“I G Petrochemicals Limited

Q2 FY'27 Earnings Conference Call”

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

Moderator: Ladies and gentlemen, Good day and welcome to I G Petrochemicals Limited Q2 and 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 on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pramod Bhandari, Chief Financial Officer, I G Petrochemicals Limited. Thank you, and over to you, Mr. Bhandari.

Pramod Bhandari: Good afternoon, ladies and gentlemen. Happy Dhanteras. It's a special occasion. I thought we first wish you that. Thanks for joining this conference for Q2 H1 FY27 earning call of I G Petrochemicals. Joining me today is the SGA, our Investor Relations Advisor.

Our financial results and investor presentation have been uploaded to the stock exchange and also available on the company's website. I hope you had the chance to go through them. I will begin with a short overview on the industry and then take you through the IGPL operating and the financial performance for the quarter and half-year ended September 2026.

In terms of industry overview, the first half of FY27 was mixed period because in India the infrastructure spending, manufacturing activity, and healthy industry demand continue to support several downstream industries. As a result, the Indian chemical industry remains resilient or gradually moving up from cyclical weakness towards the more…x`At the same time, ongoing…

Moderator: Sir, sorry to interrupt you. We lost your audio in between. Can you repeat the last few sentences once again, please?

Pramod Bhandari: Global commodity chemical market remains competitive, with oversupply continuing to weigh on the prices and profitability. At the same time, ongoing tension in the Middle East created a near-term uncertainty, particularly about the energy prices, supply chain and the 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 preference, and with the customer placing greater value on the assured delivery, consistent quality, and reliability of supply. The near-term volatility may continue. Our long-term view on the Indian chemical industry remains positive.

Rising domestic demand, shift in the global supply chain, infrastructure growth, and favorable government policies continue to provide a strong foundation to the sector.

In terms of competitive strengths, the fundamentals of business have continued to serve us well. IGPL is the largest producer of phthalic in India and among the world's largest producer of phthalic. This position has been built over the several decades on the manufacturing excellence, operating efficiency, product quality, and customer reliability.

Our customer network across key end-user industries is concentrated primarily within 200 to 300 kilometer radius of our manufacturing facility. This proximity improves supply chain efficiency, deepens the customer engagement, and contributes to the stable demand.

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

In terms of business and operational update, turning to our performance, IGPL has delivered a very strong quarterly performance, achieving its highest ever quarterly revenue along with the sharp improvement in the profitability compared to the corresponding quarter for previous year. This was primarily driven by the better realization, while volume remains slightly lower as operations are carried out at a marginally below full capacity.

For H1 FY27, the company sustained this strong momentum and delivered significant growth in revenue and sharp improvement in the profitability. We achieved this performance despite the raw material price volatility, geopolitical uncertainty, and uncertain demand from end-user industry. At the same time, we continue to invest in the equipment, upgrade and maintain our plant to the strength for our long-term competitiveness and improve operational efficiency and support the future growth.

Coming to our growth initiatives, our greenfield plasticizer plant commenced the production on 30th September 2026 with an initial capacity of 75,000 tons. The plant is expected to start contributing meaningfully in next few quarters. The facility will manufacture a broad portfolio of plasticizers which include DOP, DINP, DBP, DIDP, catering to a wide range of plasticizers. Several of these products experience a healthy domestic demand.

Our particular focus will be on DOP and DINP, which will find the application 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 also had expanded our capacity of the DEP from approximately 8,000 tons to 12,000 tons through the debottlenecking. Over the next 4 to 5 years, we expect this product line to contribute meaningful to our overall performance and balance revenue mix.

Sustainable and green initiative, as a part of that, is part of our long-term strategy guided by our commitment to environment stewardship and circular economy. The CBG plant has been completely set up and we expect it to commence the operation by end of December. It will

support the renewable energy generation and create a sustainable diversified revenue stream. Together, this project broadens our business opportunity and reinforces our commitment to sustainable industry practices.

Along with these growth initiatives, we remain focused on improving efficiency across our manufacturing network. We continue to integrate solar power and other renewable solutions to our facility to reduce the overall carbon intensity and optimize our energy cost.

