

February 10, 2026

To,
Listing/Compliance Department
BSE LTD.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

BSE CODE : 524208

Dear Sir/Madam,

To,
Listing/Compliance Department
**National Stock Exchange of
India Limited**
“Exchange Plaza”, Plot No. C/1,
G Block Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051.
NSE Symbol : AARTIIND

**Sub.: Transcript of Q3 FY26 Earnings
Conference Call.**
**Ref.: Regulation 30 of the SEBI
(LODR) Regulations, 2015.**

Please find enclosed the Transcript of the Earnings Conference Call for Q3 FY 2026, held on February 3, 2026.

Kindly take the same on record.

Thanking You,

Yours faithfully,

FOR AARTI INDUSTRIES LIMITED

RAJ SARRAF
COMPANY SECRETARY
ICSI M. NO. A15526
Encl.: As above.



Aarti Industries Limited

Q3 FY '26 Earnings Conference Call

February 03, 2026

Moderator:

Ladies and gentlemen, good day, and welcome to Aarti Industries Limited Q3 FY '26 Earnings Conference Call. 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 the conference call, please signal an operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nishid Solanki from CDR India. Thank you, and over to you, Mr. Solanki.

Nishid Solanki:

Thank you. Good afternoon, everyone, and thank you for joining us on Aarti Industries' Q3 FY '26 Earnings Conference Call. Today, we are joined by senior members of the management team, including Mr. Suyog Kotecha, Executive Director and Chief Executive Officer; and Mr. Chetan Gandhi, Chief Financial Officer. We will commence the call with opening remarks from Mr. Kotecha, followed by a Q&A session where the management will address queries of the participants.

Just to share our standard disclaimer, certain statements that may be made in today's conference call may be forward-looking in nature. A disclaimer to this effect has been included in the results presentation that has been shared earlier and uploaded on the stock exchange website.

I would now invite Mr. Kotecha to share his perspectives. Thank you, and over to you, sir.

Suyog Kotecha:

Thank you. Good afternoon, everyone, and thank you for joining us for our Q3 earnings call.

We are pleased to have you all with us today as we discuss our performance and share perspectives on the business environment and the road ahead.

The global operating environment during Q3 FY26 continued to remain challenging and dynamic. Persisting geopolitical tensions, ongoing trade realignments and uncertainties around global demand have kept volatility elevated across commodity and speciality chemical value chains. In particular, trade actions and tariff-related disruptions in the U.S. have necessitated agility and swift recalibration.

Against this backdrop, we believe the Company has demonstrated resilience and adaptability. Our globally balanced portfolio with proactive diversification of the export mix towards U.S. Europe, Middle East, Africa and other select countries, along with a calibrated approach to the U.S., has helped us sustain and grow volumes while managing risk.



In the last few weeks, we also observed three major events which will positively impact the chemical sector. First, India recently concluded the India - EU Free Trade Agreement (FTA). While the near-term impact of the deal may be limited, this landmark deal is expected to generate large growth opportunities for exports and strategic partnership possibilities in high end specialty chemicals in the mid-to-long term.

The second event that we are closely monitoring is around the "anti-involution" strategy adopted by China. This policy shift aims to curb the hyper-competition and excess capacity that have historically led to the dumping of chemicals at lower prices. As China prioritizes higher-quality growth and enforces stricter supply-side discipline, we anticipate a more rational global pricing environment. For integrated, quality-focused players like AIL, this transition could serve as a structural catalyst for sustainable margin recovery.

And lastly, while we were managing to navigate U.S. tariff headwinds, the recently announced US-India Trade deal provides a sigh of relief and is expected to boost the business in the US in coming times.

All these point to a structural shift in global trade that favours India.

Coming to the financial performance, Q3 FY26 was largely in line with the previous quarter, with incremental upside on the topline.

- Revenue stood at Rs. 2,492 crore, an increase of 11% Q-o-Q driven by volume growth across products such as MMA, NT, DCB. During the quarter, the company, while absorbing part of US tariffs, had witnessed the resumption of US volumes leading to higher capacity utilisation and better operating leverages.
- As a result, EBITDA surged to Rs. 323 crore, marking a 11% Q-o-Q increase. The company has provided for a one-time impact on account of implementation of the new labour code to the extent of Rs 15 crs as an exceptional expenses for the period. The company awaits the state and central government notification to refine its working and hence will take appropriate provisions, if needed, once further clarity is available.
- Exports for the period constituted about 65% of the total revenues for the company, the highest both in terms of percentage share and also in absolute basis. Further the increase in exports has resulted in an increase in working capital and as a result the debt and interest costs have increased marginally.
- Despite some increase in finance costs and onetime exceptional expenses due to the New Labour Code (NLC), the Profit After Tax for the quarter, driven by higher operational performances, surged to Rs. 133 crore, an increase of 25% Q-o-Q, reflecting robust operating performances supported by the increasing contribution from the cost savings initiatives and economies of scale at higher capacity utilisation.

