IG Petrochemicals

Operator: Ladies and gentlemen, good day, and welcome to IG Petrochemicals Limited Q2 and H1 FY27 earnings conference call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 this conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pramod Bhandari, Chief Financial Officer, IG Petrochemicals Limited. Thank you, and over to you, Mr. Bhandari.

Pramod Bhandari – CFO: Good afternoon, ladies and gentlemen. Happy Dussehra, a very auspicious occasion, and I wanted to wish you that first. Thank you for joining this conference for the Q2 and H1 FY27 earnings call of IG Petrochemicals. Joining me today is SGA, our investor relations advisor. Our financial results and investor presentation have been uploaded to the stock exchanges and are also available on the company's website. I hope you had the chance to go through them.

I will begin with a short overview of the industry and then take you through IGPL's operating and financial performance for the quarter and half-year ended September 2026. In terms of the industry overview, the first half of FY27 was a mixed period because, in India, infrastructure spending, manufacturing activity, and healthy industry demand continued to support several downstream industries. As a result, the Indian chemical industry remained resilient and gradually moved up from cyclical weakness towards a more stable [line issue]

Operator: I'm sorry to interrupt you. We lost your audio in between. Can you repeat the last few sentences once again, please?

Pramod Bhandari – CFO: [line issue] The global commodity chemical market remained competitive, with continued oversupply weighing on prices and profitability. At the same time, ongoing tensions in the Middle East created near-term uncertainty, particularly regarding energy prices, the supply chain, and logistics. This kept the prices of key raw materials, including ortho-xylene and several other key raw materials or intermediate products across the value chain, volatile during the period. These developments are also influencing sourcing preferences, with customers placing greater value on the [trails off]

Management {? Mr. Bhandari ?}: assured delivery, consistent quality, and reliability of supply. While some volatility may continue, our long-term view on the Indian chemical industry remains positive. Rising demand, rising domestic demand, a shift in the global supply chain, infrastructure growth, and favorable government policies continue to provide a strong foundation for the sector.

In terms of competitive strength, the fundamentals of the business have continued to be firm as well. IGPL is the largest producer of phthalic in India and among the world's largest producers of phthalic. This position has been built over several decades on manufacturing excellence, operating efficiency, product quality, and customer reliability. Our customer network across key end-user industries is concentrated primarily within a 200- to 300-kilometer radius of our manufacturing

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facility. This proximity improves supply chain efficiency, deepens customer engagement, and contributes to stable demand.

Equally important is our low-cost manufacturing base. Continuous operating improvement, efficient plant management, and disciplined cost control have kept us among the lowest-cost producers in the industry, helping us navigate market cycles more effectively.

In terms of business and operational updates, turning to our performance, IGPL delivered a very strong quarterly performance, achieving its highest-ever quarterly revenue along with a sharp improvement in profitability compared to the corresponding quarter of the previous year.

This was primarily driven by better realization, while volume remained slightly lower as operations were carried out at a margin below full capacity. For H1 FY27, the company sustained this strong momentum and delivered significant growth in revenue and a sharp improvement in profitability. We achieved this performance despite raw material price volatility, geopolitical uncertainty, and uncertain demand from end-user industries. At the same time, we continued to invest in equipment upgrades and maintain our plant to the required standard for our long-term competitiveness, improve operational efficiency, and support future growth.

Coming to our growth initiatives, our greenfield plasticizer plant commenced production on September 30, 2026, with an initial capacity of 75,000 tons. The plant is expected to start contributing to revenue in the next few quarters. The facility will manufacture a broad portfolio of plasticizers, including DOP, DINP, DBP, DIHP, and DIBP, catering to a wide range of plasticizer applications. Several of these products experience high domestic demand. Our particular focus will be on DOP and DINP, which will find applications in the wire and cable industry. We see this business as an important extension of our value chain, one that adds to our product portfolio and offers robust long-term growth potential.

We have also expanded our DEP capacity from approximately 8,000 tons to 12,000 tons through debottlenecking. Over the next 4 to 5 years, we expect this product line to contribute meaningfully to our overall performance and provide a balanced revenue mix.

As part of our sustainable and green initiative, and as part of our long-term strategy, we are guided by our commitment to environmental stewardship and the circular economy. The CBG plant has been completely set up and is expected to commence operations by the end of December. It will support renewable energy generation and create a sustainable, diversified revenue stream. Together, these projects broaden our business opportunities and reinforce our commitment to sustainable industry practices.

