apcotex
Bonds Beyond Chemistry

5th August 2026

To, The Manager - Listing Department, The National Stock Exchange of India Ltd Exchange Plaza, 5th floor, Plot no. C/1, “G” Block, Bandra-Kurla Complex, Mumbai-400051 Symbol: APCOTEXIND	To, Manager - Department of Corporate Services BSE Limited Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001 Security Code: 523694

Dear Sir/ Madam,

Sub: Transcript of Earnings Conference Call held on 30th July 2026

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance of our letter dated 30th July 2026, informing the exchanges regarding Audio recording of the earnings conference call in respect of the Financial Results of the Company for the quarter ended 30th June 2026, we wish to inform you that the transcript of the earnings conference call held on 30th July 2026, is hereby enclosed.

The said transcript has also been made available on the Company's website and can be accessed at:

https://apcotex.com/investor-quarterly-report

Kindly take the same on record.

Thanking you,

For Apcotex Industries Limited

DRIGESH PRAMOD MITTAL
Digitally signed by DRIGESH PRAMOD MITTAL
Date: 2026.08.05 11:50:01 +05'30'

Drigesh Mittal
Head – Company Secretary & Legal

Apcotex Industries Limited
Q1 FY '27 Earnings Conference Call
July 30, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY27 Earnings Conference Call of Apcotex Industries Ltd.

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 "*" then "0" on your touch-tone phone.

Please note that this conference is being recorded. At this time, I would like to hand over the conference to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you ma'am.

Purvangi Jain: Thank you. Good afternoon everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the investor relations of Apcotex Industries Ltd.

On behalf of the company, I would like to thank you all for participating in the company's earnings call. For the 1st Quarter of the financial year 2027.

Before we begin, a quick cautionary statement. Some of the statements made in today's conference call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated.

Such statements are based on management's belief as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now, I would like to introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks. We have with us, Mr. Abhiraj Choksey - Vice Chairman and Managing Director and Mr. Vivek Thakur - Chief Financial Officer.

Without any further delay, I would now like to hand over the call to Mr. Vivek Thakur for his opening remarks. Thank you and over to you, sir.

Vivek Thakur: Good afternoon, everyone. It is a pleasure to welcome you all to the earnings conference call for the 1st Quarter of financial year 2027. I hope you had an opportunity to review the financial statement and earnings presentation which have been circulated and uploaded on our website and the stock exchange.

Let me provide you with a brief overview of the financial and operational highlights for the 1st Quarter of the Financial Year 2027:

The company delivered an exceptional start to FY 2027, achieving its highest ever quarterly revenue of 526 crores, which represents a 40% year-on-year growth. This was driven by improved price realizations despite lower sales volumes. The quarter marked a historical financial milestone with the company reporting its highest ever EBITDA, profit before tax and profit after tax.

Operating EBITDA stood at 117 crores, registering a growth of 203% year-on-year, with EBITDA margins improving to 22.3% from 10.3% in the corresponding quarter of the previous year. Profit after tax for the quarter stood at 79 crores. This compared with 19 crores in the corresponding quarter of the previous year reflects a growth of 311% year-on-year, with PAT margins improving to 15.01% from 5.11%. During the quarter, the export business encountered temporary headwinds as geopolitical developments in West Asia and the resulting logistic disruptions and increase in ocean freight costs adversely impacted the export volumes. Despite the challenges faced, strong financial performance was underpinned by our strategic operational resilience, disciplined inventory planning, proactive procurement and effective risk management, which enabled us to ensure uninterrupted customer service during industry-wide disruptions. This allowed us to capitalize on constrained market supply and deliver strong profitability. Alongside our operational performance, we also continued to execute our strategic CAPEX plans during the quarter.

Working capital requirements increased during the quarter, primarily due to higher raw material prices, which resulted in higher inventory values and receivables following the pass-through of increased input costs to the customers.

With this, now I open the floor for questions and answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Aditya from SMIF Institutional Equities. Please go ahead.

Aditya: Thank you, sir, for the opportunity and congrats on a good set of performance. Just a couple of questions. First, is it possible to quantify the inventory gains during the quarter? Subsequently, how much in terms of margins would have been better because of inventory gains? A quantitative number like 3%, 4%, 5% jump is because of inventory gains. If you could highlight that, that would be great. Secondly, sir, how much would be the volume drop on sequential basis and on YOY basis?

