

5<sup>th</sup> August 2025

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
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Dear Sir/ Madam,

**Sub: Transcript of Earnings Conference Call held on 31<sup>st</sup> July 2025**

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In furtherance of our letter dated 31<sup>st</sup> July 2025, informing the exchanges regarding Audio recording of the earnings conference call in respect of the Financial Results of the Company for the quarter ended 30<sup>th</sup> June 2025, we wish to inform you that the transcript of the earnings conference call held on 31<sup>st</sup> July 2025, has been hosted on the website of the company and is available at:

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

Kindly take the same on record.

Thanking you,

**For Apcotex Industries Limited**

**Drigesh Mittal**  
**Head – Company Secretary & Legal**

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**Apcotex Industries Limited**  
**Q1 FY'26 Earnings Conference Call**  
**July 31, 2025**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q1 FY'26 Earnings Conference Call of Apcotex Industries Limited.

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 touchtone phone. Please note that this conference is being recorded.

At this time, I would like to hand the conference over to Ms. Nupur Jain Kunia from Valoram Advisors. Thank you and over to you, ma'am.

**Nupur Jainkunia:** Thank you. Good afternoon, everyone, and a warm welcome to you all. My name is Nupur Jain Kunia from Valorem Advisors. We represent the Investor Relations of Apcotex Industries Limited Heal Technologies Limited.

On behalf of the company, I would like to thank you all for participating in the Company's Earnings Call for the 1<sup>st</sup> Quarter and of Financial Year 2025.

Before we begin, a quick cautionary statement:

Some of the statements made in today's earnings 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 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 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 opening remarks. We have with us Mr. Abhiraj Choksey – Vice Chairman and Managing Director.

Without any further delay, I request Mr. Abhiraj Choksey to start with his opening remarks. Thank you and over to you, Sir.

**Abhiraj Choksey:**

Thank you, Nupur, and good afternoon, everyone. Good afternoon, everyone. It's a pleasure to welcome all of you to the Earnings Conference Call for the 1st Quarter of Financial Year '26.

With me, I also have our CFO – Mr. Vivek Thakur, and our GM Finance – Mr. Suraj Badale. I hope you have had an opportunity to review the Financial Statements and Earnings Presentation which have been circulated and uploaded on our website and the stock exchanges.

Let me provide you with a brief overview of the financial performance for the 1st Quarter ended 30th June 2025:

The operating revenue for Q1 FY'26 to date Rs. 376 crores, reflecting a year-on-year growth of around 12%. Operating EBITDA to date around Rs. 39 crores. That's a robust 22% year-on-year growth and the operating EBITDA margin improved to 10.3% up from 9.45% in Q1 FY'25. There was a strong growth on PAT as well, with a total profit after tax this quarter of Rs. 19 crores. The PAT margin for the quarter was 5.11%. The strong performance was driven by the highest ever quarterly sales volumes.

Overall, our volumes grew by 25% year-on-year even though the revenue grew only by 12%. Combination of product mix, I guess, and of course, raw material prices are lower in Q1 of this year compared to Q1 of last year. So, overall, 25% year-on-year volume growth and I would say mainly driven by export revenues that grew by 37% year-on-year as far as revenue in terms of rupees crores is concerned. And overall exports contributed to 37% of the overall revenue. So, the highest ever that we have had in terms of exports. I am also happy to report that we have delivered consistent sales volume growth for 6 straight quarters. Improvement in EBITDA margins were also driven by higher volumes and improved capacity utilization reflecting enhanced operating leverage and cost efficiencies. Overall, while the environment around still remains fairly uncertain especially around the tariffs and several geopolitical tensions, our capacity utilization in Q1 for the latex plant in Taloja is at about 85% and our Valia Nitra latex plant was around 90% and for NBR and other products, we are pretty much running at almost 100% capacity utilization. So, we will be planning certain de-bottlenecking and expansion projects which we will announce shortly once the details are finalized.

With this, we can now open the floor for the question and answer session. Thank you.