We are also progressing with the phased replacement of conventional fuels such as LSFO and diesel with natural gas. We expect it to transition to improve the efficiency and lower operating cost and reduce the emission. These efforts support our long-term growth objective of building a future-ready manufacturing platform that balances economic performance with environment-friendly.

Looking ahead, we remain cautiously optimistic while near-term environment may remain volatile, ramp-up of our plasticizer plant, our expanded DEP capacity, and upcoming CBG plant position us for the next phase of growth.

Backed by the net cash positive balance sheet and a strong market position, we continue to focus on operational efficiency, deeper customer relationships, and more diversified business. We will also remain disciplined in allocation of our capital as we pursue sustainable profitable growth and capitalize on the opportunity as the market conditions evolve.

In closing, I would like to thank shareholders, investors for their continuous trust, and we remain committed to create a long-term value for them.

Now, coming to the financial performance for the Q2 FY27, company delivered the highest ever quarterly performance with the revenue rising in 63% to INR770 crores. Revenue contribution from non-phthalic business stood at INR68 crores during the quarter. Gross profit was INR232 crores, doubling from INR114 crores compared to the Q2 FY26. Gross profit (Errata: to be read as Gross profit margin) improved to 30% compared to 24%.

EBITDA for the quarter rose sharply to INR144 crores compared to INR27 crores in Q2 FY26. EBITDA margin was around 18% (Errata: to be read as 18.8%) compared to 5.8% last year for the same quarter. Profit after tax stood at INR90 crores, the highest ever quarterly profit compared to INR1 crore in Q2 FY26.

For the half-year, the company delivered a strong half-year performance because Q1 was equally efficient and the revenue rising 46% to INR 1,395 crores, driven by the improved realization. Revenue contribution from Non-PAN business stood at INR117 crores for half year…

Moderator: Sir, sorry to interrupt you once again.

Pramod Bhandari: Yes.

Moderator: 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 back to the call. Ladies and

gentlemen, thank you for your patience. We have line for Mr. Bhandari reconnected. Sir, go ahead.

Pramod Bhandari: Sorry for that. There's disconnect. I'm now taking the call from landline. You will be able to hear it clearly. The company delivered a strong half-yearly performance, revenue rising 46% from INR1,395 crores, driven by the improved realization across all the product segments. Revenue contribution from the non-PAN business stood at INR117 crores for first half year. Gross profit increased to INR440 crores, which is more than doubling of INR216 crores in H1 '26.

EBITDA for the half year rose sharply to INR264 crores compared to INR40 crores for the 6 months for the previous year. EBITDA margin improved to 19% compared to 4.2% last year. Profit after tax stood at INR161 crores compared to INR7 crores loss for H1 '26.

For September, the net cash position was INR150 crores. Net cash means, the cash minus the debt compared to INR77 crores. The board in view of the excellent operating performance has declared an interim dividend of 100% which the INR10 per share, on the face value of the share of INR10 for the financial year '26-'27.

With this, I would like to conclude the presentation and open the floor for question-and-answer.

Moderator: Thank you very much. We'll now begin the question-and-answer session. First question is from the line of Manan Shah from Navneet Family Office. Please go ahead.

Manan Shah: Yes. Hi. Am I audible?

Pramod Bhandari: Yes. Please go ahead.

Manan Shah: Yes. Hi, sir. Thank you for the opportunity and congratulations for great set of numbers.

Pramod Bhandari: Thank you.

Manan Shah: Sir, firstly, If you can just provide some data points in terms of what was our utilization or volume and what were the spreads that we enjoyed in the quarter gone by? And what are the spreads going on currently?

Pramod Bhandari: So I think, in terms of the quantity, we generally don't provide direct quantity, but compared to the last quarter, it has improved by 15% to 18%. It was around 40, nearby 40 for the last quarter. This quarter it was more than 47 (Errata: to be read as 47,000 tons).

Manan Shah: Okay. And in terms of spread?

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

Manan Shah: Right. And are these spreads sustaining currently as well?

Pramod Bhandari: I think right now the spread is between -- in the market is $300 to $400. It was $100 to $200 around last 6 months. So basically, it keep on changing between $150 to $300. So right now, it is on $300 to $350. So, it's also a result of the geopolitical issues, constraint in the supply of the raw material. There is very limited supply and everybody is operating at 60% to 70% of the plant. So, I would not like to comment specifically on the sustainability of this type of spread.

