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To,  
National Stock Exchange of India Limited  
"Exchange Plaza",  
Bandra-Kurla Complex,  
Bandra (East) Mumbai 400 051

BSE Limited  
Floor- 25, P J Tower,  
Dalal Street,  
Mumbai 400 001

**SYMBOL:- EPIGRAL**

**Scrip Code: 543332**

Dear Sirs,

**Sub.: Transcript of Earnings Conference Call held on 6<sup>th</sup> November, 2023 for Q2 FY24 – Un-Audited Financial Results**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Transcript of Earnings Conference Call held on 6<sup>th</sup> November, 2023 for Q2 FY24 – Un-Audited Financial Results.

The said Transcript is also available at [www.epigral.com](http://www.epigral.com) in the Investor Relations section.

This is for information and records.

Thanking you,

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

**K. D. Mehta**  
**Company Secretary and Compliance Officer**  
**Membership No. FCS 2051**



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**Epigral Limited**  
**Q2 FY24 Earnings Conference Call**

Event Date / Time : 6/11/2023, 16:00 Hrs.  
Event Duration : 38 mins 42 secs

**CORPORATE PARTICIPANTS:**

**Mr. Maulik Patel**  
Chairman and Managing Director

**Mr. Kaushal Soparkar**  
Executive Director

**Mr. Sanjay Jain**  
Chief Financial Officer

**Mr. Milind Kotecha**  
Investor Relations

**Mr. Rohit Sinha**  
Sunidhi Securities

## **Moderator**

Good evening, ladies and gentlemen. I'm Madhuri, moderator for the conference call. Welcome to Epigral Limited Q2 FY24 Earnings Conference Call. As a reminder, all participants 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 any assistance during the conference call, please signal an operator by pressing \* and then 0 on your touch tone telephone. Please note, this conference is recorded. I would now like to hand over the floor to Mr. Rohit. Over to you, sir.

## **Rohit Sinha**

Thank you. Good evening, everyone. Thank you all for joining in the conference call of Epigral Limited Q2 FY24. From Sunidhi Securities, I would like to thank the management for giving us the opportunity to host this call. From the management, today we have with us Mr. Maulik Patel, Chairman and Managing Director; Mr. Kaushal Soparkar, Executive Director; Mr. Sanjay Jain, Chief Financial Officer; and Mr. Milind Kotecha, Investor Relations. For the opening remark, I hand over the call to the management. Thank you and over to you, sir.

## **Maulik Patel**

Thank you, Rohit. Good afternoon, everyone, and welcome to the call to discuss Epigral's Q2 FY24 performance. I believe you had an opportunity to view the earning presentation that was released earlier today. At the outset, I would like to mention that Q1 and Q2 FY24 have not been good for the industry on a YoY comparison. However, on a QoQ basis, the second quarter of this year has been better than Q1 on all areas. We witnessed an improvement from September month onwards and from current business scenario. We believe that the coming quarters would be better than Q2. In the second quarter, we witnessed a volume growth of 21% YoY and 12% QoQ, despite the challenging business environment.

For the first half of 2024, we witnessed volume growth of 15%. This volume growth is coming from both Chlor-Alkali as well as Derivatives and Specialty segment, of which Derivatives and Specialty segment contribution was higher. This volume growth is happening on account of projects that we commissioned last year related to CPVC Resin, Epichlorohydrin, and additional capacity of Caustic Soda. We are moving well as per our target and committed to increase the revenue contribution from Derivatives and Specialty segments. In second quarter, Derivatives and Specialty contributed 46% of the revenue compared to 29% for the same period last year. This percentage will further increase as our existing plants will further improve on capacity utilization and as new expansion comes into picture. We remain committed to diversify our business model to bring consistency in growth.