**Moderator:**

Thank you. 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 Dhaval Shah from Girik Capital. Please go ahead.

**Dhaval Shah:**

My question is with respect to the export performance. It has been phenomenal, 25% volume growth. Can you share more details about the reasons you think for such a good performance on the export front? With respect to has it been more product approval with our customers,

competition from other countries, other exporters, has it weakened or some other factor and how do you see going forward from a strategic perspective? We are at 37% of our revenue for the exports. How do you see this number going forward? And also a little bit from a longer term perspective, once we do an expansion, what will be our strategy with respect to the exports?

**Abhiraj Choksey:** Thanks, Dhaval, for the question. So, just to correct you, there has been a 37% growth in value growth in exports and that has largely come from new approvals. As you know, our Nitrile Latex business, we are at almost now 100% capacity utilization. I would say about 90% capacity utilization, not 100%. So, we are about 90% in Q1. So, obviously a lot of new approvals have come through. We have been aggressive in terms of gaining market share as well and in addition to that, you know, there have been some new products launched for some specialty applications and construction applications. It has also resulted in this increase in export revenue and export customers.

**Dhaval Shah:** Okay. How do we see this share going forward?

**Abhiraj Choksey:** Overall, I think once, if you recall and I think you have been there on previous calls, when we did about 200-odd crores, 220 crores of expansion, which we commissioned in March-April 2023, March 2023. So, it has been a little over two years and we had said that at that time we were a little over 1,000 crores in revenue. And we had said that with these expansion projects, we would be looking at about 1,600 to 1,700 crores in about 3 years. I think we are on a run rate to get there. If not this year, then early next year, a quarterly run rate. So, that's what we are delivering on and we also had said that it would be about 40% to 45% would be exports out of that and I think that's where we will end up by next year, somewhere between 40-42%.

**Dhaval Shah:** Great.

**Abhiraj Choksey:** And the idea is not just for the sake of doing exports, it was also, if you again recall from about 10-15 years ago, ApcoTex has been mainly a domestic company, and we were mainly, dependent on the India market. Now, obviously, we have diversified just as a diversification strategy that we do want a good chunk of our revenues to come from outside India, and which is what has happened. But India still remains our main strategic market with over 60% of our revenue.

**Dhaval Shah:** And second question is with respect to our exports to Turkey, given the kind of hostility in terms of relationship between the 2 countries, have you seen any impact on your revenue?

**Abhiraj Choksey:** Not because of the political issues between the two countries. I think we, I mean, our sales, we have definitely had higher revenues to Turkey in the past. But I would say it is more because of the wars and, issue around the Suez Canal that sometimes it is taking longer to get to Turkey, the material. As a result of it, some customers, are not too comfortable with the long lead time. So, that is the main reason why business to Turkey has been affected. I think maybe 2-3 years

ago would have been our highest sale to Turkey. It has definitely dropped since then. But, of course, it's been made up from other countries, and we continue to do business in Turkey.

**Dhaval Shah:** Okay. Thank you very much. I will come back to you.

**Moderator:** Thank you. Our next question is from the line of Aditya Khetan from the SMIFS Institutional Equities. Please go ahead.

**Aditya Khetan:** My first question, sir, is in this quarter, obviously, nitrile latex and NBR both have contributed to volume, but that has not turned to EBIT only? Any particular reason like cost? You had mentioned that the raw material prices are lower. The RM prices are lower and volumes are ticking in. Ideally, also gross margins could have ticked up, but it is lower compared to YoY and quarter on quarter.

**Abhiraj Choksey:** Yes, I think the reason why is because the average EBITDA margins for Nitrile Latex are much lower than our average EBITDA margins, and obviously good growth has come from there. So, in spite of getting some operating leverage due to increase in quantities, the truth is that Nitrile Latex margins are still not great because of overcapacity. So, while we are pushed through with volumes, the margins still remain a challenge, and they are still fairly low. Without Nitrile Latex, our margins would be maybe – we have to do the exact calculation, but at least a couple of percentage points higher.

