domestic market. When I am saying domestic market, it includes a domestic player, the SEZ player and the euro player. However, there are some light concern or you can say the demand, which I have seen because of the U.S. uncertainty in the duties. As such, IGPL does not have any direct effect because we do not sell to Europe and U.S. market. We sell to Indian market in general, in Middle East, UAE and Turkey market. But some of the downstream players who are selling outside India, say, in Europe, China, they are right now in uncertain phase because there is no clarity in terms of what duty. And even today, when the Trump has announced the duty, the product duty has not been announced.

So, it will be product wise. In chemical also there are 300 products. Like in pharma, out of 300, 280 was accepted because they believe that is the main. So, similarly, in chemical also they need to come back with the list. What are the products are exempted, what are the projects we need to have a duty. So, that uncertainty actually may impact some down listing because I think some of the UPR and the pigments are going to Europe and U.S., particularly. Otherwise, in terms of Indian demand, I do not see any problem from a Phthalic perspective. And other areas like paints, plasticizers, CPC, they all are growing very well.

Riya Mehta: Okay. So, plain plasticizers will form almost around 40% to 50% of our revenue and we do not see any margin by that, right?

Pramod Bhandari: Not exactly. I will tell you percentage-wise, paint is around 20% to 25%. And then plasticizer and UPR and specialty chemical around 20-25%. And balance is the CPC segment, which is also 25%. All three segment comprises around 70% to 75%. Balance are all other segments. So, as such, in the rainy season the demand of paint will be low, and plasticizer will be high. In another season, paint, it is equilibrium, because every seasonal some demand is going up, sometime is subdued. So, accordingly, overall, I do not see any overall impact in the domestic market. In fact, if you ask me, July, August, September is very good in terms of demand. In the demand that is in global market, we need to see how it pans out in next one or two months.

Riya Mehta: Right. As our peers have also reported losses. So, I suppose this was on account of reduction in crude prices. And do we see the spreads increasing from around \$100-120 to, say, \$150?

Pramod Bhandari: I think spread is already coming up. Next quarter, I expect it has to be between \$120 to \$150. I am not worried about that was about the spread because overall it has to come above \$150 because generally for most of the players, below \$150 could not make commercial sense to produce I G because of operational efficiency by product are able to do that. But in general, it has to be above \$150, and between average has to be around \$200.

Riya Mehta: Are you seeing any cut down of production capacity by your peers because of loss-making at spread levels?

- Pramod Bhandari:** So, production capacity, I do not think because India has a demand of to 5 lakh tons, 5,00,000 to 5,50,000 tons. I G produces right now around 2,00,000 tons. And other players also provide around 150,000 to 1,80,000 tons, and then one player is also producing around 70,000 tons, 80,000 tons, which goes more from the consumption. Even at that, India is importing, if you look at the overall import in India, it is 16,400 tons till last quarter. And still, India is importing 50,000 to 60,000 tons every year. So, demand in India is not impacted. However, if we are not able to produce at optimal capacity, import will happen anyway.
- Riya Mehta:** Exactly. So, my point, what is the current spread level when the domestic players, apart from I G, who has an operational efficiency are making losses, do we see them taking similar production card or maintenance shutdown earlier to reduce the volume?
- Pramod Bhandari:** So, let me correct, I G is not making losses because of operations. It is because of Rs. 18 crores M2M. That also we are correcting in the next probably one month. Next one month, you will see you will not find after that there is any M2M charges, because of global uncertainty.
- Riya Mehta:** Right. You are talking about the peers.
- Pramod Bhandari:** I do not want to comment on the peers, I am talking about IG. Of course, the margins are compressed. But even in that margin, we can make good money. If we have a good volume, our five plants are operating, which we expect from September, October it will be. Five plants are operating at similar margin we will make around annualized Rs. 100 crores plus, current margin, which is the lowest point. We expect margin to improve then our profitability will also improve accordingly.
- Riya Mehta:** Of course. I was talking on the as a consolidation in the industry with the supply going down.
- Pramod Bhandari:** I think already there are three players only, there is no other player. So, I think industry is already consolidated in that sense.
- Riya Mehta:** Correct. I will get back in the queue for further questions. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.
- Rohit Sinha:** Hi. Thank you for taking my question. One is on the other expenses, as you mentioned that there is M2M adjustment. Apart from that, I think power cost is also in other expenses. How much was the power cost last quarter and in this quarter, if you can mention, sir?
- Pramod Bhandari:** I will give you energy cost. I do not have a separate breakup of the power cost. Energy cost for the last quarter was Rs. 16 crores, this quarter it was Rs. 17 crores.
- Rohit Sinha:** So, this increase, as you have mentioned that plant wise shut down and --

