



“Time Technoplast Limited
Q3 and 9 Months FY '26 Earnings Conference Call”
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MODERATOR: **MR. ABHIJEET PUROHIT – KAVIRAJ SECURITIES
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Moderator: Ladies and gentlemen, good day, and welcome to Q3 and 9 Months FY '26 Earnings Conference Call of Time Technoplast Limited hosted by Kaviraj Securities Private 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 touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhijeet Mukesh Purohit from Kaviraj Securities Private Limited. Thank you, and over to you, sir.

Abhijeet Purohit: Thank you, Palak. Good evening, ladies and gentlemen. Kaviraj Securities welcomes you all for Q3 and 9 Months FY '26 earnings conference call of Time Technoplast Limited. Today, we have with us the management team, which is represented by Mr. Bharat Kumar Vageria, Managing Director; Mr. Raghupathy Thyagarajan, Whole-Time Director; Mr. Vishal Anil Jain, Non-Executive Director; Mr. Sandip Modi Senior, VP, Accounts and Corporate Planning; Mr. Hemant Soni, VP, Legal & Corporate Affairs, and Mr. Himanshu Upadhyay, Senior Manager, Finance and IR.

Now without any further delay, I hand over the call to Mr. Bharat Kumar Vageria for his opening remarks, post which we can open the floor for Q&A session. Thank you, and over to you, Bharat, sir.

Bharat Vageria: Yes. Thank you, Abhijeet, and good afternoon to all my valued and esteemed investors and respected colleagues for your kind introduction to the management. And it is both an honour and pleasure to address you today as we present our financial and operational performance of Q3 and 9 months ended FY '26, along with our outlook for the remainder of the fiscal year. Our momentum remains strong in the 9 months with a 15% volume growth, 11% rise in the revenue.

The gap is primarily due to lower of the raw material cost in spite of considering the exchange rate increase, which is also 3% to 4%, but the polymer prices are down more than that. Despite this, we delivered a solid operational performance, balancing volume strength with the effective revenue management. The CNG Composite Cascade segment stood with a robust 23% growth, materially boosting our overall performance with a strong contribution from other composite products. Composite volume increased 21%.

Profit after tax rose to 21% year-on-year, underscoring our focus on the capacity increase in the capacity utilization and disciplined financial management, particularly around the finance cost. We are encouraged by the sustained demand for Type 4 composite cylinder reflected in a healthy order book of around INR165 crores. This momentum is further supported by rising interest in our value-added offering, though composite products, which include LPG, CNG, oxygen and other composite products for automotive sector.

Our Industrial Packaging division also continues to perform steady with the confirmed order pipeline of approximately more than INR400 crores for the current calendar year across both



domestic and international markets. Our results reaffirm the resilience of our diversified business model and strong platform we have built for the future.

Moving forward, we will continue to pursue new opportunities and accelerate our transition towards a sustainable, environmentally responsible growth that delivers long-term value for every stakeholders.

Now let's look over the key highlights for the quarter and the 9 months. In the quarter, the revenue stood to INR1,567 crores as against INR1,389 crores of the same previous year. EBITDA, INR236 crores as against INR202 crores. Profit after tax, INR126 crores as against INR101 crores. In terms of the percentage, sales increased by 13%, which includes India, 10%, overseas 13%. Volume increased 15%, India 13%, overseas 17%. EBITDA increased by 17% and PAT increased by 25%.

In the 9 months, similarly, you will see that revenue increased to INR4,433 crores as against INR3,992 crores. EBITDA, INR655 crores in the 9 months as against INR575 crores of the previous year same period. Profit after tax, INR337 crores as against INR278 crores last year. In terms of the percentage, 9 months, as I mentioned in my remarks also, 11% sales increase, volume increased 15%, EBITDA increased 14%, PAT increased 21%.

Our share of the business is also increased in terms of the value-added product grew by 17% as compared to 9 months previous year. Another thing, you will see that the share of the value-added product also is 30% from the total sales in the 9 months, which previous year was 27%. India and overseas business is also increasing because growth is higher in the overseas market and overseas, we do only the packaging product. And so therefore, the business level-wise, I can say India business 64% and overseas business is 36%, which represent the 10 countries.

EBITDA margin in India and overseas almost same, I can say there is hardly difference of 0.5%. India EBITDA margin 15%. Overseas EBITDA margin is 14.5%. Net cash from the operating activity is quarter-on-quarter is increasing. Now in the 9 months, it stood at INR332 crores and I'm pleased to tell you the total debt in 9 months reduced by INR380 crores, including the payments made for the QIP funds. And now the total debt as of -- in the 9 months ended stood only INR266 crores as against INR647 crores.