This diversified expansion benefit is clearly visible in Q2 FY24 on QoQ basis, where we mark revenue growth of 5% and PAT growth of 20% despite fall in sales realization in all the products. Our expansion plans related to Chlorotoluene, value chain, additional capacity of CPVC Resin and new

capacity of CPVC Compound are moving as per schedule and will get commission at committed timelines. Hence, we believe that the volume growth story will continue. We believe that the demand scenario has improved a bit and will further improve from the coming quarters. The long-term growth story remains intact and we are preparing ourselves for that. We are focused to do continuous expansion in high value and high growth products, strengthening our integrated complex and catering to diversify industries to bring consistent growth in the business.

I now hand over the call to Mr. Sanjay Jain, our CFO.

### **Sanjay Jain**

Thank you, Maulik. Let me take through the financial performance of the company. The company has witnessed a revenue of INR 479 crores in Q2 FY24, that is growth of 5% on QoQ basis, but degrowth of 40% on YoY basis. Revenue contribution from Derivative and Specialty business increased to 46% in Q2 FY24 against 29% in Q2 of FY23 and 37% in the previous quarter. EBITDA in absolute value has increased by 13% to INR 108 crore in Q2 FY24 backed by higher capacity utilization and higher volume. However, QoQ basis EBITDA degrow 40% on a year on basis. EBITDA margin improved to 23% in Q2 FY24 versus 21% in Q1 FY24.

Overall capital utilization of the plant stood at 77% versus 71% in Q1 FY24. The company has witnessed volume growth of 12% on QoQ basis and 21% on YoY basis backed by volume growth in Derivative and Specialty segment of 37% and Chlor-Alkali by 13%. PAT stood at INR 38 crore in Q2 FY24, that is growth of 20% QoQ basis but degrowth of 58% YoY basis. For trailing 12 months, as on 30 September 2023, ROC stood at 21%, this is after considering the capital work in progress. Excluding capital work in progress, the ROC stands at 23%. The net debt stood at INR 961 crore as on 30th September 2023 against INR 863 crore as on 31st March 2023.

Our net debt to EBITDA stood at 1.8x in Q2 FY24 versus 1.3x in Q2 FY23. Thus, company was able to keep the ratio below our upper threshold limit of 2x even in the challenging business environment. Net debt equity of the company also stood at 0.9x in Q1 FY24 versus 1x in Q2 FY23. In Q2 FY24, in total, the company has spent INR 117 crores on capital expenditure.

With this, we can open the floor for questions.

### **Q&A**

#### **Moderator**

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have question, please press \* and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing \* and 1 again. The first question comes from Mr. Amit Vora, Individual Investor. Please go ahead.

**Amit Vora**

Good afternoon, everyone. I would like to ask, what is the capacity utilization of Epichlorohydrin and CPVC? Until last quarter, it was slightly slow. So, have you seen improvement in this quarter?

**Milind Kotecha**

Yes. I mean, if we talk about both the products that is Epichlorohydrin and CPVC that has improved compared to what it was last quarter. CPVC is running at an optimum capacity utilization, which is around 80-85% capacity utilization. And in terms of the Epichlorohydrin which was like improving QoQ, similarly that has improved in Q2 compared to Q1 and we expect that to further improve in Q3 onwards also. So currently, it would be somewhere in the range of around 45-50% of capacity utilization, and we expect that to further improve in Q3.

**Amit Vora**

For ECH?

**Maulik Patel**

For ECH.

**Amit Vora**

Okay. And one more question. Do you still go with the guidance that you had given for FY27 for INR 5,000 crores going with the slowdown in last one year? Are you still confident of achieving those targets?

**Milind Kotecha**

See, INR 5,000 crore is something that we have keep a target to achieve and that's where we are targeting in terms of the CapEx and the volumes. And what we look into is that, volume growth is something which is in our hand and that's where we are expected to grow somewhere in the range of maybe 15-20% every year in terms of volume growth by doing a various CapEx.

Now considering the current situation, INR 5,000 crore maybe here and there, not can be the exact number. But again, we aspire for that. So, if things move as per our plan, then INR 5,000 crore can be achieved and if the situation is like FY24, which is there right now, then these can be bit lower than what we have given.

