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**FINOLEX**  
**PIPES & FITTINGS**

February 5, 2026

To,  
The Manager – Listing Department  
National Stock Exchange of India Limited  
5, Exchange Plaza,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai 400051

To,  
The Manager – Listing Department  
BSE Limited  
Floor 25, P. J. Towers,  
Dalal Street,  
Mumbai 400 001

Symbol: FINPIPE

Scrip Code: 500940

**Sub.: Transcript of the Earnings Call**

**Ref.: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir / Madam,

This is further to our intimation dated January 27, 2026 and in terms of the subject referred regulation, we hereby submit the transcript of the Earnings Call held on Monday, February 02, 2026 post declaration of the Unaudited (Standalone & Consolidated) Financial Results of the Company for the Quarter and Nine Months ended December 31, 2025.

The transcript of the said Earnings Call will be available on the website of the Company at <https://www.finolexpipes.com/>.

This is for your kind information and records.

Thanking you,

For Finolex Industries Limited

**Dakshinamurthy Iyer**  
Company Secretary & Compliance Officer  
M. No.: A13004

Encl.: As above

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“Finolex Industries Limited  
Q3 FY '26 Earnings Conference Call”  
**February 02, 2026**



**MANAGEMENT: MR. UDIPT AGARWAL, MANAGING DIRECTOR –  
FINOLEX INDUSTRIES LIMITED  
MR. CHANDAN VERMA, CHIEF FINANCIAL OFFICER –  
FINOLEX INDUSTRIES LIMITED**

**MODERATOR: MR. ARUN BAID – ICICI SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Finolex Industries Limited Q3 FY '26 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Arun Baid from ICICI Securities. Thank you, and over to you, sir.

**Arun Baid:** Thank you, Shivam. Good afternoon, ladies and gentlemen. On behalf of ICICI Securities, I welcome you all to the Q3 FY '26 post results con call of Finolex Industries. On the management side, we have Mr. Udipt Agarwal, Managing Director; and Mr. Chandan Verma, CFO.

Now I hand over the call to Mr. Agarwal for his remarks, post which the floor will be opened for Q&A. Over to you Mr. Agarwal.

**Udipt Agarwal:** Thank you, Arun. Ladies and gentlemen, good afternoon. Welcome to our investors conference call for quarter 3 of FY '26 and also for the 9 months ending financial year '26 earnings release. We thank you for your continued support and interest in the Finolex Industries. We give it -- coming over to some of the numbers for the quarter.

We see a little dip in our volume numbers for the quarter and also correspondingly for the 9 months ended for the current financial year, mainly on account of the monsoon season. However, our operating performance has seen a notable improvement during the same period, largely supported by softening of the raw material prices and also the operational efficiencies, which we have been pushing through the organization over a period of time.

Let me also take you through some of the performance indicators for the quarter, quarter 3 FY '26. So the numbers are like for this quarter, the volume decreased by about 14% to 73,500 metric tons against 85,767 metric tons in quarter 3 of last year. Our income from operations was at INR898 crores for this quarter, it is a 10% decrease against INR1,001 crores of quarter 3 FY '25.

However, happy to note that EBITDA improved to INR123 crores against EBITDA of INR83 crores in quarter 3 of previous year. Correspondingly, PAT also has improved to INR110 crores against PAT of INR71 crores in quarter 3 of previous year.

For the 9 months ended December '25, overall, our volume is lower by about 6% to 230,965 metric tons against 245,729 metric tons for the 9 months ending of the previous financial year, that is financial year '25. Our income from operations was at INR2,800 crores, down about 6%, which is in line with the volume against INR2,970 crores for the 9 months ending FY '25.

EBITDA improved to INR347 crores and this is an increase of about 15% against INR302 crores for the 9 months ending FY '25. Profit after tax also improved to INR926 crores compared to -- I mean, from the operations I'm talking about, but all in all, profit stood at INR326 crores compared to INR628 crores, which included last year, exceptional gain of INR407 crores for the 9 months ending FY '25.

So operationally, we have improved significantly in our profitability. We continue to have a very strong balance sheet with a net cash surplus of around INR2,430 crores as on 31<sup>st</sup> December '25.

I think with this, we leave the floor to question and answers. And together with me is Mr. Chandan Verma, our CFO, to answer the questions.

**Chandan Verma:** Good afternoon, all participants. A very warm welcome from Finolex Industries.

**Moderator:** Thank you very much. We will now begin with the question and answer session. The first question comes from the line of Divyansh Thakur from Finterest Capital.