Pramod Bhandari: That is not having direct impact because it's linked with the LSFO and this. And the shutdown has no direct impact on the on the energy cost because it remains in the range of Rs. 60 crores to Rs. 61 crores annualized basis for last so many quarters. And it had an impact on repair and maintenance last quarter, when it was 12. Now today, the current quarter, it was Rs. 6 crores to Rs. 7 crores, which is in line.

Rohit Sinha: Okay. Got it. And on the power side, only your energy cost only, any plan to reduce this in terms of adding renewables or something to put down the power cost?

Pramod Bhandari: So, there are two points. First, whatever is the power consumption, I think 75% to 80% is the in-house energy which is used, 10% to 20% power is the external, which is the government power use of LSFO and diesel, which we are using, and that is the cost in which you are seeing it. Now from that also, we have started the solar power long back two years back when we started the server power and, of course, for a small quantity. Now we are increasing that capacity.

Second, we are inducting the natural gas in our all the plants, which has started for the last quarter and probably in the next one year you will see the ramp-up. So, the cost of energy, which is coming today around Rs. 68 crores, you will see a saving of around 10% or slightly higher than that because the replacement of natural gas with the LSFO.

Rohit Sinha: Okay. Got it. And secondly on the overall profitability side, I mean I was just looking at the quarterly trend what we are making, I mean, if we make 50,000 plus kind of volume and with a decent spread, we end up somewhere around Rs. 40 crores, Rs. 45 crores kind of EBITDA. This quarter, if we add back that Rs. 18 crores adjustment, we would be in that similar range. But going forward, I mean, in case we are not able to achieve this Rs. 40 crores kind of a run rate in the EBITDA front, are we in a position to look for the CAPEX plan which we have planned for all these plasticizer or compress gas thing? Would there be any increase in the debt side further in case? I was just looking at the capital requirements, maybe if we are not achieving to that kind of profitability angle.

Pramod Bhandari: I am not worried about that because profitability, if you remove the M2M charges for the time being, overall, Company is making a cash flow for the last -- let me give you an example of last year. Last year, the PAT of Rs. 112 crores and depreciation was Rs. 55 crores. So, we have made around cash flow of Rs. 170 crores to Rs. 180 crores last year. We expect this year it has to be better, but it all depends upon how we ramp up the capacity of plasticizer and how we are operating our plants. Plants are world-class. Demand is there in the market for 70%, 80% of our product, 20% is export, or eventually in October it will go to plasticizers.

If we operate at a full capacity, I am talking about all five plants including plasticizers, we will be having a revenue between Rs. 3,200 crores to Rs. 3,300 crores. At that level, even if say conservatively, our EBITDA moves between 12% to 18% or 20%, even at 12% it will have a Rs. 400 crores EBITDA. Even if you take 10%, it has Rs. 320 crores EBITDA. So, the challenge is happening is on three fronts.

When you are saying and looking at this particular quarter, first, the margin was compressed. The second point was the maleic prices also continued to remain low, Rs. 830 to Rs. 840, which is supposed to be Rs. 1,000 plus. Third point, the volume was lower. And fourth, which is the most important point, is all the expenditure. All the expenditure of five plants like depreciation, Rs. 16 crores is for the five plants, it is there. All expenditures like employee expenditures, the repair maintenance expenditure, all expenditures are put for five plants, right, we are operating less than four. So, that has also impacted the profitability. If volume improved and margins slightly improve, everything will be fine in terms of profitability.

Rohit Sinha: Got it. Okay. And just Rs. 3,200 crores top line which you are talking about, so this is when we are operating full for our five plant and plasticizer, which I think would be in '28 because plus -

Pramod Bhandari: It will be '26, '27, not '28. '26-'27.

Rohit Sinha: Okay. So, FY '27, still we are holding on to the Rs. 3,000 crores plus top line?