**Moderator**

Thank you, sir. The next question comes from Darshan Deora, Indvest Group. Please go ahead, sir.

**Darshan Deora**

My first question was on the ECU pricing. So, I mean, what is the ECU for this quarter? Can you give us some idea on the price front?

**Milind Kotecha**

So, ECU for this quarter has been around INR 29,000-30,000 for the Chlor-Alkali. So, that was a bit impact compared to the Q1, but we see that things had started to improve in terms of the realizations from somewhere in September. So, we expect to get the benefit of that in Q3 onwards.

**Darshan Deora**

For Q1, what was the ECU?

**Milind Kotecha**

The Q1, the ECU is around INR 28,000-29,000.

**Moderator**

Dear participants if you have any questions, please press \* and 1 on your telephone keypad. The next question comes from Mr. Rakesh, Individual Investor. Please go ahead.

**Rakesh Mahakali**

Actually, my question is, like, you are saying that your company is in growth stage and because of that market price of the stock, are you going to do any buybacks or any bonus issues in recent times?

**Milind Kotecha**

See, as of now, there is nothing on the table in terms of the bonus or the buyback that you just said. We are a growth-oriented company, we are focusing on the CapEx to have a consistent volume growth and that's where we are focused on.

**Rakesh Mahakali**

Okay. You're saying that previously in last quarter there is a destocking is happening. But whether it is over or we can expect any growth in the next coming quarter?

**Milind Kotecha**

Yes. I mean, we have witnessed that destocking is still continuing, but again things have improved compared to what it was in Q1. So, as we move into Q3, we feel that Q3 will be better than the Q2.

**Moderator**

Thank you, sir. The next question come from Mr. Amit Vora, Individual Investor. Please go ahead.

**Amit Vora**

Yes. So, any updates on exports? Because last time there was some news on exports, you said that you have also taken some places out of India somewhere in the US and all.

**Maulik Patel**

Yes.

**Amit Vora**

Something like that. I'm not sure, but something like that was there. Exports of ECH.

**Milind Kotecha**

Yes. I mean, it's more or less. For Epichlorohydrin, we have created the infrastructure in terms of the hiring a tank at Antwerp and Houston. So that is there. Our products have reached to Europe and US and we have started receiving, I mean, the products have also been approved and tried once by the customer. So, that's where we see the volume pick up in terms of exports happening in the coming quarters, which has started a bit in the Q2 as well and further it will improve in the Q3 onward. So, that's where the percentage of exports will go up in the coming quarters.

**Amit Vora**

In Q2 and Q3?

**Maulik Patel**

Yes.

**Amit Vora**

For ECH?

**Milind Kotecha**

For Epichlorohydrin.

**Amit Vora**

Yes. And for Epichlorohydrin, the capacity utilization currently is 45%?

**Milind Kotecha**

Yes, it's around 45%, 50% capacity utilization. But as I said, gradually, it is improving on QoQ basis. And looking at the current business scenario, we expect that to improve from hereon in Q3 and Q4 also.

**Amit Vora**

Okay. And what are our current debt levels and what do you see after Chlorotoluene and the second part of CPVC expansion, what could be the debt going to up to maximum?

**Sanjay Jain**

Actually, today, if you look at the debt position as on 30th September, it's INR 961 crore, and looking to the borrowing, what we have done for Chlorotoluene and CPVC, we expect that it will be in the range of INR 970 crore to INR 980 crore.

**Amit Vora**

Even after completing, complete for CPVC and Chlorotoluene.

**Sanjay Jain**

Yes.

**Amit Vora**

And the sales of CPVC, second part of CPVC expansion and Chlorotoluene will be seen in next financial year?

**Maulik Patel**

Yes. Volume growth will happen in the next financial year, beginning of next financial year. And as your question about the debt, yes, because we already have a debt repayment on a yearly basis. At



the same time, we have a new debt also of the existing CapEx. So, our almost debt is going to remain at the same level.