Along with these growth initiatives, we remain focused on improving efficiency across our manufacturing units. We continue to integrate solar power and other renewable solutions into our facilities to reduce overall carbon intensity and optimize our energy costs. We are also progressing with the phased replacement of conventional fuels such as LDO or diesel with natural gas. We expect this transition to improve efficiency, lower operating costs, and reduce emissions. These efforts support our long-term growth objective of building a future-ready manufacturing platform that balances economic performance with environmental responsibility.

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Looking ahead, we remain cautiously optimistic. While the external environment remains volatile, the ramp-up of our plasticizer plant, our expanded DEP capacity, and the upcoming CBG plant position us for the next phase of growth. Backed by a net-cash-positive balance sheet and a strong market position, we continue to focus on operational efficiency, deeper customer relationships, and a more diversified business. We will also remain disciplined in the allocation of our capital as we pursue sustainable, profitable growth and capitalize on opportunities as the market situation evolves.

In closing, I would like to thank all the investors for their continued trust, as we remain committed to creating long-term value for them.

Now coming to the financial performance for Q2 FY27, the company delivered its highest-ever quarterly performance, with revenue rising 63% year-on-year to 770 crores, driven by improved realization. Revenue contribution from the non-phthalic business stood at 68 crores. Gross profit at 230 [cut off]

Operator: Sir, sorry to interrupt. We have lost your audio. Participants, please stay connected. We lost the line for the management. [line issue]

[long pause]

Operator: Ladies and gentlemen, thank you for your patience. We have Mr. Bhandari's line reconnected. Sir, go ahead.

Sandeep Bhandari: Sorry, I request that we repeat the financials once again, please.

Operator: Please go ahead.

Sandeep Bhandari: Now coming to the financial performance for Q2 FY27, the company delivered its highest-ever quarterly performance, with revenue rising 63% to 770 crores. Revenue contribution from the non-phthalic business stood at 68 crores during the quarter. Gross profit was 232 crores, doubling from 114 compared to Q2 FY26. Gross profit margin improved to 30% compared to 24%. EBITDA for the quarter rose sharply to 144 crores compared to 27 crores in Q2 FY26. EBITDA margin was around 18% compared to 5.8% last year for the same quarter. Profit after tax stood at 105 crores, the highest-ever quarterly profit, compared to 1 crore in Q2 FY26.

For the half-year, the company delivered a strong half-yearly performance because Q1 was equally efficient and profitable. With revenue rising 46% to 1,395 crores, driven by improved realization, revenue contribution from the non-phthalic business stood at 117 crores for the first half-year. Gross profit [cut off]

Operator: Sir, sorry to interrupt you once again, but there is some network issue. I will need to reconnect your line. Please bear with me, sir. Participants, please stay connected while we rejoin Mr. Bhandari to the call. [line issue]

[long pause]

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Operator: Ladies and gentlemen, thank you for your patience. We have Mr. Bhandari's line reconnected. Sir, go ahead.

Sandeep Bhandari: Sorry for that; there was a disconnect. I am now taking the call from a landline. You will be able to hear it clearly.

The company delivered a strong half-yearly performance. Revenue rose 46% from 1,319 [hesitates] 1,395 crores, driven by improved realization across all the product segments. Revenue contribution from the non-phthalic business stood at 117 crores for the first half-year. Gross profit increased to 440 crores, which is more than double the 216 crores in H1 26. EBITDA for the half-year rose sharply to 264 crores compared to 40 crores for the 6 months of the previous year. EBITDA margin improved to 19% compared to 4.2% last year. Profit after tax stood at 161 crores compared to 7 crores in [trails off]

Management: ...150 crore loss for H1 26. For September, the net cash position was 150 crores. Net cash means cash minus debt—the cash minus the debt—compared to 77 crores. The board, in view of the excellent operating performance, has declared an interim dividend of 100%, which is 10 rupees per share on the face value of a share of 10 rupees for the financial year 26-27. With this, I would like to conclude the presentation and open the floor for questions and answers.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press star and one to ask a question. The first question is from the line of Manan Shah from Navneet Family Office. Please go ahead.

Manan Shah – Navneet Family Office: Yes. Hi, am I audible?

Management: Please go ahead.