Abhiraj Choksey: Okay, thank you. Thanks, Aditya. I will take those questions. So, I would say yes, there has been some amount of inventory gain. I think, if I am not mistaken, in terms of EBITDA, maybe the EBITDA would have been 2% higher because of inventory gain. I think EBITDA is around 20-23% if I am not mistaken. So, I hope that answers your first question. And your second question was on, remind me again, sorry. Volume drop. Yes, we had a volume drop mainly because of the export market which we have developed. I mentioned on previous calls before that the MENA region has been a strategic region for us. And because of the Strait of Hormuz being shut, a lot of our customers' production being down, of course not being able to get material to them in some of them. So, obviously that's been a downer. So, overall volume has come down by 10-12%, but it's all because of exports. In fact, the domestic volume has gone up by 10%.

So, our view is that once this war ends, and it was in between, as you know, there was a little bit of a lull in the war. And at that time we got all our orders back. Unfortunately, the war again sort of seems to have erupted.

So, as and when the war stops, we expect that to reverse very quickly. But that has been a short-term blip in terms of volumes.

Aditya: Got it. And sir, what would be the sustainable numbers we can work on? Like on the margins you mentioned 2% jump was because of inventory gains. Plus, subsequently we are also witnessing spreads on the spot markets have also expanded. So, where you see like suppose if the crude oil prices fell and that demand also comes back to the normal levels, where do you see these margins sustaining around? Because earlier, sir, we had even clocked around, so between 9% to 12% margins, and we are at 22%. So, stripping off all the benefits getting today, so what do you see the sustainable margins?

Abhiraj Choksey: You know, and I have again mentioned this in our kind of business I would say instead of sustainable margins, I think I would talk about average margins. And we are quite confident of 15%, 16% average margins that I have mentioned before as well. And as we are growing, that may increase further. Obviously, you will have a few quarters there where margins could be lower, a few quarters where margins could be really higher. And in the current context, look, I don't know what normalized is, right? So, we will have to see where things land. As I said, Q1 was a really good quarter. So, we are grateful for that. And we will have to see how things play out, honestly. Difficult to say.

Aditya: Got it. So, my next question is on to the nitrile latex. Is it possible to quantify, like, where are we standing in terms of a cycle? We have seen the bottom in last year, wherein like spreads have fallen to multi-year lows. Now we are witnessing some slight improvement. So, where we are exactly in the cycle? And secondly, on to your further CAPEX, which you have outlined, any timelines and updates like when it can start and when can it start flowing to the top line?

Abhiraj Choksey: So, nitrile latex, I would say margins have improved. Obviously, this Q1, margins were much better than before as well for various reasons. I am not sure, again, as you said, what will happen in the next two, three quarters.

But certainly the situation is better than what it was in the previous year and the year before that. So, things are improving. We are quite hopeful.

And that was one of the things that was pulling our margins down, if you recall, Aditya, you have been on calls before. So, that's improving slowly. Again, as I said Q1, I don't want to specifically talk about one quarter, but in general, I would say things are improving there.

And yes, I think that's it, right? You had one more question?

Aditya: On to the CAPEX, I feel like.

Abhiraj Choksey: The NBR will be on stream by Q1 next year as per plan right now. But I will be able to confirm that maybe frankly, in the Q3 con call, we will have a final date. And the SB latex and other synthetic latex CAPEX would probably be just a couple of months after that. So, maybe end of Q1 or so, probably

Moderator: Thank you. The next question is from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.

Sajal Kapoor: Yes, thank you for taking my questions. Hi, Abhiiraj, just two questions I have. First is, I mean, this quarter showed that we remain highly profitable despite a major disruption to exports.

I mean, what changed in the design of the business over the past few years that made the system resilient enough to absorb that shock above and beyond the gross margin expansion, even excluding the 2% inventory gains that you mentioned? Has something fundamentally changed in the system, you reckon?

Abhiraj Choksey: See of course, while the quarter did include a favorable timing benefit, it was not purely incidental. You know, this margin expansion this quarter was driven by operational resilience, and that's been intentionally developed over the last few years by us. And the strategic capability which includes risk management, inventory management, procurement, quick procurement decisions at such times, now that's all been intentional.