**Divyansh Thakur:** Sir, congratulations on a great set of numbers. So, what we have been saying for the past few months have been that everyone is saying that PVC prices should bottom out. So can you provide us some guidance on how the market has been behaving and when is it going to stabilize?

**Udip Agarwal:** Yes. I mean all the commodities market have been affected by what is going on with respect to the geopolitical developments. And that also has an impact not only on the polymer prices, but also on other commodities as well. So from that standpoint, we had our own share of volatility in the raw material prices and also on the prices of PVC.

During the quarter, we saw that the price is going very, very low. I think we have never seen these kind of prices in the recent past. The PVC prices had gone down to as low as in the range of \$600, depending on the region where it is coming from. However, the situation has improved a little bit. And we look into this quarter a little more positively. I hope that answers.

**Divyansh Thakur:** Yes, sir, that answers my question. Sir, can you also provide us with a visibility on what prices can we see going ahead or something like that?

**Udip Agarwal:** Nobody knows what is going to happen, but the prices in the month of December has started improving or towards end of December. As I said, last quarter, we saw prices going as low as \$650. And we see some 8%, 9% improvement in that. So they are more like \$650, \$660 range currently.

**Moderator:** The next question comes from the line of Utkarsh Nopany from Anand Rathi.

**Utkarsh Nopany:** My first question is again on the PVC resin side. So just wanted to know like given large PVC resin surplus capacity is there in China. So do you see any possibility of the resin prices going back to the historical range of around \$850 to \$900 per ton over the next, say, 12 to 18-month period, sir?

**Udip Agarwal:** Yes, not only in China, but globally, there is a capacity quotient. And we also see in the recent past capacity adjustments, some of the Western companies announcing shutdowns of their plants. We see this kind of a trend in China also. But I think China also, there are 2 different technologies which operate, okay, and not everywhere, everything could be used.

We also heard the news that there is going to be a different tax structure or the incentive for exports in China. So that is also going to have an impact on the PVC resin prices from China, okay? So we will see how does it play out, but outlook is that probably PVC has bottomed out.

**Utkarsh Nopany:** Okay. And sir, yesterday, in the budget, when we looked at the document, we saw that the government has reduced the import duty from 10% to 7.5% for Chapter Number 3904 and the PVC resin falls under Chapter Number 3904. So just wanted to confirm whether the import duty on PVC resin has gone down from 10% to 7.5%?

**Chandan Verma:** Utkarsh, we have also seen this announcement, but we are waiting for the fine print to come out. We still see that as regulatory stage. Let the fine print come out, then we'll have to be able to conclude whether actually we are getting impacted by the reduction in the PVC prices or not. We are waiting for the further in this regard.

**Utkarsh Nopany:** Now see, the PVC resin prices on a Y-o-Y basis in rupee terms, it has corrected by double-digit rate. But our pipe realization has improved quite a lot on a Y-o-Y basis for the past 2 consecutive quarters, which is not the case here. So, just only because of the only because of the change in the product mix? Or is it because of some other factor?

**Udip Agarwal:** I think it is a combination of different factors. One thing is that during this quarter, we had a higher share of non-agri segment, okay? So that also helped us to keep the prices a little bit on the higher side. So realization is also better. Second thing is we have been also careful on our pricing side. And I think, as you know, that we have always been saying that we are looking at also profitable growth, and this is what is the impact what we see.

**Utkarsh Nopany:** Okay. And sir, on the margin side, like the margin for the PVC resin producer or the plastic pipe company has been coming under pressure. But for us, it has actually improved over the past possible reason for that, sir, in a falling resin price environment?

**Chandan Verma:** So Utkarsh, if you know that we are a company which is having advantage of backward integrated plant for the PVC resin. Now of a total consumption of, say, 100 in a year, in a given period of time, roughly we get a share of 65% to 70% from the in-house manufacturing of the resin.

Now if the in-house manufacturing resin, we have a cost advantages in comparison to the other producers who are purchasing the PVC price directly from the market. So this -- having a backward integrated plant and in-house manufacturing of resin, we are having a certain cost advantages, that is getting reflected in our margin.

**Utkarsh Nopany:** No, sir. what I meant to say is that as per your presentation only, if we see the PVC/EDC delta or the PVC/VCM delta has gone down sharply in this December quarter on both Q-on-Q and Y-o-Y basis, okay? So how come our margin has improved, sir? That's my question, sir.

