



“I G Petrochemicals Limited Q2 FY’26 Earnings Conference Call”

November 06, 2025

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



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Moderator: Ladies and gentlemen, good day and welcome to the I G Petrochemicals Limited Q2 FY26 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 risks and uncertainties that are difficult to predict.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*", then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pramod Bhandari. Thank you and over to you, sir.

Pramod Bhandari: Hi, good afternoon, everyone. Thank you for joining us today. We are happy to welcome all of you on behalf of I G Petrochemicals Limited. We have SGA as our investor relations advisor.

We trust all of you have got the opportunity to review the Financial Performance and the Results, including the Investor Presentation, available on the Stock Exchange as well as our company website.

We will give you a "Brief Overview about the Recent Industry Development as well as the IGPL Progress, followed by Operational and Financial Highlights for the Quarter."

Coming to the "Industrial Highlights":

I think Indian chemicals industry continues to face the challenges due to the combination of factors like geopolitical matters, volatile crude pricing, rising trade costs, weak demand from the western markets. This has impacted the overall performance of major petrochemical players in domestic as well as global markets. IGPL will not be an exception. Companies that are heavily dependent on the key raw material for import reasons such as Europe and China were particularly impacted, and the companies who need to sell their products to the US market is also impacted because of the tariffs. Although some of the downstream sectors were impacted due to sluggish demand, however, the impact was limited to few players like us because the majority of our customers are within the hot span of 200 to 300 Kms. Although IGPL does not directly sell anything to the American market, but some of the downstream industries are supplying their products to the US market.

The IGPL is known for one of the largest manufacturers of phthalic anhydride in India, second largest globally. In general, the demand for phthalic anhydride is expected to be around 5,00,000 to 5,50,000 tons, growing at a steady pace of around 5% to 6% per annum. We foresee this demand to remain intact or growing at a similar pace in near to the medium to the long term.



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IGPL has a capacity of 2,75,000 tons of phthalic anhydride.

Over the decades of dedicated effort and the continuous improvement, the company has developed a strong manufacturing excellence, ensuring a consistent supply of high quality phthalic anhydride.

Our diversified product portfolio includes maleic anhydride, benzoic acid, and DP. These products find their application across diverse industry base, has a meaningful increase in the contribution in the next four to five years.

Particularly for the Q2 performance, in terms of the quantity, it is up to mark better than the last quarter. However, it was affected due to the mark-to-market losses on the Euro loan, which most of the Euro loan has been paid by the company.

Additionally, one of our five production plants was temporarily shut down to fulfill some statutory maintenance requirements and one more unit was operating at a low level due to some repair and maintenance.

As a thoughtful strategy, when the demand is sluggish, we decided to focus more on strengthening our unit and upgrading our machineries. We are ready to capture the opportunity when the demand revives in the markets.

In terms of CAPEX, in line with our goal of CAPEX on the advanced plasticizers is on track, we are expected to commission the unit by March 2026. This plant will have an initial capacity of around 75,000 tons, which will be expanded up to 1,00,000 tons with some additional investments. It will manufacture a variety of plasticizers like DOP, DINP, DPP, DIPB, while simultaneously internally consuming around 30,000 to 35,000 tons of phthalic anhydride.

Additionally, the IGPL is also venturing into the green chemistry in the field of sustainable circular economy initiatives by setting up the compressed biogas plant and the Pyrolysis plant in Raichur, Karnataka. These projects generate revenue for sustainable resources and reinforce our commitment to the circular economy.

The construction of CBG plant is on track and currently under implementation. The Pyrolysis facility is on schedule. This facility covers the plastic waste into the fuel oil through the chemical recycling.

The Board of Directors has approved an investment in I G Biofuels. I G Biofuels, we have already noted that the company is going to be the 100% subsidiary of IGPL, and we are planning to invest all the future CBG plants and its derivatives through I G Biofuels.



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These expansions are set to build a new expertise and expand our client base unlocking a new horizon for the company. These expansions are aligned with our long-term strategy of prioritizing the sustainability and scalable growth.

With our consistent efforts to increase operational efficiency and cost reduction, we have started integrating the solar power plant and other renewable energy resources like natural gas into our facility to lower the overall carbon footprint and lower the energy cost. We also started using the natural gas as a replacement of conventional LSFO and diesel, further expected to enhance our operational performance and sustainable growth.

Now, coming to the “Financial Performance”:

The total revenue for the quarter stood at Rs.473 crores (Errata: Actual Number to be read as INR 472 crores) compared to the corresponding quarter it was declined, but it was slightly higher compared to the previous quarter. Similarly, the contribution from the non-PAN revenue remains steady at around Rs.39 crores.

Gross profit for the quarter was Rs.116 crores (Errata: Actual Number to be read as INR 114 crores) and EBITDA stood at Rs.27 crores. That is mainly because of the M2M charges, lower margin in phthalic, lower price realization on the Phthalic Anhydride and repair and maintenance cost. For the quarter ended, we reported a profit of Rs.1.4 crores.

Total revenue for the half year was Rs.952 crores. Total revenue of non-PAN business for the H1 was around Rs.74 crores and the gross profit was Rs.216 crores for half year. EBITDA for half year was Rs.40 crores. And the profitability mainly was affected by the various factors as indicated earlier. Despite the headwind faced by the company, we continue to maintain a strong balance and healthy cash flow position and remain a net debt-free company. During the last quarter, we have repaid a debt of around Rs.40 crores to reduce the overall interest costs.