And obviously, this quarter did give us some opportunity to implement those capabilities, which I think a lot of our competitors and other manufacturers were not able to do. Just to give you an example our plants have two fuel sources, right? A lot of our competitors had only one fuel source.

So, when gas was in short supply, we were able to continue using coal and do that. So, if tomorrow coal is in short supply, we can run the plant on gas. So, these are the kinds of things that we have intentionally done, and we have invested money and perhaps more CAPEX than some of our competitors, but this is where it comes in handy.

Quick procurement decisions, which I think large MNCs are unable to take or for whatever reason were not able to take, those are things that we are able to do. Alternate raw materials, we have multiple raw material sources. For each raw material, we have multiple sources.

So, if one geography shuts down, like in this case, MENA region, we were able to get it from another source because we have good relations everywhere. So, these are all kinds of things that we have done. So, yes, to that extent, it's part of the system and it's sustainable.

Obviously, these kinds of opportunities may not present itself all the time, but this is part of the company's strengths that that are inbuilt into what we have built into the company. So, we hope we will be able to continue serving our customers as we did in Q1 without any supply disruptions in the future as well. And the supply was definitely constrained in Q1, and that helped us, along with some inventory gains.

Sajal Kapoor: Yes, understood. So, we were well positioned.

Abhiraj Choksey: Higher margins, I guess.

Sajal Kapoor: Yes. No, that's fine. So, the second question is, assuming exports recover fully, that's an assumption, right? What is one constraint that prevents Apcotex from then doubling throughput over the next five years? Let's assume a much more normal operating environment, which we may or may not get. But in that scenario, can we double our throughput in five years?

Abhiraj Choksey: I mean, look, obviously, the market has to support. We have a high market share in India. We are working towards higher market share in these other certain strategic geographies as well. The investments that we have already announced and which will be on stream in 2027, both will come on stream in 2027, will help us add another probably about 600 crores to our top line. So, I don't know about doubling throughput, but from what we have already announced, it will definitely maybe increase of maybe 40% or so.. But further investments, yes, as and when the market supports and we see the opportunities in the market, there is no reason, I mean, I see no reason to be able to double as well. Of course.

Sajal Kapoor: Sure, sure. That’s helpful. Thank you. Our balance sheet is very healthy anyway.

Abhiraj Choksey: Exactly. Balance sheet is strong. We are low debt to equity company. We, I mean, barely have any debt. In fact, we are net cash as of now. So, in spite of this higher working capital requirement in Q1, we have managed it well. So, there is no reason and we are looking at other opportunities as I have been mentioning. Nothing is panned out yet, but as and when. So, we are looking at ambitious growth targets. And when I have certain other numbers, we will come back to you with specific numbers and plans.

Moderator: Thank you so much. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much, sir, for this opportunity. So, just wanted to understand, I mean, what led to the, I mean, our product price spikes? I mean, and then how sustainable would those be?

Abhiraj Choksey: I think I have already sort of mentioned it to the previous couple of things. Look, as I mentioned, there is definitely a favorable timing benefit. To be honest, we wouldn't annualize this level of benefit, but certainly the execution, the quick decision-making has helped. The exact magnitude of what's sustainable and what's not remains to be seen. But what's important is the approach to risk management and procurement as a comparative capability, core comparative capability will continue on. So, there are certain things that we have built into the company that are not easy to replicate.

So, as and when these opportunities do arise, we will do that. And as I said in our kind of business, as we grow and as we scale up, margins should continue to improve. There can be certain things that happen in the last couple of years.

There's like low margins in the nitrile latex segment. From time to time, dumping does happen. Those kinds of things, we have fought quite well.

Even right now, we have no anti-dumping, nothing. And so we are quite comparative not only in India, but also regionally and in some cases globally. So, that's what we will continue to do.

Deepak Poddar: Okay, understood. But as you mentioned, I mean, this 22% EBITDA margin is not a sustainable one. I mean, 15%, 16% is more EBITDA sustainability that as a business will look, right?

Abhiraj Choksey: Well, in the past, that's what I have mentioned. I mean, frankly, I don't know, given the current situation with the war and overall, maybe with oil prices at such high prices, maybe our volumes may not grow, but margins could be sustainable. So, honestly, it's a difficult one to answer, for this year at least.

Deepak Poddar: Okay, understood. And sir you mentioned about a couple of CAPEX, so that can add about 600 to your top line, right? So, what's the total CAPEX amount there?

