Management Discussion

Saket Kapoor - Analyst, Kapoor and Co.
Hi, we have, uh, executive director. Mr. Priyajesh, call your voice cracking

Sanjay - Investor Relations, Gujarat Alkalies & Chemicals Limited
Hello, resume

Saket Kapoor - Analyst, Kapoor and Co.
[Foreign Speech] Money Manager Finance [Foreign Speech] like to handover the call to Mr. Sanjay [Foreign Speech] policy opening [Foreign Speech] thank you, Nover

Sanjay - Investor Relations, Gujarat Alkalies & Chemicals Limited
Thank you, Mr. Iju. Welcome all investors and participants. I will now request our Managing Director, uh, Srimati Avintika Singh, to make opening remarks for the investors.

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
Good morning, ladies and gentlemen. First of all, warm greetings to you, all of you, for the festivities of Diwali. And the Gujarati New Year. Thank you for joining us today for the Q2 and H1 FY27 earnings conference call of Gujarat Alkalies& Chemicals Limited. I am pleased to share that the first half of this financial year has marked a significant improvement in our operating and financial performance. Progress is especially encouraging because it reflects not only favorable realizations in several products but also the impact of actions we have been taking around portfolio optimization, energy management, market diversification, and operational efficiency.

Let me begin with the financial performance. For Q2 FY27, our standalone revenue from operations stood at about Rs 1,358 crores compared with Rs 1,083 crores in the corresponding quarter last year. EBITDA increased to Rs 222 crores from Rs 133 crores, while PBT increased to Rs 102 crores from Rs 13 crores. PAT increased to approximately Rs 79 crores from Rs 16 crores. Our EBITDA margin on total income improved to 15.74% compared with 11.6% in Q2 of the previous year. For the first half, revenue from operations was Rs 2,602 crores as compared to Rs 2,188 crores in corresponding first half of previous year.

EBITDA was Rs 451 crores compared with Rs 258 crores in H1 last year, and PBT increased to Rs 212 crores from Rs 23 crores same time last year. Similarly, the PAT increased to approximately Rs 133 crores crores from Rs 24 crores. The H1 EBITDA margin improved from- to 16.95% from 11.45% in the corresponding period. Importantly, our external sales revenue of Rs 1,334.79 crore in Q2 and Rs 2,559.63 crore in H1 represent our highest quarterly and half-yearly sales in the last 2 decades. The improvement in Q2 was primarily supported by better realizations and a more favorable product and market mix.

Domestic sales increased by 29% year-on-year while exports increased by 14%. We expanded the export footprint for phosphoric acid caustic soda prills, and methylene dichloride, and strengthened chlorotoline sales in the US,

Sanjay - Investor Relations, Gujarat Alkalies & Chemicals Limited
UK,

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
And Europe, and commenced exports of benzaldehyde to the United States. We are also pursuing

long-term commercial arrangements in selected product categories. We saw meaningful pricing improvement across several product groups including chlorotoline, anhydrous aluminum chloride, phosphoric acid, hydrogen peroxide, and caustic soda. This demonstrates the benefit of our diversified product portfolio and our increasing focus on value-added products and premium markets. On the manufacturing side, some plants did face plant shutdowns, grid disturbances, feedstock constraints, and operational issues.

However, the chlorotoluene production increased substantially as utilization ramped up. Our focus remains on improving plant reliability, stabilizing recently commissioned assets, and sweating the existing asset base more effectively. Energy remains one of the most important drivers of competitiveness in the chloroalkali business. I am pleased to inform you that renewable energy accounted for approximately 55% of our power consumption in Q2 compared with 38% in Q2 last year. For the first half, renewable contribution increased to approximately 57% from 38%.

The average H1 power rate reduced to 7.09 per unit from 7.6 per unit in the corresponding period. Our renewable energy program remains central to our strategy. The investor presentation outlines an ambition to move beyond 70% RE greening over the next 2 years, with existing solar and wind capacity complemented by projects involving ABRMs, clean mats, and additional RE capacity. This should progressively help us reduce exposure to grid power volatility, while also advancing our sustainability objectives.

