



“Time Technoplast Limited
Q4 FY26 Earnings Conference Call”

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MODERATOR: **MR. ABHIJEET MUKESH PUROHIT – KAVIRAJ SECURITIES PRIVATE LIMITED**



Moderator: Good evening, ladies and gentlemen and a warm welcome to all those present for Time Technoplast Q4 and FY26 Earnings Conference Call, hosted by Kaviraj Securities Private Limited. Please be advised that this conference call may include forward-looking statements regarding the company performance. These statements are based on company beliefs, opinions and expectation as of the date of this call.

However, please note that such forward-looking statements are not guaranteed of future performance and are subject to inherent risks and uncertainties. As a reminder, all participant lines will be in the listen-only mode. During the presentation, once the presentation concludes, there will be an opportunity for you to ask questions. Should you require any assistance at any point during the call, kindly signal an operator by pressing star then zero on your touchtone phone. I now hand the conference over to Mr. Abhijeet Mukesh Purohit from Kaviraj Securities. Thank you, and over to you, sir.

Abhijeet Purohit: Good evening, ladies and gentlemen. Kaviraj Securities welcomes you all for Q4 and FY26 Earnings Conference Call of Time Technoplast Limited. We have with us the management team, which is represented by Mr. Bharat Kumar Vageria, Managing Director; Mr. Raghupathy Thyagarajan, Founder Member and Whole-Time Director; Mr. Naveen Jain, Whole-Time Director, Technical.

Mr. Vishal Anil Jain, Non-Executive Director; Mr. Sandip Modi, Senior VP, Accounts and Corporate Planning; Mr. Hemant Soni, VP Legal and Corporate Affairs and Mr. Himanshu Upadhyay, Senior Manager, Finance and Investor Relations. Without further delays, I hand over the call to Mr. Raghupathy Thyagarajan for his opening remarks, post which we open the floor for questions session. Thank you, and over to you, sir.

Raghupathy Thyagarajan: Good afternoon, esteemed investors, respected members of the Board, valued stakeholders, and thank you, Mr. Abhijeet, for the gracious introduction. It is a privilege to address you today as we present our financial and operational performance for FY '26 and share our outlook for the coming year FY '27.

Update on the current geopolitical situation. We continue to closely monitor the evolving global situation, including the ongoing West- Asia conflict and other geopolitical uncertainty. Despite the tensed geopolitical environment caused by tensions in West Asia and the Russia-Ukraine war, the company has successfully delivered its projected performance for the year FY '26, and this momentum is expected to continue going forward.

In Q4 FY '26, polymer prices witnessed a sharp increase. However, given that 92% of our business operates under a B2B model, with industrial customers, price revisions are implemented through mutually agreed monthly or quarterly mechanisms. This enables us to effectively pass on cost increases and maintain the stability of our absolute EBITDA.

Our CNG composite cascade segment emerged as a key growth driver during the year, delivering an impressive 22% growth and making a significant contribution to overall business performance, supported by sustained demand across our broader composite portfolio. Most



importantly, our profit after tax registered a strong 21% growth and underscoring our continued focus on operational excellence, capacity optimization.

Cost efficiency and prudent financial management; our disciplined approach towards controlling finance costs and improving operational leverage continues to strengthen profitability and shareholder value creation. We remain highly optimistic about the opportunities ahead, particularly in the composite product segment, where demand momentum continues to be exceptionally encouraging.

This is reflected on a robust order booking of approximately INR195 crores. In parallel, our value-added product portfolio, including IBCs and composite products, continues to witness healthy market acceptance and sustained growth. Our Industrial Packaging division has also maintained steady and consistent performance across markets.

Further reinforcing our growth visibility, we are pleased to announce confirmed packaging orders of approximately INR400 crores for the current calendar year, spanning both domestic and international markets. These achievements reaffirm the strength of our diversified business portfolio, the scalability of our operations and the strategic directions we have pursued over the years.

As industries globally transition towards cleaner, safer and more sustainable energy and packaging solutions, we believe our company is exceptionally well positioned to capitalize on these structural growth opportunities. Looking ahead to FY '27 and beyond, we remain committed to accelerating sustainable growth, enhancing operational efficiencies, expanding our innovation-led product portfolio and delivering long-term value for all our stakeholders.

With this, let's now move to the detailed review of our financial and operational highlights for the year. I invite you all to join us as we take you through the key performance insights and strategic development shaping our future growth. During FY '26, on a consolidated basis, an all-time high revenue, EBITDA and PAT level has been achieved.

I would say that it is a lifetime high revenue EBITDA and PAT. Key highlights for the FY26 compared with the corresponding previous year are as follows: net sales, INR6,114 crores as against INR5,462 crores last year. EBITDA INR901 crores as against INR790 crores last year. Profit after tax INR469 crores as against INR388 crores last year.

Net sales has increased by 12%; India, 11% and overseas 13%. Volume increased by 13.5%; India 13% and overseas 15%, EBITDA increased by 14%, and PAT increased by 21%. In FY '26, our EBITDA margins improved to 14.7%, up from 14.5%, reflecting a 20 basis point increase.