**Dhaval Shah:** Got it. Sir, this number, like you were earlier talking about 600 crore addition to the top line. So, 400 crore already has been added in a span of 3 years. But, sir, that has again not grown to EBITDA, like as you mentioned that Nitrile Latex have lower margins. Sir, when you see like that picking point would be like any particular quarter you see where you start making better margins in Nitrile Latex? Because that was our earlier ambition when we started this project.

**Abhiraj Choksey:** Yes, sure.

**Dhaval Shah:** When do you see the margins returning to normal?

**Abhiraj Choksey:** I would say we have added 400 crores in about 2 years, not 3 years and then as you will see that over the next 1 year or so, further addition would happen. So, hopefully 1,600 crores or so by next year or a little bit higher. I agree, look, what happened post-COVID was unexpected. I mentioned in many calls that a lot of – first there was a lot of gloves inventory, then a lot of overcapacity which continues in the industry, difficult to say when it would turn. We have also in the middle had a better quarter like Q4 we thought was a better quarter than the U.S. tariffs uncertainty started in Q1. It has again been not such a great quarter in terms of EBITDA for Nitrile Latex. I would say it has been a little lower than Q4. Again, we see improvement in Q2. But, until we now see 2-3 quarters of consistent improvement we won't really know where the market is going. So, there is a lot of uncertainty around these tariffs and finally where it will

land, we won't know perhaps for another couple of quarters and that's affected the glove industry. It's affected, because the glove industry is in China, Malaysia, Thailand, so Vietnam, Sri Lanka, everywhere. So, eventually it is about, how those tariffs will affect because the U.S. does remain the largest market for medical gloves use.

**Dhaval Shah:** Got it. Sir, on to the demand of end-users, so like the paper and construction, which is still muted, like the last quarter we were mentioning that. How is that being materially and, sir, second on to the expansion, like so de-bottlenecking, we are planning to complete that by this fiscal end, and what would be the key effect and the amount of the capacity?

**Abhiraj Choksey:** Yes. So, to mention, yes, paper and domestic market overall does remain challenging, no question. There is an overall, it feels like a slowdown, but we have still pushed through. As I said, some pockets have grown, not as much as exports, of course, but some pockets have grown. As far as expansion plans are concerned, I mentioned in my opening statement that once the details are worked out, we will definitely sort of come back to you at the right time, I think shortly. It will be quite shortly, and we are going to focus on our latex, SBR latex, styrene acrylics, and NBR. This is going to be the focus of our expansion plans, and we will come back to you with the questions that you have asked very shortly.

**Moderator:** Thank you. Our next question is from the line of Balasubramaniam from Arihant Capital. Please go ahead.

**Balasubramaniam:** Sir, my first question regarding the capacity, I think our current capacity may be sufficient for next 1 or 2 quarters. You mentioned about some debottlenecking and all, so how much CAPEX expected in this financial year, and how much is for growth CAPEX, and how much is for replacement CAPEX?

**Abhiraj Choksey:** Yes, I think, look, we should have enough capacity for this year, for this financial year, and perhaps for some amount of next financial year as well. We will come back to you with, as I told the previous caller as well, Mr. Aditya, that we will come back to you with the exact expansion plans perhaps by next quarter or maybe even earlier than that if you are ready to announce.

**Balasubramaniam:** Okay, sir. So, long-term perspective, we are targeting around 14% to 15% kind of margins. Like what are the levers in terms of product mix, fixed-cost absorptions, so what are the levers to achieve those margins maybe in long-term perspective?

**Abhiraj Choksey:** So, one of the levers, of course, is Nitrile Latex margins that we need to ensure that that comes up to the mid-teens or early-teens. In addition to that, focusing on some specialty, doing those to improve margins and the third, of course, operating leverage will kick in, already kicked in, I would say. It has been a challenging few quarters, of course, in terms of margins, mainly because of Nitrile Latex, but also because of capacity added for other products, and we have

added for SBR latex, VP latex, several other things that we have done in the last 2 years. So, that capacity absorption takes time, and we have seen that as capacity gets to about 85-90%, then, margins tend to improve as well. So, that is what we expect over the next few quarters. So, 3 or 4 things that help in improving margins over the next few quarters.