We have also converted the major portion of the debt, which was in Euro into Rupee to basically protect ourselves from the market volatility for depreciation of the Dollar and Euro against the Rupee.

We believe that financial strength combined with our diversified product portfolio position us to capitalize on the emerging opportunities and drive sustainable growth in future.

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

Moderator:

We will now begin the question-and-answer session. The first question is from the line of Aditya Khetan from SMIFS Institutional Equities. Please go ahead.



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- Aditya Khetan:** Thank you, sir, for the opportunity. Sir, this fixed asset write-off of Rs.5 crores, can you explain more what is this related to?
- Pramod Bhandari:** Sir, can you repeat again?
- Aditya Khetan:** This fixed asset write-off of Rs.5 crores, what is this related to?
- Pramod Bhandari:** There was some minor incident at one of the units. Because of that, we need to change the entire portion of that unit. That was the asset write-off basically. The unit was a part of fixed asset completely, it was new. So, it is the asset write-off.
- Aditya Khetan:** Okay. So, it was a fire incident or like some -
- Pramod Bhandari:** I will not say fire. It has to go out of the plant. It is some internal misconnection or connection type incident. It is not exactly fire. You can say that the mismatch was in the switchboard of the electricity failure technically.
- Aditya Khetan:** Okay, got it. So, this total Rs.8 crores was one off. So, actually EBITDA is Rs.20 crores. So, if we add Rs.8 crores, it is Rs.28 crores.
- Pramod Bhandari:** As well as the M2M charges of Rs.8 crores. These two, Rs.8 crores and Rs.16 crores was exceptional.
- Aditya Khetan:** Got it. Okay. Sir, on to your Biofuels like we are investing Rs.100 crores into CBG. So, what are the plans like what is the sort of capacity we are putting up and what sort of revenues and what is the competitive advantage we have here? Like I understand, sir, like some of the big players like Adani and Reliance are into these businesses. So, what advantages do we have and how much money can we spend on this?
- Pramod Bhandari:** So, the Rs.100 crores which we have provided is the total investment. It is not the IGPL equity. IGPL equity may be Rs.15 to 20 or 30 crores depends upon the size of the project. We are planning to set up a 15 to 20 tons plant once we are done with the existing plant, which we are planning to start in June-July. So, you are asking about the competitive advantage. I think every player who is into that segment has the full ability to set up, because the technology is proven, offtake is not a challenge, but you need to set up the raw materials. So, for us, the competitive advantage is we will be the first player and I think it will be the biggest player for setting up the CBG plant based on the Napier Grass where we will have a control over the raw materials. So, it is a very simple business. Technology is proven. Subject to raw material availability in a good quantity, you can set up and it is a complete offtake at the moment.
- Aditya Khetan:** Okay. But sir, in I G Biofuels, Rs.100 crores investment, that is given by I G Petro only?



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- Pramod Bhandari:** No, no. I G Petro will be contributing only equity, Rs.15 crores, Rs.20 crores, balance will be done by the I G Biofuels directly by raising the money as and when required. So, the investment by I G Biofuels into CBG will be Rs.100 crores.
- Aditya Khetan:** Okay. So, Rs.15-20 crores will be done by IG Petro and remaining would be taken as debt?
- Pramod Bhandari:** Equity will be contributed by I G.
- Aditya Khetan:** Okay. Got it. Sir, this plasticizer, how confident are you that you can start by March because this unit is by three months? So, just like for sampling and testing, we will take another three months from March. So, we can build in by -
- Pramod Bhandari:** We are 100% confident to commission the unit before March. But the ramp up will take time as you have indicated that. So, we do not expect to utilize 80-90% in the first year. The utilization will be lower. But we are confident to start it before March.
- Aditya Khetan:** So, revenues will flow from 2nd Quarter or from 1st Quarter?
- Pramod Bhandari:** It will start from 1st Quarter, because the day you declare the commercial production, you need to take the revenue whatever it is, whether it is 10%, 20% or 30%, you need to take it into the P&L. So, revenue will be starting from the quarter June 2026.
- Aditya Khetan:** Okay. Got it. Sir, on Phthalic anhydride, we are again with a quarter of lower operating utilization. We understand you mentioned that there was also a shutdown in one of the plants. So, this will normalize again in 2nd Quarter? Any number you can highlight what was the run rate number and how this will be in the coming quarter?
- Pramod Bhandari:** So, there are two or three things which I need to highlight. The production and all that are fine. Because right now, we have actually indicated that we will be crossing 2 lakhs, maybe 5% here and there. We will be around that in terms of overall production. But overall sales also is sluggish, because there was a lot of geopolitical issues like US market has put a lot of duties. Although there is no direct impact on IGPL, but some of the downstream industries to whom we are supplying Phthalic got impacted and they are operating at 30-40%. So, in view of this, we may need to decide based on the quarter, third and fourth what will be the quantity. But we are sure we will be between 45,000-50,000 tons per quarter in terms of production and sales.
- Aditya Khetan:** Okay. Got it. Sir, just one last question. Are you on track to achieve that number of Rs.2,000 crores top line addition from this business and addition similar to an EBITDA, is that on track or any change on that guidance now?