During Q4 FY '26, on a consolidated basis, we have achieved the highest ever quarterly performance as well. Key highlights of Q4 FY '26 compared to the corresponding period previous year are as follows: net sales INR1,682 crores as against INR1,471 crores last year. EBITDA of INR246 crores as against INR216 crores; profit after tax, INR132 crores as against INR110 crores last year.



Net sales has increased by 14%; India, 16% and overseas 12%, Volume has increased by 13%; India 14% and overseas 11%. EBITDA increases by 14%, and PAT has increased by 20%. I'm also pleased to share that our overseas subsidiaries have delivered robust performance both in Q4 and throughout the full fiscal year despite the global uncertainties.

Share of business established products versus value-added products. In FY '26, value-added products recorded a strong growth of 18% compared to the previous year, while our established product lines grew by 10%. Notably, the contribution of value-added products to total sales increased to 29%, up from 27%, reflecting our continued focus on innovation and higher-margin offerings.

Share of India and overseas business in FY '26 was 65% to 35%. Last year, it was 66% to 34%. EBITDA margins in India and overseas are 14.9% and 14.4%, respectively. PAT margins in India and overseas are 7.4% and 8.2%, respectively. Net cash from operating activities in the year FY '26 stood at INR156 crores. Debt net of cash in FY '26 was reduced by INR409 crores.

Total capex incurred during FY '26 was INR370 crores, which includes INR198 crores towards regular and maintenance, capacity expansion, reengineering and automation for established products and INR172 crores towards value-added products that is IBC and composite cylinders.

I would like to now draw your attention to a couple of interesting developments with -- the year has seen. We have already shared these all in our earnings presentation. But however, I just touched upon them. Dividend, the Board has recommended final dividend this year of 150% per equity share of face value INR1.

The company has been paying dividend consistently for the last 30 years and has increased the dividend payout in this year to 15.8% as compared to 14.6% last year. Sale of non-core assets continues as a part of our consolidation and automated initiatives. The company has identified total non-core assets worth INR134 crores for disposal with a target realization over the next 18 to 24 months.

Focus on improving ROCE. FY '26 ROCE is 18.9% versus 20% target, reflecting short-term impact of QIP-led automation investments targeting 1.5% to 2% annual improvement, driven by automation and re-engineering of machinery. We remain committed to becoming debt-free. As per our internal calculations, we are estimating a time line in the next 12 to 18 months.

There are other acquisition updates which have also been communicated. Regarding Ebullient Packaging Private Limited and Systoverse Private Limited as well. If there are any questions, we'll be quite pleased to answer them. Consolidation of products and manufacturing units, the company has made a decision to consolidate its products and manufacturing units.

This includes brownfield expansion and adding new units in India and overseas which will better align with evolving market demands. Green energy, the conversion of electricity units consumed to solar power continues. The company is committed to transitioning 75% of its power consumption to green energy over the next 2 years through its partnership with solar power producers.



Power purchase agreements across Karnataka, Tamil Nadu, Gujarat and West Bengal have already started generating annualized benefits of about INR11 crores, with additional benefits from Maharashtra and Uttarakhand expected from quarter 3 FY '27, The payback period on these equity investments is close to about a year.

Update on LPG cylinders. The company has been manufacturing LPG cylinders for over a decade. It currently has 32.68 crores active LPG connections and about 50 crores cylinders in circulation. This is the current numbers for the Indian market. The company has a wide range of cylinders from 5 kg to about 22 kgs.

Since 2022, company has been supplying cylinders to the government of India owned companies. Following a strong response 10 gas cylinder size, the company has been working towards 14.2 kg, which has already been finalized and accepted by the OMC. Because of the ongoing shortages in terms of the LP market -- LPG availability due to the Iran Iraq war -- sorry, Iran U.S. war, there is a slight pause with regard to the launch of these new sizes as 14.2 kg.

But it is quite pertinent to note that the 10 kg sales continues to improve because the government is also able to see that there is a 40% saving in terms of the gas that gets distributed among its consumers. Considering geopolitical uncertainties Board has committed pursuing joint venture tie-ups with private gas distributors to establish an independent LPG distribution network.

While continuing discussions with government authorities for approval and tenders. There are other product updates as well for the year FY '26 on hydrogen cylinders, fire extinguisher, air receiver tank and OPZ battery for the power sector. Products which are under development includes higher capacity cylinders for CNG and hydrogen and the LPG, as I just mentioned.

There are similar updates on other products such as the higher-capacity cylinders for CNG, higher-capacity cylinders for hydrogen. There are newer sizes being developed for which the respective PESO approvals are being pursued as per the demands that are being experienced from the market.

Power Build Batteries have launched the OPZ batteries for the power sector. We have received the CPRI certification for these new tubular batteries in transparent SAN containers, covering different capacity. These flooded lead acid batteries are offer long service life, reliable float performance and durability, making them suitable for infrastructure-grade applications.

Power Build batteries and Monbat AD, Europe. Power Build Batteries have entered a multiyear exclusive agreement with Bulgaria's Monbat to supply advanced VRLA stationary batteries in India, targeting the fast-growing data center, IT, BFSI and other critical sectors by combining Monbat's technology with Power Build manufacturing and service network.