**Amit Vora**

Okay. And any idea about, we had some payments to Meghmani Organics?

**Milind Kotecha**

Yes. So, last year we had committed to pay off the INR 211 crore of preferential five years' time. So last year, we paid around INR 61 crore, so we are ending INR 150 crore, and so now we have four years to pay it off. So, we are moving as per what we have guided.

**Amit Vora**

Okay. Any other risk do you see in foreseeable future, next one or two years? Because most of the risks are now already factored in, in the last six months to one year. But any other risks do you see?

**Milind Kotecha**

Yes. So, that's what you answered. I mean, what we have seen in the previous quarter was like a very low kind of situation considering everything. But now as we see, the demand is a bit picking up and we expect that, again we won't see a quarter like what we saw in Q1. So, things will improve from here on for sure.

**Amit Vora**

Okay. Caustic Soda capacity utilization was at 77%?

**Maulik Patel**

Yeah. So, Caustic Soda capacity utilization is around 75%, 78% utilization for this quarter.

**Amit Vora**

Okay. And last question, any guidance for this year or next year, sales?

**Milind Kotecha**

I mean, in terms of sales, we would not like to give any guidance. But what we can tell you is that, what we did last year in terms of commissioning of the Epichlorohydrin, CPVC and the additional capacity of Caustic Soda. So, out of that ECH and Caustic Soda, we're not running to optimum capacity, which we will see started from Q2 and further coming in the coming quarters. So, that will drive the volume growth in FY24, and the additional capacity of CPVC and Chlorotoluene will drive

the volume growth in FY25. So, considering that, we see a good volume growth that is supposed to come in the coming quarters and that will ultimately drive the value.

**Moderator**

Thank you, sir. The next question comes from Darshan Deora, Indvest Group. Please go ahead.

**Darshan Deora**

Hi. Sorry. I got some disturbance on my line. My second question was regarding the in-house consumption of chlorine. So, what is the percentage of chlorine that was captive consumption this quarter and how are we looking with respect to our longer term targets on that?

**Maulik Patel**

Yes. So, current captive chlorine consumption along with the pipeline customers is around 70% and gradually as the CPVC expansion will continue and the Chlorotoluene plant will commission, we can reach up to 80% captive consumption. Once we are reaching at full capacity of the Caustic Soda.

**Darshan Deora**

Got it. And one last question in terms of EBITDA guidance for this year. What would our EBITDA guidance be?

**Milind Kotecha**

So again, as we said, I mean, considering the current situation, EBITDA margin would be somewhere in the range of 24%, 25% kind of thing, maybe achievable. This is considered in the current situation.

**Darshan Deora**

Got it. So, we can expect a repeat in H2 of H1 or slightly better?

**Milind Kotecha**

Yes. Definitely, that looks that H2 will be definitely better than H1, as the Q2 is better than Q1 and then coming quarters from hereon, that is Q3 and Q4 will improve on every quarter.

**Darshan Deora**

Got it. So, we'll definitely get a kick in terms of volumes, but even in terms of pricing, it looks better H2 versus H1?

**Milind Kotecha**

So, realization is also in all the products, we feel this is a bottom-up kind of a situation. Now, we see that it will further from here on go up, but exactly whether it can happen in November, December, that is something which no one can say, but we believe what the current realization is a kind of a bottom out, so things have to go up from here.

**Moderator**

The next question comes from Aasim Bharde, Dam Capital. Please go ahead.

**Aasim Bharde**

So, can you talk about, you know, alongside view. Are there any other players also setting up CPVC capacity in India? I think DCW is one and I've heard even Reliance is planning to look at it. So, at an industry level, what is the CPVC capacity today? Actually, just if you could let me know if the other players also adding capacity.