- Pramod Bhandari:** So, when all the plants of phthalic and plasticizers will be operating, I G will be between Rs.3,000 to 3,200 crores of revenue. That is the optimum when you are operating at 90% capacity. So, based on how much percentage you are operating and all plants are operating, you will be around Rs.3,000 crores plus revenue.
- Aditya Khetan:** Got it. And similar, sir, on the EBITDA front?
- Pramod Bhandari:** EBITDA and all that depends on the margin, because today the margin is, if you look at from I G point of view, although the margin has improved compared to the last quarter, margin was high. But because of M2M and other charges, it got impacted. And another factor which impacted is the maleic realization. Maleic in the international market is lower than the \$300, which is all-time low. Of course, we are producing maleic on quarter basis. So, whatever is the revenue added to EBITDA, but the same maleic can fetch you 2x revenue. But today we are at an annualized rate of Rs.60 to 65 crores of the maleic sales because the prices are 50% lower than the historical prices. Typically, they are 25% higher than Phthalic, today, they are 30% lower than that.
- Aditya Khetan:** So, to put a number, maleic prices could be around \$900?
- Pramod Bhandari:** Maleic is today less than \$700 in international market.
- Aditya Khetan:** Okay.
- Pramod Bhandari:** Less than \$700, not \$900.
- Aditya Khetan:** Got it. Thank you, sir.
- Moderator:** The next question comes from the line of Nirav Jimudia from Anvil Wealth. Please go ahead.
- Nirav Jimudia:** Yes, sir. Thanks for the opportunity. Sir, one of the major users like plasticizers I think they have seen lot of pressure in terms of the demand side in China.
- Moderator:** I am sorry to interrupt you, Mr. Nirav, but can you please speak through your handset?
- Nirav Jimudia:** So, if we just see the demand for plasticizers in China, I think that has seen lot of corrections, and even though the prices of plasticizers across various categories have seen lot of price corrections, what we understand is that the end users of plasticizers are facing troubles in terms of the exports to the USA and the other countries. So, if you can just share your views, how has been the situation in India given the lot of plasticizers are also our consumers in India for phthalic?
- Pramod Bhandari:** India, I think, demand is fairly steady between 4,00,000 to 4,50,000 and generally, India has a very little import of plasticizers. Of course, the downstream industry which are using the plasticizer and



Phthalic and Maleic as a downstream and if they are producing a product which is sold to the U.S. market, that is about expected. We are planning to start by March. I hope before December the U.S. and India stand off on the tariffs will be over. So, overall, Indian market is growing at a healthy rate and we believe because India per capita consumption of plasticizers is very low. So, there is a big headway. If you are not talking about particular one or two quarters, if you look at four, five, ten years down the line, there will be a gradually good demand in the Indian market. In fact, in five to seven years, we believe the Phthalic and the plasticizer demand will be 2x from here if India continues to grow at 8% to 9%. Of course, it is subject to clarity from the regulatory point of view, the tariff point of view, geopolitical issues. But we do not believe that there will be a challenge particularly for plasticizer in domestic markets.

Nirav Jimudia: Correct. And the 30%-40% utilization for one of the user industries that you mentioned -

Moderator: I'm sorry to interrupt you, but I would request you to please speak through a handset.

Nirav Jimudia: So, sir, you mentioned that one of the user industry was operating at 30%-40% utilization only in the 2nd Quarter and because of which the Phthalic demand was slightly impacted. So, was this user industry pigments because of which the demand for Phthalic was slightly impacted?

Pramod Bhandari: There are multiple. It is not that pinpoint industry. Like in UPR, they are selling most of their products to the US market, which is the artificial marble. They got impacted because the US got impacted. Similarly, the pigment and the CPC industry, although the Phthalic is at a lower cost, but they use the urea 1:1, and that cost has gone up by 30%-40%. So, their profitability has got impacted. So, then they decided because we are not making money, then we will not be utilizing the higher capacity. There are multiple headways for that. But we believe I think in the next three to four months when the US will have a clarity in terms of tariff. And I think in geopolitical, the tension between the countries has to be sorted out for the free flow of the raw material and the final product. It is not about only what you are producing, because you are also part of the bigger supply chain of the global market. So, everybody if works out smoothly, it will be better off because if you look at all chemical companies are impacted, it is not about IG. Because of geopolitical issues or the tensions between the countries, all the supply chain of the entire chemical value chain is impacted. So, that is essential to be sorted out to have a normalcy in the business.

Nirav Jimudia: Got it, sir. The second question is on the anti-dumping duty for phthalic anhydride, which is imposed currently in India. So, just wanted to understand from you that when it is going to get expired and are we in the process of filing any extension to this?

Pramod Bhandari: I think everybody is in the process, but I think six, seven months, July, August is the timeline to again view it.