Business Segment Review

- The energy business, led by MMA, continued to remain a key growth driver. Volumes have been robust, supported by strong demand and favourable feedstock spreads. While U.S. market volumes have resumed and are expected to stabilise, we continue to develop alternative markets, with focus on Europe, and are confident in our ability to scale volumes in these regions over the medium term. Our efforts to engage with global majors in this field are expected to start yielding benefits in the forthcoming year. While near-term margins continue to be volatile due to evolving market dynamics, the structural strength of the business remains intact. Notably, we have begun to realise operating leverage benefits driven by increased



MMA volumes. Given the fast-growing business environment for this segment, we have taken steadfast measures to further scale up the capacities from about 290+KT to about 360 KT and expect the same to be available by end of this fiscal i.e., Q4FY26.

- Agrochemicals and Pharmaceuticals continue to see stable volumes, but pricing remained subdued due to persistent dumping by China. The current evolving China anti-involution tariff stance is expected to drive margin improvement in these products over the medium time period.
- The Polymers' segment had a mixed business environment. PDCB demand saw an uptick driven by PPS growth in the EV segment while PDA product chains continued to face volume and pricing pressure due to large dependency on the US market. Given the recent India-US trade deal announcement, we anticipate the volumes to improve. We have also started debottlenecking efforts to increase DCB capacity from 120 to 140 KTPA to capture incremental growth opportunities in this (DCB) segment.
- In Benzene and Toluene-based chemistries, we continue to remain the go-to integrated player. Importantly, customer conversations have evolved from being product-specific to chemistry-led, R&D-focussed and value-driven discussions. We have mastered multiple chemistries and continue to expand our portfolio with selective, high-performance chemistries while actively engaging customers on integration-led solutions.
- Our future growth strategy is now decisively anchored in the Advanced Materials space. We are pivoting from bulk products toward high-value, application-led solutions. By leveraging our R&D and the specialized capacities, we will capture upcoming opportunities through strategic partnerships, ensuring higher margins and deeper integration with global technology leaders.

On Operational Excellence & AI Deployment

Our cost-efficiency programs are now nearing completion, having established a lean operational baseline. To further drive efficiency, we have initiated the deployment of AI and digital transformation tools across our manufacturing plants. By leveraging advanced analytics for real-time process control, predictive maintenance, and production optimization, we aim to achieve measurable gains in plant uptime and a reduction in energy consumption. This organizational shift toward data-driven decision-making and AI led innovation is expected to structurally enhance our productivity, ensuring we maintain a sharp cost-competitive edge globally.

On Upcoming Projects

Zone 4 remains a transformational growth platform for the Company. During the current calendar year, we expect the upcoming MPP, Chloro toluene and downstream process blocks to be commissioned in a phased manner. Notably, we are commissioning these projects using our own in-house, indigenous technology, which is a testament to our internal process and engineering prowess.

These flexible assets would allow us to commercialise new products in a rapid manner and offer flexibility to make profitability driven decisions on product selection.

Driven by some fast-track expansion initiatives for MMA, DCB and addition of PED A capacity amongst few other new initiatives taken up in the year, the CAPEX for the year is estimated to be about Rs. 1,100 crs, a tad more than our earlier guided CAPEX of about Rs. 1,000 crs. It may be noted that these incremental CAPEX are expected to drive higher ROCEs and hence given the market



dynamics, the company decided to step up its investment in these project initiatives with significantly attractive payback periods. Let us assure you that we continue to maintain our CAPEX discipline and are taking all the right steps to improve the CAPEX return profile as guided earlier.

With Zone IV getting commercialised in CY26, and that there are no other large projects in the pipeline, we anticipate the CAPEX for FY27 to be significantly lower.

The Joint Venture with Superform is progressing well, with commissioning expected in Q1FY27, focusing on agrochemical, paints and coatings applications, which aligns well with our strategy of moving closer to the customer and diversifying application layer.

Speaking about the JV with RESL, the construction works for setting up the first manufacturing unit had commenced in the previous quarter. The project is progressing well as planned and we anticipate the JV to be ready for commissioning in H1FY27.

To conclude, despite a challenging external environment, AIL is well-positioned for sustainable growth. Our focus on portfolio quality, value chain integration, and disciplined capital allocation—underpinned by our in-house R&D—provides a resilient foundation. This is further bolstered by the structural tailwinds from the recently concluded India-US trade deal, India-EU FTA, the strategic stance of Chinese 'anti-involution', and our internal Digital and AI-driven productivity gains. Together, these factors reinforce our confidence in AIL's trajectory as an innovation-led global chemicals leader.

We remain confident in our long-term strategy and thank our employees, partners and shareholders for their continued trust and support.

Thank you, and we will now be happy to take your questions.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Nitesh Dhoot with Anand Rathi Institutional Equities. Please go ahead.

Nitesh Dhoot: Hi team, thank you for the opportunity. So, my question is, out of the key products that we sell in U.S., the highest contribution is from MMA. You had already resumed sales of MMA in Q3 to U.S. and in fact, you did record volumes there in Q3. So, was there any tariff applying to MMA? That is my first question?

Suyog Kotecha: Yes, MMA had a full tariff applicability in the last quarter.

Nitesh Dhoot: Was it not part of the Annex 2? Because maybe I checked it wrong. I think I got it in the Annex 2 list that was published in November.