Manan Shah – Navneet Family Office: Thank you for the opportunity, and congratulations on a great set of numbers. Firstly, if you can provide some data points in terms of our utilization or volume, what were the spreads that we earned in the quarter gone by, and what are the spreads going on currently?

Management: In terms of quantity, we generally do not provide the exact quantity, but compared to the last quarter, it has improved by 15% to 18%. It was around 40, nearby 40, in the last quarter. This quarter it was more than 47.

In terms of the spread, I think the spread has been volatile between 300, 400, and 450. Every time it was a different spread, but on average it was between 300 to 400 spreads in the market, and we make around 100 dollars over and above that.

Manan Shah – Navneet Family Office: Are these spreads sustaining currently as well?

Management: Right now, the spread in the market is between 300 to 400. It was 100 to 200 around the first 6 months, or the preceding 6 months. So basically, it keeps changing between 150, 100 to

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300 dollars. Right now, it is around 300 to 350 dollars.

It is also a result of geopolitical issues and constraints in the supply of raw materials. There is very limited supply, and everybody is operating at 60% to 70% of the plant. I would not like to comment specifically on the sustainability of this type of spread.

Having said that, we were operating three plants, and now we have started the fourth plant. So we expect that even if the spread moderates, with the fourth plant, the increase in DEP production, and the plasticizer that has started just recently, we will be able to maintain a healthy margin. Spread is a function of demand and supply in the market, which may range between 200 to 400.

Manan Shah – Navneet Family Office: In the second half, can we expect better utilization or better volumes?

Management: Definitely.

Manan Shah – Navneet Family Office: What we understand from the paint companies as well is that they have seen some 6% to 8% volume growth on the industrial side. Are you seeing better demand from that customer segment for us? Apart from that, are there any other customer segments where you are seeing better demand?

Management: From our point of view, paint, pigment, plasticizer, and UPR—all 4 segments—are doing well. There are also a lot of new sub-segments that have come up, such as specialty chemicals, agrochemicals, UPR, and PVC, and they are doing well.

Overall, we are very comfortable with the growth in demand in the domestic market. There may be some plus and minus, but right now, I think supply is not in line with demand because there is a constraint in the availability of raw materials across the globe. Everybody is focusing on gasoil, gasoline, and LPG.

While crude oil demand has gone down, crude oil production and demand have gone down for a short period of time, but this has been replaced and replenished by other suppliers. However, the feedstock that has been specifically impacted because of geopolitical issues in the Strait of Hormuz and the Red Sea cannot be restored, because you cannot set up a plant in 1 or 2 years or 6 months. Of course, crude can be transported from other places.

Therefore, that restriction, or restricted supply, remains the key reason why the prices of all feedstocks across the globe have gone up, and similarly, the prices of final products have gone up.

Manan Shah – Navneet Family Office: Lastly, on the inventory side, given the volatility of crude, I believe your raw material prices would also be quite volatile. In such a scenario, how are we managing inventory and passing on the volatility in raw material prices?

Management: Generally, we are keeping very minimum inventory, both on the final product side and on the raw material side. Whenever we have proper sourcing of raw material, we try to book 80% to 85% of sales in line with the procurement. In this way, we try to avoid 80% to 85% of the volatility.

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Manan Shah – Navneet Family Office: How do we see the ramp-up of the plasticizer plant for the second half?

Management: The plasticizer plant has just started. There are some teething issues that are being sorted out. I believe that it will give around 1,500 to 2,000 per month going forward and, say, 10,000 to 15,000 for a period up to perhaps 20,000 up to March. Next year, we expect it will cross 40,000 to 50,000 tons on an annualized basis.

Manan Shah – Navneet Family Office: Would that give you the opportunity to start PA5 as well?

Management: PA4, 4 plants are operating right now. PA5 will begin operations in line with that.

Manan Shah – Navneet Family Office: Thank you. I will get back in the queue.

Management: Generally, PA5 is the name of the plant. PA5 is operating; some other plants are shut down. So it is not that PA5 is shut. We actually keep 3 to 4 plants operating, and one of the plants is under regular maintenance shutdown, catalyst change, and so on.

Manan Shah – Navneet Family Office: Understood. Thank you. I will get back in the queue, and happy Diwali.

Management: Happy Diwali.

Operator: Thank you. The next question is from the line of Ria Mehta from Equiras Investments. Please go ahead.