**Chandan Verma:** Yes. So see, if you see the PVC/EDC Delta that is also more or less an indicative number, which gives a direction in which the market moves on, number one. Number two, if you see the margin, as Mr. Udip just explained, the margin consists of 2 parts. One is the improvement in the realization; second, in the cost efficiency. So if you add both together, both has added in a favorable direction for us. That has resulted in the overall increase in the margin, EBITDA performance.

So there is a 2-way benefit. One is the improved in the net realization that we are having. Number two, though there is a decline in PVC/EDC Delta, but that's actually not got converted while we actually negotiated in the market, that advantage we're also having.

So in a way, both the way we're having the advantage from the sales realization side as well and as well as cost side both. This, too, has resulted in the overall improvement in the EBITDA for the quarter and YTD as well.

**Utkarsh Nopany:** Okay. Sir, lastly, sir, what would be our sales volume guidance for the current March quarter? And what would be the EBITDA margin guidance over the medium-term period, sir, for us? That would be my last question?

**Udip Agarwal:** You know historically, the quarter 4 has been the quarter where the demand picks up. And this is true not only for us, but also for the industry. So we hope that the trend also continues this year, and we see a better volume number in quarter 4.

**Utkarsh Nopany:** And any growth we are looking at any range?

**Udip Agarwal:** As compared to the previous year for the full year, we will see more of a flattish to slight increase in the volume for the full year. This is what our expectation is. We'll see how the demand picks up and how the market behaves in the next 2 months.

**Utkarsh Nopany:** So what would be the EBITDA margin guidance on a sustainable basis for us?

**Chandan Verma:** We would like to continue the same margin. Let's see how things get unfold over the period of time. We would like to maintain our margin level.

**Moderator:** The next question comes from the line of Shravan Shah from Dolat Capital.

**Shravan Shah:** Sir, I have a couple of questions. Before that, just a couple of data points to get it right. So agri, non-agri share, CPVC share and fitting share for third quarter?

**Chandan Verma:** So agri, non-agri, currently, we are at the 62-38 during current quarter.

**Shravan Shah:** 60?

**Chandan Verma:** 62% versus 38%. CPVC share is 8% in terms of volume. Fitting share, 12% in terms of volume.

**Shravan Shah:** Okay. Got it. And PVC/VCM spread for third quarter?

**Chandan Verma:** PVC/VCM spread for the third quarter, an average, \$156.

**Shravan Shah:** \$156?

**Chandan Verma:** \$156, yes.

**Shravan Shah:** Okay. \$156. Got it. So now, sir, coming to the main questions. So sir, as you just now said that we are looking at flattish to marginal growth for fourth quarter. That means in the last year, Q4 FY '25, we did close to INR102,000 plus kind of a volume. So if we want to have even flattish

also, we need a 39% kind of a Q-o-Q growth, which is a significant kind of INR30,000 extra that we need to sell in the fourth quarter. So in the January, did we have seen that kind of a growth? Just trying to understand?

**Udipt Agarwal:** Shravan, good to meet you all virtually. I would like to say we would refrain from making any forward-looking statements here, but there is a good traction in the market as far as January is concerned.

**Shravan Shah:** So does that mean good traction that -- not the number, but was there a growth on Y-o-Y basis for us in January?

**Chandan Verma:** So Shravan, just we are about to wrap up the number, but things are looking positive in January month as well. So allow us to wrap up our number, then we'll be able to comment on that because January has just closed. So we are about to look at the number. But yes, overall, on a directional basis, as our MD has just communicated, we are looking somewhere around flattish to slightest growth on a full year basis.

**Shravan Shah:** Got it. So then from FY '27 onwards, broadly, if you can help us how one can look at the industry level growth? And for us, how can we expect kind of a 5%, 7% kind of a growth? Or are we looking at kind of 8%, 10% kind of a growth from FY '27 onwards?

**Udipt Agarwal:** Shravan, we are just starting our budget planning for the next year. But overall, if we look at the industry and how the markets are behaving, I think having anything growth, which is double digit, I don't know if that would be something which I can comment on at this moment.

**Shravan Shah:** But is it fair to say can we see a 5%, at least plus kind of a growth for us and for industry? That's the broader thought process?

**Udipt Agarwal:** I think our endeavor would be that we keep our market share.

**Shravan Shah:** Okay. And sir, just on the margin front. So last quarter also and this quarter, so if you can help us in terms of accounting entry, particularly, this change in inventory, particularly. So last quarter, it was INR172 crores and this time, INR168 crores. And that's why there is a significant improvement in the margin is there?