Suyog Kotecha: It is not part of Annexure 2. It had full tariff applicability.

Nitesh Dhoot: Okay. Second thing is on the PDCB. Is it a significant part of your revenues from U.S.?

Suyog Kotecha: So, PDCB is one of our major and long-standing product to U.S. I think it is the second largest product after MMA, of course. As part of our total exports to U.S., PDCB, depending on the quarters, can vary, but it does account for anywhere between 15% to 20% of our total exports to U.S.

Nitesh Dhoot: 15% to 20% of the total exports to U.S. would be PDCB and MMA would be how much?



Suyog Kotecha: I think, roughly from a contribution point of view, MMA would constitute somewhere in the range of 50% to 60%. PDCB would vary between 15% to 25% and the remaining is MEA.

Nitesh Dhoot: All right. Sure. Okay, that is all from my side. Thank you so much.

Moderator: Thank you. Next question comes from the line of Vivek Rajamani, from Morgan Stanley. Please go ahead.

Vivek Rajamani: Hi sir. Thank you so much for the opportunity and congratulations on a very strong set of numbers. Sir, on the point of the China anti-involution that you highlighted, could you just touch upon what you have been hearing on the ground with respect to which capacities are being targeted and which could benefit Aarti?

Suyog Kotecha: So, I think the stated intent, which is available to everyone is to curb deflationary export pricing and the overcapacity situation in China, right, which I think is applicable broadly throughout the chemical sector. In terms of specific actions, we have started to see some getting implemented in recent times.

I think one of the specific actions that they took was to remove the VAT subsidy on many of the chemical value chain products and the impact of that on the pricing in the global market was immediately visible. For example, as part of AIL portfolio, the NCB chain products, including PNCB, ONCB and some of the downstream products, the VAT rebate on exports from China was removed, which led to sort of immediate change in pricing environment in the Indian and in the global market.

Now, this is just sort of the series of actions that we are anticipating in future, right? and the story that we are hearing is a continuous process, not a onetime action. And in that context, we remain hopeful that the deflationary export pricing that we have seen over the course of last 2, 2.5 years should fundamentally get corrected.

How it impacts individual products and individual value chains, we will have to, of course, monitor and observe over the course of next few months and quarters.

Vivek Rajamani: Sure, sir. That is very clear and just the second very quick question was, I think you are once again debottlenecking your MMA capacity to 360kT. Just wanted to understand what is the medium-term strategy because it is already a fairly sizable part of the portfolio? I do understand that you are finding new markets and new customers. But just some thought process with respect to, are you comfortable with this becoming an even more significant part of the portfolio? Or is it just a case of there being demand and you being able to capture it at a fairly low cost? Just some thought process over there would be very helpful.

Suyog Kotecha: So, I think if you look at the long-term strategy, Vivek, that has not changed. I think we discussed this in the last conference call. We feel MMA will ultimately settle anywhere between 30% to 40% of our portfolio, right, if you take a 2-3 year's outlook and I think we continue to maintain that strategic stance. At the same time, given the nature of the product, we need to have capacities to lay when the swing demand comes into the play.



So, in that context, and this is a debottlenecking CAPEX, so it is done very, very efficiently. But from an overall product portfolio point of view, you will see 1 or 2 quarters where the numbers keep going up and down, especially also depending on the other product-linked bulk shipments, the number sometimes sees very differently. But on a steady-state basis & on a medium-term basis, as the Zone 4 also gets commissioned, we feel MMA will settle somewhere between 30% to 40% of our portfolio, which is sustainable. And also the kind of diversification now, that we have done, with respect to clients as well as geography. And more importantly, now going forward, even in terms of the application, right, and sort of different solutions that we will deploy, which will ultimately increase consumption of these types of products, we feel pretty diversified and comfortable in terms of maintaining that range.

Vivek Rajamani: Sure, sir. That is clear. I will rejoin the queue and all the very best.

Moderator: Thank you. Next question comes from the line of Arun Prasath with Avendus Spark. Please go ahead.

Arun Prasath: Good morning, thank you for the opportunity. Sir, again, question is on MMA because it is full tariff now, with the recent announcement, should we expect some kind of a margin uptick on this because I think we earlier said that the tariff was shared between us and the customer to a certain extent. So, what kind of an impact we can see on the pricing as well as margins on the MMA portfolio?

Second, it would help us if we can understand what part of your overall U.S. exports is coming under the full tariff and non-tariff package. So that quantification will also be very helpful for us to understand the margin upside potential?

Suyog Kotecha: I think the answer to the first part of your question is, yes, I think it should help. While we have agreed for certain volumes and commercial arrangements with the existing set of customers, as we go to the next set of negotiations, this tariff reduction will play a role, right. We will continue to honour all of our existing contracts. But as we get into the conversations for the next wave of contracts, the tariff numbers will definitely play a role and in general, directionally, it should lead to better realizations compared to what we have seen in the past.

Second, just to be very clear, we have 4 large products that we export to U.S., right, MMA, PDCB, MEA and NCB, out of which the only product which was sort of kind of exempted was MEA, right? Rest all of the 3 products had full tariffs. Now each product and each customer had a different level of settlement in terms of who shared what percentage of tariffs and where we were able to claim back the tariffs based on the re-export potential from U.S.