Ria Mehta – Equiras Investments: Thank you very much for the opportunity, and congratulations on this great set of numbers.

Operator: Ria, sorry to interrupt. Your voice is echoing. Can you speak through the handset, please?

Ria Mehta – Equiras Investments: Sure. Am I audible?

Operator: Yes, thank you.

Ria Mehta – Equiras Investments: Congratulations on a great set of numbers. My first question is that, as and when the plasticizer ramps up, we will have to start PA5. As PA5 comes in, do you see that the incremental volume that we will have to sell in the trade market could result in lower pricing because of the incremental supply from PA5?

Management: Right now, the guidance we have given for this year is around 2 lakh tons, plus or minus 3% to 4%, and we are on track. But I think next year, 27-28, there will be a marginal increase of 8% to 10% in PA.

Having said that, the overall increase may be higher, but I think 30,000 to 40,000 tons of PA will be consumed between DEP and plasticizer. Net-net, the volume available for us to sell in the domestic market will remain in the range of 2 lakh to 2 lakh 15,000 tons.

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Ria Mehta – Equiras Investments: Understood. So 15,000 would be the incremental volume on a year-on-year basis that we have to take. You were mentioning some issues at the plasticizer end. Are they approval issues or more technical in nature? Also, how are we positioned in terms of contracts for plasticizer? Are they long-term or short-term?

Management: Right now, we have just started. There have been 2 to 3 batches. There are some quality checks that need to be completed, after which we will provide the samples. We will really start supplying to customers from mid-November or the end of November. We will assess the quality and other issues by the end of this quarter.

Right now, the planned supply is 1,000 to 1,500 tons. We are not planning for a large supply in the next 6 months. However, this will be the testing and decisive period to decide which type of plasticizer we need to produce, what supply we need to provide, and which customers we need to target.

Next year, we are planning between 40,000 to 50,000 tons, depending on the type of plasticizer, but our focus will remain only on DEP and DI-DEP, which go into the cable industry, where demand is growing at 15% to 20%.

Ria Mehta – Equiras Investments: Understood. So are we saying that, out of the maximum capacity of 75,000 tons, we would be producing 40,000 to 50,000 tons next year?

Management: It will take 2 years. Probably next year it will not be at full capacity. Probably the year after next, you will be able to have around 60,000 to 75,000 tons, or perhaps higher. It all depends on customer penetration and demand growth. I would not like to comment today. Probably next quarter I will be in a better position to tell you what 27-28 will look like.

Ria Mehta – Equiras Investments: Of course. Just in terms of direction, how are you seeing the demand-supply situation for plasticizer, especially the products that you want to enter? The second question is regarding pricing.

Management: I think the margin in plasticizer today is good, in line with Phthalic. Demand is growing at 5% to 6%. IGPL, with the new plant [trails off]

Management: ...once started, we will be among the top 3 players in India. We will have an inherent advantage in supplying Phthalic and balancing all products, including DEP, benzoic acid, and Phthalic. DEP, benzoic acid, 2EH alcohol, {? INA ?}, and IBA are all being purchased from the market.

We will have a good facility with a capacity of 1 lakh tons, with 75,000 tons to start with, after which we can go up to 1 lakh tons. This will eventually add around 1,000 crores to 1,200 crores of gross revenue. Net revenue will be around 500 crores to 600 crores because it will use Phthalic. With all 4 to 5 plants operating and plasticizer adding a net 500 crores, we believe revenue at peak should be between 3,000 crores to 3,500 crores.

Ria Mehta – Equiras Investments: This will be around FY28 or FY29, where we would see the [inaudible]?

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Management: It may happen earlier as well, but I would not like to comment because, today, if you count the revenue, it can cross that level even with 4 plants and part of the plasticizer business because prices are very high. I expect prices to moderate, and then, based on historical prices, this is the revenue we expect.

Ria Mehta – Equiras Investments: Understood. In terms of our non-phthalic business, such as Maleic, how do we see the margins for those products? I understand they are made from by-products. I wanted to understand, after considering the respective sacrifice and margin, what kind of margins do you earn?

Management: We produce Maleic from wash water. Typically, what we sell is EBITDA, which may be 3% to 4% lower because it comes as a by-product and no raw material is used. Some processing is required to extract Maleic from wash water.