So try to understand me, so whatever the closing higher inventory, which was there in the Q2, similar was there in this quarter. And let's say, if this gets sold in the fourth quarter, so then one can expect kind of 8%, 9% kind of a margin?

**Udipt Agarwal:** So if you see, Shravan, quarter 3, we have ended with an EBITDA margin of roughly around 14%, right? So on a yearly basis, 12%. So as we have replied to a previous question, we would like to maintain our 12% EBITDA, 12% around in that trajectory, our full year EBITDA margin as well. So this is number one.

**Shravan Shah:** But sir, still not able to understand, how come we have the similar kind of a higher closing inventory at the end of second quarter and the similar number, INR170-odd crores in the third quarter itself. So because that's the one which is actually have a significant delta on the margin.

**Udip Agarwal:** Sorry, Shravan, you have to keep in mind though number more or less looks in terms of parity from our previous quarter. However, in terms of volume, it is because price is always changing. So if you compare the inventory changes, which is getting reflected in our quarterly results, in terms of volume, this is not always in parity.

So though coincidentally, numbers are looking quite similar in terms of the previous quarter. But actually, if it is at a quantitative basis, the numbers are not similar. So Q2 always remain where we keep the higher inventory and Q3 is where, where the inventory starts getting liquidated. So that's how the industry works.

**Shravan Shah:** But that doesn't get reflected in the number. So correct me if I'm wrong, a simple basic math, I'm not able to understand. This minus INR168 crores, how this number comes, if we have the INR160 crores, does that mean that the closing inventory as on December is higher by INR168 crores versus Q2, and that's why it is resulting or something I'm missing?

**Chandan Verma:** Yes, yes. So it's basically a difference between the opening stock at the beginning of the quarter and the closing stock at the end of the quarter. So that is what this number gets reflected and in the inventory accounting standard requirement.

**Shravan Shah:** No. So then the question arises is similar, then why the closing inventory of 2Q did not get sold in the third quarter? And why we kept the similar kind of inventory?

**Chandan Verma:** Shravan, it's not like that. Q2 inventory because every company has a continuous production process. So inventory gets liquidated over the period of time. Then again, inventory gets built up.

And there are a lot of factors that we keep in play like what is the raw material availability, what kind of future forecast we are having, what kind of inventory level we will have to maintain. So there are multiple factors which keep playing around when do we see a particular inventory number at a particular point in time.

So you're saying that inventory has been remain whatever it remains in the Q2 end, it continued at the Q2 end, that is not exactly a correct statement because whatever inventory was there in the Q3, Q2 end that gets liquidated. And again, there is a build-up of inventory because of the production that has been taken place during the quarter.

**Shravan Shah:** Okay. And lastly, sir, what we heard, just correct me if I'm wrong, that from the 1st January till now, what we have seen is there is a INR7 hike in the PVC prices. So first, if it is yes or no? And then if have we also seen the similar kind of pass on to the consumer levels?

**Udip Agarwal:** Yes, you are right. We have seen a price increase in the PVC prices there in India. And you know it ours is primarily a pass-through business. So quite a bit of it is past.

**Shravan Shah:** So at the channel level, have we started seeing a significant improvement at the inventory level, so which was kind of below average. So have the channel has kind of seen a normal level of inventory? Or still it is below the normal?

**Udipt Agarwal:** I think channel has started building up the inventory slowly, slowly in the month of January after the prices have started increasing because sentiment has changed, right? But I don't think so it is at a level where it should be. There is still room for improvement. .

**Shravan Shah:** Okay. Okay. I have more questions, I will come up in queue.

**Moderator:** The next question comes from the line of Vipulkumar Shah from Sumangal Investments.

**Vipulkumar Shah:** Congratulations for a very good set of numbers. So my question is regarding the cash balance. So we have very modest capex every year, and we are building cash. So we are neither taking any big capex nor we are sharing it with shareholders through dividend or buyback or any other route. So what we are going to do with this cash?

**Chandan Verma:** So Vipul, as you are saying, yes, we have been seeing there is a quarter of increase in the cash balances over the year. So last year, I think for the financial year '25-'26, roughly around INR100 crores to INR150 crores was the capex plan for the current year, '25-'26, basically.