**Maulik Patel**

I think, yeah, the CPVC capacity in India, it is growing. In terms of demand, it is growing around 12% to 13% every year. Many people wanted to enter in the CPVC business. Yes, Reliance wanted to invest the CPVC, that's what we heard. And Lubrizol that is the world's biggest company of the CPVC, they also announced tie-up with Grasim long back. But, once they commission or once they start investing, it will take minimum two years, two to three years' time to commission the plant. So, by the time the Indian market will be at a different level, what it is right now around 250,000 tons per annum.

So, yes, people are interested, but the Indian market is also growing very fast in India. So, we believe, currently, I think we are the largest manufacturer of the CPVC Resin in India, and probably the third largest in the world, third or fourth largest in the world at single location, going to be, after our expansion will get over in Q4. So yeah, we are early, we are ready with the infrastructure to cater the Indian growth story in terms of the infrastructure and in terms of the hot water pipe application.

**Aasim Bharde**

Okay. How much was the demand right now in market?

**Maulik Patel**

So, based on the last year, it was around 250,000 tons per annum. Normally for the CPVC, the season comes after Diwali till before monsoon next year. So, actual number we'll come to know in

the March only for this particular year, but yes, it is growing 10% to 12% every year based on last five years data. And world's capacity 50% consumption is happening in India. And then the infrastructure is future about, a lot of projects are going on in Tier 2 and Tier 3 cities and where most of the builders, they've started using the CPVC pipe even for the cold water application. So, definitely demand will grow further from here onwards as the infrastructure is picking up in India.

**Aasim Bharde**

Got it. So basically, I think adding your capacity and Lubrizol and DCWs put together should total what, about 150,000 once your expanded capacity comes online? Small players put together.

**Maulik Patel**

So, Lubrizol is not yet. So, currently our capacity is 30,000 tons and DCW is 10,000 tons. DCW is expanding around another 15,000 tons, so they will be around 25,000 tons per annum and our capacity from 30,000, we are expanding to 45,000 tons. So, our capacity will be 75,000 tons. So, total manufacturing capacity after our expansion and the DCW expansion, it will be around 1 lakh ton. That will still, you can say around 40% of the actual India's demand and that percentage will further grow. And as you said about the Lubrizol, it will again take three years, by that time that 250,000 can be more than even 3 lakh or 3.25 lakh or 3.50 lakh ton.

**Aasim Bharde**

Okay. Understood. And on the CPVC imports bit, I mean, I'm assuming that still continues at the same pace despite you guys improving capacity and your utilization ramp up, which is quite quick or are there be any slackening of imports also into the Indian market?

**Milind Kotecha**

In India, I mean, as of now, also at 30,000 and DCW at 20,000. Still that is like just 15% to 20% of the total demand. So, import is something which is there and will continue.

**Aasim Bharde**

But has that come off from the previous levels? I'm just trying to gauge that. Or has that also continued to grow?

**Maulik Patel**

So, Aasim, it is very difficult to comment at this point of time, because the Indian market is growing. So, our capacity is absorbed in the Indian market and how much market will reach end of the year, I think this is the right time to take a call on this number, because monsoon season is not a right

season to consider for the pipe business. So, most of the construction pick up after monsoon. So after, I think, end of March is the right time to take a call on the growth and our capacity, how much is that so.

**Aasim Bharde**

Got it. And just final question. So, from an application standpoint, CPVC is only used in plumbing pipes, right? Or is there any other non-pipe application as well?

**Maulik Patel**

So, like, US, Japan, Korea, and China, they are using CPVC pipe. Number one application is a fire sprinkler application. In India, it is not yet approved in the system, but if it is approved in the fire application, then it will be the huge, huge, huge, application for the Indian market for the infrastructure. But right now, in India, yes, it is majorly for the hot water plumbing application. But I think, in some of the smaller project, they have approved the fire sprinkler application, but it is very small.

So, I think all the manufacturers, they are trying to get approval in the fire and sprinkler application where the major category, Category 2, which a major quantity and quantum is used right now. So, they would like to replace the GI pipe into this CPVC application like other countries which they are already using it. But I think it is not yet approved, but people are trying. Once it is approved, I think it is going to be a huge additional volume growth will come from the CPVC application.