Abhiraj Choksey: About 200-odd crores, 220 crores.

Deepak Poddar: 220 crores?

Moderator: Yes.

Deepak Poddar: Okay, okay. And just one last thing.

Moderator: Sorry to interrupt, Mr. Patar. Okay, let's finish one last question, then we will move on.

Deepak Poddar: All right. It's a very small one, yes. Sir, what led to decline in your other expense this quarter? I mean, fourth quarter was close to 55 crores, this quarter it's close to 45 crores, right?

Abhiraj Choksey: I think we made some provisions in the Q4. I think it's in our notes to account, so that was the main reason. But Vivek, can you confirm this?

Vivek Thakur: There was a one-off impairment provision, which was done about 4 crores last quarter. Apart from that, the major differences is Quarter 4 generally is usually a high-maintenance kind of a quarter, so we incurred a lot of repair costs there. Broadly, these were the reasons why the reduction you are seeing in this quarter.

Deepak Poddar: That's very clear. That will do it from my side. Wish you all the best. Thank you so much.

Moderator: Thank you. The next question is from the line of Harsha from Merecis Advisors. Please go ahead.

Harsha: Yes. Sorry. So, most of my questions are answered.

Moderator: The next question is from the line of Farokh Pandole from Avestha Fund Management. Please go ahead.

Farokh Pandole: Yes. Hi. Abhiraj, congratulations on the historic best results. Really great numbers. I just had a question on the nitrile business. If we are in a situation where clearly the market has moved in our favor, and as you highlighted, from a balance sheet standpoint, we are clearly in a reasonably strong position. What is the thought on accelerating the stage two of the capacity that we had envisaged at the start while getting into this project?

Abhiraj Choksey: Yes. Absolutely. So, it's on the cards. We have the project plan completely ready and ready to go. That would, of course, be a third expansion project that we would have to undertake, and it would probably take less time than the others because there's not much civil required in that. As I told you in the last call, as I mentioned as well, we'd like to see sort of a little bit longer term view on margins and how things are playing out. There is the China factor. There is some additional capacity that has also come up in Malaysia recently, or coming up in July, August right now. So, I think we will wait for another three, four months and then take a call on that, but I think the project plan is ready. We know how much the investment is going to cost now and what is the additional volume that will come about. So, I think we will take a call shortly on that.

Farokh Pandole: Great. And the 220 crores that we are looking to spend, that includes both projects, right? Or is it just NBR?

Abhiraj Choksey: No, both.

Farokh Pandole: Great. Okay. Great. Thanks.

Moderator: Thank you. The next question is from the line of Mehul Panjwani from 40 Cents. Please go ahead.

Mehul Panjwani: Hello, sir. Thank you so much for the opportunity and congratulations on a great sort of numbers. Sir, I am tracking this company very lately.

I just want to understand when the post-COVID we saw a cyclical upside in the profitability of our company and now we have seen a robust comeback. So, how would you if you can put those two phases in layman's terms, like what went right for us post-COVID when we saw the upside in our profitability and now that we have come up with a great quarter again. So if you can just put down in simple terms, what is the difference in the two phases?

Abhiraj Choksey: Sure. Yes, I mean, maybe since you are following the company lately, but I mean, you have covered this in the past. So, to quickly summarize, what happened sort of post-COVID is people were sitting at home and ordering goods.

So, all manufacturing companies, obviously, the demand was great. Services was down at that time for the two years from 2020 to 22, 23, around that time. So, at that time, we saw that we quickly moved to 100% capacity utilization across all our products, which was not expected.

After that, so therefore, the margins were fairly good for those two, three years. After that, what happened was not only us, but globally some of our competitors, everyone added capacity altogether. And so, that resulted in overall margins, of course, normalizing or coming down from not even normalizing, coming down below the normal, what I would consider for most of our products and specifically one product Nitrile Latex, where, which is for the mainly for the medical glove industry, where we saw a really large amount of capacity addition because of COVID.

And that is, that whole market, the whole glove industry, as well as the supply chain for gloves is still in that overcapacity mode, even after three years after COVID, three, four years after COVID. So, that's normalizing now. So, I think both those things have normalized now overcapacity in the rest of the products and overcapacity in Nitrile gloves, which to some extent still continues, but it's much better now than it used to be.