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

Manan Shah: Right. So then, sir, in the second half, can we expect better utilization or better volumes then?

Pramod Bhandari: Yes, definitely.

Manan Shah: Okay. And what we understand from the paint companies as well that they have seen some 6% to 8% sort of a volume growth in the industrial side.

Pramod Bhandari: Correct.

Manan Shah: So, are you seeing better demand from that customer segment for us? And apart from that, are there any other customer segments from where you are seeing better demand?

Pramod Bhandari: From our point of view, paint, pigments, plasticizer, and UPR, all four segments are doing well. And there are a lot of new segments which has come up, like specialty chemical, agrochemical, the UPR, PVC, that are doing well.

Overall, I think we are very comfortable with the growth in demand in domestic market. There may be someone plus and minus, but right now I think the supply is not in line with demand because there is a constraint in the availability of the raw material across the globe. Everybody is focusing on the gas oil, gasoline, and LPG. So while crude oil demand has gone down, crude oil production and demand has gone down for short period of time, but it has been replenished by the other suppliers.

However, the feedstock, which is specifically impacted because of geopolitical issues in the Strait of Hormuz and the Red Sea, that you can't restore it, because you can't set up a plant in 1 or 2 years or 6 months. Of course, crude can be flown from other places, so that restriction or restricted supply remains the key reason where the prices of all the feedstock across the globe has gone up, and similarly, the final product has gone up.

Manan Shah: Right. Sir, lastly, on the inventory side, now given the volatility of the crude, I believe your RM prices would also be quite volatile. So in such a scenario, how are we managing the inventory and the passing of the volatility in the RM prices?

Pramod Bhandari: So, generally, we are keeping a very minimum inventory both for the final product and the raw material side. And generally, whenever we have a sourcing and we book it -- whenever we have

a proper sourcing of raw material, we try to book 80% to 85% of sales in line with the procurement. So through this way, 80% to 85% of volatility we try to avoid.

Manan Shah: Okay. And how do we see the ramp-up of the plasticizer plant for the second half?

Pramod Bhandari: Plasticizer has just started. Some teething issues are there which is being sorted out. So I believe that it will give around 1,500 to 2,000 tons per month going forward. And say it's a 10,000 to 15,000 tons for a period up to -- maybe 20,000 tons up to March. And next year, we see it will cross 40,000, 50,000 tons annualized basis.

Manan Shah: Okay. And would that give you the opportunity to start the PA-5 as well?

Pramod Bhandari: PA-4 -- one, four plants are right now operating. PA-5 in line with that will be beginning the operation.

Manan Shah: Sure. Thank you. I'll get back in the queue and then happy…

Pramod Bhandari: But generally, PA-5 is the name of the plant. PA-5 is operating, some other plants are shut down. So it's not that PA-5 is shut. So, we keep actually three to four plants operating and one of the plants are under maintenance, regular maintenance shutdown, changing catalyst, etcetera.

Manan Shah: Okay. Understood.

Pramod Bhandari: Yes.

Manan Shah: Thank you. I'll get back in the queue, and happy Diwali.

Pramod Bhandari: Happy Diwali.

Moderator: Thank you. Next question is from the line of Riya Mehta from Aequitas Investments. Please go ahead.

Riya Mehta: Thank you so much for the opportunity and congratulations on a great set of numbers…

Moderator: We are sorry to interrupt. Your voice is echoing. Can you speak through the handset please?

Riya Mehta: Sure. Am I audible?

Pramod Bhandari: Yes.

Moderator: Yes, thank you.

Riya Mehta: Yes. So congratulations, great set of numbers. So my first question is, as and when our plasticizers will ramp-up, we will have to start our PA-5. And with PA-5 coming in, do you see that incremental volume which we will have to sell out in trade market to be absorbed, or do you see pricing to be reduced because of the incremental supply which you'll get out of PA-5?