Pramod Bhandari: Yes, yes. It will be Rs. 3,000 crores plus. Otherwise, the plasticizer plants will not be operating. You need to operate these plants consistently to feed to 70% of the distant requirement of plasticizer.

Rohit Sinha: Got it. That's it from my side, sir. Thank you and all the best.

Moderator: Thank you, sir. The next question is from the line of Renuka from First Water Capital. Please go ahead.

Renuka: Hello, sir. Thank you for the opportunity. So, just on the other expense side, again, if I see on a year-on-year basis, it has increased by about Rs. 20 crores. So, like Q1 FY '25 was Rs. 47 crores, which has gone to Rs. 68 crores this quarter. So, Rs. 15 crores is attributable to the mark-to-market loss, what is the balance? And given the fact that this cost will not be there going forward, plus we have cost savings, so will this run rate go back to the Rs. 45 crores quarterly?

Pramod Bhandari: So, typically, it is Rs. 45 crores only. Even for this quarter, particularly, the repair and maintenance, I will give you the breakup. MDA cost last quarter was Rs. 26 crores, this quarter it was Rs. 24 crores. Energy cost last quarter was Rs. 16 crores, this quarter was Rs. 17 crores. Retail and maintenance cost last quarter was Rs. 12 crores, this quarter Rs. 7 crores. Sales cost is Rs. 11 crores, Rs. 10 crores. The only changes happen in the foreign exchange because foreign exchange in the last quarter, Rs. 6.65 crores, this quarter is at Rs. 15.31 crores as an M2M we have provided in the other expenditure. And the Rs. 2.65 crores is on the interest expenses.

So, the expenses of other expenses that you are looking at, which include the M2M, that's why it looks slightly off out of way. Otherwise, generally, all expenditures are similar. There is no change, except the last quarter when the repair maintenance was higher because typically Rs. 7 crores to Rs. 8 crores was a quarterly run rate, last quarter was Rs. 12 crores. So, everything is

in line. I think M2M, which we are targeting to sort out in the next one quarter, probably next quarter onwards you will not see the wide changes because of this M2M charges.

Renuka: Okay. And just on the CBG plant and other expansions, if you can just give some detail as to how much CAPEX and revenue we are projecting once they commission?

Pramod Bhandari: So, CBG we are spending around Rs. 30 crores to Rs. 32 crores, net of GST around Rs. 29 crores. CBG, the construction we already started, it is expected to complete by April 2026. It is expected to generate around 1:1 revenue like Rs. 30 crores to Rs. 33 crores will be the revenue, Rs. 30 crores to Rs. 32 crores. And in all the projects which we are undertaking, our criteria is IRR has to be more than 15%. In this case also it has to be more than that. In CBG, I think we already signed up with the supplier of the raw material to produce and give the supply. And in terms of the final product, it is a buyback arrangement by the government Company, HPVP, IOC and GAIL, these types of companies. So, that will end typically in terms of revenue around Rs. 30 crores.

In pyrolysis project, we have completed the basic and retailing, which is undergoing for the last two months. Probably in next month, September onwards we will start the construction. It is also expected to complete in a similar line with the April 2026. So, April 26, say June, which is the ramping up. From July onwards, you can see an addition of revenue of between Rs. 40 crores to Rs. 45 crores on account of the CBG and pyrolysis. In the pyrolysis project, various types of plasticizers are converted into the methane gases and they are converted into fuel oil, which will be sold into the industry. It is basically the green venture to enter into green side. We see a lot of opportunity and growth going forward in the CBG projects. This is the first trial projects which we are setting up. Once this is set up, we are having a plan to set up another four to five.

Renuka: Got it. So, just to sum up from CBG and pyrolysis, top line you are expecting Rs. 40 crores to Rs. 45 crores?

Pramod Bhandari: Correct. On full year annualized basis.

Renuka: Right. And how much will that add in the bottom line?

Pramod Bhandari: Bottom line, it will be adding between 8% to 10%. So, right now we will not commit, but you can assume a little between Rs. 5 crores to Rs. 6 crores.

Renuka: Okay. Thank you, sir. That's all from my side. I will join back the queue.

Moderator: Thank you very much. The next question is from the line of Yash Naik from Kamayakya Wealth Management Private Limited. Please go ahead.