So, it is difficult to comment on every product and every customer in terms of exact tariff impact. But generally, as a trend, given the reduction at an overall level is going to be quite significant from 50% plus to now 18% plus, there will be a margin that will accrue to all players in the value chain.

Arun Prasath: Understood and generally, we have been shying of putting up a very large capacity on MMA because obviously, it is a function of volatility between the gasoline and phosphates and it has stopped us from investing heavily at one go. This my understanding, correct me if I am wrong?



Do we also have a case, being the absolute leader in this space, with maybe a swing supplier where by the virtue of having the largest capacity? Have you looked at the MMA from this angle to be the ultimate supplier at a global level? Would it help us in having stable margins in this product?

Suyog Kotecha:

Yes. So, I think if you frankly look at it from a market standpoint, right, not from a capacity standpoint, I think from volumes sold in the market, we can confidently say that we are the global leader, right. And we intend to remain a global leader as far as this product is concerned.

Our investments and our strategy has been a bit sort of understated to ensure that we make this business more consistent in terms of its performance and for that, all the strategies that we have taken in terms of diversification of customers and geography was the focus. Going forward, in addition to that, I think we will also focus on how do we build better integration in the entire chain to make the margins more stable. I think that will be the focus over the course of next 1 to 2 years before we take a significant jump in terms of capacity.

Arun Prasath:

Actually, what I was trying to understand is today, probably we will move towards 350 kT plus capacity in MMA. What kind of capacity do you think will absolutely cement our place in this product? Is it close to 1 million tons or 2 million tons? I mean, a ballpark number, what should be our expectation in terms of our capacity in MMA in, say, around medium to long-term perspective?

Suyog Kotecha:

I would hesitate to give you a number, Arun, specifically. As I said, the potential is immense, right? We compare this with MTBE and where it is in millions of tons, right. In terms of market that we are trying to target. But I think we have to be also mindful in terms of how we are going to structure the business given the value chain operates very differently. So, at this point in time, we are steadily building up this business. We remain very confident in terms of potential of this business. But we want to do it in a way where it is more sustainable and sort of stable in terms of margin profile.

Arun Prasath:

And second question is on the Europe FTA. While obviously, you will have access to the larger Europe market without any tariffs, what is the risk associated with the imports into India from your European competitors into India? Would it negate some of the benefits from the FTA? How should we think in this regard?

Suyog Kotecha:

At an overall level, we still feel positive because I think though our direct exposure is limited, our indirect exposure through our customer would be decent, plus it will create a lot of partnership opportunities with companies who ultimately want to serve European market because now you have a stable partnership from India to EU. So, building out assets in India to supply to EU from a long-term basis will get facilitated, right.

So, in that context, I think the FTA from a mid- to long-term point of view is usually positive. In terms of competing volume coming from Europe to India, I think it will happen in 1 or 2 states, but we do not see a significant negative. I think if we are competing against Chinese players, trying to dump volumes in India, I am sure we can handle European volumes.



Arun Prasath: Right. Finally, on the Chinese, you spoke about anti-involution especially on the VAT subsidy, what kind of impact we are talking about? Because I mean, if you go by product by product, the unit economics after removing the subsidy removal, is it very adverse? What kind of a ballpark we are talking about in terms of pricing upside that one can expect?

Suyog Kotecha: The only impact where it was immediately visible for us was in NCB chain, right, where pricing went up within a span of a few days by almost 7%-10%. I think this is a combination of multiple things. We cannot link the entire impact only to their stance on VAT removal. The fact is 13% VAT removal is a significant move, right. It is not a small move. What we have to see is, to which all products it becomes applied going forward and how many different initiatives they take to implement this overall anti-involution strategy, right.

I think in upstream, we are seeing interesting moves in terms of petrochemical capacity consolidations. We are seeing phasing out of some of the older crackers. So, as we go more downstream, more specialty, what kind of initiatives are taken by the Chinese government to facilitate this anti-involution would be worthwhile to observe. But what we can see is that the intent is visible with a few actions already getting implemented on the ground, and we have also started to see real impact in some of our products.

Arun Prasath: Right. Should not we also be doing NCB debottlenecking along with the DCB then if we are seeing some kind of a benefit in the NCB chain?

Suyog Kotecha: It is currently under active consideration. So far, not yet approved, but it is under active consideration.

Arun Prasath: Thanks for answering all the questions and all the best.

Moderator: Thank you. Next question comes from the line of Nitin Agarwal with DAM Capital. Please go ahead.

Nitin Agarwal: Thanks for taking the questions. Congratulations on a pretty solid set of numbers. Suyog, on the Chinese business.

Nitin Agarwal: The Chinese anti-involution pitch that you have been talking about, I mean, is there a way to characterize what proportion of our portfolio over the years has been probably subject to what you call maybe aggressive pricing where some sort of relief potentially can come in over a period of time?