Nirav Jimudia: Okay. But we have already started the work in terms of –



- Pramod Bhandari:** Everybody. I think that work, it is not for one or two days. So, everybody is working towards this to ensure that there is no dumping in India.
- Nirav Jimudia:** Got it. And sir, you also mentioned that the gross margins in 2nd Quarter was slightly better than that of 1st Quarter. In the 1st Quarter, you mentioned that it was anywhere between \$110 to \$130 a ton. So, if you can share the figures for 2nd Quarter, how it was and as the thing stands today, what are the current margins in Phthalic?
- Pramod Bhandari:** Margin, in Phthalic as on today is 100-150. But only margin does not make sense because when you look at IG, you are operating between three, three and half plants for the last quarter, while you are carrying the expenditures, the interest and depreciation from the five plants. So, not only the one-time expenditure of Rs.15-16 crores, which we have spoken about M2M and the repair, maintenance and write-of-assets, but also the interest and depreciation for all five plants are put into the system. Otherwise, it is always profitable. Even at three plants, it would have been a profit of Rs.15 crores. Because of the one-time expenditure, it is so. And the second reason is the lower maleic realization. And third reason is operating at three, three and half plants, operating around 45,000 to 50,000 tons compared to 55,000 to 60,000 tons. So, these all three reasons put together has got impacted the profitability.
- Nirav Jimudia:** Sir, just last bit on the answer given by you in terms of only three and half plants are currently operating for us. So, when we see our conversion cost -
- Pramod Bhandari:** Three and half plant was operating because there was a temporary shutdown in one of the plant. So, when you are talking about cost in terms of the conversion cost is \$70 to \$80, when you talk about overall cost is \$120 to \$130 for all, but having the advantage of yield and the by-product, it will be a Nil or \$250.
- Nirav Jimudia:** Correct. So, just wanted to understand from you like when we had not expanded the last phthalic PA-5, our conversion cost used to be anywhere between Rs.65 to Rs.70 crores in that range on a quarterly basis and today we are at Rs.85 crores. So, is it safe to assume that the incremental Rs.20 crores which has come in terms of the conversion cost is all because of the PA-5 plant and the revenues, the utilization of which is yet not accrued?
- Pramod Bhandari:** Absolutely. In fact, the marginal cost of operating six plants will be very, very low because 70% to 75% is fixed cost.
- Nirav Jimudia:** Got it. Thank you so much and wish you all the best.
- Pramod Bhandari:** Thank you.
- Moderator:** The next question comes from the line of Kunal Ochiramani from Alpha Alternatives. Please go ahead.



Kunal Ochiramani: Sir, just wanted to understand, So, China had a very big maleic capacity is coming in the last two years and again like you said downstream CAPEX was not done. So, just wanted to understand on maleic front, are the downstream CAPEX done and are they up and running so that the dumping will reduce and eventually the realization should get better from there? Secondly, like you said, you are implementing gas and solar. So, what kind of savings are we looking at here? And thirdly, if there was not a shutdown, what should have been a volume increase which we had foregone this quarter?

Pramod Bhandari: I think China has set up the Maleic capacity for the last two years. But it is not about the downstream. I think they also set up the downstream. But the question is whether the downstream will be able to utilize or not because they extended the date for single-use plastics twice. So, ultimately, the Maleic has to go to DPO, to PBAT, to PBT to reduce the biodegradable plastics. But that is not happening right now because there is no compulsion for banning the single-use plastics. So, that maleic is coming into the international market. When I am saying international market, they are sending it to Europe, even America, Middle East, all the places. So, till that is flowing from the China side, the margin will remain sluggish. We are actually producing from wash water. So, whatever is the revenue, 90-98% is EBITDA. But anybody who is producing from the butane route and all that, it is very difficult. Butane is between \$500 to \$550, conversion is \$300. Your actual cost is \$800 to \$850. The price is \$700. You can assume it is a cash loss today if you are setting up the new maleic plant. So, I think it will take one, one and a half year to improve. It will improve gradually. It is not going to change like \$700 to \$1,000 because till China is producing and supplying it to the global market, margin will remain like that for maleic. We assume that as and when they are getting more and more into the downstream, excess capacity will not be dumped into the international market, the price will improve. When you are talking about India, India has 80,000 to 90,000 tons of demand. We are producing 7,000 tons. 90% is imported. So, the question is about timing. Nobody can tell you with a precise prediction that when China will change that move. The second question was on the solar. Do you set up the solar plant and also getting it to the natural gas? Yes, natural gas, today, 20% of benefit will be coming. On fully implementable basis, it will save around Rs.4 to 5 crores per annum, which is a payback period of three years. Similarly, for the solar, which we have already implemented, it provides saving between Rs.1 to 2 crores per annum.

Kunal Ochiramani: Sir, lastly on the volumes that were impacted due to shutdown –

Pramod Bhandari: I think it is not much volume, but typically 3,000 tons to 4,000 tons was the overall impact.

Kunal Ochiramani: Any update on subsidies we were going to receive, we had mentioned in the last couple of calls?

Pramod Bhandari: Yes, yes, we have got the very favorable indications from the government and we are expecting it to receive it soon.

Kunal Ochiramani: Sir, can you quantify?