**Balasubramaniam:** Okay, sir. Sir, regarding that hybrid power project, it's around 65-70% of Gujarat power plant needs. I just want to understand what kind of cost savings and how this will impact in upcoming years in terms of margins and cost savings.

**Abhiraj Choksey:** Look, in terms of cost savings, it is not significant. That is not the main reason why we are doing it. One is to, of course, we are responsible corporate citizens and ensure that, more and more of our sort of power comes from renewable sources so that we reduce our carbon footprint. That is the main reason. The total investment from Apcotex side for the Gujarat project is, I think, around 3.5 crores, or give or take 3.5-4 crores. And the payback in the IRR is very good. Obviously, that will start kicking-in from next year once the project is commissioned. But I don't think it will very largely impact on the total EBITDA of the company. I think we have done it more from a, you know, ESG standpoint and, of course, commercially it's very viable.

**Balasubramaniam:** Okay, sir. So, my final question regarding export side. I think U.S. tariffs on Chinese gloves and latex have disrupted trade flows. We are seeing any pricing pressure in non-U.S. markets because of redirected Chinese supply and secondly, recently Israel-Gaza conflict has impacted corporate latex exports, especially on Turkey and Egypt side and how this demand is really right now, any alternative markets we are exploring?

**Abhiraj Choksey:** Sure. So, to answer the first question, yes, the tariffs on China have sort of upended the glove supply chain overall and our customers tell us that non-U.S. markets, there is more competition because of China. However, as we are a small percentage of the total latex manufacturing for gloves. So, I think our customers are, overall, I think there is a benefit with what has happened for our customers. But still there is a lot of overcapacity in the market, both on the glove side and the latex side. So, that will slowly take some time for capacity utilizations to go up. Obviously, no new capacities have been announced. The second question on Egypt and Turkey, yes, certainly our exports, especially to the carpet industry, have been affected. It is not that it has not been affected, but we are still continuing to do business. Maybe our volumes have dropped somewhat over the last 2 years, but we continue to do business. Unfortunately, we cannot make it up specifically in the carpet segment because those are 2 large carpet manufacturing countries. Of course, to some extent, Saudi, UAE, where we continue to do business and grow that business.

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

**Farokh Pandole:** Yes, hi, Abhiraj. Congratulations for strong results. I just, firstly, wanted to ask about Nitrile Latex and what sort of level of profitability are we at this point and what are the signs that you see going forward? Yes, so my first question was on nitrite latex. What kind of sort of margin level are we at this point because obviously we have now come up to almost, whatever, full capacity and so what is the sort of way forward you feel, given the experience of the last few quarters?

**Abhiraj Choksey:** Okay. Any other questions?

**Farokh Pandole:** And the other question is, I know you mentioned that you will revert with the CAPEX plans, etc. But I just wanted to ask that, would that mean that we will be running a higher debt equity going forward or will we largely be able to fund things organically?

**Abhiraj Choksey:** So, as far as the nitrite latex, yes, I mean, it is at low margins, as I mentioned, it improved in Q4. Q1 was, I mean, again, actually deteriorated in Q1, to be honest, for Nitrile Latex overall margins. Again, Q2, we are seeing some small improvements. So, let's see how the rest pans out. As I told the previous caller, that overall these economies of scale plus overall, the main issue is overall market, honestly. So, the market needs to improve for us to go back to about, 12-15% EBITDA margins, as we were expecting and as far as the CAPEX plan is concerned, it would be a combination of debt and internal accruals.

**Farokh Pandole:** Okay, but do we see a substantially higher debt equity ratio going forward?

**Abhiraj Choksey:** Not substantially higher, I mean, our debt equity ratio is anyway, currently, it is at 0.3 and I mean, it would maybe go up slightly in the short term, but not significantly.

**Moderator:** Thank you. Our next question is from Manav Vijay MV Investments. Please go ahead.

**Manav Vijay:** So, sir, first question is regarding the small investment that you have made for the wind power SPV. So, apart from this 3.4 crores, do you intend to invest more for such power going forward?