Suyog Kotecha: Look, they are the largest player in the chemical sector. Globally, more than 60%, 65% of chemical industry today is China, right. To be honest, it is very difficult to find areas where they do not compete. So, I think the more important thing to track is in which areas of the chemical industry and in which value chains they take actions which will lead to a different behaviour from players. And because of that we can potentially correlate in terms of impact on Indian companies. But that is how we will track it. If you look at China's impact on India, I can broadly say that the entire chemical sector practically is impacted.

Nitin Agarwal: And it has been a meaningful negative pull for our business also over the last 2, 3 years in terms of the; after COVID?



Suyog Kotecha: They are the largest and the most significant player in the global chemical industry, especially for players which have significant export exposure, where inevitably you end up competing directly with them head on without any protection. They have been a big determinant of profitability levels in the industry.

Nitin Agarwal: Right and secondly, on our unit – Zone 4 CAPEX scale up, if you can give us some color on how do you see this phasing out, what kind of investments have we done in the project and when do you see optimal utilization here?

Suyog Kotecha: So, in terms of CAPEX, the majority of the CAPEX will be done this year. Only a small part of it will sort of spill over for the next year. But we are coming towards the end of the CAPEX cycle in that context and that is what will also be reflected in the next year's CAPEX number, which we expect to be significantly lower than the current year. In terms of ramp-up, we mentioned last time, the calcium chloride and the multipurpose plants are expected to be commissioned within this quarter. The remaining process blocks will get commissioned throughout this calendar year as we go towards the first 3 quarters of the next financial year.

The utilization levels will gradually ramp up. Some of the units will ramp up pretty quickly, like calcium chloride's and potentially also MPP. But the remaining process blocks where we are doing specialty product, which have to go through qualification cycles with the customers, there we will see a meaningful ramp-up in utilization over the course of 2-year time frame.

Nitin Agarwal: And what would be total CAPEX on Zone 4 by the time we end this year?

Suyog Kotecha: The total CAPEX on Zone 4 would be in the range of INR1,600 crore to INR1,800 crore. Bulk of that would be deployed by the end of this year. Hardly sort of INR300 crore to INR400 crore would be left for the next year. But otherwise, the rest of the CAPEX will be fully deployed by the end of this year.

Nitin Agarwal: And what kind of asset turns do you think we can do on in this investment at peak?

Suyog Kotecha: Look, we have mentioned this last time, right? We do not prefer to give asset turn numbers because our revenues are linked to ultimately crude and BTX pricing. But from an EBITDA point of view, we have shown what is it that we are expecting from a CAPEX-led growth to be accrued to the P&L by FY28 time frame, we still maintain that number.

Nitin Agarwal: Just a last one, if you can give us some colour - you have done a few JVs over the last couple of years with various partners. What kind of other incremental partnering conversations are you beginning to have with various players in India and abroad?

Suyog Kotecha: So, I think there are multiple conversations that are ongoing and in a lot of cases, the decision-making was stuck because of uncertainty around the global trade realignments and potential geopolitical events. I think with the events over the last 4 to 6 weeks, we expect many of these conversations now to close, right?



And I think that is the intent of the management team that we would really like to now narrow down and close some of these growth partnerships to ensure we have a long-term funnel getting filled in from a growth point of view.

Nitin Agarwal: Thank you so much.

Moderator: Thank you. Next question comes from the line of Tushar Raghatate with Omega Portfolio Advisors. Please go ahead.

Tushar Raghatate: Good afternoon sir, just comparing all your plant's utilizations, PDA utilization seems to be lesser. I just wanted to know your outlook going forward on the utilization front.

Suyog Kotecha: Yes. So, I think as we mentioned in our commentary, it was one of the value chains, which was mostly impacted due to U.S. tariffs because the 2 largest customers actually consume this product in U.S. With the settlement of the U.S.-India trade deal now, we expect utilizations to improve.

So, as pertaining to the deal, as the detailing comes out, the conversations with customers will already get initiated in a span of a few days. So, structurally speaking, we should see better utilization of this value chain going forward.

Tushar Raghatate: Fair enough, sir. Your 14%, 15% EBITDA margin range, is it sustainable considering the MMA cycle after the Zone 4 coming into play, do you think that this is the sustainable margin, and from here on the margins will start improving going forward?

Suyog Kotecha: I think it is fair to say that for the non-energy, with different applications, the margin profile ideally should improve going forward with all the 3 macro factors that we talked about at the start of the call, it would be a safe assumption to make.

Tushar Raghatate: Fair enough, sir. Post this EU FTA, do you see any big supplier contract for any bigger size molecular; we being the intermediate provider in the next few years?

Suyog Kotecha: We remain in conversations with multiple players. And as and when this conversation reaches a certain level of certainty, I think we will be happy to come back and inform. But at this point in time, the only thing we can say is that there is interest from global players for long-term strategic partnership projects and the settlement of a lot of pending points around U.S.-India trade deal and India-EU FTA will help us close some of these conversations, in the near future.

Tushar Raghatate: Fair enough. Sir, my last question is a bookkeeping one. Sir, what would be our operating cash flow for 9 months?

Chetan Gandhi: The operating cash flow for 9 months and the EBITDA was around in the range of around INR500 crore to INR600-odd crore roughly.

Tushar Raghatate: And sir, any guidance on the FY '27 or we stick with that FY '28 one?