Typically, Maleic revenue was 20 crores to 21 crores in the last quarter because Maleic prices were high. The average for earlier quarters was typically 14 crores to 15 crores; this quarter it was 21 crores. We have also increased DEP production and reached revenue of around 39 crores to 40 crores in the last quarter.

Benzoic acid remains in the range of 1 crore to 2 crores. So, apart from Maleic, DEP is also contributing to our other revenue, in addition to benzoic acid. This quarter, apart from interest and investment income, we achieved around 75 crores of other income from other products.

Ria Mehta – Equiras Investments: In terms of Maleic, we were also seeing that it was trading at a discount to Phthalic prices. Is the situation the same as earlier, and how is it progressing?

Management: Prices have actually gone up in line with Phthalic, but Maleic is still available at a discount to Phthalic. Maleic is between {? 150-160 ?}, while Phthalic is between {? 180-190 ?}. However, from the base when the price was 70 to 80 rupees, it is now {? 150-160 ?}. Phthalic, which was 100 rupees, is now {? 180-190 ?}. Prices have gone up, but in terms of the overall comparative pricing of Phthalic and Maleic, Maleic is still 10% to 15% lower than Phthalic in the market.

Ria Mehta – Equiras Investments: Understood. In terms of the availability of OX, while you mentioned that a lot of lower-capacity units are operating to produce OX, what is your view on whether the availability of raw materials would be a challenge if we started Plant 5 with incremental demand?

Management: I think the availability of OX raw material is not a challenge for the entire industry because it generally comes from China, Taiwan, and Korea, which are not impacted by the Strait of Hormuz and related issues. The challenge is not the availability of raw material; the challenge is the pricing.

Would you like to buy the raw material at such a high price? Will you be able to pass on that price to the final customer? What if the market changes? That was the reason everybody was cautious and operating at an optimum level. To the extent that they would be able to sell, they were buying the raw material and converting it into the final product.

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Availability of OX is not a challenge, but of course, the pricing is high. As I mentioned earlier in my communication, all petrochemical feedstocks are at nearly a 1-, 2-, or 5-year high. Prices have gone up quite significantly, and the logistics cost across the globe has also gone up by 2 to 3 times. That has impacted overall petrochemical feedstock pricing. OX is typically freely available in the market if you want to buy it, but it is costly.

Ria Mehta – Equiras Investments: Understood. Going forward, considering a scenario where the war ends, how would the demand-supply scenario look at that time?

Management: If the war ends, demand will be more robust and better because some final downstream industries are not able to supply to areas such as the Middle East, and there is also some impact on the US. Overall, when the war ends, demand is expected to improve further. Of course, there will be moderation in the pricing of both raw materials and final products.

Ria Mehta – Equiras Investments: Understood. Thank you very much. I will join the queue for further questions.

Management: Thank you.

Operator: Thank you very much. The next question is from the line of Jitendra Parmar from Aurum Edge. Please go ahead.

Jitendra Parmar – Aurum Edge: Good afternoon, and congratulations on an excellent set of numbers. I wish you all a very happy festive season and happy Diwali.

Management: Happy festive season and happy Diwali.

Jitendra Parmar – Aurum Edge: I have a couple of questions. I could not understand because I think the line was unclear. What was the capacity utilization you mentioned across our plants?

Management: For the last quarter, we were operating 3 plants. It was 45,000 to 47,000 tons, and we recently started the fourth plant. When I talk about capacity utilization, I am referring to the capacity utilization of the existing plants that were operating. The capacity utilization of the plants that were operating was between 90% to 91%. The plant that was not operating is not counted in capacity utilization.

Jitendra Parmar – Aurum Edge: Understood. In these numbers, we have shown excellent EBITDA margins and so on. Are there any inventory gains in this? If yes, what is the percentage?

Management: I think it is less than 2%. We do not separately calculate inventory gains, but when the last quarter ended, the inventory gain had already been taken into account in the last quarter because prices had already reached the 150 to 160 level and then moved to the 170 level.

In auditing and accounting, we take the lower of cost or realizable value. Since the price is already high, the chances of inventory gains being captured are very, very small. You understood my point? In the last quarter, there was a good gain because lower-cost inventory was available and prices had gone up. Last quarter, prices were already high.

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Jitendra Parmar – Aurum Edge: That is what makes this performance even more commendable. You also mentioned some share of renewable power. The line was unclear at that time, so we could not understand it. Could you repeat it?