So that is all the capex spending already on. And if you can recall, last year, we have declared a dividend of INR3.6 per share. So that was a huge dividend that we had declared last year.

We are waiting for the current year's number, then we'll have to take a call on that, number one. Even saying that, yes, there will be still a sufficient balance of cash will remain. So this discussion is around. We are yet to conclude upon what to do with this cash over the period in time. So once something will be further out, then we'll be able to conclude upon.

**Udipt Agarwal:** And a company of our size in this, I mean, we always keep looking at opportunities for the capex, and there are different discussions which happen at the Board level. And so we all are working under the direction of Board. And as soon as we have some more decisions around it, happy to communicate.

**Vipulkumar Shah:** This standard answer is given in every call, sir. Anyway, so what is the current PVC/EDC Delta as on today?

**Chandan Verma:** As on today, it's INR465 crores.

**Vipulkumar Shah:** INR465 crores?

**Udipt Agarwal:** Yes.

**Vipulkumar Shah:** I'm sure, you said your CPVC volume was 12% of the overall volume, right?

**Udipt Agarwal:** Volume, 8%.

**Vipulkumar Shah:** 8% CPVC?

**Udipt Agarwal:** Yes.

**Moderator:** The next question comes from the line of Shravan Shah from Dolat Capital.

**Shravan Shah:** Sir, last time we said that we are looking at, 520,000 capacity, we are looking at 50,000, 80,000 kind of addition. So is it fair to say that by FY '27, we will be able to add this 20,000 to 80,000 kind of capacity? And if yes, how much capex that we need to do?

**Udip Agarwal:** Shravan, for us, the capacity addition is a continuous process. And as you know that in the last 1 year, we have increased our capacity and the discussions are on to increase the capacity further to support the growth, right? So this is an ongoing exercise. But typically, we end up doing a capex of between INR100 crores to INR200 crores year-on-year basis. So we'll continue to see that kind of a direction.

**Shravan Shah:** Okay. So roughly, one can say similar kind of 50,000 to maybe 70,000 kind of a yearly basis, one can look at if we find the demand is growing. But there also, we are not kind of confidently saying that we can see a double-digit kind of a growth. So that's what I'm wondering how one can look at?

**Udip Agarwal:** Yes, so you build capacities also with a little outlook of the demand, not only for over a short period, but also maybe over a horizon of 2 to 3 years because capacities also do not come up immediately. They also take their own time in coming up. So you always have excess capacity than what you can sell. And it is a continuous process. You keep evaluating, keep evaluating year-on-year.

**Shravan Shah:** Yes, got it. And given, let's say, if there is a INR7 price hike in PVC and let's assume that it remains constant until the March 31, though it is passing on to the customers. But given if we have the similar volume, but if we are selling at let's say previously INR100, now at INR107, so is it fair to assume that we will be having some operating leverage and then our margin should be better, but at the same time, we are seeing our margin for fourth quarter, we are looking at 12%. So yes, if you can clarify?

**Chandan Verma:** Yes. So as the PVC prices will show the upward trend, there will be definitely an advantage in terms of our operating margin, not only for us, but for the industry as well across the industry. But if you will see the stress in the PVC prices, then the things will again go in a different direction. So more the PVC price level is stable, the more the efficiency will be appearing in the numbers.

**Shravan Shah:** Okay. And before China, whatever the extra tax they are putting up for the export, particularly to, let's say, India, but this is applicable from, I think, from the 1<sup>st</sup> April onwards. So is there a possibility that before that, there will be some dumping will be happening and that may lead to some rollback in the prices? Is that also a fair probability?

**Udip Agarwal:** I think that is one of the reasons that we see a price increase here in India with the lead time taken into consideration that expectation is that the prices would be sustaining here on.

**Shravan Shah:** Okay. Okay. So prices will sustain. So there will be a less probability that there will be a dumping from China before 1st April. And so it should not be impacting the prices. So more or less, the prices from here on should stay stable, if not increase further?

**Udit Agarwal:** Yes. But I would like to always have a caveat here that we do not know what would be the reaction or how the producers in that country would look at their book account and the underutilization of their capacities. So I cannot say it with 100% certainty, but trend looks like that way.

**Shravan Shah:** Okay. Okay. Got it. And for us, the CPVC, the 8% share, so there also, we have continuously seen the double-digit growth?