Suyog Kotecha: No. We will stick with the guidance that we have given for the midterm. I think right now, we remain very focused on executing all the actions that we have outlined and sort of continue towards that trajectory.

Tushar Raghatate: That was really helpful. Thank you.

Moderator: Thank you. Next question comes from the line of Darshita Shah with DSP Asset Management. Please go ahead.

Darshita Shah: Thank you for the opportunity. To a previous participant's question, you have mentioned that there are a few conversations that you will be able to close now given that we have some clarity on the U.S. tariff. Could you provide some more details on this with respect to the funnel, the pipeline, how big is this pipeline? Will this help us with filling up our Zone 4 capacity? Something on those lines?

Suyog Kotecha: Look, at any given point in time, there are multiple conversations like, for example, one recent announcement you would have seen as part of our presentation is that with Actylis, we announced an exclusive distribution arrangement for a PCBTF. Now it is a very specific molecule, mostly targeted towards coating sector and U.S. market. But that agreement got concluded, right, with Actylis being the exclusive partner. So, I think many such conversations have been happening over the course of last 12 to 18 months. But in many cases, the final decision-making was getting hampered for the lack of clarity and now with this clarity, we expect that the negotiations to proceed at a much faster pace and in due course, whenever things get concluded, we will talk more about it.

Moderator: Thank you. Next question comes from the line of Surya Patra with PhillipCapital. Please go ahead.

Surya Patra: So, congratulations for the great set of numbers, sir. My first question is on the MMA. See, in fact, it looks like in the very limited period of 1 year only, you have almost like tripled the capacity and in terms of the CAPEX that you would have done, that would also not be much considering the kind of annualized run rate of more than INR2,500 crore kind of business that you are getting out of it. So, is it fair to believe that the ROIC what we generate in MMA is much superior compared to the company level ROIC?

Suyog Kotecha: So, we would not comment on a product-specific CAPEX or return profiles. I think what we can tell you is that the overall strategy of building an integrated portfolio at our site in Kutch, where we did a lot of upfront CAPEX in terms of infrastructure, in terms of ability to produce large volume products and the storage infrastructure that we have built, supply chain infrastructure that we have built globally, which sometimes is not visible. It does come in the overall CAPEX, but many times it is not visible at a product level, but it starts yielding operating leverages as we scale up volume, right.

So, it does appear that in a relatively short span of time, we are able to increase the capacity dramatically and increase the volume. But we have to admit that a lot of the groundwork required in terms of infrastructure, which is beyond core ISBL investment was done over a course of several years.



Surya Patra: Secondly, even in case of MMA, it looks like that the customer diversification is like one of the key developments there over the last few months that we have seen. So, given that we would be having a large customer base, but I think ultimately, the growth trajectory is in MMA and how sustainable would this be because this is; in terms of the octane boosting application, the industry is still in the evolution stage. So given that, what trajectory can one think, sir, although you have guided for capacity expansion, though for the short period?

Suyog Kotecha: So, I think as I said, I think our strategy over the course of last 12 months was more focused on getting to a respectable level of globally leading capacity, at the same time, diversifying both geography and customers. Going forward, we are sort of a little bit changed in the strategic stance in terms of, we will continue to diversify and increase the customer base, especially we are targeting Europe this time around. I think last year, it was more around sort of Middle East, Africa and U.S. I think Europe is still sort of kind of untouched and not scaled up in terms of consumption. So, we will scale up that as a market and on top of that, now the focus will shift around value chain integration, right, both in terms of developing solutions with complementary products, with different blends so that we have a wider sort of solution offering to our customers and at the same time, we have to also look at what we can do to manage the raw material exposure. So, I think that is what will be the focus for the next 1 to 2 years from making this business more stable on a margin profile.

Surya Patra: Okay. Sir, my second question is about this China tariff differential. Now India is 18%, China is around 34%. So, given that, what is the advantage that we can have and for which all businesses? And what is the sustainability, if you have any sense and the differential?

Suyog Kotecha: Yes. If you compare only against China, then PDA is one chain where there was a sort of straight edge on competition where we should be able to recover volumes where we should see impact immediately in the next few months kind of a time frame. But on the other major products like DCB, MEA and MMA, I think the affordability of the customer goes up, right? So, in terms of stability and increase in volumes, that will definitely support. In many cases, the competition does not necessarily come at the product level itself. It comes at different stages of the value chain. For example, in MEA downstream, though we may not have any competition in MEA, but in MEA downstream, there might be a huge competition in terms of trade flow from China to U.S.

So, I think you will see impact for each of the products at a different scale and at a different time frame because exactly where in the value chain China dominates, varies from product to product. But by and large, I think this differential of 34% versus 18% that you talked about should help us now get better volumes and margins going forward.

Surya Patra: Okay. Just last one question from my side. It has been a couple of times that you have mentioned or emphasized about the internal technology or indigenous technology and processes and all that and that is possibly in the context of the Zone 4 kind of a capability that you are building up. So, how different would this approach be and how meaningful in terms of the value addition and value creation for your portfolio?