We are also encouraged by the improvement of our performance of the joint ventures, GACL Nalco Alkalies& Chemicals Private Limited. During Q2, Genase sales grew by approximately 14% and Abicta by approximately 19%. For H1, sales increased by 27% EBITDA increased by 73% and PBT moved from a loss of Rs 36 crores in H1 FY26 to a profit of Rs 8 crores in H1 FY27. The improvement was supported by higher production and sales, improved realization, and lower financing costs, among other measures. Alongside improvement in current operations, we continue to invest selectively in projects that strengthen integration, product mix, and return on capital.

Several projects are under implementation, including cell element replacement and the 200 TPD caustic soda flaking facility at Behage, targeted for December this year. A 120 TPD HCl synthesis unit targeted around January '27, and chlorotoline downstream projects. Longer duration initiatives under implementation including food-grade phosphoric acid expansion, caustic soda revamping and KOH expansion, electronic-grade hydrogen peroxide and an additional HCl unit. Our approach to capital allocation is disciplined.

We are increasingly looking beyond capacity addition and focusing on asset productivity, downstream integration energy efficiency, product differentiation, and sustainable returns on the capital employed. Our strategic transformation program, Project Ahaan, remains central to our journey towards a stronger and future-ready GACL. It has 3 pillars: structural performance improvement, long-term growth and diversification, and digital transformation. We have articulated an aspiration of becoming a Rs 10,000 crore plus revenue company with EBITDA margins above 20% by FY2031.

This remains a medium-term aspiration rather than near-term financial guidance, and its achievement will naturally depend on market conditions, project execution, energy and raw material prices, and the chemical cycle. Another encouraging indicator is return on capital employed. Annualized ROCE for H1 FY27 has improved to approximately 8.52% compared with 1.87% for FY26. Our focus will be on making this improvement sustainable through higher asset utilization, better margins, and disciplined capital allocation.

Finally, as we look to the second half of the year, our focus remains very clear: operational reliability, renewable energy integration, disciplined cost management, value-led market growth, timely project execution, and improving returns from our asset base. We remain mindful that chemical businesses are cyclical and that commodity prices, energy costs, raw material costs, and geopolitical developments can influence short-term performance. Nevertheless, we believe the actions we are undertaking are making GACL increasingly diversified resilient and competitive.

Thank you once again for joining us today. My colleagues and I will now be happy to take your questions.

Questions & Answers

Operator
Thank you. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, You may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Saket Kapoor from Kapoor and Co. Please go ahead.

Saket Kapoor - Analyst, Kapoor and Co.
Yeah, namaskar madam and namaskar to the entire team.

Paliwal - Executive Director - Commercial, Gujarat Alkalies & Chemicals Limited
I hope

Saket Kapoor - Analyst, Kapoor and Co.
I'm audible.

Sanjay - Investor Relations, Gujarat Alkalies & Chemicals Limited
Yeah, yes,

Saket Kapoor - Analyst, Kapoor and Co.
Yes, thank you. Yes, uh, so firstly ma'am, thank you for, uh, for giving us this opportunity to participate and we hope for the continuity. And the presentation is also very elaborate and it is very exhaustive. Uh, firstly ma'am, if you could just give us some, uh, idea of how the utilization levels have being, uh, for the first half? And also, if a split can be provided between the Q1 and Q2, and how is that going to shape up with the type of- I think the cell membrane changes, efficiency changes that we are anticipating- how should H2 be shaping up in terms of utilization?

Hello?

Sanjay - Investor Relations, Gujarat Alkalies & Chemicals Limited
Yes, yes, Mr. Sagar. Any other question from your side so that we can-

Saket Kapoor - Analyst, Kapoor and Co.
Uh, okay, sir. Secondly, sir, regarding the uses of chlorine as a captive and how have the chlorine realization been currently and what are the current dynamics that are shaping up for that will give us an understanding of how the chlorine realizations may shape up, uh, for, for the remaining part of this for H2. Uh, ma'am, in your opening remark you did mention about renewable mix going up to around 70% in, in, uh, in the period of time which you have mentioned. But, uh, overall when we look

at our Q1-Q2 numbers, I think so this power and fuel cost on a consolidated basis have gone up from Rs 370 crore to Rs 421 crore.

So what aspects have led to this increase? And what kind of reduction are we anticipating? I think so you mentioned about Rs 7 point some units per unit currently. So what would that be when the entire renewable, uh, basket will come into operation? These are my first set of questions, ma'am.