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- Pramod Bhandari:** I think it is better to wait till the time we receive it. There is no way to quantify it because it is actually receipt which matters, not the probable collections that you will be receiving it. As and when we will receive it, we will inform.
- Kunal Ochiramani:** Thank you so much.
- Moderator:** The next question comes from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.
- Madhur Rathi:** Sir, thank you for the opportunity. I am looking at a balance sheet. Sir, there is a line item investment property of Rs.215 crores. So, what is this regarding?
- Pramod Bhandari:** Basically, at the time when we were setting up the maleic plant inorganized, there was an office which has been set up and all that, then we finally developed that office and that has been completed now which is up for the sale, so, that property has been shown as a property.
- Madhur Rathi:** Sir, where is this property set up?
- Pramod Bhandari:** The commercial property was acquired to set up (London) a Joint Venture with ADNOC for setting up a MA Plant. However, we completed the basic engineering and detailed engineering but the project could not take off due to economic viability and was dropped later. Management decided to put the property on sale.
- Madhur Rathi:** Got it. Sir, we also have an investment in a subsidiary of Rs.108 crores in the UAE subsidiary, IGPL International Limited.
- Pramod Bhandari:** It is same. It has basically the basic engineering, detailed engineering and the properties. All are part of same.
- Madhur Rathi:** Got it. Sir, just a final question. Sir, how is the current maleic capacity globally and what is the extent of overcapacity that should improve in one, one and a half year going forward?
- Pramod Bhandari:** So, today the global capacity is around 4 to 4.5 million tons. China has set up some extra capacity. So, one of the plants in Germany of one big player has been shut down because of extra supply from China. The name of the plant is Huntsman. You can Google it out. They closed one plant. They have two plants in US. Huntsman is the number one player. Not only they are producing maleic, maleic acid and lot of other chemicals. You can go through the website because they have given a full presentation on the maleic market, demand/supply equations, the overall margin, they have specifically mentioned in their report about extra supply of maleic in US market, which has impacted the overall demand. So, they tend to shut down the European market. They are not supplying the maleic from US plant to US as well as Europe. So, I think it will take one, one and a half to two years



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before it rebalance it out. Right now, because the US has put so much duty into any import from China, so, Chinese are supplying everywhere except the US. So, that is why you can see the impact of maleic prices, which was \$780 to \$800 is today less than \$700 in Asian market.

Madhur Rathi: Got it. And sir, on phthalic, has there been any capacity closure globally?

Pramod Bhandari: No, no. I have not heard anything in the last three to four months. There may be some temporary shutdown for the purpose of upgradation of facility or lower capacity utilization, but I have not heard any shutdown of the capacity. I think some Narnia or somebody has closed up the capacity one and a half, two years back.

Madhur Rathi: And sir, has the prices reduced further in October for Phthalic and how are the spreads currently -

Pramod Bhandari: It has reduced; it was actually Rs.90 to Rs.95 rupees, right now, it is hovering around Rs.84, 85, but correspondingly, OX prices also gone down.

Madhur Rathi: Sir, so the spreads currently are at what levels?

Pramod Bhandari: 120 to 150.

Madhur Rathi: And they were 130 to 150 in Q2?

Pramod Bhandari: In Q1 100 to 120, now between 120, 130 to 150, because it is changing every week. I am just giving you the average. Yes.

Madhur Rathi: Sir, that was very helpful. Sir, thank you so much and all the best.

Pramod Bhandari: Thank you.

Moderator: The next question comes from the line of Chirag Vekaria from Budhrani Finance. Please go ahead.

Chirag Vekaria: Yes, good afternoon, sir.

Pramod Bhandari: Good afternoon.

Chirag Vekaria: Sir, Q2, what was the spread? Sir, I missed out that number.

Pramod Bhandari: Actually, the company's spread, you can easily calculate. But in the market, it is between \$120 to \$150.

Chirag Vekaria: And a similar number in Q1 was?



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Pramod Bhandari: \$100 to \$120.

Chirag Vekaria: Okay. Sir, second thing, on that balance sheet line item of investment property, Rs.215 crores, can you throw some light, was it just a structure or is it some –

Pramod Bhandari: No, no. It was the commercial premises, plus, there was a total investment was in the maleic anhydride project, which is basic engineering, detailed engineering and that. So, now, it has been reconstructed, completed, showing as an investment. It is up for sale. We are planning to realize Rs.100, 120 to 150 crores from that. That will be cash inflow for the IG Petrochemicals.

Chirag Vekaria: So, the value is roughly around Rs.215 crores and what we realize is around Rs.100, Rs.150 crores you are saying?

Pramod Bhandari: Net of the debt. Yes.

Chirag Vekaria: Okay. So, second thing in terms of balance sheet, is there some thought in terms of working on the interest costs, sir, because always have this stress of being at least remain in the profitability zone?

Pramod Bhandari: So, let me explain this. What we have done in last one quarter, we believe there is a lot of volatility in Indian rupee versus euro. So, we have converted most of our debt into Indian rupee. Except, I think, 5 million, all other debt are converted into Indian rupee. Second, we have prepaid around Rs.45 to 50 crores of the one of the debt to the bank. So, today, our debt on the phthalic anhydride business is around Rs.170, 175 crores compared to Rs.250 crores six months back. So, we prepaid as the normal and also we have prepaid as in line with the installment and we have prepaid Rs.50 crores rupee loan also. So, we have reduced our debt compared to one year back. Of course, the plasticizer debt I am not counting because that project is under construction right now. That we have spent around Rs.100 crores, debt is around Rs.25 crores. The advantage is, you will not see the much impact on account of M2M because now the euro is more or less out. One debt of which is Rs.100 crores was converted and balance debt was also converted. Except 5 million, all debt are in rupee today. So, we have consciously taken that decision in view of the sluggish market to prepay certain debt and convert the debt so that there is no impact of M2M charges in view of the global volatility.

Chirag Vekaria: Sir, just one request, because there is so much of volatility, I think the entire operating profit is being eaten up by the interest cost. So, if you could look into that structure?