**Moderator**

Thank you, sir. Dear participants, if you have any questions, please press \* and 1 on your telephone keypad. The next question comes from Mr. Ketan Chheda, Individual Investors. Please go ahead.

**Ketan Chheda**

Can you tell me what is the cost of borrowing right now?

**Sanjay Jain**

Sorry, cost of?

**Ketan Chheda**

Borrowing.

**Sanjay Jain**

It's about 8.25%.

**Ketan Chheda**

8.25%?

**Maulik Patel**

Yes.

**Ketan Chheda**

Sorry. Could you just repeat that? I was not able to hear you clearly.

**Maulik Patel**

That's 8.25%, yes.

**Ketan Chheda**

8.25%. Okay. Thank you so much. And the other question is, if you can just explain to me the difference between the CPVC Resins and the CPVC Compound, which you have planned to implement in this financial year. What is the difference between these two products? And I believe there must be some linkages, forward or backward linkages. If you could just kind of explain to me about this product, please? Thank you.

**Maulik Patel**

Yes. So, the CPVC Resin, it is getting converted to CPVC Compound first, and CPVC Compound, it is directly used in the extruder machine to make a pipe. So, some of the company in India, they don't want to involve themselves in the CPVC Compound business. They don't want to mix all these additives together with the resin. They would like to purchase directly the compound from the manufacturer rather than buying a CPVC Resin. So, it is hardly 10% or 20% of the customers are like that. But we would like to cater those customers as well. So, we have added CPVC Resin plus CPVC Compound facility to cater those customers. But in India, 75% to 80% customers, they would like to do a compound by themselves.

**Ketan Chheda**

Okay, understood. Thank you so much. And one more question. How is the movement of pricing in these products? I mean, especially the CPVC Resin, like in Q1 and Q2 of this year, how the price has moved and what influences the price movement?

**Maulik Patel**

Yes. So, PVC is a major driver for the CPVC, for the costing purpose, and the CPVC price has a little reduced because the PVC has also reduced in the last two, three months. So, there is an impact, but the CPVC price, right now, you can consider around INR 135 to INR 140 level.

**Ketan Chheda**

Yes. Thanks for the information. What I was trying to understand is like, the prices movement, are these influenced a lot by the inputs? Because we're importing right now significantly, right? So, are these driven by the inputs and from which countries do we import lot of resins in the country?

**Maulik Patel**

Yes. So right now, the major import is coming from Thailand and China, and some quantities coming from Europe also. But these are the major countries where the import is coming for the CPVC. So CPVC, there are not many manufactures. So, it is not coming from all over the world, unlike PVC. So, yes, these are the three countries majorly it is coming from.

**Ketan Chheda**

Thailand, China and Europe you mentioned?

**Maulik Patel**

Yes, and Belgium, yes.

**Ketan Chheda**

Belgium. Okay.

**Moderator**

Thank you, sir. The next question comes from R Sriram, Individual Investor. Please go ahead.

**R Sriram**

Sir, just want to know what is the current capacity of CPVC Compound?

**Milind Kotecha**

So, current, I mean, we have announced to set up the plant of CPVC Compound and the capacity that we are going to come up with is 35,000 tons per annum.



**Maulik Patel**

Currently, we are not manufacturing anything for the CPVC compound. So currently, we are under construction and in the end of Q4 it will commission.

**Moderator**

The next question comes from Kashish Gandotra, Individual Investor. Please go ahead.

**Kashish Gandotra**

My question, I think we have seen last couple of years to be extreme, last one was very good and this year the realization has come down significantly. But I want to know what kind of EBITDA should we look at when we're looking into these?

**Milind Kotecha**

I said earlier in the call, the EBITDA margin of what we expect in this year would be somewhere in the range of 24% to 25%.