Fire extinguishers. The company has developed 2 sizes, namely 6 and 9 kg composite fire extinguishers that are significantly lighter, corrosion resistance and offer enhanced safety. We are engaging with suppliers and distributors to bring this product to the market. The initial target segment would be the oil OMC or oil refineries, which collectively require approximately about 800,000 fire extinguishers annually.



Project-related updates, Greenfield composite projects. This project is being located at Morai near Vapi, Gujarat. We have set up a fully automated CNG plant at Morai with a total capacity of 1,080 cascades. The plant will consolidate the existing 480 cascade capacity at Daman facility, along with additional 600 cascades being added to the same location.

The plant has been commissioned after successful completion of trials, cost savings, availability of expert manpower at 1 location, improved capacity utilization and freed up space at Daman for future expansion. Greenfield recycling plant. Time Ecotech Private Limited. It's a wholly owned subsidiary of Time Technoplast has been formed at a location at Bhilad in Gujarat, where we have completed setting up a fully automatic Greenfield recycling plant at Bhilad in line with the PCR compliance and the QIP fund utilization plan.

This will be the first of the 3 planned recycling facilities across India with an annual capacity of 12,000 metric tons for captive consumption, catering to the Western region. With the PCR compliance requirements and the recycling requirement that have been given by the pollution control boards, having our own captive recycling generation plant would be of tremendous importance to the company.

The plant has been commissioned after successful trials that been completed. The benefits that it offers are it strengthens backward integration, ensure steady supply of recycled raw material for captive use, supports the regulatory compliance under PCR norms and enhances long-term cost efficiency.

Brownfield Automated IBC Facility at Silvassa-Phase 1. We have completed a fully automatic brownfield expansion of Silvassa to manufacture IBC cage lines. This facility will have an annual capacity of 150,000 IBCs. Phase 2 work has started and is expected to be completed by the end of '26, '27. Capacity post completion of Phase 2 will be 300,000 IBCs per annum.

Phase 1 is completed and production has already started. This enhances manufacturing capacity, strengthens our presence in the industrial packaging segment, improving supply reliability for customers and support future revenue growth. On the polythene pipes, at our facility at Gummidipoondi, we have completed a Brownfield expansion to enhance manufacturing efficiency and address space constraints.

A second shed has been developed on the same land parcel to create a dedicated pipe manufacturing unit, while the existing shed continues to focus on packaging products. The plant has also commissioned after successful -- has been commissioned after successful completion of requisite trials. The commercial activity from the plant has also begun.

This improves operational segregation, enhance throughput, optimizes space utilization and provide scalability to support future growth. Regarding our overseas capacity developments, at USA in the state of Georgia, our fifth plant in the region of U.S. operate, this has been brought operational since May 2025.

It features a fully automatic IBC manufacturing line. We are expanding the facility additionally to put over 1 more IBC line, along with a drum manufacturing line as well to further strengthen



our presence in the region and enhance the basket offerings. The expansion activities are completed.

It enhances production capacity, broadens product offerings in the U.S. market, improves customer service levels with no impact on tariffs due to local manufacturing. This would be probably the -- this would be the largest factory in the states of U.S. when we compare the other 4 facilities that are already in operation.

Projects that are being completed in FY '27 covers our units for PE pipes in Sanand Gujarat, Packaging & PE pipes in Cuttack, Odisha, for Packaging Products at Chiplun, Maharashtra, for Recycling of Polymer products, additional units are being planned at North and South India and for Packaging Products, additional plants that are coming in place is in Saudi, Damman region.

The growth drivers for the company continues to be the packaging products, which is about 11% to 13%; composite products with 25% to 30%; PE pipes 20% to 25%; and other products, namely MOX films Auto Products and Turf etcetera, were 10% to 12%. We operate on a B2B model serving industries like specialty chemicals, FMCG and pharmaceutical with long-term industry relationships on a mutually agreed pricing formula enabling us to maintain our EBITDA.

Volume growth on a consolidated basis is targeted at 15% per annum. Revenue growth might differ based on key input prices as polymer is a derivative of oil and gas. EBITDA growth drivers, increased in efficiency, consolidating more than machinery into centralized high-efficiency production system to reduce cost, maximize asset utilization.

This will benefit in increasing ROCE and EBITDA margin levels of the company. Consolidation of products and unit streamlining products and consolidating units to enhance operational efficiency and reduce overhead costs, lowering manpower costs to strategic work for optimization and process reengineering to eliminate redundancies and improve productivity and automation for cost reduction.

Reducing energy expenses through the adoption of green energy, solar solutions and implementation of long-term power purchase agreements, decreasing finance cost by reducing overall debt through QIP proceeds and strong internal cash flow generation, divesting non-core assets to redeploy capital into higher-margin value-added products that strengthen profitability. I would like to open the floor to answer specific questions as may be. Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Prakash Kapadia from Kapadia Finance Service. Please go ahead.