Pramod Bhandari: I think if you ask me, we expect between Rs.30 to Rs.35 crores of the total interest cost. When I am talking about interest cost, it is actually for term loan is Rs.10 to Rs.15 crores, balance is on account of the working capital, CC, LC which you need to open for the procurement of raw material, the bill discounting and other charges which we are looking at. I think once there is an improvement in margin, there will be an acceleration in overall collection, the credit will be curtailed. So, that overall Rs.35 to



Rs.40 crores is what we were expecting. Since we have paid Rs.50 crores of debt, we expect Rs.30 to Rs.35 crores of the overall interest cost.

Chirag Vekaria: Sir, let us put it this way. For FY25, you had a debt, so roughly finance cost of around Rs.38 to Rs.39 crores. So, what do you expect for FY26 or say FY27, if you can throw some light.

Pramod Bhandari: So, FY26, it will be in similar line of Rs.30 to Rs.35 crores on an annualized basis. FY27, it will be slightly up because then revenue will be Rs.3,000 crores, you will be beginning your plasticizer projects. But we are planning to pay even another Rs.100 crores of our debt. So, in all cases, we wanted to remain net debt zero. We have a cash of around Rs.230 to Rs.250 crores today and we are planning by way of capital subsidy and others, we are planning to get Rs.20, 30 crores more. So, as and when we are getting the money from the government by way of whatever means, we are planning to prepay the debt. Last quarter, we paid Rs.42 crores of the debt. So, we intend to remain net debt zero even after spending all the money for CAPEX and new projects.

Chirag Vekaria: Okay. Thank you, sir.

Moderator: The next question comes from the line of Renuka from First Water Capital. Please go ahead.

Renuka: Yes. Hello, sir. Thank you for the opportunity. You mentioned in your opening remarks that due to certain downstream industries, we were seeing a softer demand. So, if you can just highlight if it was any specific downstream industry and whether such a scenario will be prolonged and if we are going to see softer demand, so, in that case, whether we are revising our volume guidance as well?

Pramod Bhandari: So, there was this sluggish demand in a few segments because of the various reasons. Like I mentioned, the UPR segment was affected because of the US duty because most of the UPR which is used in the artificial marble goes to the US market. Secondly, the CPC and pigment segment was impacted because another raw material which is used in that is urea, that price has gone up by 30-40%. So, there is no way to pinpoint one particular segment. Every quarter, there are some segments which have got impacted. So, in terms of the volume guidance, we continue to maintain 2 lakh tons of annualized production which may vary 4-5% plus and minus. Of course, there is a sluggish demand. But typically, the domestic market remains more or less insulated. If there is some sluggish demand in one or two segments, there is better demand in other segments. So, it is creating an equilibrium. But the opportunity to sell in the export market is difficult because of the intense pricing by the other players also creating the healthy competition in that sense. But we remain on track for overall volume. Of course, we are not able to utilize all the five plants, but for 2 lakh tons, we will be around plus-minus 5%.

Renuka: Okay. And since we have converted most of our loan into Indian rupee, so going forward, in other expenses, should we take the previous run rate of Rs.55 crores per quarter and not expect the interest cost one-off over there?



- Pramod Bhandari:** So, today, when we are talking about, most of our debt is converted except 5 million which is Rs.45 or 50 crores of debt in Euro because that is from the Commerz bank at a very low cost, we do not think it is right to convert it into rupees. Balance, all the debt has been converted. So, overall, M2M charges will be negligible or nil to the extent of 5 million, but likely, there is an increase in the cost, because when you are converting in euro into the rupee, then rupee cost of the interest is slightly higher. However, we are working to further rationalize the interest cost because we have prepaid the Rs.50 crores of debt last quarter, so that will further reduce the interest and we are also working to further reduce the overall cost of our funding by way of bill discounting, LC, which you need to do as a part of your working capital. So, more and more, we will be able to utilize it once we have a better capacity utilization along with the plasticizers.
- Renuka:** Right. And just one last question. If you can give any details on the biofuels project, what is the expected revenue and other metrics?
- Pramod Bhandari:** So, biofuels, I think, revenue, this is the first pilot project where we will be producing 5 tons per day, which is typically 1,500 to 1,600 tons per year. We expect IRR between 16% to 18% and supply will be to the government and the raw material will be the Napier Grass. And I think revenue will be between Rs.16 to Rs.22 crores, because at 5 tons, you will be getting around Rs.20 crores of revenue when you are at 70-80% of capacity utilization and PAT margin between 10% to 15% or 20%. It all depends on the price which you are locking in with the government because government keep on changing the price. As we are able to control the raw material cost, everything else is fixed in that.
- Renuka:** And when are we expecting to commission and peak utilization?
- Pramod Bhandari:** I think in June, July, we are planning to commissioning the project, and we are planning another project under 100% percent subsidiary. Next, all the projects in future of CBG will come under the IGPL 100% subsidiary, I G Biofuels. And this project also, once it is completed, we intend to transfer it to I G Biofuels.
- Renuka:** And when are we expected to reach the peak utilization for this 70-80% that you guided?
- Pramod Bhandari:** July to December, because it is the first project based on Napier Grass. So, I will not be able to give you a date, but we will start with 50-60% and then see how it will move. It is generally subject to the availability of raw material since we have a control over the raw material, so, it will be fairly quick to reach at 70-80%.
- Renuka:** Okay, okay. That is very helpful. That is it from my side.
- Pramod Bhandari:** Thank you.
- Moderator:** The next question comes from the line of Chirag from Keynote Capitals. Please go ahead.