Suyog Kotecha: I think it is differentiated because it frankly allows us to be one of the lowest cost producers in many of the molecules in which we operate, right? And that, is very critical. I think despite all the macros, we cannot forget the fact that China is a very significant player with a very large capacity and we have to be ready for the play for the competition if it comes to kind of a last man standing game, right, in some of these products. Having indigenous technology developed by our own in-house R&D where we can optimize the cost sheets for each of these products gives us that ability and license and one of the reasons why we have been able to increase volumes and I would say, maintain our market share over the course of last 2 years despite significant pricing pressure from China was because of the fact that many of these technologies are developed by us and we have ability to optimize the cost, right, where we can stand in a very good standing when it comes to global cost curves on many of these products.

Surya Patra: Sure sir, thank you, wish you all the best.

Moderator: Thank you. Next question comes from the line of Rohit Nagraj from 360 ONE Capital. Please go ahead.

Rohit Nagraj: Thanks for the opportunity and congrats on strong set of numbers. First question is on Zone 4. So, in terms of our domestic and export mix, how does that stack for Zone 4? And on the exports front, which and all are the key markets that we will be targeting?

Suyog Kotecha: So, as I said, Zone 4, giving any number would not be doing justice to it, given how the entire zone is now constructed, right? We have, as we mentioned in the earlier call, we have tried to build different chemistry process blocks in the Zone 4, and we will optimize the product portfolio subject to demand and the margin potential of each of these products. So depending on which product we end up selecting to manufacture, this domestic and export will broadly vary quite significantly. So, it would be unfair for me to give you a percentage, but it is safe to assume that it will not be tilted towards one very significantly. I think it will be a relatively balanced mix of domestic and exports is the current sense.

Rohit Nagraj: Sure, and the second question, in terms of the CAPEX. So, given that a part of CAPEX has been preponed to this year, next year probably we are contemplating this CAPEX will come. So, to that extent, FY '27 CAPEX will be lower than what we had anticipated earlier, barring the other comment that you made about you may go ahead with some expansions, depending on the Board approval?

Suyog Kotecha: Yes. So, I think a slight increase from INR1,000 crore to INR1,100 crore is not because of preponement of Zone 4. It is because of incrementally approved project around MMA capacity expansions, PEDDA project that we announced and the DCB debottlenecking project. So, it is not that the Zone 4 CAPEX has been preponed. I think the Zone 4 share of the CAPEX from the next year will remain at somewhat similar level. But still, given bulk part of it is getting done this year, I think the next year CAPEX number would be significantly lower.

Rohit Nagraj: That is all from my side. Thanks a lot and all the best.

Moderator: Thank you. Next question comes from the line of Abhijit Akella with Kotak Institutional Equities. Please go ahead.

Abhijit Akella: Good afternoon, thank you so much. Just a follow-up on the MMA question that was asked with regard to the tariffs actually, this tariff differential between; for us now from India versus China on MMA, do you see that as a significant advantage in helping us gain more market share in the U.S.?

Suyog Kotecha: I think it would. From a long-term point of view, Abhijit, it will definitely help. But to be very frank, I think it is not like we were competing with China in the U.S. market, right? I think it was more driven by affordability of the end customers for this particular product to ensure that the blending economics works out and that will get unlocked, right, with respect to tariff reduction because the final cost of consumption for the customer will become more optimized. So, we remain optimistic that it will help us improve both volumes and margins. But yes, from a mid- to long-term point of view, given there are some Chinese manufacturers for this product, that does create a differentiating advantage also for us.

Abhijit Akella: So, you also spoke about integrating MMA to sort of make it more stable over the next couple of years, including maybe sorting out the feedstock dependence. So, would there be plans to maybe backward integrate in this product? Or what exactly is the strategy you are kind of envisaging here?

Suyog Kotecha: So, a lot of initiatives are currently under consideration. We are not in a position to comment exactly, but involves both backward as well as forward. But we are looking at several initiatives where we can play more as a part of the chain and not only the part of the chain where we are playing currently.

Abhijit Akella: Okay. Got it. And just one final one from me. After a very good quarter here in terms of an EBITDA recovery run rate on a quarterly basis, do you believe that you have now sort of stepped up to a higher sustainable run rate on a quarter-on-quarter basis, looking ahead over the next 12 months or so?

Suyog Kotecha: Look, I would say that, as a management team, frankly, we remain focused on our midterm target, right? I think there are a lot of initiatives that we have taken on our plate to execute to reach that target and I think we remain committed to that journey. There are bumps here and there. But I think by and large, if we are able to implement all of it and if there is no major external event, then we remain committed to achieving our midterm targets.

Abhijit Akella: Great. Thank you so much. Wish you all the best.

Moderator: Thank you. Next question comes from the line of Kumar Saumya with Ambit Capital. Please go ahead.

Kumar Saumya: Hi sir, good afternoon. A couple of questions from my side. So firstly, on the MMA contract that you said, the existing contracts that are in place. So, when are they due for renewal?

Suyog Kotecha: It will change from customer to customer. It's difficult for me to comment. But in some cases, they are quarterly. In some cases, they are spot. In some cases, they are 6 months. So I think it is difficult for me to answer it on a customer-specific basis.