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
Okay,

Saket Kapoor - Analyst, Kapoor and Co.
Thank you. Yeah,

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
Yeah, first question was about overall capacity utilization for the plants. Right now we are at an average of about 92%, and our plant utilization specifically, if you would analyze the chlorotolene plant, the utilization has ramped up to approximately 90% since last year, same time, same period, which was the plant which was inaugurated last year, and it is This year we will be planning to add our chlorotoluene downstream units as well. Regarding the other plants, as I've mentioned in my opening remarks, there were certain grid disturbances and plant shutdowns.

So the overall capacity utilization is slightly marginally lower as compared to previous year, but the plants with the products with higher realization have broadly done well. Coming to the second point about chlorine realization, Our chlorine realization as of now and the integration percentage is close to about 45%, which we hope to increase further by the units that are going to be commissioned this year, including the HCl synthesis unit. And another HCl synthesis unit for which the board has given us the in-principle approval would be coming next year down the line.

About power fuel and the cost slight, uh, you find a slight increase in this, uh, actual H1 FY27 as compared to our budget. But overall, as compared to H1 FY26, there is a 57 paisa reduction. And if you see, the main reasons are that this particular quarter there were certain contributing factors like rise in the DISCOM power rates by about 45 paise. And there was a delay in commissioning of our long-term RE of AVRN. However, we tried to make up for it by sourcing short-term RE, which we continue to procure as a backup strategy, and we increase our share of RE in the overall power mix substantially.

Thank you.

Saket Kapoor - Analyst, Kapoor and Co.
Yes, ma'am. Uh, thank you, ma'am. Ma'am, if I may add that the Ginal performance has been satisfactory, and as you mentioned in your opening remarks that we have been posting now profits, uh, even after the interest and the depreciation part. So what is the outlook currently for, for Ginal going ahead, and, and are we done with the, the stability part, uh, part of it? And secondly, also with the project of hydrogen hydrate How are the yields, uh, currently, and whether we are in midst of this capitalization of this project, uh, also, if, if you could just throw, uh, some more light.

And when we look at, ma'am, our Q1 versus Q2, that is the June versus September, if we net off the other income, the profitability is on the lower side. So what, uh, other than the power and fuel part, what other factors are attributable to the lower profit, uh, on a sequential basis.

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
Coming to GNL, uh, as I've already mentioned, the performance of GNL has improved substantially as compared to the last year, and quarter on quarter there is consistent improvement. We have several steps to ensure that the running of the plant is as far as possible at an optimal capacity utilization. The Q2 sales of Genal itself grew around 23% and the EBITDA around 19%. For as far as the outlook is concerned, we find that, uh, with the stabilization of the plant running at optimum capacity in higher caustic soda and hydrogen sales and improved caustic realization.

We hope that we will sustain this performance over the year. Coming to your second point regarding hydrazine hydrate, as you all know, hydrazine hydrate is strategically important for GACL because GACL is India's sole producer and the technology has been developed indigenously. We are focused on market development, improving utilization, and operating performance. The ramp-up will take time, and therefore we would prefer to evaluate the business over a longer operating horizon rather than on the basis of 1 or 2 quarters.

Regarding Q1 versus Q2 profitability, both the quarters, you would appreciate, had very challenging market scenarios and geopolitical developments, our team has been very resilient and dynamic in expanding to diverse markets and has focused on products other than caustic to shore up our margins. The profitability per se, you could say that the impact of the power cost And the fact that it was a low wind period has slightly affected our percentage in terms of profitability, but in terms of absolute numbers, if you see that the EBITDA has broadly been consistent.

What was the-

Saket Kapoor - Analyst, Kapoor and Co.
Ma'am, for the chlorine realization, can you, uh, outline to us how have chlorine realization impacted the ECU for us?

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
Okay, and request my ED Commercial to give you more details, Mr. Paliwal, on chlorine realization.

Paliwal - Executive Director - Commercial, Gujarat Alkalies & Chemicals Limited
Hi, Saket, good afternoon. Uh, if you really look at chlorine realization side, it is- there is a positive outcome during the quarter. Uh, the chlorine prices has been substantially negative, uh, which has improved significantly during the quarter to maintain the AC levels.

Saket Kapoor - Analyst, Kapoor and Co.
Okay, sir, can you quantify for our benefit how the trend has been? And sorry for interrupting,

Operator
Mr. Kapoor.