Pramod Bhandari: So right now, I think the guidance which we have given for this year is around 2 lakh tons plus minus 3% to 4%, which we are in track. But I think next year, '27-'28, there will be an increase marginal 8% to 10% in the PA. Having said that, overall increase may be higher, but I think 30,000, 40,000 tons of the PA will be consumed between the DEP and the plasticizer. So net-net available to us to sell in the domestic market remain in the range of 2,00,000 to 2,15,000 tons.

Riya Mehta: Got it. So 15,000 would be the incremental on…

Pramod Bhandari: Correct.

Riya Mehta: Yes. Okay. And you were mentioning about some issues at the plasticizer. So, are there any approval issues more on the technical side? And how are these contracts for plasticizer? Are they long term, short term? How do see?

Pramod Bhandari: Right now I think we just started. There are two, three batches which has come up. There are some quality which need to be checked and then we provide the sample. So really, we will start from end of November the supply to the customer. We will gauge about the quality and other issues by the end of this quarter.

So actually, right now the supply being planned is 1,000 tons to 1,500 tons. So we are not planning for the big, big supply coming up in next 6 months. However, that will be the testing period and decision period to decide which type of plasticizer we need to produce, what is the supply we need to do, and what are the customers we need to target. Next year, we are planning between 40,000 to 50,000 tons depend upon which type of plasticizer. But our focus will remain only on the DEP and DINP which is getting into the cable industry. The demand is growing at 15% to 20%.

Riya Mehta: Got it. So, we are saying that out of 75,000 tons of max, we will be doing this 40,000, 50,000 tons right, next year?

Pramod Bhandari: Yes. It will take 2 year -- probably next year it will not be full. Probably next to next year, you will be able to have around between 60,000 to 75,000 tons or maybe higher. So, it all depends upon the customer penetration and demand growth. So, I will not like to comment today. Probably next quarter I will be in a better position to tell you what will be the '27-'28.

Riya Mehta: Of course. Just in terms of direction, how are you seeing the demand supply for plasticizers, and especially the ones which you want to go into? And second is the pricing of them?

Pramod Bhandari: I think plasticizer, today, the margin is good, in line with phthalic, and the demand is growing at 5% to 6%. IGPL with the new plant started will top three player in India. We will have some inherent advantage of supplying of phthalic. Balance all product, 2-EH, alcohol, INA, IBA, we are buying from the market.

We will have a good facility which will have a 1 lakh ton, of course, 75,000 tons to start with, and then we can go up to 1 lakh ton of the capacity, which eventually will add around INR1,000

crores to INR1,200 crores of the gross revenue. Net revenue, because it will be using the phthalic, will be around INR500 crores to INR600 crores. So, with all four to five plants operating and the plasticizer adding net INR500 crores, we believe the revenue at peak should be between INR3,000 crores to INR3,500 crores.

Riya Mehta: Got it. So, this will be around FY28 or FY29, right where we would see these…

Pramod Bhandari: Right.

Riya Mehta: Got it.

Pramod Bhandari: It may earlier also, but I do not like to comment, because today if you count the revenue, it can cross with even four plant and part plasticizers, because the prices are very high. I expect prices will moderate and then based on the historical prices, this is the revenue expectation.

Riya Mehta: Got it. And in terms of our non-phthalic businesses, DPA, maleic acid, etc. How do we see the margins for them? I understand they are made from by-products, but just wanted to understand that after considering the respective sacrifice and margin, what kind of margins you can do?

Pramod Bhandari: So maleic, we are producing the maleic from wash water. So typically, what we sell is EBITDA. It may be 3%, 4% lower because it is coming as a by-product. There is no raw material which is being used. There are some processing which is required to extract maleic from wash water .

So typically, it was INR21 crores of the maleic for the last quarter, because the prices of maleic was high and typically INR14 crores, INR15 crores was the average for earlier quarter, this quarter INR21 crores. But we have increased the production of DEP and we touched the revenue of around INR39 crores, INR40 crores for last quarter.

Benzoic acid remain in the range of INR1 crore to INR2 crores. So basically, apart from , DEP is also contributing to our other revenue apart from the benzoic acid. So this quarter, apart from the interest and the investment income, we have achieved around INR75 crores of the other income.

Riya Mehta: Got it.

Pramod Bhandari: From other products.