**Abhiraj Choksey:** Yes, our intention is to invest more. In fact, for Maharashtra, we were very close to also signing an agreement for our Maharashtra plant. Unfortunately, there have been some rule changes that have been announced recently, as a result of which we are kind of. We are just waiting to see how that lands. MSEDCL has made some rule changes on not allowing banking, etc., which has changed the commercials completely. So, in the short term, maybe a Taloja plant. But in the long term, as our power consumption goes up in Valia with further expansions, then we will look at it, but not immediately, maybe after a couple of years

**Manav Vijay:** Okay, okay. My second question is regarding your freight cost. So, now after power cost, this has become the second biggest item, and now almost equivalent to your power cost. So, has the freight cost normalized? Because now exports are forming a large part of your sales, and



going forward, you are mentioning that exports will continue to move up. So, my question is, so has the freight cost normalized? So, all the volatility that we were witnessing just a couple of quarters back, so that volatility has subsided?

**Abhiraj Choksey:** Yes, I mean, look, certainly things are not as bad as they were, just during the post-COVID sort of years and there are certain corridors, especially around the Suez Canal, where freight costs are still reasonably high, but they are settled. This is what it seems what it is going to be, you know. I mean, unless there is a war, obviously we will have an impact from time to time. These tariffs may have an impact from time to time, but it is not what it used to be during that COVID period 2 years ago.

**Manav Vijay:** Sure. So, my next question is regarding the ADD case that we were having, so that we had filed with the government. So, any update on that, if you can share?

**Abhiraj Choksey:** Yes, so that is in sort of, I would say, advanced stages of the investigation. Definitely moved forward and it has been about 9 months or so since, or maybe more, 9.5-10 months since we initiated the case. Generally, these cases are disposed within a year. So, if not a year, there might be a delay of a couple of months, I think in the next 2 to 4 months, we should have an idea of how that pans out.

**Manav Vijay:** Oh, okay. Sure. So, my last question is regarding your XNB latex. So, if you look at the results of some of these companies, like, let's say, your Top Gloves and the Hartalega type, so we said the volumes for them have moved up on a YoY basis very strongly, but actually prices have not. So, is there any kind of, let's say, discussion that you are having with them that they are, let's say, telling you what kind of outlook that they are having on price improvement for next, let's say, one year or two years? Is there any kind of a discussion that you are having with them?

**Abhiraj Choksey:** I mean, look, those are constant discussions, but they are all generally speculation and we have seen in the past that customers have also been wrong both ways. Sometimes they are too pessimistic, and suddenly things improve due to some reason. As I said, the tariffs, for example, in April has actually helped them in terms of their volume, the American tariffs on China. But overall, as I said, the main issue seems to be capacities that were created for gloves and for latexes in 2022-2023 that slowly obviously the utilizations have improved, but till they get to about 80-85%, these margins will be under pressure for sure.

**Manav Vijay:** Okay. So, my last question to you. So, in your annual report, you have disclosed that you had a 12 crores of export incentive against a 450 crores of export sales, which has been 2.5%. So, is that the maximum benefit that we are eligible for?

**Abhiraj Choksey:** Yes, that's the maximum benefit we're eligible for. Correct.

**Moderator:** Thank you. Our next question is from Rohit from ithought PMS. Please go ahead.

**Rohit:** So, just a couple of clarifications. So, you mentioned that we are pretty much almost at the peak utilization in most of our products, and maybe another quarter or 2, or maybe let's say 2-3 quarters, we will probably get to the peak utilization, and you also mentioned that we will probably do some de-bottlenecking and some capex. So, at the same time, the margins for most of our products have not, especially Nitrile Latex, have not really improved. So, I mean, previously you had mentioned that you sort of wait for the things to improve, especially on the Nitrile Latex, part. So, can you just share your thoughts at this point of time? How are you thinking, because as you have alluded, that you've really improved on the top line, but the cycle has really not enabled us to get margins. So, with more capacity getting added from our side, for most of the products, we are the leaders. So, how do you see the margins except, of course, Nitrile Latex. But how do you see the margins evolution, and in that context, the capacity expansion that we're planning, let's say, in a year?