Saket Kapoor - Analyst, Kapoor and Co.
So

Operator
Thank you. A reminder to all the participants, please restrict yourself to 2 questions. A reminder to all the participants that you may press star and 1 to ask a question. The next question comes from the line of Nirav Jamudia from Anvil Wealth. Please go ahead.

Nirav Jamudia - Analyst, Anvil Wealth
Yeah, good afternoon team and festival wishes to the entire team of Gujarat Alkalies. So ma'am, 2 questions. So first, first is on the chlorine side. You mentioned that currently our internal consumption is 45%. So just wanted to understand from you, like apart from the value-added products what we produce What is the pipeline sales for the chlorine and how much chlorine we sell to the outside customers? Along with it, if you can also share that with the projects being outlined by you, how this chlorine consumption would look like, because the utilization of caustic soda plant depends more on the sale and consumption of chlorine.

So if you can share your thought process on the chlorine part, that would be very helpful. And my second question is, our value-added products apart from caustic soda contributed close to around 61% of sales in second quarter. So if you can just highlight what were the most profitable products for us and which were the products which were impacting the profitability and what we are doing in terms of improving our operating cost there. Also, if you can share that out of the reported EBITDA of Rs 450 crores what you mentioned for H1 FY27, how much was the contribution, uh, from the value-added products in terms of the EBITDA numbers?

Thank you so much.

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
Thank you, Nirav ji. First of all, coming to the question on chlorine utilization, like I mentioned, right now the utilization is 45%. By the pipeline, sales are about 150 TPD right now, and the tonners per day that we sell, like the outside sales to customers, is about 700 to 750%. The chlorine integration we plan to improve by our project pipeline. Like I said, we have the HCl synthesis unit that is coming this year, another one to be commissioned in the next year or 2 and the phosphoric acid plant.

This percentage is likely to go up to almost 75% once our entire CapEx pipeline, which involves the chlorine integration plants, would be commissioned. Our aim is to reach the 75% in the next 2 to 3 years. The second question was, which are the profitable products in this quarter? Many of our products were able to command substantial margins over this quarter. Mostly it was chlorotoline, as well as the chlorotoline group was able to command a strong pricing uplift as compared to the previous year same quarter, almost 100%.

Then phosphoric acid about 44%, hydrogen peroxide 31%. Improvement over the previous quarter, and the entire caustic soda group was about an additional 10%. The third question was about improving the operating costs. Like I said, Project Awaan, the strategic transformation exercise, is focused on attacking each component and ensuring we focus on improvement of our efficiency, overall energy efficiency, as well as various aspects of procurement, production, plant operations. But the primary focus is on power.

Currently, the power average cost is close to Rs 6.95 per kWh, and the share of RE power is 49%, which we plan to improve to 60% by 2025. March end, March 27th, and the power cost is likely to reduce to Rs 6.18 per kWh. And the long-term planning by FY30 is to increase the share of RE to 80% and remove- reduce the power cost to less than Rs 6.

Nirav Jamudia - Analyst, Anvil Wealth
And ma'am, and when you- the

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
Last question was about the exact share of value-added products in H1 EBITDA. Uh, it would be very

difficult to break up the EBITDA product-wise and give an exact number to the value-added figures. You could refer to our investor presentation for more details. Thank you.

Nirav Jamudia - Analyst, Anvil Wealth
Perfect. Thank you so much, and I'll join back in the queue.

Operator
Thank you. A reminder to all the participants that you may press star and 1 to ask a question. The next question comes from the line of Resham Jain from BVD Asset Managers. Please go ahead.

Saket Kapoor - Analyst, Kapoor and Co.
Yeah, hi, hi, ma'am. Uh, good afternoon. So I have, uh, this question on caustic market per se, given that, uh, the large capacity is coming up. What we saw in the last, uh, many years is that there has been an excess chlorine, and chlorine used to have negative realization. While now with, uh, the large capacity coming up in the industry, probably the chlorine consumption would increase, uh, a lot. Uh, so are you seeing any material change in the way the caustic soda prices versus the chlorine prices behave in the past versus future?

Sanjay - Investor Relations, Gujarat Alkalies & Chemicals Limited
Yes, sir. If you have any question, you can again mention, so we will together, we will answer.