Riya Mehta: Right. And in terms of when I talk about maleic, we were all seeing that it was trading at a discount to phthalic price. Is the situation same which was there earlier? And how do we make…

Pramod Bhandari: Yes. It is -- actually, prices have gone up in line with phthalic, but still it is available at a discount to phthalic. So maleic is between INR150 to INR160, phthalic is between INR180 to INR190. However, from the base when the prices are INR70, INR80, it is now INR150, INR160. Phthalic, which was INR100, INR180, INR190. So prices have gone up, but still, in terms of the overall comparative pricing of phthalic and maleic, maleic is still 10% to 15% lower than phthalic in the market.

Riya Mehta: Got it. And in terms of availability of OX, while you are mentioning that a lot of lower capacities are functioning to prepare OX, just wanted your take on, if we say for example, start our plant five with incremental demand, do you think availability of raw material will be a challenge for us?

Pramod Bhandari: I think availability of raw material of OX is not a challenge for the entire industry because generally it is coming from China, Taiwan, Korea, which is not impacted because of the Strait of Hormuz and all that.

So challenge is not of the availability of raw material, challenge is the pricing. Whether you would like to buy the raw material at such a high price, will you be able to pass on that price to the final customer? And what if market case changes? So that was the reason everybody was cautious and operating at optimum level. To the extent they will be able to sell, they are buying the raw material and converting into the final product.

So, availability of OX is not a challenge, but of course, the pricing is high, because I mentioned earlier in my communication that all feedstock of petrochemicals are at nearly 1 or 2 or 5-year high. The prices has gone up quite significantly. And second, the logistic cost across the globe has also gone up by 2 to 3x. So that has impacted the overall petrochemical feedstock pricing. So typically, OX is freely available in the market if you wanted to buy, of course, but it is costly.

Riya Mehta: Got it. And going forward, consider a scenario where war ends, etc. How is the demand supply scenario during those days?

Pramod Bhandari: I think if the war ended, the demand will be more robust, more better, because some of the final downstream industries, they are not able to supply to these areas like Middle East and all that side, and there is some impact on the U.S. also. So overall, when the war ends, the overall demand is expected to further improve. Of course, there will be a moderation in the pricing of both the raw material as well as final product.

Riya Mehta: Got it. Thank you so much. I'll join back in queue for further questions.

Pramod Bhandari: Thank you.

Moderator: Thank you very much. Next question is from the line of Jiten Parmar from Aurums Edge. Please go ahead.

Jiten Parmar: Yes. Good afternoon and congratulations for an excellent set of numbers.

Pramod Bhandari: Thank you.

Jiten Parmar: And wish you all a very happy festive season. Happy Dhanteras and happy Diwali.

Pramod Bhandari: Thank you.

Jiten Parmar: A couple of questions. I couldn't get because I think the line was sketchy. What was the capacity utilization you mentioned across our plants?

Pramod Bhandari: So basically, for the last quarter, we were operating three plants, so it was 45,000 to 47,000 tons, and recently started the fourth plant. So, when I talk about capacity utilization, we are talking about capacity utilization of the existing plant which we are operating. The plant which we are operating, capacity utilization is between 90% to 91%. The plant which was not operating, we don't count it in the capacity utilization.

Jiten Parmar: Fair enough. Okay. Now, in this numbers, we have shown excellent EBITDA margins, and are there any inventory gains in this -- if yes, then what is the percentage?

Pramod Bhandari: I think less than 2%. It is because what happened is, as such, we don't count separately inventory gain, but when the last quarter ended, then the inventory gain was already taken into account in the last quarter because the prices have already reached to 150, 160 level, and then it has gone to 170 level.

But in the auditing and accounting, we take cost or realizable value, which is less. So, it is being valued at a lower side of the cost and realization value. And, since it is already high, so there are chances of inventory gain captured in is very, very small.

Jiten Parmar: Okay.

Pramod Bhandari: You understood my point?

Jiten Parmar: Yes.

Pramod Bhandari: Because last quarter when there was a good gain, because the lower cost inventory was there and prices has gone up. So last quarter, prices are already high.

Jiten Parmar: And that's what makes this performance also commendable.

Pramod Bhandari: Yes.

Jiten Parmar: So now, you did mention some share of renewables power also. Again, I think…

Pramod Bhandari: Yes.