So, as capacity utilizations go up, things are improving again. As far as Q1 is concerned, I am repeating again what I said. There are, of course, certain events that occurred in Q1 that were more beneficial to our company because we were better prepared, of course, and we took advantage of that.

So, I hope that answers your question and it's a good summary of what you are looking for.

Mehul Panjwani: Yes, that's fantastic. One follow-up question, sir. So, have we added any new products in this phase of growth compared to post-COVID? I mean, have we added any new product which is adding to the significant upside?

Abhiraj Choksey: This one is post-COVID Nitrile latex is a big range of products. So, it's a range of six or seven grades of Nitrile latex, which goes into different types of gloves, medical gloves, industrial gloves, household gloves. So, we have added that range. In addition to that, we have added another probably 25 new products in the markets that we already cater to, whether it's construction, there's some specialty applications like oil field, oil drilling applications, carpet and textiles, we have added a few products. So, that we continue to do as we go along. So, today we cater to eight different industries largely, and of course, there's some more specialty industries, but largely eight different industries. All of this is available on our website, but if you want more detail, you can send an email and you can get more information on this.

Mehul Panjwani: Great, sir. Last question, sir. What is the CAPEX schedule when the capacity expansion is coming online?

Abhiraj Choksey: As I mentioned to one of the previous callers, one of them will be in Q1 of next year, early Q1, probably April, and the second will be end of Q1, maybe by June or so.

Mehul Panjwani: All right. Okay. Thank you so much, sir, and wish you the very best.

Moderator: Thank you. Thank you. The next question is from the line of Karan from Credent. Please go ahead. Mr. Karan, your line has been unmuted. Please go ahead with your question. As there is no response, moving on to the next question. The next question is from the line of Abhishek, an Individual Investor. Please go ahead.

Abhishek: Sir, how does the current working capital cycle and inventory holding period look compared to the previous quarter? Vivek, can you answer this question?

Vivek Thakur: In terms of days, it remains on the similar trajectory like last quarter, but as we were explaining, the prices of raw material have gone up in value terms. So, the quantities remain the same, number of days of inventory we are holding remains the same, just that the value has gone up significantly.

Abhishek: Okay. Sir, my next question is, given our strong balance sheet and cash generation, what is the management capital allocation priority between organic growth, debt reduction, or shareholder returns?

Abhiraj Choksey: Look, for us, the return on capital is most important as and when we take any big investment decisions. So, we are quite prudent on that and we want to ensure that we get good or we expect good return on capital. Of course, sometimes things do not work out as planned and sometimes things work out better than planned. But if you see over the last 15, 20, 15 years, I would say 16 years we have had as far as shareholder return is concerned, which to some extent is a reflection on return on capital, has been fairly good. So, I think we are quite happy with the decisions that we have taken so far and the execution of those decisions. I hope that answers your question, but return on capital remains the primary driver for any capital allocation decision.

Abhishek: Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Aditya from SMIF Institutional Equities. Please go ahead.

Aditya: Thank you, sir, for the follow-up. Sir, my question is on to the import side. Sir, during this quarter, like any quantitative data, if you can provide like how much was the imports of NBR and our other products on to the latex side. So, were they lower like compared to a normal average and how you see like that trend going ahead and any sort of new capacity expansion into the latex side happening in the competitor space globally in any country, if you can highlight that.

Abhiraj Choksey: So, on the import side, I think, look, things remain as far as NBR is concerned where we have a capacity constraint. Obviously, the rest of the market is completely sort of managed through imports. So, many of our customers buy from us. We have only 30% market share in India for that product range. So, the rest is imported and that continued. I don't think there was any significant increase or decrease, but that continued as per the requirement. As far as latex imports, anyway, there aren't many latex imports into India. So, that's not an issue. As far as competition is concerned, yes, we are also expanding our synthetic latex capacity. I think some competitors have also announced some expansions, but it's not like what it was during those COVID period where the expansions were very large and all together. I think they'll be staggered and they won't be. I think there'll be prudent investments and prudent capacity expansions and not huge overcapacities.

I don't think that'll be created, but I think globally, meaning Europe and America, there is no expansion announcement. In Asia, there have been a couple of announcements, but I think that'll easily, I mean, looking at the next three to five years and the growth in India and Southeast Asia, I think that'll easily, the market will easily absorb those expansions.