Prakash Kapadia: So a couple of questions from my end. Last many years, we've seen margins being in the band of 13% to 15%. You seem pretty confident of maintaining or even expanding that. You obviously talked about some of the newer initiatives in the PPT and on the opening remarks also. So directionally, is it possible to grow it 20%-plus PAT growth over the next 2, 3 years? And what kind of value-added product share can we expect in the next 2, 3 years? And what are we trying to grow that from the current 29%?

Bharat Kumar Vageria: Anything further or two things only?



Prakash Kapadia: And lastly, Bharat bhai, on cash flow this time, second half, we've seen very poor operating cash flow in the business. So we've seen a lot of buildup in inventories, receivable, other assets because historically, we've always grown and we've seen very good conversion of EBITDA to operating cash flow. But this time around, cash flow has actually decreased substantially in this financial year. So when will that normalize? Is it one-off? Is it war? Is it anticipation of supply chain disruption, order book?

Bharat Kumar Vageria: I think you raised a good question number one. You asked about the PAT growth, which is when the revenue growth and volume growth is around 15%. We are considering the price level of the current, which is ongoing in the month of March or April. On that, we have taken the volume growth is 15%.

As my colleague director has mentioned, revenue growth, maybe depending on the oil prices and the other day. revenue. But one thing I can commit, you have seen the initial remark that we have mentioned the absolute EBITDA per ton basis is not going to be reduced. because when we have a 92% business B2B.

So EBITDA margin maybe we don't see the percentage in terms of the absolute figure, you will find that the 15% volume growth, then definitely, EBITDA growth will be over and about 2% more than that. So percentage-wise EBITDA, maybe less or maybe up. But absolute figure, it is going to be increased.

And you will find growth in the EBITDA. If growth in my volume growth is, for example, 15%, you will see the EBITDA growth is 17%. PAT growth minimum 21%, may exceed further because as the interest cost is further reduced, okay? Now you are asking about this composite business, which is currently in the range of around almost 22%.

We have said in the last conference call also, in the 3-years' time, in spite of overall business growth is 15% but the composite product growth will have over 25% because certain new products developed in composite in addition to LPG, CNG, hydrogen, then this is called Air Receiver Tank, Fire Extinguisher, so many other products are under development.

So composite products where the margins are higher. So that will increase in the margins are also in the range of around 17%, 18% compared to other legacy product, where is 12% to 13%. So combined, you have seen in fact, I recall my discussion in the last call also. So there you 20 to 30 basis points higher in terms of the EBITDA.

You recall that last time, for example, 13%, it reached to 14.5%, 14.7%. Now again, because of these war started in February, March so much uncertainty. So we have also increased the prices. So particular quarter March, we will see some of the company required to fund because whatever inventory I was there.

But when I bought the inventory in the month of February and March and the prices have increased. So last quarter, cycle time has also little increased because I need to continue on minimum inventory level to continue the customer service. So we were aware. Even in my last remark also I said when Russia Ukraine going for last 3 years.



So we have certain inventory for the composite product, which is largely dependent on the overseas market because India -- nobody is manufacturing the inputs which are required for the composite number carbon fiber, for special polymers, some kind of special carbon fiber, glass fiber. So we carried the inventory for 6 months.

Whatever happen, I cannot disturb the supply to my customer. So inventory, yes, but that will be normalized. We have said my 3 years target when my working capital cycle time was 100 days, we said it will going to be next 3 years time, 90 days. So I'm very clear, we are on that line only. But specifically, this March 2026 data is not comparable because the 45 days includes on account of the war, the price has substantially increased by 50% to 60%.

Now better answer inventory -- now you are asking with the regulation time. Yes, you will find by December even I'm considering that war decision may be over in the next 30 to 45 days, whatever may be. But I'm expecting in this year, entire thing before March, it should come regular everything what we have committed.

And again, we have mentioned that we are not revising any guidelines. We are continuing our guidance, whatever been given. Because I'm very clear my international business company, international management has already given. They are not ready to give any guidance because somebody may ask in this West Asia war is ongoing.

Yes, I have 4 locations countries there. Their business well down, but that will be compensated by my other location in U.S.A. and the Southeast Asia. So overall guidance, we are not changing. 15% volume growth, we are keeping -- still continue irrespective of the whatever ongoing situation.

Yes, one segment and other segment will compensate each other. And sure, as many times companies was asking, what your target for the next 5 years, definitely, we have also a target to reach in the next 5 years time more than \$1 billion business. We are continuing. We are not changing anything.

And I think margin improvement, how will come? You know, QIP raised in November only. Now we started investing that we have paid. So now investment will come in this complete -- completion will be due by September. So that result of that automation, consolidation, resulting we are getting some kind of non-core assets, which will be realized. So if overall ROCE will improve by 1.5% to 2% a year.

Margin will also improve. And that margin when the company becomes debt free, definitely payout ratio will also be increased by 1.5% to 2% year-on-year because company required normal capex. After completion of the onetime this QIP investment, automation, re-engineering, consolidation. My normal capex requirement is INR250 crores to INR300 crores. That is adequate for me to brownfield expansion than to take the growth to 15%.