Management: I will repeat it. Typically, we use {? LSHF ?}, diesel, and government electricity. Now we have received a connection for natural gas, so we will replace around 70% to 80% of fossil fuel with natural gas.

Of course, there were some challenges in the quarter before last because the government had cut supply to the industry by 10%, 20%, or 30%. Now everything has been normalized, and we are using the maximum amount of natural gas. Going forward, this will continue to be the case.

It is not only a green initiative; in terms of cost as well, it is 10% lower than the {? LSHF ?} cost.

Jitendra Parmar – Aurum Edge: Do you have any thoughts on using renewables, such as solar?

Management: We are already using solar at our Phthalic Anhydride plant. We have been using it for the last 4 years, and it is netted off against our existing bill. However, for the plasticizer plant, which started recently, we are currently evaluating various options for using solar.

Jitendra Parmar – Aurum Edge: We have a fairly good balance sheet, and the capex cycle has also been completed. You mentioned that, at normalized prices, you can achieve revenue of 3,000 crores to 3,500 crores. When would we look at that? I think that could happen perhaps next year. Your presentation also mentions exploring adjacent downstream chemistries. Is there any thought on a future capex cycle?

Management: Right now, the focus is on stabilizing our plasticizer business. We continue to explore various opportunities, but it would not be right for me to discuss them in this forum because they have not been discussed with management or approved by the board.

Whenever we finalize our plans, we will be planning various downstream businesses and looking at other chemistries. However, we are very cautious and want to enter any chemistry only when we are 100% sure about replacing imports, creating long-term value, and meeting our IRR requirements.

We are very particular about IRR. If the IRR is less than 15%, we will not proceed; we are very clear on that. We will evaluate various opportunities, but they must fit all our criteria: a minimum 15% IRR, the required capex, and the revenue that should be added.

We are evaluating these opportunities. I think the time has now come for us to look at other chemicals and chemistries.

Management: ...in downstream as well as in new chemistry. We are evaluating it, and once it is finalized and approved by the board, we will discuss it.

Jitendra Parmar – Aurum Edge: I think that is all from my side. Thank you very much, and I wish you again a very happy Diwali.

Management: Thank you.

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

Madhur Rathi - Counter-Cyclical Investments: Thank you for the opportunity. Firstly, if you can help me understand where we are in the cycle, spreads are at the higher end, and it seems that they will remain at the higher end for the time being. With the refinery being affected in the Middle East region and global utilization having improved to 65% to 70%, can we maintain these spreads, and how long do we expect to sustain spreads of $350 to $400?

Management: I would not like to comment on the spread. I will comment only on capacity utilization and how much production we can make. Spread is a function of demand and is dependent on demand and supply and geopolitical matters.

Right now, it is between 300 to 400. Historically, it was between 150 to 200. Right now, it is around 300-plus, and we are trying to make maximum utilization of that.

I expect spreads over the next 5 to 10 years to remain between $200, $250, and $300. If they do not, most plants in Europe, America, and Southeast Asia—because their conversion cost itself is $150—will become unviable. If somebody sets up a Phthalic plant today and the margin is less than 200 or 250, it will incur losses at the EBITDA level.

Therefore, it would not be right for me to comment on what the right margin is. Based on demand and supply, if you set up a new plant, 200 to 250 is the cut-off. So I believe that, in the long term, you will get that average margin that has prevailed over the last 5 to 10 years.

Madhur Rathi - Counter-Cyclical Investments: If we were to understand the industry's capacity utilization and how much capacity might have gone out of the market and may not return for the next 1 or 2 years due to some disruption, how would you help us understand that?

Management: Right now, considering the situation in the Gulf—Iran, the US, Russia, and other countries, and then Israel—I think capacity has gone out of the market. All refineries in the global market are focusing on supplying basic fuels such as gasoil, gasoline, and LPG.

If extra capacity is available, they are entering downstream businesses and ensuring that, to the extent required, they are able to obtain feedstock for petrochemicals. Some capacity in the Middle East that supplies natural gas and other feedstock has been impacted to a large extent.

Petrochemical feedstock prices have gone up by 30% to 60% in the last 6 months. When the situation resumes or normalizes, some of the damage in the Middle East will take 6 months to 1 year to restore. If there is bombing or fighting at refineries, as I have heard—I am not sure how much time it will take to recover—but anything that is going to be normalized will take 6 months to 12 months. It is not going to happen in a hurry.