Aditya: Got it. Sir, on to the NBR side, I believe, sir, when we had a talk last year, you had mentioned that, like, without anti-dumping duty support, it makes no sense for NBR capacity expansion because imports were dumping into India and the spreads were at multi-year lows. Have you seen that sort of an improvement, which is why we had resorted for this expansion or still the economics were weak, but because we had a good balance sheet, so we wanted to deploy some capital?

Abhiraj Choksey: No, sir, two things. One is we were able to find, when we mentioned it earlier, the CAPEX project cost was significantly higher at 200 to 250 crores, but our team was able to now find a way to do a debottlenecking slash little bit of an expansion, a very innovative way of adding almost 100% of our capacity by only investing, what, 130, 135 crores. So, I think that 130 to

140 crores out of the 220 that I mentioned. So, that's been the real game-changer for us. Plus, what we found is the margins were improving and we saw globally also there doesn't seem to be a major NBR expansion anywhere coming on stream. In fact, we may see certain areas of the world are finding it more and more, are finding it harder to compete with India. So, we felt it was a good time right now, but the main trigger was the ability to do it at a lower CAPEX and that then the return on capital was justified.

Aditya: Got it. And, sir, is there any other products within the same basket like which, wherein we have gaps so we can, so look to fulfill that, like we are making, so we are using acrylonitrile butadiene styrene, we can forward integrate into our other businesses. So, wherein we don't have present and have so much better EBITDA spreads than the current businesses. Any sort of that thing is going on or we are looking to expand into the traditional businesses as of now?

Abhiraj Choksey: Do you have any, I don't understand the question. What do you mean by businesses with higher margins? What, which kind of businesses are you talking about?

Aditya: Any other businesses which are related to your, onto the latex side, so we are present into some product segment, but we still have some gaps like, so wherein we can further expand. So, you see, so we can fill that gap or we will continue to expand into NBR, ex-NBR into the carboxylate latex segment. That only like, just wanted to…

Abhiraj Choksey: I mean, right now the plan is to do it in the current segments or the current product groups that we are in. But we are looking for opportunities for adjacencies. Obviously, it will have to be products where we bring in some synergy, right? There has to be some synergy to the current business of Apcotex. So, we wouldn't go ahead and, for example we supply to the paper industry. It doesn't make sense for us to invest in a paper machine, right? I mean, if that's what you are talking about downstream. In some cases, it may make sense. So, we are evaluating all options and we will let you know. But as of now, yes, I mean, if there's anything to announce, we will let you know.

Aditya: Got it. Thank you.

Moderator: Thank you. The next question is from the line of Farokh Pandole from Avestha Fund Management. Please go ahead.

Farokh Pandole: Yes, hi. I just wanted to ask, what is the extent of our net cash position at this point? And how much of the 220 crores has already been spent?

Abhiraj Choksey: So, the cash outflow of the 220 crores, because we have just started the project, so it's mainly been advances and obviously civil costs of civil construction. A lot of the equipment will start getting delivered in Q3 and Q4. So, that's when the major sort of outflow will be. I would say right now not more than 15%, 20% of the total outflow has happened. Exact number I don't have with me right now, but I would say that's pretty much the range, about 15% to 20%. And as far as net cash position, Vivek, do you have that answer?

Vivek Thakur: Yes, so we have about 40 crores of net cash position. So, earlier we were at about till March and we were at about 70 crores, but partially because of the higher working capital we have come down to about 30 crores.

Abhiraj Choksey: Also the CAPEX so far has been self-funded. We have not taken any debt for it yet, but we will be in the next couple of quarters.

Farokh Pandole: Sure. And any update on Apco build and that whole segment?

Abhiraj Choksey: Yes, it continues to do reasonably well. Yes, no major update, Farokh. It's doing well, still a small part of our business. We continue to grow it, yes.

Farokh Pandole: Okay, great. Thank you. Thank you.

Moderator: Thank you. The next question is from the line of Raman KV from Sequent Investments. Please go ahead.

Raman KV: Thank you for the opportunity and congratulations on a good set of numbers. I just have one question. One is with respect to demand side. How is demand coming up in the – how are you witnessing demand coming up as it's been one month in Q2? So, I just want to understand how is the demand coming out to be with respect to crude also being so much volatile during the quarter. And just a follow-up on this with respect to realization. How is the realization coming out? And has the realization increased further? And if yes, whether this increase in realization has impacted any incremental demand from the end use? Thank you, sir.