I think it can be very clear visibility is there to have a complete debt-free in the next 6 months' time. capex in the 9 months, INR177 crores, which included INR80 crores regular maintenance capex and the balance is regular maintenance, automation, reengineering and the expansion, INR97 crores. And this mostly of the capital expenses are on account of the value-added product where the company has a higher margin.

Now I want to draw your attention to a couple of things, which is the process was taken in the last quarter and further planning and the projects which were undertaken time to time. So I will just tell something brief. Now for example, sale of the noncore assets, which 18 months back decided INR125 crores, now only INR37 crores value is remaining. That also company is in discussion and would like to utilize or it will be liquidated in the next 6 months' time. And that fund will be utilized for value-added products and expansion and brownfield expansion.



Now in the QIP matter, it is already reported in the month of February. But once again, I will give highlights. The QIP was INR800 crores, which is subscribed. I mentioned last time also around INR940 crores was subscribed, but company accepted INR800 crores and the issue price was INR201.12 fund utilized as per the object, which is controlled by the CARE rating agency, which is appointed for the monitoring agency and that report separately, monitoring agency is submitting and yesterday for the quarter 31st December already submitted.

INR800 crores, which is original allotment, original money received, fund utilized INR340 crores, balance INR460 crores, company is lying in the FD account, which is also the consideration is available on the NSE and BSE site. One another, the management is focusing on the ROCE, which 3 years back, it is decided company ROCE when 14% was there, it was decided the 14%, 16%, 18% and 20%.

So company in the last 4 years working on the deduction only, 14% to 16% achieved, 16% to 18% achieved. Now this year is targeting to 20%. Already in the 9 months, it is 18.6%. And we always know in the last quarter, company do business of 30% of the overall estimated business. So I am quite sure, it will be 20% targeted. It will be around that company management to achieve.

Now another thing company has taken in the last 12 months, I can say, consolidation of the products and the manufacturing unit that to reduce the operational cost and to consolidate the products to use of the people at the one place, specialized people. So that process is on already, consolidation manufacturing unit and brownfield expansion that will continue.

As far as green energy is concerned, yes, the electricity consumed by through of a solar power, especially states wherever the government is allowing wherever the power companies are available. As I have mentioned in the last call also, as per the India, the requirement of the 15 crore units all of the in India, which is growing by 15% if at all, at all the states, wherever we have a presence.

If I get the solar power 75%, then company can save substantial amount, maybe INR40 crores, INR45 crores annualized, but it is not available. Currently, the purchase power facility is available in Karnataka, it is available in Tamil Nadu. It is available in Maharashtra, it is available in Gujarat, it is available in Uttarakhand. So company have signed the agreement wherever this facility is available. And I'm pleased to tell you now from this month, Gujarat, where we have a major facilities, the benefits have been started.

But I'm sure in the next 6 months' time, as we are in discussion, Maharashtra government is also -- policy is already there. So we have already signed the agreement, and we are going to get benefit in the Maharashtra units also. But certainly, I can -- if the visibility is there, at least for - I can say that '26, '27 company will have a power benefit on account of the power benefit will be approximately INR10 crores, where the investment is almost equivalent to 1 year saving only.

So that benefit next 14 years, cost-free benefit will be available because the power will be available for more than 15 years. Then another thing -- certain products with company had under development, we have taken, which is progressing very well. For example, I can tell you the fire



extinguisher, yes, I'm talking since last, I can say, the 6 to 8 months. Now I'm pleased to tell you both the products of 6 kg and 9 kg is ready, and that will be the commercialization will take place from April 2026.

CNG cylinders, yes, presently, we are manufacturing 156 liters, but we are ready with 250 liters. You will very shortly heard that 250 liters CNG cylinders ready, so that number of the cylinder in one category will reduce from 60 to 36, that will be the more cost competitive and per liter cost will be reduced. And the substantial savings will be there. So you will heard very slowly in the next 45 to 60 days' time about this approval. The company is ready with that product.

Another oxygen cylinder already we have mentioned, we got all the approvals for 2 kg, 4 kg, 9 kgs and commercialization has already started. Hydrogen cylinder, we have submitted approvals for hydrogen cylinder used in the drone. And if anybody would like to visit the drone operation by the hydrogen cylinder, company own 1 drone, which is lying in Silvassa, which is 140 kilometers from Mumbai.