Saket Kapoor - Analyst, Kapoor and Co.
Yeah, yeah, yeah. The second question is with respect to the chloromethane, uh, segment. Given that there is a lot of refrigerants capacity coming up because this is the last year of quota 27, uh, how are you seeing the chloromethane market shaping up, uh, in India? So these are the 2 questions from my side.

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
Yeah, Rishabh, thank you for your question. I, I'm requesting AD Commercial to give you the details.

Paliwal - Executive Director - Commercial, Gujarat Alkalies & Chemicals Limited
Yeah, uh, hi Rishabh. Uh, as, as regards to your question on upcoming capacity on, on caustic soda and how we are balanced, so we are equally focusing our strategy and, and our cost structure, uh, to take over the competition in the coming future. And accordingly, we have been integrating our, our chlorine-based product portfolio as well as chlorine integration on cost side. As you have heard about the power, power side, we are trying to optimize the power mix, and this is all going to, you know, change the entire industry, uh, you know, scenario.

Besides this, we are also diversifying our product shift with the various markets with the long-term arrangements. So this is what the overall market we see on the caustic soda side. Chloromethane side, what you have mentioned is the R22 phasing over, but at the same time, if you look at on R132, that there are many capacities which are upcoming. And this is what we have seen recently, that this is going to increase the consumption of the- especially on the methylene chloride, which is a major component of the chloromethane products.

So as of now, it looks to be a promising product portfolio in this current market conditions. Thank

Saket Kapoor - Analyst, Kapoor and Co.
You. Just one follow-up on the previous question which I asked, the first question. Given that last few months we have seen some positive, uh, realization of chlorine, that's why I specifically asked,

is there anything specifically changing in the industry? Because, uh, we have not seen chlorine becoming positive for a while.

Paliwal - Executive Director - Commercial, Gujarat Alkalies & Chemicals Limited
Yeah, so, uh, as you might see that there are, as an industry per se, the downstreams of the chlorine are, are getting increased and there That's how that the merchant sales are impacted in the market, and therefore the improvement in the chlorine per se is on a price side.

Saket Kapoor - Analyst, Kapoor and Co.
Okay, got it. Okay, thank you, sir. All the best.

Paliwal - Executive Director - Commercial, Gujarat Alkalies & Chemicals Limited
Thank you.

Operator
Thank you. The next question comes from the line of Vipul Kumar Anup Chanchal from Sumangal Investments. Please go ahead, Mr. Shah. Please go ahead, Mr. Shah. Please unmute yourself and go ahead. Since there's no reply- are you there, Mr. Shah? Since there's no reply from the line of Mr. Shah, I will be promoting Next, that is Nirav Jamuria from Anvil Wealth. Please go ahead.

Nirav Jamudia - Analyst, Anvil Wealth
Yeah, ma'am, thanks for the opportunity again. So, ma'am, just a clarification on the power side. What you mentioned, you mentioned that currently our average power cost is Rs 6.95 per unit, but in the opening remarks you mentioned 2 figures which were like Rs 7.09 and Rs 7.6. So if you can just clarify on this and Secondly, on our overall power consumption, let's say when we analyze Gujarat Alkalies on a standalone basis, my numbers suggest that we could be consuming close to around anywhere between 200 to 250 megawatts of power.

So if you can share your thoughts here, like today we are at 49% for renewables, what, what are the other power mix in our power consumption metrics. And lastly, ma'am, on the incremental revenue what you mentioned by FY31, so you mentioned some of the projects which will be commissioned in December as well as January and some more in over next 1, 1.5 years. So if you can just help us understand, out of these Rs 5,000 crores, how How much could materially be contributing over next 1.5 to 2 years, and what sort of likely CapEx which will be incurring in order to achieve these sales?

Thank you.

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
Thank you. Your first question about the power cost, what I mentioned in my opening remarks was specifically Q2 and H1, whereas 6.95 is our projection for the entire year on an annualized basis. So I think that addresses your query regarding power cost. The other was about our approximate contribution in the power mix. Like I said, 79% is RE. Can you go to the slide? And the DISCOM power including the captive that we have from GINAL is approximately 56%. Which is about 112 megawatts. This- and sorry, this was the budget.