Prakash Kapadia:

Right, absolutely. Very, very heartening to hear your and reassuring investors, that's very good Bharat bhai. And then lastly, Bharat bhai, on the composite cylinder tenders, anything from the PSU side, you can share, is it deferred? Is it in pipeline? Anything from the government?



Because we were doing the prototype that was under approval that was two quarters before. So any updates you have on that?

Bharat Kumar Vageria: My colleague director have said that subsequent to government said, we are ready to send 10 kg cylinders continued supply, but government is doing the around work controlling the oil prices, controlling the diesel, petrol. There still new -- but continue buying 10 kg cylinders. But he has also -- the Board has recommended to go their own gas distribution line for which cylinder required we have the ready cylinders available. So we are also looking -- exploring the possibility to go for the retail market, along with the gas filling station directly also. So we're looking for the JV or our own, we will go, and we will submit in the next, I think next quarter conference call, where we stand in that matter.

Moderator: The next question is from the line of Karan from Guardian Capital Partners.

Karan: So my first question is HDPE polymer prices have moved up sharply after the West Asia crisis. So I want to understand what percentage of this increase has already been passed on to customers? And are you seeing any sort of volume deferment or slowdown of demand because of higher prices?

Bharat Kumar Vageria: Yes. Number one, Yes. Next?

Karan: Sir, second question is on what kind of utilization ramp-up should we expect in the new composite CNG plant of 1,080 unit capacity? And the third question is, I just want to confirm one thing if our contracts with our clients are based on a fixed EBITDA per ton basis or a fixed percentage margin basis? These are my 3 questions?

Bharat Kumar Vageria: Once you have asked about the price increase. You know till January and February, very little price increase was there. In the -- particularly in the month of March, price increases are almost 50%. If for example, the polymer prices were INR100, it went up to INR150. But now there is some slowdown in there now is -- average you can say I have as my colleague said, we have some monthly pricing, quarterly pricing.

Certain contract monthly pricing, yes, if you ask me in the month of the March, we're able to get 50% of the increase prices because price increased 4x in a month, we are be able to get the price increase by 50%. If price increased by 50%, we're able to get a 25% increase from the customer.

Balance of 25% will be recovered in the month of April. In April, if there is higher prices, than we recover in May. So as far as you will see stability if the same thing continues, you will find in the April, May, June quarter result, there is definitely upside of the revenue part. There was a very 30 days effect was there that already accounted in my profitability.

In spite of that, higher margin, higher revenue and high PAT is observed in the Q4. Utilization of new facility. Recently completed as we have committed to complete the composition in the facility in Morai, Vapi everything ready. It is fully imported plant is there now. You know that in composite, we did 2 types of the composite, LPG and CNG, we did a business of INR600 crores.



Now definitely, INR600 crores, we are estimating this year business of more than INR750 crores. It is almost more than 25% growth we are projecting. But yes, we are sure in the next 3 months time, next 2 years time, we'll have to see further expansion because some of the new composite product development, which is hydrogen cylinder is just with this plant, we can -- very small quantity, we can manufacture.

So we are watching very clearly, we are understanding the customer requirement for the hydrogen cylinder, for the power project, for the gas project, for the automotive sector. Another thing until I can say the March 2026, our CNG cylinder, we are not selling, we were selling as a complete set.

But now when the capacity is ready now, we can offer to the automotive sector cylinders separately. Every automotive OEM, they will start talking to them. But yes, in the next 6 to 8 months' time, visibility is there, how much -- because we have to develop their capacity. We have to develop the tool based on their retail capacity.

CNG for cascade is a standard 156 liter. Then we have started now 250 and 350 under process. We will update market as we get the approval from the authority. If you -- I use 156-liter CNG cylinder in my cascade, I need 60 cascade -- 60 cylinders in 1 cascade. Then I will use 250, it will reduce to 36 or something. Then if I will go back to 350 liters, it will go to.

So my capacity is number of significantly more. So remaining capacity, I can use manufacturer automotive cylinder, and we can supply to the them. As far as -- currently, I'm getting the benefit of selling entire cascade at percentage EBITDA. Therefore, we are selling it. Then another thing, other composite products also under development, as we have mentioned, already done.

Fire Extinguisher we have done that, Air Receiver Tank we have done a very big market in automotive sector. So we will update market as the business is there. Now yes, some of the tenders are under discussion, finalization, we will update to the market as and when it's finalized and agreed with the customer, right? Yes.

Raghupathy Thyagarajan: Very specifically addressing the concern questions that have raised, yes, to a very large extent or to a complete extent, whatever is the increase in the polymer prices, it is passed on to the user on a 100% basis. Maybe there is a lag, as Bharat was explaining, maybe about 15 days, 30 days or of quarter. But definitely, these are all passed on to the customers on a 100-plus basis. .

Our understanding with the customer, therefore, would be that while they reimburse you the ups and downs of the polymer prices, the value addition or the margins or the EBITDA, they continue to be fixed. So your contract is always ensuring that your margins are not really disturbed.

Bharat Kumar Vageria; Absolute EBITDA will be same. .

Moderator: The next question is from the line of Bhagwat from Prosperity Wealth Management Private Limited.