**Abhiraj Choksey:** So, obviously, we are not looking at expansion for Nitrile Latex at all. In the current context, it does not make sense. The expansion would be for other products that we are currently already in and those products, even though there also some of the margins or EBITDA margins have not been as strong as they were, let's say a couple of years ago, the returns on the investments, and as I said, once I have the exact numbers of the CAPEX investments in crores, as well as the additional volume and value that we would derive from this, even at sometimes difficult margins, the return on capital or the IRR for these projects will still be above our threshold that we look at while investing in any project. I hope that answers your question. But clearly, we are not looking at any Nitrile Latex investments right now.

**Rohit:** Okay and in Nitrile Latex, what is the utilization that we are at roughly?

**Abhiraj Choksey:** In Q1, we were close to 90% or around 90%.

**Rohit:** Okay. So, we are pretty much...So, I think, sorry, maybe I misheard you or I didn't hear you properly. But you said that margins will improve as utilizations jump, right?

**Abhiraj Choksey:** What I meant is industry utilization, not company utilization.

**Rohit:** Okay, sorry.

**Abhiraj Choksey:** So, yes, we have been fortunate. Honestly, we have a small plant compared to some of the global giants and we are the only company in India, glove manufacturing in India has increased in the last couple of years. We are able to export to Southeast Asian countries. There is India-ASEAN FTA. So, there is no duties. Freight is quite reasonable to these countries. So, as a result of which, we have been able to improve our capacity utilization. But the reason why margins have not improved is because of overall industry utilization rates. We are not able to drive the prices that we would want.

**Rohit:** And how do the overall industry position, your customers, they must also be living under pressure in terms of low realization.

**Abhiraj Choksey:** Yes, absolutely. So, there are no investments happening in the industry, of course, across the entire latex, entire gloves value chain. So, the investments that happened a couple of years ago, that is being slowly utilized. The growth continues. If any report, there is double digit growth in medical gloves. Obviously, there was this 1 or 2 years of this huge, one time kind of bonus growth due to COVID. But obviously now it is normalized and the normalized growth continues. So, we hope sooner than later, honestly.

**Rohit:** And any shutters, any capacity shuttering down because of this low pricing and low margins, either in Nitrile latex or in gloves?

**Abhiraj Choksey:** A company in Japan has announced that in 2026, they will come out of the Nitrile Latex business. Maybe it is an old plant.

**Rohit:** And any sense on what capacity is that?

**Abhiraj Choksey:** I think these are all publicly available. So, you can get this data.

**Rohit:** And you're not sharing the quantum of CAPEX yet, right or have you shared that?

**Abhiraj Choksey:** Not yet. We are not fully ready. We are just working out the last parts of the details. So, perhaps in the next concall, or if you are ready before that, then we would inform the stock exchanges.

**Rohit:** And this will be largely Brownfield.

**Abhiraj Choksey:** Yes, Brownfield. For sure, Brownfield.

**Moderator:** Thank you. Our next question is from the line of Dhaval Shah from Girik Capital. Please go ahead.

**Dhaval Shah:** Sir, my question is with respect to the outlook on the ROCE of the company. Since you are on the drawing board for the CAPEX plan, must be a better margin, better product. How do the ROCE, see our historical ROCE of the company as between 15-16%? And that was also the number for FY'25, leaving aside those 2 years of abnormal profits where we made very high ROCs. So, do you think that this number can inch up 2-3% higher or go towards 20%? How should we look at this going forward?

**Abhiraj Choksey:** Yes, look, before we embark on any project, unfortunately, the ROCE has been lower and been pulled down by Nitrile Latex for the last couple of years. Otherwise, it would have been even higher because then we definitely not got the returns that were expected when we embarked on the project. Overall, when we embark on any new project, which is any significant

investment, we look at, an ROCE of at least 20-25% between that number. Below that, we that's generally our threshold. So, the idea is to if the returns on Nitrile Latex improves and at least we feel confident in our Brownfield side, we would be closer to 18-19% ROCE. It's not more. In fact, Q1 also the ROCE, I think, has been 18-plus percent.