Yash Naik: Yes, thank you for the opportunity. So, what is the current level of PAN input? And have recent capacity vision by the competitor resulting in the oversupply situation in the market.

Pramod Bhandari: Typically, the PAN is imported in India between on a quarterly basis, around 13,000 to 15,000 tons. The last quarter also there was an import of similar nature, and that is has been continuously post starting of the new production facility by the other competitor. So, you need to understand that generally India has the anti-dumping duty and the basic custom duty, and we have the tender source to enable to not to allow the known compliant Phthalic Anhydride into the country, which is not good for health. But there are certain levies given by the government in terms if you are 100% EOU, you can buy the product and sell it. You do not need to comply with the duty and you do not need to comply with the BIS standard. In that case, the 100% you guys prefer to buy in case there is an opportunity from the international market.

So, even if India is self-sufficient, almost slightly higher than capacity than the Indian demand, still there will be an overall import in Indian market because some of the places feel that they need to import. Of course, they carry the risk Forex trade, insurance, logistics, transportation, others, but still they improve. So, India for import, you can assume 50,000 to 60,000 tons with import is there. As we import, you need to also consider that I G also exports around 10% to 15% of their product. So, net-net, exports from India and imports from India net will become zero.

Yash Naik: Okay. And sir, with the Orthoxylene spread under the pressure and main price is about 20% Y-o-Y lower, how do you see the spreads trending in the next couple of quarters?

Pramod Bhandari: So, the gross margin for the last quarter was 27%. This quarter, it's about 19%. So, there is a direct erosion of around 7% to 8% on the gross margin. The main reason was the decline in the margin. It's the overall international market when the margin is driven by the demand and supply. And I think it has also been impacted because of the uncertainty in the global market because of the tariff and other things. China put some duty on the downstream segment. Europe was in trouble around one year back because of the gas prices, then U.S. is now playing different tactics.

So, I think we need to wait probably one or two quarters before we see the good uptick in the marketed margin, because margin is basically the sector of demand-supply, and that will be settled when there is stability in the global market. Continuous fights going on, now tariff war going on. So, all the players who are into the downstream production or the production of various chemical and chemistry, the mindset, the production process as well as the incremental production to supply expansion, everything got impacted because of these uncertainties with the market.

Yash Naik: Clear. That's it from my side. If I have any I will rejoin the queue.

Moderator: Thank you. The next question is from the line of Chirag Vaikarya from Budhrani Finance. Please go ahead.

Chirag Vaikarya: Good afternoon, sir. Sir, I wanted to just, I missed that number, current spread is at what level, sir?

Pramod Bhandari: Between \$100 to \$120 in the market.

Chirag Vaikarya: Sir, secondly, on the debt that you have said, sir, you are saying that you have around Rs. 227 crores debt, right? And how much is foreign debt?

Pramod Bhandari: Correct. Foreign debt is 188 crores.

Chirag Vaikarya: And from this, how much are you converting it to the rupee-denominated?

Pramod Bhandari: I think cost target is Rs. 100 crores and then Rs. 50 crores.

Chirag Vaikarya: This will happen in this financial year, FY '26?

Pramod Bhandari: Yes, yes. I think 50% will be by September and then by December.

Chirag Vaikarya: Okay. So, Rs. 150 crores will get converted, right?

Pramod Bhandari: Between Rs. 130 crores to Rs. 140 crores.

Chirag Vaikarya: Rs. 130 crores to Rs. 140 crores.

Pramod Bhandari: Because balance one debt is very cheap, which is 0.7% or 1.1% under the VCA facility, which we do not want to convert it. But we will have some protection in terms of the hedging for debt also. But right now, all the debt which we have in euro, we are planning to convert.

Chirag Vaikarya: This pressure on spread, what do you attribute this to in this quarter?

Pramod Bhandari: Both geopolitical global uncertainty because global demand has to be stabilized for that because whatever is the global margin, we get \$100, \$120 over and above. So, I think the Ukraine war, U.S. policy for this, plus China retaliations against that, plus Indian and U.S. relationship, everything together. So, many uncertainties are going on, that has impacted the overall demand supply, which I believe has now improved. July as I have seen better improvement even in domestic market, demand is much better in July, August, September. So, I think we need to wait for three to six months before the global market set up on that side.

Chirag Vaikarya: And any thoughts, any dumping happening?