- Bhagwat:** My question regarding the borrowing. As of 31st March, your company's borrowing stood at INR640 crores. Could you please provide an update on the utilization of the QIP proceeds towards the debt repayment? And what is the expected finance cost for FY '27 following the debt repayment?
- Bharat Kumar Vageria:** I think QIP updated -- my compliance department have already submitted separately to BSE and already given what funds were, where were they are very utilized, what are the remaining funds that are reflected. But now as far as we are talking, the main QIP portion, which was for the payment of the debt have been completed immediately as banks has agreed, and we will repay to them. And second, you have asked for -- what's second?
- Bhagwat:** Finance cost for FY '27.
- Bharat Kumar Vageria:** Finance costs, which you have seen in the -- this definitely, we are estimating after utilization of QIP fund and after utilization of the asset listing, this year, finance cost were INR30 crores. But as I mentioned in my last call also, even after the debt-free company, there will be the minimum finance cost of INR25 crores to INR30 crores will continue on account of the non-funding facility, which includes -- because composite products.
- We need to give the guarantees, customer, government companies, many semi government companies, we need to provide the guarantee of the products where I need to give the bank guarantee. Another thing, import documents, export document, some finance expenses will be there for the charges this thing. So minimum, I think it is going to be a continuation of the finance cost will be there to INR35 crores to INR40 crores will continue. And remaining will come by after-tax profit, and it will continue.
- Bhagwat:** Okay. And currently, what is the borrowing right now after the debt repayment?
- Bharat Kumar Vageria:** I think that is mentioned there. My colleague has mentioned also in the balance sheet also mentioned that what is the current borrowing is there. .
- Bhagwat:** As of March 31, it seems like the QIP debt repayment has not factored in. So is this post March that has been factored into the debt?
- Bharat Kumar Vageria:** Yes, yes, yes. As I mentioned, I mentioned already, net of the debt reduced by INR409 crores, that have been reduced already. But net of the everything today, borrowing is only 60 crores. Because certain units, they have a surplus funds. I'm considering a net of everything is INR60 crores only.
- Moderator:** The next question is from the line of Sahil Garg from CCV Fund.
- Sahil Garg:** Sir, may now what was the revenue contribution from the value-added products in FY '26?
- Bharat Kumar Vageria:** Value-added product contribution in FY '26 is INR1,741 crores. INR1,741 crores .
- Sahil Garg:** That is close to 29%, right? 28.5%.
- Bharat Kumar Vageria:** 29%. Yes.



- Sahil Garg:** And last year, it was close to 26%, %25-odd.
- Bharat Kumar Vageria:** It was INR1,476 crores. 27%.
- Sahil Garg:** Right. So sir, when we have like any are saying that our overall contribution from the VAP is increasing year-on-year basis. But if we talk about the margins during last 5, 6, 8 quarters, it remains same at 13% to 14% or 15%. .So when we can see the margins to get improved if we are adding value-added products more into our overall business?
- Bharat Kumar Vageria:** Of course, it's visible because you are looking at the percentage, I'm looking at the EBITDA margin. You see the higher -- because percentage maybe the revenue ups and down because of the input cost. But you see the absolute figure, definitely the absolute figure, the margins have improved with our margin is higher we are talking about the last year percentage EBITDA margin, composite product.
- Whenever we'll do costing best around 17% to 18% EBITDA margin. Other products, we do legacy product, which is already there for a number of the years, more than 20 years, 25 years, 30 years, there we keep the EBITDA margin in the range of 12% to 13%. But as I mentioned, don't see the percentage, see the absolute figure in EBITDA, absolute figure in terms of the PAT because percentage is dependent on the input cost of everything.
- Now I tell you today dollar is INR95. 1 year back, it was maybe around INR85. So when INR85 dollar, maybe the EBITDA margin was 15%. -- and the 95 may EBITDA margin 15% go back to 13%. But absolute figure, you will see there is an increase because I do the 92% business with the institutions and this business.
- The price increase or decrease, we have to pass on them. And if to maintain my EBITDA margin or EBITDA in absolute terms. I will -- we are doing reverse engineering. You have seen automation, power cost savings. So that will give me the additional benefit who will improve my ROCE and the PAT margin.
- In our kind of a business, which is oil and gas derivative product in the current scenario, we have seen in the last 2, 3 years, there are not only much changes. But because of this war situation, current change have been taken place. So see the absolute terms were bigger. And you will see, you got that EBITDA, EBITDA in terms of the absolute figure quarter-on-quarter is going to be increased.
- Sahil Garg:** Okay. No, but absolutely should obviously definitely converting into percentage terms as well, right?
- Bharat Kumar Vageria:** For example, today raw material prices are \$1,400. Tomorrow, it become \$1,800. So percentage may become 13% to 10%, okay? Because I passed on every increase, but revenue is up. Okay. But maybe an absolute figure, my EBITDA will increase.
- Sahil Garg:** Okay. Okay. And what is the current order book spread between Industrial Packaging business and the valued-added product business, sir?