**Dhaval Shah:** Understood. Got it and, sir, does your product go in for the application of this, new-age manufacturing, which is coming, the companies are putting up PCBA factories are coming up in India, Printed Circuit Board, and then related electronic manufacturing. Anywhere there is an application of your product?

**Abhiraj Choksey:** There is an application for, in batteries, in these car batteries, I think specialty application. Unfortunately, it is not a big market in India. I think, the large battery plants are in China and Japan, US, and on. So, while there is an application and we are working at it, it is not a big market in our geographic strengths. But not the electronics manufacturing that you are talking about. No, the current products don't have any significant application.

**Dhaval Shah:** Okay. So, the new project, which will be, which you are working upon, the applications will be similar to where they are. So, what will be the major applications and industries?

**Abhiraj Choksey:** So, it will be all our latex products other than Nitrile Latex. So, it's paper, carpet, construction, textiles, and also NBR. So, all kinds of rubber products, whether it is an automotive or industrial applications, agriculture use. So, all of those, wherever NBR is used. So, those are the 2 main thrust areas for now, for the upcoming CAPEX.

**Moderator:** Thank you. The next question is from the line of Rudraksh Raheja from ithought Financial Consulting. Please go ahead.

**Rudraksh Raheja:** Sir, how do the pricing trend in NBR? Not latex.

**Abhiraj Choksey:** Can you elaborate on that? What do you mean by pricing trend?

**Rudraksh Raheja:** So, what I recall is that for the past few years, the pricing, we are almost at full capacity utilization in NBR and you mentioned similar, along the similar lines. So, I am trying to get, if there is any pricing improvement or any trend of increase in prices that would help our margin for NBR.

**Abhiraj Choksey:** Yes. Pricing is a factor of many things. Obviously, raw material is a pricing factor. So, when raw material prices go up, NBR prices go up and vice versa. And, as far as, predicting where the price goes is very-very difficult. I would say, in the last few quarters, we have had some quarters where prices have suddenly fallen, in Q1, prices have fallen compared to Q4. So, it's very hard to predict because it's all linked to oil and down there, downstream, but not even only oil. I

would say crude oil and downstream petrochemicals that are going to NBR, mainly butadiene and acrylonitrile. So, hard to predict pricing.

**Rudraksh Raheja:** Understood and, sir, any new specific applications for products that we are working currently, which could be exciting going into the future?

**Abhiraj Choksey:** Well, we don't talk much about that, honestly, because of competitive reasons. But, yes, we already have launched quite a few products in specialty applications. Not large volumes, but specialty applications which could, in the future, have a lot of potential. So, yes, that's true. But we'd rather not talk a lot about it right now. If there is anything significant to report, will let you know.

**Moderator:** Thank you. Our next question is from the line of Deepak Ajmera from IGE India. Please go ahead.

**Deepak Ajmera:** Yes, thanks for the opportunity. If I heard correctly, you mentioned Japan, the Nitrile Latex capacity is coming in FY'26.

**Abhiraj Choksey:** It will shut down in FY'26. Sorry to cut you off, but just wanted to clarify.

**Deepak Ajmera:** Okay, got it. And what capacity that is getting reduced?

**Abhiraj Choksey:** I don't have the exact number, but if you can look it up online, it is all available.

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

**Om Prakash:** First of all, congratulations on giving an improved result. From last four quarters, the profit after tax had been continuously grown. I think it will continue to grow in the future. Thank you for appointing Mr. Vivek Thakur as the CFO of the Company. He is welcome and by the grace of Mr. Thakur, he will use his wisdom to improve the financial matters very well. This is what we hope. Thanks to Mr. Sachin that he managed it very well and the rest, you told the previous callers about your expansion program and capacity utilization I think we are moving in the right direction. I am very happy. Thank you.