Pramod Bhandari: Dumping, I will not say, but some of the players continue to import because you do not need to have BIS standards as others follow. So, you can import under the scheme and there you need to export your product. So, duty or the BIS is not a hurdle for certain players.

Chirag Vaikarya: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Shiv Patel from Scoop Investments. Please go ahead.

Shiv Patel: Sir, my question is on plasticizers, right? Does your plasticizer plant produce only the four plasticizers you mentioned or it is flexible to produce other plasticizers as well?

Pramod Bhandari: So, I have not got your question, can you please repeat it?

Shiv Patel: Okay. Sir, my question is on plasticizer side. Does your plasticizer plant produce only four plasticizers you mentioned or it is flexible to produce other plasticizers as well?

Pramod Bhandari: It is flexible to produce other plasticizers as well.

Shiv Patel: Yes. But means it can produce other plasticizers, yes?

Pramod Bhandari: Yes, yes. I have just given you top four, it is actually seven, eight. And out of that, PVC we are already producing for last two years.

Shiv Patel: And are you looking to expand your plasticizer portfolio beyond current four you mentioned in coming years?

Pramod Bhandari: I think that I am not going to be able to comment it right now. Let's first plasticizers start, then we will discuss about it.

Shiv Patel: Okay. And sir, is there any oversupply in market because of one --

Moderator: Sorry to interrupt sir, may we request that you return to the question queue for follow-up. The next question is from the line of Chirag from Keynote Capital. Please go ahead.

Chirag: Thank you for the opportunity. Most of my questions are answered. Just one question, Pramod sir that we are almost one and a half months in the Q2 down. What kind of spreads are we looking at currently? Is it \$100, \$120 only?

Pramod Bhandari: \$120 to \$150.

Chirag: Okay. Sir, second thing I wanted to understand, generally when we reach a spread of 100, we have seen internationally, multiple plants have shut down. This was the case in FY '24 too. Is it the case that is happening right now also? Are we seeing any shutdown?

Pramod Bhandari: I think right now it is not because of that, but because of lot of geopolitical issues already plants are operating at lower capital. So, they are operating at lower capacity. The overall demand scenario has impacted because so many geopolitical. Some downstream industries are impacted because uncertain in the duty. So, as such, we have not heard anything about the shutdown of plant. Of course, there is a repair maintenance and all that, that is going on as usual. Somebody

extended that, but you will never know why it is extending. So, that made the reason. Assets we have not seen because right now it has gone to \$120. Now it is again gaining up for the \$120 to \$150.

Chirag: Fair enough. And sir, are we expecting any catalyst change in the next couple of quarters?

Pramod Bhandari: So, I think every year, we will have one or two. This year, we already had it. For the next year, we need to plan it out. Right now, Company has not planned it. So, technical deal will plan. Generally, in the year, we will have two, because we have five plants and every three years you need to change the catalyst. So, every year we will have two shutdowns.

Chirag: Right, perfect. And sir, last question from my side that the kind of guidance that you have given about Rs. 3,000 crores plus top line, are this on current Phthalic anhydride prices or it is on a normalized level?

Pramod Bhandari: No. At current market price of Phthalic we are expected to have a Rs. 2,200 crores of revenue, which is there at last year if you operate four plants. If you add five plants, then you have a revenue of Rs. 2,700 crores, which is Rs. 500 crores added. Plus, if you add the plasticizer of the Rs. 950 crores, out of that you need to reduce the Phthalic of Rs. 450 crores, then Rs. 500 crores net-net will be added on plasticizer. So, that's why I can say that if we operate five plants, including plasticizer, we will have a revenue between Rs. 3,000 crores to Rs. 3,200 crores.

Chirag: Fair enough. With the kind of catalyst change and the kind of prices which are going on currently?

Pramod Bhandari: In line with the current market price.

Chirag: Perfect. That is it from my side. Thank you, sir.

Moderator: Thank you. The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, thank you for the opportunity. Sir, some of the data that we follow, there has been 10%, 15% decline in Phthalic prices in China. So, is this true? And it seems that the Orthoxylene prices are stagnant, but Phthalic prices have declined by 10%, 15%. So, would that mean the spreads are going to decline even further?