Jiten Parmar: That time the line was sketchy. Again, we couldn't get that. So if you can -- sorry for asking…

Pramod Bhandari: So, I will repeat it. So typically, we are using LSFO and diesel and the government electricity. Now we got the connection of natural gas, so we will be replacing around 70% to 80% of the fossil fuels with the natural gas.

Of course, there was some challenges for the last to last quarter because the government has cut down to the industry by 10%, 20%, 30%. Now everything has been normalized. And we are using maximum amount of the natural gas, and going forward it will be the case. It is not only the green in terms of, but overall in terms of costing also, it's 10% lower than the LSFO cost.

Jiten Parmar: Perfect. And any thought on basically using renewables, basically like solar and…

Pramod Bhandari: We are already using the solar at our plant of phthalic anhydride, already using for last 4 years, where it is net off from our existing bill. However, in the plasticizer which has started recently, we are right now evaluating various options for using the solar.

Jiten Parmar: Perfect. And we have got a fairly good balance sheet and the capex cycle is also gone through. And you did mention that at normalized prices you can do INR3,000 cores to INR3,500 crores of revenue.

Pramod Bhandari: Yes.

Jiten Parmar: So when would we look at -- and I think that could happen maybe next year or something. Is there any thought on -- and your presentation also mentions exploring adjacent downstream chemistries. So, is there any thought on any future capex cycle? And…

Pramod Bhandari: Yes. Right now, I think focus is on stabilizer of plasticizer. We continue to explore various opportunities, but it will not be right for me to discuss in this forum because it has not been discussed with the management and not approved by the board.

So, whenever we are finalizing, we are planning various downstreams and looking at other chemistry, but we are very cautious and we wanted to get into any chemistry when we are 100% sure about replacement of the import and creating a long-term value. And we are very particular about IRR. If IRR is less than 15%, we are not going. We are very clear on that.

So, we will be going -- we are evaluating various opportunities, but it has to fit into all our criteria of minimum 15% IRR, this much is the capex, this is the revenue it should add. So, we are evaluating. I think now the time has come for us to look forward for the other chemical and chemistries in the downstream as well as the new chemistries. We are evaluating it. Once it is finalized, approved by the board, we will discuss it.

Jiten Parmar: Perfect. Yes. I think that's all from my side. Thank you so much, and wish you again a very happy Diwali.

Pramod Bhandari: Thank you.

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

Madhur Rathi: Sir, thank you for the opportunity. Sir, firstly, if you can help me understand where are we in the cycle, because our spreads are on the higher end and it seems that they will be on the higher end for the time being. Sir, so can you just help us understand that, with this refinery is getting affected in the Middle East region and the global utilizations have improved to 65%, 70%. So can we maintain -- or how long do we expect to -- can we sustain these spreads of $350, $400?

Pramod Bhandari: So, I will not like to comment on the spread. I will just comment about the capacity utilization and how much production we can make. The spread, it depends upon the demand and supply and the geopolitical matter. 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 the spread over the next 4 to 5 years has to be there between $200 to $250 to $300, because if it is not, most of the plants in the Europe, America, and Southeast Asia, because their conversion cost itself is $150. So it will become unviable. If somebody set the plant of phthalic today and margin is less than $200 or $250, it will be making losses at EBITDA level.

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

Madhur Rathi: Got it. And sir, if we were to understand the industry capacity utilization and how much capacity might have gone out of the market that may not come for the next 1 or 2 years due to some kind of disruption, how would we -- Yes, if you can help us understand on that?

Pramod Bhandari: So I think because right now what is situation going on in the Gulf, Iran, U.S., then Russia and other things, then Israel, so capacity gone out of -- I think all the refineries in the global market are focusing to supply the basic fuel, which is gas oil, gasoline, and LPG. If there is extra capacity available, then they are getting into downstream and ensuring that to the extent of they require, they will be able to get that feed for petrochemicals.

So, some capacity which is in the Middle East and supplying like natural gas and all that and supply some feedstock, that has been impacted to the large extent. So, all the petrochemical feedstock prices, if you look at, it has up by 30% to 60% in last 6 months.