I will go to the H1 figures. The actual H1 FY27 till now, the mix is like this: 43% and 81 megawatts is DISCOM plus GNAT. Short-term RE is 52 megawatts and is about 28%. And we have our own existing RE assets in terms of our wind farms, which is about 29% and 53 megawatts. So, as you can see, our entire dependence on the grid and captive is still about 43%. And the aim is to commission more long-term RE in form of captive SPVs and reduce the dependence on the grid

power. Significantly. That is the long-term strategy.

Coming to your third point on the CapEx and how much of it is coming this year, I specifically mentioned the plants that were to be commissioned this year, which was the 200 TPD caustic slaking unit, the HCl synthesis unit, and also the rather efficiency improvement projects like replacement of cell elements, which also involves considerable CapEx. We have our chlorotoluene downstream Phase 1 units which are going to be commissioned by March '27. This is what is planned in this financial year. The next financial year, '28, We are planning our electronic grade hydrogen peroxide plant to be commissioned around January of '28.

In FY '29, we have planned our boilers as well as our, uh, KOH expansion at Koloda, food grade phosphoric acid second plant at the H. So this is broadly our project pipeline and the timelines as you had asked for.

Nirav Jamudia - Analyst, Anvil Wealth
Thank you so much, ma'am.

Operator
Thank you. The next question comes from the line of Resham Jain from VVD Asset Managers. Please go ahead.

Saket Kapoor - Analyst, Kapoor and Co.
Yeah, thanks for taking my question again. So, uh, if you can just highlight about the caustic export opportunity. Uh, I, I saw some of the European manufacturing, uh, monthly production numbers and the inventory which they are carrying. It seems that, uh, both are continuously coming down. So what kind of opportunity are you seeing in the caustic market export?

Paliwal - Executive Director - Commercial, Gujarat Alkalies & Chemicals Limited
So, uh, as you have rightly mentioned that the European- quite a few capacities are phasing out and, uh, European market is being now the import dependent largely from the Asia and US industry. So if you look at India is positioning in coming days as world number 3 producers and accordingly the Focus is- our focus is also on the exports, uh, on, on various countries, and Europe is one of our, our key target to capture those markets. So, uh, we see quite a good possibility of European exports from India, and even not only liquid but also in the solid forms as well.

Saket Kapoor - Analyst, Kapoor and Co.
Then what was your first half exports of caustic in terms of growth?

Paliwal - Executive Director - Commercial, Gujarat Alkalies & Chemicals Limited
Can you repeat again? What is

Saket Kapoor - Analyst, Kapoor and Co.
The first half caustic exports? What was the growth number for you?

Paliwal - Executive Director - Commercial, Gujarat Alkalies & Chemicals Limited
So growth numbers keeps on changing right now considering our capacity utilization and available caustic and depending the prices. So as of now, if we broadly- I can say in liquid forms, we are exporting almost about 5 KT every month on an average basis, or annual basis maybe around 60,000 tons. And on about solid exports is almost about 10,000 tons to 12,000 tons a month.

Saket Kapoor - Analyst, Kapoor and Co.
Okay, and, and you're saying this is increasing with whatever is happening in Europe? Existing,

Paliwal - Executive Director - Commercial, Gujarat Alkalies & Chemicals Limited
Yeah.

Saket Kapoor - Analyst, Kapoor and Co.
Okay, got it. So the second question is with respect to the renewable energy. Uh, you mentioned about your renewable energy, but are you also installing batteries along with renewable energy, or it is, uh, pure simple renewable energy only? Right now without battery?

Unidentified Speaker - Executive, Gujarat Alkalies & Chemicals Limited
Yeah, so we are currently investigating the renewable energy with battery operated, uh, that is into the plans. However, the details will be given when we reach to a certain level of approvals.

Saket Kapoor - Analyst, Kapoor and Co.
Okay, okay, understood. Because you mentioned about Rs 6, that's why I said, because renewable energy, solar with battery, actually can happen below Rs 6. So, uh, that's why I specifically asked whether are you evaluating the thing.

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
A certain dependence on grid power will continue, uh, that will have to be taken as we increase our share of RE.

Saket Kapoor - Analyst, Kapoor and Co.
Okay, understood.

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
Thank

Saket Kapoor - Analyst, Kapoor and Co.
You. Okay, thank you, thank you,

Operator
Thank you. The next question comes from the line of Vipul Kumar Anupchansha from Sumangar Investments. Please go ahead.