Bharat Kumar Vageria: The value-added products are combination of both various CNG, LPG, hydrogen. you mentioned INR400 crores packaging business. Indian overseas order book is already there. And I remember that reading around INR194 crores composite product order is also there. Certain other products, which are under discussion because the prices have increased.

So may be materialize in the next 30 to 40 days, it will be materialized because everybody is watching. For example, if I tell you, pipe business, I have order book of INR260 crores. But now I don't want to supply at this price because prices have increased. So government should revise the prices to the EPC contractor, then if they will revise, I will start supplying. I'm not going to supply into older prices which the government has finalized to the EPC contractor. So if you ask me the -- across the segment in India, we may order booking of more than INR900 crores.

Sahil Garg: And specifically for this Type 4 composite hydrogen cylinder, sir, I mean I know that we got first order of approximately INR2 crores, INR2.5 crores, the trial order from Navratna PSU. So any further progress?

Bharat Kumar Vageria: That already supplied. -- is under their testing. Couple of projects which are under discussion. And as the outcome will come -- because certain R&D with the government, with the other company, Navratna, they all will have to do In the trial -- after getting a trial, they will wait for 2 or 3 months, get the upon, then they will come back and then we'll talk about that.

And time to time, I will advise what kind of this thing. But the overall business prospect, composite product, which we did LPG CNG INR800 crores last year, definitely, we expect a growth of more than 25%, which is -- because completed the composite new line completely and whatever other capacity or automation required that we are doing it.

So definitely -- therefore, we are projecting growth of over 20% in composite products. And to meet our guidance, we have developed other many composite product we have already expanded in our earnings presentation. And during this call, also my partners told you like Fire Extinguisher, many composite product we are under developing.

Sahil Garg: Okay. Sir, just last question. So I understand that you are not giving any revenue guidance and you have given the volume guidance of 15% because there is still uncertainty about the raw material prices. So keeping the raw material prices constant what they are today, can you give us just ballpark number, like what could be the revenue numbers for FY '27, just a range maybe?

Bharat Kumar Vageria: That's the figure Okay. If you take the volume growth of 15%, right? Now if the current prices continue for whole of the year, then revenue growth, maybe 40%.

Sahil Garg: 40%.

Bharat Kumar Vageria: Because 50% prices increase, 15% volume growth already taken in revenue, but a 25% difference today between that 40% price increases. So overall, you can take a revenue growth of 40%. But you know this -- But again, one thing I -- One thing, you know, yes, you have asked first thing whether volume growth is going to be down or what, of course, if somebody where you are present, for example, till February.



You are supplying the product at INR125 a kg, today somebody to ask, I want 170 a kg. So there will be a pause. There will be a reduction in the requirement of growth, as I mentioned to you, in HDPE pipe business. Definitely, the growth will be there. Till government gives the increase, then no EPC contractor will put the loss in their money and they do.

They've asked government to keep the extension of the contract period. No, there should not be any charges for the late delivery and completion of the project. This government is also considering because government cannot afford any, in fact, at the cost increase by 50% or something.

Raghupathy Thyagarajan: But on the other hand, you have also known that because of the LPG shortage situation, government has advised that CNG pipeline should be increased so that they can replace the LPG demand. So there are avenues of growth that are also coming up in these difficult situations also. So overall, that is how we are reflecting a growth position.

Sahil Garg: But overall, if we are able to pass on the price increase in the price of raw materials I mean, it is good for us because we are able to command higher profits and higher margins in that?

Bharat Kumar Vageria: Of course, no doubt. Because no down side because we are very clear. Therefore, we have selected the industry business now. We are not in consumer products.

Moderator: The next question is from the line of Aditya Sahu from 3P Investment Managers Limited.

Aditya Sahu: Bharat, this was like a follow-up on the borrowings question that someone asked. Like if you look at the cash flow and in the section of increase, decrease of debt, we can only see of INR71 million, like there was -- should be around like more than INR400 crores because they've already paid debt of INR400 crores, right? Like how has been accounted or have we taken another loan after the repayment of the earlier? I just wanted some clarity on that.

Bharat Kumar Vageria: No. As you see, the total borrowing, which is as per the balance sheet is how much INR639 crores. As against because you know the certain things which is identified by QIP, I was required to give for the deposit. I cannot use that fund for my other purpose because the capex expenditure, which is incurred already, that is from the internal accrual.

Number two, the INR800 crores QIP fund which we raised, which is repayment to the bank to the INR400 crores, which was identified at the time a bank, which has a higher cost, it is to be repaid first. Then if any new borrowings required, I will take from the new bank but at the lower cost.

Whatever balance QIP fund I was required to give as for the separate the institution was appointed to monitor -- so I have a given deposit amount, that expenditure will be incurred in the current year. Therefore, you have seen the net borrowing, if you ask me any bank deposit and fixed deposit, everything, only INR60 crores.

So that big deposit, I will use in the current year for my balance QIP expenditure because I cannot change without permission of the shareholders and everything. If any need be, I will bring to the Board in the next AGM, I need the shareholder approvals also that are coming the next



AGM. If any QIP fund left further, then I will leave for the other purpose. I cannot change the object of the QIP.