Abhiraj Choksey: So, Raman, very difficult question to answer because the realization, in fact, compared to average of Q1 had started coming down because oil had started falling. So, therefore, raw material prices had started falling and we had to make the necessary corrections. But now, given the current situation when crude is going up again, I suspect that in August, September, it will probably go up again.

But hard to say, right? It's all dependent on oil prices, which is then dependent on this war situation. So, as far as realization is concerned, in our kind of business, as you can see, in spite of lower volumes in Q1, we have higher realization.

You know, the flip side has also been true where we have had higher volume and lower realization. So, really hard to predict the net realization. As far as demand is concerned in spite and surprisingly, in spite of such high crude prices and inflation and so on, at least all the domestic numbers are quite strong and customers here are doing quite well.

Even in the exports, we have not seen a major issue. To some extent, because of ocean freight we have had to absorb that cost and the major issue has really been in the MENA region for us. So, that's been the big hit for us.

But other than that, at least from a demand point of view, we haven't seen any major issue.

Raman KV: Sir, just a follow-up on that. You said that in domestic demand, there is a strong domestic demand. Can you also highlight from what sectors or industry you are getting this demand?

Abhiraj Choksey: Across the board, across everything, paper, construction, rubber, goods I mean literally all across there is no issue. Thank you.

Raman KV: Thank you, sir.

Moderator: Thank you. The next question is from the line of Om Dhoot from an individual investor. Please go ahead**.**

Om Dhoot: Namaskar Mr. Abhiraj. First of all, many congratulations on the best-ever quarterly profit. Your team is doing a great job and the reasons you have explained are really super. You said that because of the inventory management our profits have increased, you are able to do the raw material procurement very efficiently and you also have multiple raw material sources which you can source from many different places. Our operational efficiency is pretty good. So, it is very good that our company is doing a great job and lots of best wishes for the future. Keep giving such great results. Thank you sir.

Abhiraj Choksey: Thank you for your support.

Moderator: Thank you. The next question is from the line of Jasdeep Valia from Clockvine. Please go ahead.

Jasdeep Valia: Thank you. Hi, sir. Thanks for taking my question. Sir, rupee has depreciated considerably. Has that increased the pool of opportunities for your company on the export front? And are you more bullish on driving growth on the export front going forward?

Abhiraj Choksey: You know, frankly, for our company the rupee appreciation and depreciation, of course, it does help. I think exports would help with rupee depreciation. But what you need to understand is that all our raw materials are also dollar denominated, whether we buy in India or we import. Right. So, if the rupee depreciates, then we have to pay higher for our raw materials also. But we get higher realizations for our finished goods as well. So, it's really, it's not significant benefit to us if a rupee depreciates or appreciates, frankly. I hope that answers your question.

Jasdeep Valia: Got it, sir. And, sir, earlier you used to say that the sustainable margins, let's say, pre-COVID and nitrile latex business were close to around, I think, 15%-16%. So, have the margins in nitrile latex reached that kind of level right now?

Abhiraj Choksey: You mean EBITDA margins?

Jasdeep Valia: Correct, EBITDA margins.

Abhiraj Choksey: So, FY25-26, while they improved, they did not reach that level for sure. That's why one of the reasons was nitrile latex pulled down our EBITDA margins overall. Yes, I think it's too early to say. Q1 obviously was a good quarter for us where margins were significantly above 15% across the board. But I think, as I mentioned to one of the previous callers as well, that we'd have to wait and watch for another three, four months to see how things land, because the last quarter was really a blip in terms of a lot of issues. So, I think we will have to wait for a few more months.

Jasdeep Valia: Got it, sir. But margins right now are up for the 15% in nitrile latex business as well?

Abhiraj Choksey: In Q1, they were.

Moderator: Thank you. The next question is from the line of Sujit Marath, an individual investor. Please go ahead.

Sujit Marath: Yes, Abhiraj, thanks for bringing out good numbers. I am a decade-old investor. I have only one question related to revenue number. Please do not focus on EBITDA and this one. Last five years, I am seeing the trend. Just I want to know whether it's a cyclical type or not. From March, June, September, December. So, why December is always less?

Abhiraj Choksey: Revenue you are talking about? Why December is always less?