Vipul Kumar Anup Chanchal - Analyst, Sumangal Investments
Hi, thanks for the opportunity. So my question is, is it possible to share the volume in tonnage for each products? And my second question is, uh, When we reach 75% of chlorine integration 2 to 3 years down the line, what type of, uh, profitable increase we can expect at EBITDA level per ton, all other things being equal? Thank you.

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
Uh, I think the volume and tonnage for each product is a detail which we can share maybe separately. Uh, but as far as percentage is concerned, it is already a part of our investor presentation, the percentage of share of each product in the revenues. The next is, uh, once chlorine integration of like 75% is our target for the next 2 to 3 years, I don't think we can give you a figure of EBITDA per ton. If we, you know, as a specific guidance, we would not like to give.

However, if you see, our strategic objective is to reach a revenue of Rs 10,000 crore plus by 2031, and, and EBITDA of over 20% is what is our larger goal as a company which we are striving towards under Project Aman.

Thank you.

Vipul Kumar Anup Chanchal - Analyst, Sumangal Investments
So what type of CapEx will be requiring to reach that, and how are we going to fund those- that CapEx right

Avintika Singh - Managing Director, Gujarat Alkalies & Chemicals Limited
Now? I specifically elaborated on our approved CapEx plans which the board has approved and the projects which are in the pipeline, we can give a specific number for that, and it is also pretty a part of the investor presentation including the timeline. However, we would not like to comment on a specific figure right now. We are in the process of identifying products for diversification, and we have our partners, Kearney, which is preparing our growth strategy. There will be products identified and requisite approvals from the board would be taken for CapEx for each of these projects and would be shared with our investors at the appropriate point of time.

Vipul Kumar Anup Chanchal - Analyst, Sumangal Investments
But what will be the funding mix? That was my question. Yeah, we are not generating enough cash to undertake such large expansion projects.

Unidentified Speaker - Chief Financial Officer, Gujarat Alkalies & Chemicals Limited
So, sir, the funding will be from a mix of internal accruals as well as borrowings. Certain initiatives what we have already taken will also contribute to the increase in the cash generation over the next 1-2 years. So based on that, at the appropriate time, a mix of internal accruals and borrowings will be undertaken so that we improve the return on capital employed also.

Vipul Kumar Anup Chanchal - Analyst, Sumangal Investments
Okay, sir. So I'll drop you a mail regarding, uh, individual quantity in tonnage for each product. So I request you to reply that. Thank you very much.

Saket Kapoor - Analyst, Kapoor and Co.
Yeah, sure. Thank you.

Operator
Thank you. A reminder to all the participants that you may press star and 1 to ask a question. The next question comes from the line of Saket Kapoor from Kapoor and Company, please go ahead.

Saket Kapoor - Analyst, Kapoor and Co.
Yeah, yeah, thank you for the, uh, follow-up opportunity. Uh, ma'am, questions are pertaining from the cash flow activity. Ma'am, we find that, uh, we have made further investment to the tune of Rs 32 crore 33 lakh for our joint venture and associates. So what is this pertaining to? Is it the efficiency part, or are we undertaking any further capacity augmentation there. And the other questions are also pertaining to our, uh, balance sheets, wherein, uh, we find that our- under the current liabilities, our other financial liabilities and our other current liabilities both have increased significantly.

The other financial liabilities are up from Rs 74 crore number for March to Rs 200 51 crores, whereas the other current liability has moved up from 70 crores to 105 crores. So if you could just explain to

us on these 3 different line items, that would support.

Unidentified Speaker - Chief Financial Officer, Gujarat Alkalies & Chemicals Limited
Yeah, Mr. Kapoor, regarding your first question of the investment of 32.33 crores, so that investment is towards our share of equity contribution in the special purpose vehicle with CleanMax Sphere Energy for the renewable power projects of 62.7 megawatt. Now coming to your second question relating to increase in the other financial liabilities, so basically that is a liability towards dividend payment, uh, that has contributed as well as a increase in the purchase of capital goods, so liability towards debt to sundry creditors for CapEx.

And as far as other current liabilities are concerned, the increase is attributable to the TDS what we have to pay on dividend, as well as increase in the GST payable because of the increase in our sales realizations.