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- Chirag:** Yes. Thank you for the opportunity. Pramod sir, if you could highlight, what was the volume sale in Q2 FY26 for phthalic anhydride?
- Pramod Bhandari:** Generally, we do not give the value, but you can say 1,000 or 2,000 ton extra compared to last quarter.
- Chirag:** About 2,000 tons extra compared to last quarter?
- Pramod Bhandari:** 1,000 to 1,500 tons extra compared to last quarter.
- Chirag:** Got it. Second thing, Pramod sir, in Q4 FY25, we had a planned shutdown for maintenance purposes, in Q1 FY26, we had a planned and an unplanned shutdown, and in Q2 FY26 also, we have another planned and unplanned shutdown. So, in this particular year, we had two planned shutdowns. Is it fair to expect that for the next two quarters, we are not going to have any planned shutdowns?
- Pramod Bhandari:** No. No. Let me confirm to you. We have five plants today. And every year, we will have two plants shutdowns because of the change in catalyst, every three years, we need to change the catalyst. So, if you have three plants, every year you will have a shutdown. If you have five plants, every year you will have two shutdowns, because you need to change the catalyst for two plants in every year. So, when we are giving the guidance of 2 lakh tons plus minus 5%, it includes the shutdown. Planned shutdown is always included when we give the guidance. Unplanned is something which is not beyond our control. So, the planned shutdown, we already know. In this year, how many plants we need to change the catalyst. So, the planned shutdown will not impact the overall volume in terms of the guidance.
- Chirag:** Got it. Fair enough. I just wanted to understand one thing. What kind of volume sales are we doing in maleic today?
- Pramod Bhandari:** Volume, I will not be able to give you directly, but we are typically between Rs.15 to Rs.16 crores realization today, Rs.15 to Rs.16 crores in quarter, annualized Rs.60 crores to Rs.65 crores. While we are expecting Rs.100 to Rs.120 crores if the prices were 20% higher than maleic, but today it is Rs.60 to 65 crores annualized.
- Chirag:** So, based on \$700 per ton –
- Pramod Bhandari:** \$700 is the international market price. We are getting slightly better than that.
- Chirag:** So, even if at \$700 or slightly better than that, we are making an annualized revenue of Rs.15 crores.
- Pramod Bhandari:** Rs.15-16 crores right now at the current price.



- Chirag:** Got it. Sir, based on my understanding, whenever we see such case scenario where phthalic anhydride spread goes to \$100 per ton and we being better off because of the size of capacity that we have and complete integration, there are a lot of plant shutdowns internationally that take place. In the last two quarters, are there any highlights or any incidents of plant shutdowns taking place?
- Pramod Bhandari:** I have not seen it particularly. There was a shutdown for the maintenance like changing catalyst or lower capacity utilization, but I have not seen the permanent shutdown of any plant. It was one, one and a half year ago for some Narnia plant, 70-80,000 ton which was permanently shut. After that I have not heard any plant shutdown particularly in Asian side.
- Chirag:** Got it. Would it be fair to assume that they would be working in EBITDA level losses at current levels?
- Pramod Bhandari:** EBITDA level loss, you are talking about maleic here?
- Chirag:** I am talking about phthalic.
- Pramod Bhandari:** Phthalic is very difficult to know because the other players have a fully integrated refinery-cum-petrochemical. There is no data available that how much they are making on a particular product of phthalic or OX, because it is a complete integrated refinery-cum-petrochemical. They do not publish it separately. If there is one refinery in petrochemical, it is less than 0.1% or 0.2% of their sales.
- Chirag:** Fair enough. Next thing I wanted to understand, earlier maleic run rate used to be at \$1,400 just because of the capacity additional taking place in China. Would it be fair to assume that because of this capacity ramp up, now the average price would trade on a normalized level around \$900-1,000 only?
- Pramod Bhandari:** Ideally it would be, if you ask -
- Moderator:** Sorry to interrupt you Pramod sir. Your voice is breaking. I will reconnect you.
- Pramod Bhandari:** I am saying that it was actually \$1,500 to \$2,000 when the phthalic was \$1,200 and in the COVID it has moved to \$3,500 also for a brief period of six months. So, to assume when it will be recovered or recovered to the same price which it was historically for 20-years, it will be difficult but I think as and when there is excess supply from China will reduce or moderate, that is the time we will see the recovery in the price.
- Chirag:** Got it. And it would be fair to assume that phthalic prices would only rise with increase in demand from the downstream products going forward?
- Pramod Bhandari:** 100%. Because as and when there is an extra demand or the demand recovery in the downstream which is paint, plasticizers, pigments, CPC, UPR, specialty chemicals, phthalic demand will automatically



go up. Today if you see, it is okay, demand is not good or not bad, but overall the chemical market is not that good.

Chirag: Got it. Fair enough. That is it from my side Pramod sir. Thank you so much.

Pramod Bhandari: Thank you.

Moderator: The next question comes from the line of Moksh Ranka from Aurum Capital. Please go ahead.

Moksh Ranka: Hello, sir. I wanted to ask what are we expecting CAPEX for the full year and the peak long term debt for us?