**Abhiraj Choksey:** Thank you, Mr. Om Prakash. Thank you for your support.

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

**Mirav:** I just wanted to know about ApcoBuild and its update. What is the revenue contribution and the growth prospects and the capacity utilization for customers?

**Abhiraj Choksey:** Honestly, again, we don't give exact numbers because it's just a smaller part of Apcotex and we are not required to give separate numbers right now. It has been challenging I would say in Q1. In general, the Indian market as you would be seeing in generally all coatings and constructions has been a little challenging. So, the growth has been a little muted. We have grown but not significantly in Q1. We are also looking at some internal manpower changes that we have made I am quite optimistic that we will be back on the growth pattern by the end of the year, annual numbers will be good but Q1 has been challenging on ApcoBuild, launching.

**Mirav:** Okay. In general, for our company, we have seen more growth in exports or in domestic market going forward.

**Abhiraj Choksey:** Yes, look. In the domestic market, we already have high market share in most of the products that we are in. So, we are growing I would say along with the market plus some increase in market share some yes, that is generally the domestic some new applications that we have been adding over the years. That is the domestic industry growth. The one opportunity that does remain is NBR where we have a very low market share not very low I would say we have a lower market share and but 70% of the product is still imported from outside the country that remains an opportunity. We have last couple of years we have not gone ahead with the expansion because of certain margin reasons. Now, we are re-evaluating it as we speak. So, yes, the growth is largely driven by exports I would say over the last couple of years and definitely in Q1 as well.

**Mirav:** Okay, sure. You said that there is overcapacity and somewhat lower capacity utilization in for certain players. So, are the capacity utilization numbers improving for competitors in Nitrile Latex within the margin growing forward?

**Abhiraj Choksey:** They are improving I don't know when as I said in our case we are at almost 90% or we are at 90% capacity utilization we have done our bit but overall in the industry it remains tight. So, we are not able to get that pricing you would to get maybe 100-150 dollars more than what the current prices are. So, that remains a challenge. In the rest of the product range which is more than 80% of our overall sales there we are seeing some improvement in margin slowly as well as capacity utilization increasing.

**Mirav:** So, you are saying that in NBR we are having 70% being sourced from imports right? So, what are the factors for which they are being imported and not being sourced domestically? Like are the costs very low for imports?

**Abhiraj Choksey:** There is a lot of dumping happening as well which is why we are fighting the anti-dumping case and for example China has imposed a duty of I think anywhere between 12% to 20% on imports from Korea. So, they have they have levied an anti-dumping duty and it has been going on for the 6th year. It has been renewed after 5 years. So, China is seeing and there are a lot of that material China imports from Korea are less than halved become less than 50% of what they

were let's say 3 years ago. Obviously some of that material is finding its way into India and other markets. So, India is a good market where especially if they are a fully export oriented country then they have no option they don't have a domestic market they will get price at any they will try and get market at any cost or any price. So, that is what we are representing to the government of India and hopefully we will see what happens.

**Mirav:** So, is there a big difference in the pricing of imports or is it lower?

**Abhiraj Choksey:** No we are competing with them obviously we would not have 30% of the market and not be running at almost full utilization for a while if we were not competing with them but margins could be better if there is fair competition.

**Mirav:** Right and we are focusing on several products paper and other industries where do we see usually the highest margin?

**Abhiraj Choksey:** I have said this before it is not by industry and it varies quarter-on-quarter it just depends on what is happening in those industries I would say customer wise sometimes if we have a specialty product even within paper we get very high margins for that. On average I would say they are all very comparable. Paper has been a little lower over the last year and a half or so. Construction and carpet have been higher. Construction, carpet, textiles but just because of the nature of the industries and more specialty products in those segments I would say in the last couple of years paper has been the lowest out of these four segments at least.

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

**Abhiraj Choksey:** Thank you everyone for taking the time and attending our Q1 conference call we look forward to seeing you in Q2 hopefully sometime around Diwali it will be. Thank you very much and thank you for your support

**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.