Saket Kapoor - Analyst, Kapoor and Co.
Right, and one more question, just follow up to it. Our closing capital work in progress is to the tune of Rs 434 crores, and when we look at our cash flow, we have done, uh, the property, plant, and equipment purchases of Rs 118 crores. So for, for H2, uh, what, how much are we, are we going to more do the CAPEX, and what should be the closing, uh, uh, balances? And, and, and relatively, how are Uh, if you could give us some understanding how- what will be closing debt number, uh, for FY26-27?

Unidentified Speaker - Chief Financial Officer, Gujarat Alkalies & Chemicals Limited
Yeah, actually that will depend upon the project cash flow as well as the internal cash accruals. So at this point of time, it is difficult for us to give a number on the likely CapEx at the end of the year as well as the borrowing.

Saket Kapoor - Analyst, Kapoor and Co.
Okay, and on the capitalization front, since we have a closing balance of say around 233- yeah, so that

Unidentified Speaker - Chief Financial Officer, Gujarat Alkalies & Chemicals Limited
Will actually- see, as the projects get commissioned, the number will come down. Also, definitely there will be some new addition for the other projects which are under implementation.

Saket Kapoor - Analyst, Kapoor and Co.
So difficult to give a

Unidentified Speaker - Chief Financial Officer, Gujarat Alkalies & Chemicals Limited
Precise number to it. Nevertheless, if you require, we can do an estimate and share as per our disclosure requirements.

Saket Kapoor - Analyst, Kapoor and Co.
One small point, sir. Post the September, uh, quarter exit, how was the current realization or the ECU shaping up if we take the exit of the September and the current business dynamics? And we are also hearing of 2 large private corporates coming up with a huge facilities of caustic soda in the near term or in the medium term. So, uh, what is our thought process, uh, in terms of, uh, this kind of, uh, facility adding to the existing market and our strategy, uh, going ahead? These are my 2 closing remarks, and I thank once again the team, uh, for giving us this opportunity, and we hope for the

continuity.

Thank you.

Paliwal - Executive Director - Commercial, Gujarat Alkalies & Chemicals Limited
Answering your second question, I have already answered one of the investor questions earlier also. So the large capacity which are coming, while as GACL we are focusing on our, our cost and market penetrations and, and improve efficiencies. So that would be the, the sole, uh, way to, you know, handle it. And we see brighter opportunities in the global markets. And that's how that market is going to get balanced in due course of time.

Saket Kapoor - Analyst, Kapoor and Co.
And on the realization front, sir, how are the current market realizations post the exit of September quarter?

Paliwal - Executive Director - Commercial, Gujarat Alkalies & Chemicals Limited
Current market realizations are better than Q2, especially if you are talking about the caustic soda. However, the energy cost impacts are there. Precisely, a number on, on to be given, uh, may not be appropriate this time.

Saket Kapoor - Analyst, Kapoor and Co.
And, and our utilizations are at optimum. We are running the plants, both the, the Haze as well as the Varoda unit, at optimum levels.

Paliwal - Executive Director - Commercial, Gujarat Alkalies & Chemicals Limited
Relatively better than Q2, we can say.

Saket Kapoor - Analyst, Kapoor and Co.
Relatively better than Q2. Hello?

Paliwal - Executive Director - Commercial, Gujarat Alkalies & Chemicals Limited
Yes,

Saket Kapoor - Analyst, Kapoor and Co.
You said they're relatively better than Q2. The utilization levels are better than Q2. Yes. Okay, thank you. Thank you for to the entire team, and thank you, madam, for giving us this opportunity. Thank you. We hope for continuity, and thank you once again. Namaskar,

Unidentified Speaker - Executive, Gujarat Alkalies & Chemicals Limited
Ma'am. Thank you. Namaskar.

Operator
Thank you, ladies and gentlemen. As there are no further questions, we have reached the end of question and answer session. I now hand the conference over to management for closing comments.

Sanjay - Investor Relations, Gujarat Alkalies & Chemicals Limited
Thank you very much. I express my thanks on behalf of Gujarat Alkalies& Chemicals Limited to all the investors who have participated, who have taken time to discuss with us. Thank you very much. I also thank NTEC team and First Call team for arranging this conference for us. Thank you very

much.

Operator
Thank you. On behalf of Antique Stockbroking Limited and Gujarat Alkalies& Chemicals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.