Pramod Bhandari: So, this year Rs.160 crores was the CAPEX proposed and the plan for plasticizers we have already done around Rs.100 crores, so around Rs.50-60 crores on account of plasticizers. And for the Pyrolysis and the CBG, we have allocated around Rs.35-40 crores, we already spent Rs.5-7 crores or Rs.10 crores basically committed around Rs.30 crores. So, you can say Rs.70-80 crores is the CAPEX plan for 12 months from now.

Moksh Ranka: Okay. And what is the peak debt we are expecting this year to be?

Pramod Bhandari: Peak debt today with plasticizers and existing debt we have Rs.202 crores today. And it will be another addition of around Rs.50-60 crores. So, Rs.250-260 crores is the peak debt once we complete plasticizers, Pyrolysis and CBG, all three projects.

Moksh Ranka: Okay. And like three years down the line, how much would we expect the non-PAN revenue to be, and what are the sustainable margins in that?

Pramod Bhandari: So, non-PAN revenue will be around Rs.900-1,000 crores is plasticizers, I believe maleic will be Rs.100 crores plus business, even at the similar rate will be Rs.70-80 crores when we operate CIF plant. So, Rs.100 crores is maleic, Rs.900 crores is plasticizers and Rs.100 crores is of DEP and another Rs.40-50 crores is the benzoic acid and other products. So, you can see Rs.300 is all other products and then around Rs.1,000-1,100 crores will be the revenue from non-phthalic products which is plasticizers, DEP, maleic, benzoic acid.

Moksh Ranka: And the sustainable margins in it?

Pramod Bhandari: Sustainable margins because maleic and all that is basically 90-95% goes into EBITDA. And for plasticizers business 10-12% is the EBITDA margin it is expected and PAT margin around 4-5%, because the capital turnover ratio is 5x. You are spending Rs.160-170 crores, revenue is Rs.1,000 crores.



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- Moksh Ranka:** In the current price trend as compared to the Q2 price, how is the price trending currently in October-November?
- Pramod Bhandari:** It has gone down from Rs.90-92 per Kg to around Rs.84-85-86. It has gone down by 7-10%. But correspondingly OX price has also gone down. Ultimately it is a margin that matters which is hovering around \$120-150.
- Moksh Ranka:** Okay. Okay, that is it from my side. Thank you.
- Pramod Bhandari:** Thank you.
- Moderator:** The next question comes from the line of Aditya from Securities Investment Management. Please go ahead.
- Aditya:** Hi, sir. Thanks for the opportunity. So, for PAN globally, in terms of cost curve, would we say we are one of the lowest cost producers for PAN?
- Pramod Bhandari:** Yes. Yes, we are one of the lowest.
- Aditya:** Sir, but if there are peers who are vertically integrated, who are backward integrated towards some raw material, how is it possible for us to be a low cost competitor?
- Pramod Bhandari:** Let me explain you. When I am saying we are a lowest cost producer, we are talking about conversion cost. If somebody says I am quoting, let us say today OX price is \$750 per ton, somebody says I got the OX at \$200. So, I am not comparing with that. I am saying from OX to PA conversion, how much cost it is invoiced by other company, we are one of the lowest.
- Aditya:** Understood. Got it. So, the point I was trying to get is, it is possible that the current spreads to go down further as well because if the companies are not making losses, are making profit because they are backward integrated -
- Pramod Bhandari:** No, no, no. Generally it is not possible at \$100 margin in international market, most of guys will be making loss, most of at EBITDA level. So, generally whenever margin go down below \$100, you will see a lot of closures or shutdown, temporary or permanent. So, \$100 is the lowest I have seen in last 10 years. Whenever it goes to \$100, it comes back again to \$150 to \$200 and \$300, \$350 is on higher side and average I have looked at between \$180 to \$200 is average for the last 20-years. So, today we are at a lower side. There are chances it will improve over the period of time. Whenever there is the geopolitical issues, the wars, the American tax, it all has to be sorted out, it will automatically come to \$200. It ultimately depends upon all the downstream demand, paint, plasticizers, pigments, CPC, if they all are doing well, especially chemicals, then phthalic demand will automatically go up.



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Aditya: Globally, if I have to understand, this PAN industry, would we say that it is a more consolidated industry where top 7-8 players would control 80-90% of the market or it is a fragmented industry?

Pramod Bhandari: No, no, it is consolidated. What you have mentioned is top 7-8 players completely have 90% control over that. And phthalic is required everywhere, wherever there is a requirement of infrastructure, all the downstream industry where we supply is more or less linked with the infrastructure. It is a big material, paint, plasticizers, pigments, CPC, especially chemical, everywhere it is linked with the growth of the GDP. Typically in line with the GDP growth, it will go.

Aditya: Understood. Got it, sir. Thank you, sir, for answering the question.

Pramod Bhandari: Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, that was the last question for today's call. I would now like to hand the conference over to Mr. Pramod Bhandari for closing comments.

Pramod Bhandari: Thank you very much, everyone, for joining the call. We appreciate your time and interest. The one last point I need to highlight is, lot of chemical companies like IG and others have built the capacity, of course, not able to utilize the full capacity, but whenever time will turn, our capacity utilization improve, we are operating five plants, including plasticizers, we will generate very good revenue, EBITDA and profitability. So, it is only a matter of time before we will see the good profitability for IG. In case you have any other questions, please interact or contact with our SGA Investor Relations Advisor, you can send the mail to us. Thank you very much. Bye.

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