To the extent of whatever capacity utilization is possible based on feedstock availability, it will continue to remain the same.

Madhur Rathi - Counter-Cyclical Investments: We have an investment property of more than 200 crores on our books that is in the Middle East. Has that been affected?

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Management: No. That company in the Middle East is not relevant here; the property is in Europe, and it is up for sale. It has already been put up for sale, and probably in the next 6 to 9 months we will be able to realize the entire amount.

Madhur Rathi – Counter-Cyclical Investments: Are there any leads on that, or are we simply expecting that it could be monetized?

Management: What happened is that the commercial property has been completed, and we have appointed an agency to sell it. We purchased it for the purpose of setting up a Phthalic Anhydride plant in Abu Dhabi along with ADNOC through a joint venture.

After completing the detailed and basic engineering, we realized that they were not able to match the pricing. I thought that today would be a good time because, if you set up a plant in Abu Dhabi in today's environment, it could backfire. However, when we set up that office and so on, we decided to sell the office, and an agency has been appointed. I think it will be sold in the next 6 to 9 months.

Madhur Rathi – Counter-Cyclical Investments: With so much cash on our books, is there a possibility for IGPL to acquire one of our competitors that is highly leveraged or distressed, either the Dahej or Ranipet plant?

Management: There are 2 ways to look at this. I understand and agree that we have a good amount of cash. That is the reason we declared an interim dividend of 100%, which is 10 rupees, or 30 crores. Of course, that is a very small amount compared to the overall cash on the balance sheet.

We are looking at various opportunities to acquire companies in downstream chemistry. Acquiring a competitor may not be possible because the CCI will not approve it; combined, we would have a capacity of 80% in the Indian market. So we may look at various opportunities, but I am not sure about acquiring a competitor. They are facing some challenges. I think we should wait for the right time.

Madhur Rathi – Counter-Cyclical Investments: One final clarification. You mentioned that we expect 2 lakh tons in FY27. Should we expect the same in FY28 as well, even as plasticizer volumes scale up?

Management: Right now, based on the 6 months, I expect volume to be between 180 and 2 lakh tons because Q1 was really lower. Now we have started the fourth plant as well. So I expect the volume for the year to be between 185 and 195.

Next year, I am expecting higher Phthalic production, but around 20,000 to 25,000 tons of Phthalic will be consumed in plasticizer and DEP. Net-net, the volume available for sale may be 210 to 215. That is what I mentioned. Production will be higher, but what is available for sale will be lower. That is what I mean.

Madhur Rathi – Counter-Cyclical Investments: Have plasticizer prices also increased in line with Phthalic Anhydride prices?

Management: Correct. The margin on plasticizer today is very good.

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Madhur Rathi – Counter-Cyclical Investments: That was all from my side. Thank you very much, and all the best.

Management: Thank you.

Operator: Thank you very much. The next question is from the line of Manan Shah from {? Namneet ?} Family Office. Please go ahead.

Manan Shah – {? Namneet ?} Family Office: Thank you for the follow-up. Based on the numbers of our peers, it seems they are unable to ramp up or sell enough in the domestic market. Are you seeing lower volumes from them, and is that helping you in any way?

Management: Why do you want me to comment on a competitor? I think...

Manan Shah – {? Namneet ?} Family Office: I am not asking you to compare. I am asking whether it is helping you ramp up your volume.

Management: Their sales volume is also similar to ours. We were operating 3 plants and 14,000 to 15,000 tons, and they were operating at a certain capacity. Their volume is expected to be 10,000 to 11,000 tons.

I do not know about their financial performance or how it has changed. However, because of the US facility, the interest burden, and depreciation, their performance may have been impacted. Otherwise, it is the same market and similar customers. There is no reason for the performance to be different.

Manan Shah – {? Namneet ?} Family Office: Understood. Thank you.

Operator: Thank you very much. Ladies and gentlemen, we will take that as the last question. I now hand the conference over to Mr. Pramod Bhandari for closing comments.

Pramod Bhandari: Thank you very much for attending this conference. Since the festive season has started, we appreciate your time and interest in the company. If you have any questions, please get in touch with us or contact SGA. On behalf of all the team members, I wish you a very happy Diwali and Dhanteras, and compliments of the festive season. Thank you very much. Goodbye.

Operator: Thank you very much. On behalf of IG Petrochemicals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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