**Kashish Gandotra**

Okay. Got it. And secondly, a more outlook on the demand side for the CPVC and the Caustic Soda. Going forward in the next couple of quarters, how the demand side looking like?

**Maulik Patel**

So, from the Caustic Soda side, we are not seeing a major improvement will happen. It is going to be slightly improved from the current level as destocking is getting over and all the companies who are doing export, they will start doing the export slowly and gradually as market will improve.

And the CPVC, definitely, we feel that Q2 and Q3 is going to be the major season where the CPVC work is happening and the demand is more. So, we are expecting good demand from the CPVC side in the coming quarters.

**Moderator**

Thank you, sir. Dear participants if you have any questions, please press \* and 1 on your telephone keypad. So, there is a follow-up question from Mr. Sriram, Individual Investor. Please go ahead.

**R Sriram**

Sir, we were talking about the players putting up capacity. On a medium time frame, I agree with you, it'll take some time for them to come. But then, the kind of capacity that the other players are putting, don't you think it will put pressure on the CPVC prices in the longer term? What do you think? Can you provide some color on that?

**Milind Kotecha**

Yes. See, the capacity that are going to come, but considering the Indian consumption in terms of the CPVC for the residential and other applications, we expect the demand is going to grow in a big way which will easily absorb the new capacities that are planned to come. So, any new capacity in a big way that is supposed to come, as of now it is 45,000 that we are coming. Other than that, any big capacity, like, what the Lubrizol has announced that will take maybe two to three years' time. So, by the time the demand itself will increase to absorb the new supply that is going come.

**Maulik Patel**

But yes, you rightly said that, if the capacity will increase further, so how much you are integrated player and what is your backward integration and what is your forward integration like what we are doing it. Everything it matters when the capacities will be a little higher than the demand in the coming times. So that's why based on our learning of past one year, we are trying to invest in the compound and all other business where we can sustain little longer time, even though the supply will increase than the demand.

**R Sriram**

Okay. And sir, what is currently the spread between PVC and CPVC?

**Milind Kotecha**

So, again, I mean, we don't share product-to-product, but the margins would be in line with what we have for the company as a whole, that is around 25%.

**R Sriram**

No. I'm saying, on a per kilo basis, how much CPVC would be compared to PVC? How much it is higher?

**Milind Kotecha**

See, when we say, it's not like per kg kind of profit that is the right way to calculate. It is always the margin because the realization and the raw material price move in line with a lag of the quarter in

terms of the inventory that we would have. So that if we consider, then, for a company put together, it will be in the range of 25% for this year.

**R Sriram**

Okay. And sir just one more follow-up. So, considering the capacities which are coming. Can we assume that there will be a shift in terms of use from PVC to CPVC? Because so much of capacity is coming into CPVC, and if CPVC prices are a little bit lower than what it is today. Can we see an accelerated shift in terms of volumes coming from PVC to CPVC for the industry?

**Milind Kotecha**

I mean, see, the way the CPVC has its durability and way it has been used, then, things might happen that PVC players might use CPVC. But again, that is something a later period of time. Currently, the demand for CPVC hot application pipe itself is huge enough for any supplier to meet that requirement. So, we don't see any kind of mismatch might happen. This will continue in terms of the growth story.

**Moderator**

Thank you, sir. There are no further questions. Now I hand over the floor to management team for closing comments.

**Kaushal Soparkar**

Good evening, everyone. In conclusion, I would like to convey that the long-term story of India is intact and current situation is short term. And looking at the Indian consumption story, we are positive about long term outlook, and we are working towards that. Through our future expansion and diversification in terms of multi product catering in various industries, we are targeting consistent growth both at top line and the bottom line. I'd like to thank you all for joining us today. Please feel free to reach our IR if there are still any other questions. Thank you everyone for your participation and Happy Diwali in advance.

**Moderator**

Thank you, sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant evening.

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**Note:** 1. This document has been edited to improve readability  
2. Blanks in this transcript represent inaudible or incomprehensible words.