Pramod Bhandari: That is the reason the margin got impacted. The last quarter, the gross margin was 27%. This quarter, it is 19.2%. So, 7% to 8% is a direct impact on the margin because of the raw material prices and the Phthalic price.

Madhur Rathi: And sir, so is that also the case for this quarter because it seems that prices have declined from RMB 7,000 to RMB 6,200?

- Pramod Bhandari:** Right now, the prices in the market is going between \$90 to \$93 for Phthalic and around \$80 to \$81 is Orthoxylene. Right now, there is a slight improvement compared to the last quarter. And then I am talking about only July, July and half of August. I think next 45 days will decide what will the overall margin. If it remains the same, it will be better than the last quarter, current quarter.
- Madhur Rathi:** Got it, sir. Sir, my next question was on the plasticizer. Sir, would we be the lowest cost producer of plasticizer once we begin our production versus KLJ and other competitors?
- Pramod Bhandari:** So, I will not say the lowest cost producer because we are setting only a capacity of 25,000 tons. We will have some inherent advantages because we are producing Phthalic. And in that case, the pricing of the Phthalic will be comparatively lower because we do not need to pay, you do not need to transport it. So, that advantage will be there. But I will not say that we are lowest cost today because KLJ also has their in-house Phthalic, but we will be very competitive.
- Madhur Rathi:** Got it. And sir, this would have a 5% to 10% incremental net margin of Rs. 500 crores that additional revenue that we will get, right?
- Pramod Bhandari:** Gross is 10% to 12%, and net we are planning, it moved between 3% to 10%. So, you never know. Right now is between 5% to 6%. So, margin keeps on changing. Some products have 7% or 8%, some have 12%, 13%, it depends upon which product we are producing and what is the margin at that point of time.
- Madhur Rathi:** Got it, sir. That was it. Thank you so much, sir. All the best.
- Moderator:** Thank you. The next question is from the line of Amit Mehendale from Robo Capital. Please go ahead.
- Amit Mehendale:** Sir, my first question is on the plasticizer plant. We see that Q1 of next year, which is Q1 '26, we will have the planned scaled up fully so that it does about Rs. 900,000 crores the expected revenue that we have will start from--
- Pramod Bhandari:** So, I mentioned last quarter also, December, we are planning to commission then it will be trial run for probably two to three months. Then we will start the production. So, we do not expect to reach 100%, but we will be between 50% to 60% for sure for the '26-'27.
- Amit Mehendale:** So, what revenue are we --
- Pramod Bhandari:** No. Once you start the commercial production, you ramp up quarter-to-quarter basis. It may be 100%. It may be 90%, but general guidance we have given is 50% to 60% in the first year of production. Generally, all plants, if you look at, they start with 50%, 60%, then there is 70%, 80% and then at 90%, 95%. You may overreach. But for the purpose of guidance, we remain in line with what industry standard is.



- Amit Mehendale:** All right. Sure, sir. The next question, net debt. What would be the net debt adjusting for cash?
- Pramod Bhandari:** Net debt is zero because the cash on the balance sheet was around Rs. 300 crores. Right now, it's Rs. 270 crores, which will be further added by Rs. 20 crores, Rs. 30 crores very soon. Net debt is zero because debt is Rs. 227 crores, which is further prepaid. And now right now is Rs. 197 crores against the cash of Rs. 250 crores to Rs. 270 crores.
- Amit Mehendale:** And the last question is on the imports. So, for the imported products versus our, what will be the difference in the pricing?
- Pramod Bhandari:** So, as such no difference in the pricing, except the freight transportation and the duty if at all is levied, that is the only difference, only different 2% to 3%. Otherwise, it's a competitive market price. And generally, our pricing for most of the customers are in line with the imported parity.
- Amit Mehendale:** Okay, sir. That's it from my end. Thank you.
- Moderator:** Thank you very much. Ladies and gentlemen, due to interest of time, that was the last question for today. I now hand the conference over to Pramod sir for closing comments.
- Pramod Bhandari:** Thank you very much, everyone, for joining the call. We appreciate your time and interest in our Company. In case you have any other questions, please contact SGA, our Investor Relation Advisor, or you can send a mail to us. Thank you. Thank you very much.
- Moderator:** On behalf of I G Petrochemicals Limited, that concludes this conference call. Thank you for joining us. And you may now disconnect your lines.