**Chandan Verma:** Yes. Because CPVC, we are getting a good appreciation in volume, so that is going in a higher rate.

**Shravan Shah:** Okay. Okay. Okay. Got it. And then broadly, what is our long-term target, 50-50 agri, non-agri, so how do we see it structurally, let's say, by FY '27 on an average basis, if one has to see, can we see 3%, 3%, 4%, 4% kind of improvement there? Or how one can look at?

**Chandan Verma:** Shravan, though our overall ambition is also to increase our non-agri sales because there are a lot of variety factors that keeps into play. While though there is a great emphasis going on from our side to push our non-agri sales. So things will come unfold over the period of time, but still difficult to comment what is the time horizon when we'll be able to get. But yes, our emphasis is already on to improve our share for the non-agri side.

**Shravan Shah:** Got it. And then broadly, for third quarter, the CPVC prices more or less has remained stable or still there was also some decline in the CPVC prices?

**Chandan Verma:** CPVC prices also go in tandem with the PVC prices, though there is no exactly in the same tandem, but yes, it's in sync with the prices of the PVC prices.

**Moderator:** The next question comes from the line of Sonali from Jefferies.

**Sonali:** Sorry, but I have to ask this question on margins yet again. So if I look at our gross margin from Q2 FY '25 to Q1 FY '26, our raw material cost to sales was somewhere between 65% to 70%? Suddenly, over Q2 and Q3 FY '26, it has dropped to 57%?

So now if I look at the last 2 quarters, the volume growth has not been as great, and the PVC prices are also weakening also suggesting that the realizations are getting lower. So could you help us reconcile what exactly are we doing right? Or what has changed in the past 2 quarters, that our gross margin has suddenly improved by about 700 to 800 bps year-on-year?

**Chandan Verma:** Okay. Sonali. So if you see consider our structural business, roughly our 75% of total consumed raw material cost comes from the in-house and 25% comes from the outside procured. When I'm saying 75% on an average comes out from the in-house procurement, it consists of prices of imported raw material, which is though move in line with the PVC prices, but spread always remains the same.

So if the PVC prices, I'm giving one example, it goes by the 10 basis point, goes down by the 10 basis points, it is not always necessary that prices of EDC or ethylene will also go in the same period in the same number.

So it always keeps a lag sometimes and sometimes it remains. Like if I see a decline in the PVC prices of 10%, we have seen the decline in the EDC prices by 8% -- basis points. So in a way, so our raw material prices, if so long as it is not getting affected the way the PVC prices is getting affected, we are finding a cost advantage, number one.

Number two, though there is a declining in the overall PVC prices, we have improved our realization in terms of our structuring of prices in the market. That also gives us increase our realization.

So on an absolute basis, you can see from the outside world, yes, price of the PVC is declining from the -- realization, but we have improved our -- restructured our sales price on a net realization basis, that has given us a price advantage as well in the market. So these 2 factors both added in our favor, which is resulting in the better gross margin.

**Sonali:** Sir, if I may just extend this question. We do understand that PVC and EDC are not exactly correlated to each other as both are global commodities. But would you agree that whatever the delta is, is captured in that one ratio of PVC to EDC spread. If I look even at that ratio, that ratio has come down from \$500 per MT in Q3 last year to \$449, which reflects the movement of both PVC and EDC.

So I'm just still trying to understand that if your realizations are lower, if your volume growth is not as great, plus we did add this new employee cost as per the new Labour Code, it's certainly a great surprise that the gross margins and the EBITDA margins are growing so well year-on-year. So just wanted to reconcile these bits?

**Chandan Verma:** Just to add Sonali, the employee benefit cost is not forming part of the gross margin. It is forming part of the EBITDA, not the gross margin.

**Sonali:** Yes, I was meaning the EBITDA only. But my main question is regarding the 840 bps jump in the gross margin?

**Chandan Verma:** Yes. So gross margin, as I just wanted to reiterate, the prices that you see in the PVC/EDC delta, that is more or less indicative. But when we go actually for commercial negotiation, the prices will definitely matter but there are a lot of factors, the quantity volume discount, the landed price headwinds and rupee dollar as well.

So, all these factors considering our landed cost of PVC sorry, EDC has seen a significant decline from last year's Q3 versus Q2, Q3 of the current year. That has resulted in the cost saving to us.

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

**Udipt Agarwal:** Thank you, everybody, for participating in the call and asking the well-researched and deeper level questions. Hope to meet you next time in the conference call. Thank you. Have a good evening.

**Chandan Verma:** Thank you all participating from the Finolex side and thank you very much for showing your continuous support for the Finolex. Thank you so much.

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