So, when it will be resumed or normalized? I think some of the damage which is done in the Middle East side, it will take 6 months to 1 year to restore. Because if there is a bombing or some fighting at some refineries, which I heard, I'm not sure how much time it will take to recover. But anything which is going to get normalized, it will take 6 months to 12 months. It's not going to be in hurry. To the extent whatever is the capacity utilization based on the feedstock available, it will continue to remain same.

Madhur Rathi: Got it. And sir, so one question was, sir, we have an investment property of more than INR200 crores on our books that is in Middle East, sir. So, first question was, has that been affected? Or…

Pramod Bhandari: No, that is…

Madhur Rathi: And sir, how do we expect -- Yes.

Pramod Bhandari: The company in the Middle East, that property is in Europe and it is up for sale. That's already put up in the sale, and probably next 6 to 9 months we will be able to realize the entire money.

Madhur Rathi: So any leads on that, or we are just expecting that that could get monetized? Because…

Pramod Bhandari: No.

Madhur Rathi: Yes.

Pramod Bhandari: What happened is the property with the commercial one which has been completed, and we appointed an agency to sell that property, because we have purchased this for the purpose of setting up of maleic anhydride plant in Abu Dhabi, along with the JV with the ADNOC. But after completion of detail and basic engineering, we realized that they are not able to match the pricing.

I thought today it's a good time because if you set up in Abu Dhabi, today's environment, it's backfire. But when we set up that office and all that, now we have decided to sell off that office and agency has been appointed. I think in next 6 to 9 months it will be sold off.

Madhur Rathi: Got it, sir. Sir, with so much cash on our books, is there a possibility for IGPL to go and acquire one of our competitors who is very debt-heavy, in a distressed scenario, either their Dahej or Ranipet plant. Is there a possibility of that?

Pramod Bhandari: So I think, there are two ways. I understand and I agree that there are good amount of cash. That is the reason we have declared the interim dividend of 100%, which is INR10, which is INR30 crores. Of course, that is very minuscule amount compared to the overall cash in the balance sheet.

We are looking for various opportunities for acquisition of the company in downstream chemistry. Competitor, I think it will not be possible because if you acquire the company, the CCI will not approve because combined will have a capacity of 80% in Indian market. So, we may look at various opportunities, but I'm not sure about the competitor. They are facing some challenges. I think let's wait for the right time.

Madhur Rathi: Got it. Sir, just one final clarification. Sir, you mentioned that the 2 lakh volume that we are expecting in FY27, we will expect in FY28 as well, even though the plasticizer volume scale up?

Pramod Bhandari: Right now, the volume based on the 6 months, I expect between 1.8 lakh to 2 lakh tons, because Q1 was really lower. Now we have started the fourth plant also, so it will be, I expect, between 185 to 195, the volume for the year.

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

Madhur Rathi: Got it. And sir, even plasticizer prices have increased in line with phthalic anhydride prices or…

Pramod Bhandari: Correct.

Madhur Rathi: How is that…

Pramod Bhandari: The margin of plasticizer today is very good.

Madhur Rathi: Got it. Sir, that was from mine. Thank you so much, and all the best.

Pramod Bhandari: Thank you.

Moderator: Thank you very much. Next question is from the line of Manan Shah from Navneet Family Office. Please go ahead.

Manan Shah: Yes. Hi. Thanks for the follow-up. Sir, based on the numbers of our peers, it seems they are unable to ramp up or sell enough in the domestic market. So, are you seeing lower volumes from them, and is that helping you in any way?

Pramod Bhandari: Why you wanted me to comment on competitor? I…

Manan Shah: No, I'm not asking you to compare, I'm just asking you, is it helping in…

Pramod Bhandari: I think, volume…

Manan Shah: Anyway to ramp up your volume?

Pramod Bhandari: Volume, I think, their sales is also similar to what we have. We were operating at three plants and 14,000 to 15,000 tons, and they were operating at certain capacity. Volume is expected to be 10,000 to 11,000 tons. I don't know about what is their financial performance, how it has changed, but I think because of the U.S. facility and the interest burden and depreciation, that may have impacted the performance. Otherwise, it's the same market, similar customer. There is no reason to have a different performance.

Manan Shah: Understood. Sure. Thank you.

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

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

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