Moderator: The next question is from the line of Saket Kapoor from Kapoor and Companies.

Saket Kapoor: Only to have a further understanding as you were replying to the earlier participant. When we are looking at the closing balance, our noncurrent liability, that is the long-term borrowing stands at INR149 crores, whereas our current liability stands at INR490 crores. So this is after the repayment exercise of INR400 crores, that was earmarked for the repayment of outstanding borrowings?

Bharat Kumar Vageria: Yes, of course. Yes.

Saket Kapoor: Okay, So this is the closing balance post the payment to our borrowers?

Bharat Kumar Vageria: Yes, yes.

Saket Kapoor: Sir, in your presentation, you have also mentioned about our acquisition of Ebullient Packaging sir. If you could just throw some light on how that is now -- what steps have we taken to sweat that asset and what is the roadmap for future and how are we going to derive?

Bharat Kumar Vageria: I will tell you. You know very well, everything was online, everything. And then we could have to take the decision. I presented my Board that this decision report, which is received up to the evident, which is report the March '26. My Board has suggested there is a current situation of the ongoing war, war Asia.

Prices have increased substantially. So let us study that situation normalized, then see what is the 3 to 4 months or 6-month revenue is there, how they are able to sustain EBITDA. Put up again to the board, then we'll take forward with them because we can't get that exactly apple-to-apple comparison of the whole year in the current situation.

And at the same time, you know how many months are going to be continued, how they are doing business in April, May, June that I will come to know when the bridge is over and I appreciate my Board decision because situation is uncertain, first thing whatever business we have, what our production that we should continue in the present scenario.

So -- and board is the right into giving this time to take decision because there's a larger investment, investment of more than INR150 crores for the acquisition of Ebullient Yes. So -- and there is a product you already know. This is the flexible IBC. So that's -- we will -- again, we will update into my next -- till the situation normalized and my next conference call.

Another is the Systoverse Private limited. That is in any case, my small investment that in my existing line of the business, I have no presence in the Maharashtra Pipe business. So I thought it is small investment including the cost of the equipment and everything, INR125 crores. And that I will give immediate benefit to the my company because that company is presenting the Maharashtra in place called Dhule. Current all near pipe manufacturing pace in Silvassa.



I have a certain contract in the Maharashtra. So I can execute that contract from a nearby location. And you know pipe is a voluminous product, if I'm supply manufacturing in Ebullient I will save that my transportation cost itself. Second, this company is already registered. They are having certain BIS. They are having some income tax, GST benefit, that also company.

So we are doing investment, buying up the equity or something 76%, my board has straight told, yes, if it's existing product, small investment, we are getting immediately payback period is very less, less than 2 years, I'm recovering whatever money I'm investing. So they have given with a clean approval. So we'll go for the share purchase agreement, other due diligence process, and we'll complete that acquisition because board decide what is the size of the investment requirement on that they give us the approval.

Saket Kapoor: Yes. So as of now the Ebullient Packaging is not consolidated with our numbers as on 31st March?

Bharat Kumar Vageria: No without payment how will I do. I have not given the money.

Saket Kapoor: Okay. So we have not closed the transaction as of now?

Bharat Kumar Vageria: No. Wait and watch. It's wait and watch till the situation normalize.

Saket Kapoor: Okay. And we are paying INR125 crores and then we will own some debt also. Is it INR125 crores the enterprise value or the amount.

Bharat Kumar Vageria: I'll tell you this way. For 76% equity, INR150 crores, okay? So you take the 100% enterprise value INR200 crores debt free cash free company.

Saket Kapoor: And second question is, sir, pertaining to the vagaries of the market currently as you have said that RM cost have increased significantly, how are we already two-third into the quarter, so how well are our assets currently sitting for the ensuing quarters and how is this quarter business environment or setup is there? If you could throw some light?

Bharat Kumar Vageria: You know very well. Running quarter 2 months has already been completed I can't comment it now. As I mentioned in my comments, I'm not compromising on any of guidance. We will commit it to quarterly growth, and that definitely will continue in terms of the revenue and volume, both will be the plus side only. And you will see EBITDA margin also positive.

Saket Kapoor: Okay, sir. I will join the queue. Thank you.

Moderator: Thank you. Due to time constraint, we take this as a last question. I now hand the conference over to Mr. Raghupathy for closing comments. Over to you, sir.

Raghupathy Thyagarajan: Thank you very much. If any, my investor because of the shortage of time, he could not ask questions, he is free he can send mail and he can come personally visit to the office. And further my request, if any investor would like to see my visit of the plant, which have been completed in '26,'27, especially the CNG composite product in Vapi, fully automatic plant.



In Silvassa, they are free, they can give their advance name and schedule, we will organized for the visit. Once again, thank you very much to listening company. Understand as, again, in last comment, we are not changing any guidance. We are going to fulfil our commitment for ROCE, for margin, EBITDA. There is no change in any guidance margin in this thing. Thank you very much to all my valued investors and the organizer this call.

Moderator:

Thank you, sir. On behalf of Kaviraj Securities, that concludes this conference. Thank you for joining us. You may now disconnect your lines.