Sujit Marath: Yes. I am seeing the trend for last six years.

Abhiraj Choksey: Really?

Sujit Marath: Only in revenue numbers, not anything else. But the trend is going up. But only when I saw the revenue number, I was doing the research. So, I saw the numbers March, June, September, December. December, the revenue number is less. So, that's why I am asking. I am not sure. But the trend is showing that way.

Abhiraj Choksey: Well, that's news. Frankly, it's good research. And we will look into it. I have not really seen that trend. I think we will investigate it further. I do not have an answer for you right now. But our team will certainly investigate and see why. There is no reason, frankly. I don't know if it's a pure coincidence. But there's no reason. You know, frankly, the cyclicality would come in Q2 for us, which is the June, July, August quarter, because of rains in some of our industries like construction and maybe in some cases footwear. And those industries are more affected in the rain where demand is a little lower. But they should not be in December quarter. I will have to sort of dig deeper or we will have to dig deeper and come back to you. Great question. Thank you for bringing it to our notice.

Sujit Marath: Yes, yes. Second question. This is the final question. I just want to know the breakdown of the product. See, the last four years, I am seeing the gloves part is increasing higher. So, earlier, before COVID, after taking over the Valia plant, I figured out that earlier, like the products, I mean, those parts are higher and some like construction materials are not bad as compared to the gloves or something. Is it that the product mix, what I am trying to say is diversified of your product mix. Is it equally or is it different trends? That's what I want to know.

Abhiraj Choksey: So, the nitrile latex for gloves is a new business. Obviously, it was zero four or five years ago. And over time, you have grown it. The new plant came on stream about little over three years ago. So, obviously, that is from zero in terms of total share of our business, it's grown to maybe 8%, 10% or so. And therefore, the others, but the others are continuing to grow as well. It's not that they do not continue to grow. I am not sure if I understood your question very well, but this is what I understood. And I hope I have answered what you have asked.

Sujit Marath: Yes, yes. I also want to know because thanks for answering it. I also want to know when I observed for the last 10 years, so I was thinking that this product mix and the gloves is going up and up. That is okay. That's my question was only on that. And the final question, will you increase the dividend payout next year if the trend goes like this?

Abhiraj Choksey: Yes, why not? I mean, of course, it's not my decision. It's the chairman and the board's decision, finally. Yes. But obviously, if profitability is higher, generally, the dividend payout would also be higher.

Sujit Marath: Yes, yes. But one suggestion to you, don't give board rather than give...

Abhiraj Choksey: Maybe we should return to the question. One suggestion is what? Go ahead.

Sujit Marath: Yes. Suggestion is dividend is better than bonus. Just only a suggestion.

Abhiraj Choksey: Not this.

Sujit Marath: Thanks for it. Thanks, Abhiraj, for answering the questions.

Moderator: The next question is from the line of Chandpal Vilk, an individual investor. Please go ahead.

Chandpal Vilk: Abhiraj, congratulations for the good set of numbers. Abhiraj, a few quarters ago, you said that the US has imposed 100% duties on nitrile latex products originating from China. Am I right?

Abhiraj Choksey: Yes, Glove products, not nitrile latex, but the gloves. The finest of the gloves, yes.

Chandpal Vilk: And the duty that will be imposed 100% more next January?

Abhiraj Choksey: Yes, that has also been imposed.

Chandpal Vilk: So, this duty is 200%?

Abhiraj Choksey: No, no, the total is 100%. Earlier it was 50%, now it's 100%.

Chandpal Vilk: Okay. And regarding the expansion of nitrile latex, is there any update? Sorry, what did you ask? You said that the nitrile latex plant in Valia, you will expand it in a little more money.

Abhiraj Choksey: Yes, yes. I had already answered a caller, that we haven't taken a decision yet. Maybe we will take a decision after 3-4 months.

Chandpal Vilk: Okay. And the margin expansion, is it because of this duty?

Abhiraj Choksey: Not, at all. It has been done across the board. Not only for nitrile latex, in all other segments, the margin expansion has been done in this quarter.

Chandpal Vilk: Okay.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Vivek Thakur: Thank you. We thank our investors for the continued trust and support. Your confidence in our vision and strategy has been instrumental, helped us achieve this record quarter. We look forward to creating enduring value together in the years ahead. Thank you everyone, and look forward to the next interaction.

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