Kumar Saumya: Got it. Sir, secondly, on the JV, that is going online in Q1 FY '27. I believe both parties are investing INR150 crore each and so, what would be the revenue potential? And if you could just flag off some color on the product as in how is the competition over there? Who are the other suppliers? That would be helpful.

Chetan Gandhi: So, the revenue potential as we declared when the JV was announced was in the range of around INR300 crore to INR400 crore or so. The end-use application was agrochemical.

Suyog Kotecha: So ultimately, what we will do is we will supply raw material for that JV and JVs finished products will get converted into one more final product and will ultimately get placed into the market. The dominant application is actually paints and coatings and a small part of it does go to agrochemical as well. But it will be mostly an India-centric product and basically will lead to import substitution of that particular product, which is right now being supplied mostly by China and to some extent also by Europe.

Kumar Saumya: Thank you sir.

Moderator: Thank you. Next question comes from the line of Aditya Khetan with SMIFS Institutional Equities. Please go ahead.

Aditya Khetan: Thank you, sir for the opportunity. Sir, I joined the call a bit late, so pardon if I am asking the same question. Sir, on the agrochemical side, we have witnessed that on quarter-on-quarter basis and Y-o-Y basis, there is a dip in our top line. As you had already mentioned, the pricing pressure still persist and it has been there for quite a while now. So, when do you expect this uptick to take place? And as an overall mix, currently, we are standing at 12% of overall top line in agro on a quarterly basis. So where do we see like if this pricing pressure moves away, can we still go back to that original rate of 20% of overall top line or like MMA only would contribute a larger chunk?

Suyog Kotecha: No, we actually think agrochemicals will go up. Also, if you look at only 1 quarter's number, it might be misleading because some of the large ag-chem intermediates that we ship to U.S., the timing of the bulk shipment sometimes creates a quarter-on-quarter discrepancy. So, I would strongly advise to look at sort of a 9-month number or a full year number to really get a sense of where the application is and it remains at a 17%, 18% odd level, and it has all the potential sort of possibility to reach the number that you were targeting around 20-odd percentage, especially as the Zone 4 also gets commissioned, it will even potentially cross that number. So, volumes have been pretty stable and margins have been under pressure. But with the latest stance and some of the changes happening in the global market, we are hoping that part of margin recovery can also be visible over the course of next few months and quarters.

Aditya Khetan: Got it. Sir, on the dichlorobenzene, like we are witnessing since last few quarters that volumes are going up compared to NCB, wherein volumes looks flattish only. So, in DCB, is there any new customer addition or any new product which we have started, which is like supporting the volume momentum? What is that which is supporting it?

Suyog Kotecha: So, I think the significant downstream usage of PDCB happens to manufacture PPS, which is one of the high-end advanced polymer and that polymer consumption in electric vehicles has increased quite dramatically. And that is what is driving the demand growth. That is also one of the reasons where we have taken a call to increase capacity from 120 to 140 KTPA.

Aditya Khetan: Sir, you mentioned which compound?

Suyog Kotecha: PPS.

Suyog Kotecha: PPS is a polymer that is manufactured using PDCB as a monomer.

Aditya Khetan: Okay. Got it. Sir, just one last question. Sir, when we look at the anti-knocking agents, so if we exclude the MMA, any other anti-knocking agents like MTBE or ferrocene, like any other anti-knocking agents like which is performing well similar to MMA? Distinguishing like if someone is using any other anti-knocking agents? So, what are the benefits compared to MMA? And is there any replacement to these sort of anti-knocking agents?

Suyog Kotecha: See, to be fair, I would not comment on the other product portfolio in which we are not present. I think what we are very confident of is that the value proposition offered by our product is definitely superior. And that is one of the reasons why we have been able to push volumes and gain market share and we continue to remain focused on developing products which are new, but will offer better value proposition compared to some of the current products let us say. That's the overall strategy for energy, as a segment.

Aditya Khetan: Got it, sir. Thank you.

Moderator: Thank you. Next question comes from the line of Ranjit Cirumalla with IIFL Capital. Please go ahead.

Ranjit Cirumalla: Yes. Thanks for taking my question. My first question is on the CAPEX that we did for our first dedicated contract, which then got terminated. The utilization level was a bit low, and we were seeing a bit of a ramp-up last year and then tariff happened. With the change in tariff, how do we see the ramp-up of that particular capacity?

Suyog Kotecha: So, overall, given the end product, it is sold in U.S. by some of our existing customers in India, we expect their volumes to go up and in that context, the utilization level of that asset should improve. We had seen some early indication before the tariff got announced last year. So, we will observe for the next few months. But yes, I think with some lag, we expect the utilization level of that asset can be pushed further with now tariffs settling at much lower levels.

Ranjit Cirumalla: Thank you, Suyog.

Moderator: So, Mr. Ranjit Cirumalla, are you done with your question?

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of the question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Suyog Kotecha: Thank you. Thank you for your time today and for your ongoing support. While the sector has been going through a difficult cycle in the macros, I think we are seeing some changes in the global macros and our robust strategy helps us navigate this phase to deliver consistent growth.

We hope this session was informative. Please feel free to reach out if you have any further questions. Thank you once again.

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

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