They are free to see that drone working on this -- working by hydrogen cylinder, so they can see how this 8,000 meters drone can fly, how the weight of the drone is reduced by using the hydrogen cylinder instead of the battery use.

Another thing, one of the subsidiary company, PowerBuild batteries have developed the battery, E-Rickshaw batteries and another that recently signed the contract for -- which battery we have signed -- advanced VRLA batteries for the data center, which has a very high potential and the international company, listed company, that contract have been signed. That is also we have updated on BSE and NSE site.

So there's a lot of opportunity in composite products and these all products are available. Now because in the gradually way many times we told how the company will grow. Now the greenfield composite product, I'm pleased to tell you and giving you certain background, Currently, composite cylinder, which we were manufacturing in Daman, where the capacity is only ~29,000 cylinder where I can manufacture 480 cascades now.

Expansion took place 2 years back. And I'm pleased to tell you that the expansion is now on completion stage. Erection installation, plant and machinery is already begin. March, it is going to be complete. Commercialization will take place from April because erection installation is going. So at one place, you will find the company can generate the revenue of INR800 crores in the 2 years' time from the new plant after the consolidation of the existing plus the new expansion facilities.

And on this plant, hydrogen cylinder will also be -- we can make from this plant itself. Another -- we have made one separate subsidiary. And 6 months back, we have announced and is a part of the QIP also because compliance with the statutory. Government is also -- would like to have a pollution-free recycling for the packaging product made compulsory. So company has formed a separate company, Time Ecotech.

And in that company, it was a part of the QIP to have a 3 locations recycling plant beginning with the Western region. So I'm pleased to tell you first plant commissioning is ongoing, and it



will be ready in March and will be operational from April 2026. So company will have own recycling plant so can maintain their quality standard as per the need of the Indian Institute of Packaging for the packaging product.

Another facility company has taken automation, which is also -- automation is very clear day by day, cost of the manpower, power operation cost is including. Nowadays, we have to think out of the box and automation is must for the cost reduction and make our product more competitive. So in automotive IBC manufacturing facility, Silvassa is already operational Phase 1, but the larger facility also Phase 2 also will be there.

That is target taken for the '26, '27. But Phase 1 is ready with a fully automated plant for manufacturing the IBC with a very high capacity, which can have annual capacity of 150,000 pieces. Another thing, PE pipe. Company has consolidated one plant is having in Gummidipoondi, that is 40 kilometers from Chennai.

In one location, manufacturing, packaging, pipes, everything. So for better utilization of the assets, better utilization of the space, increase the productivity, company has expanded, new building have been constructed for 40,000 square feet that's completed and the plant is operational now.

So -- which will give the benefit of the manpower is still specific plus space utilization better way and consolidation of the product in the specified area. And this is the expansion, which I have told to India, which have been completed and near to completion in this '25, '26. In overseas, also, I'm pleased to tell you the place called Georgia USA company completed this plant and already in operational.

And it is in U.S.A., I mentioned in my last call also, the tariff nothing to do with our company because we have a manufacturing location in U.S.A. and supplying for the local in U.S.A. So tariff has not affected any of our revenue in the U.S.A. They are growing 10% to 12%, growing because they are the locally supplying.

Another plant, which also we have identified to be completed in '26, '27, you know very well. I have already explained, company has ready projections to grow 15% for the next 3 years, which includes various segment of the company, where the higher growth will be from the composite, but something I will highlight you, and I've given in my earnings presentation also the segment-wise where the growth company is projecting.

So to achieve the production now, I'm pleased to tell you in Gujarat, company got the allotment in this month, plot area of around 3 acre land already allotted. Agreement is under process, the plant expansion for the next '26, '27 for the packaging products and the other products wherever time to time requirement because 3-acre area is good enough to take care of the company's other products.

Another looking to the infrastructure development in Odisha, especially company got the allotment of the government leasehold land. It is ready. Company is in process of completing building plan, order of the plant and equipment, et cetera. So they can take the benefit of infra requirement, especially PE Pipe business in the Odisha region.



Another in Maharashtra, you know the Maharashtra. Now government is fixed, everything is fixed, government changing the policies, this is the policy business. One of the subsidiary company, TPL Plastech, 75% owned by Time Technoplast Limited, has already allotted land in Chiplun place called Maharashtra for the packaging business.

It's almost 5 acre land -- more than 5 acre land is there. So already submitting the building plan and there has a plan to manufacture packaging business, especially value-added product that is called IBC. And Chiplun is a fully chemical where most of the big chemical companies in Maharashtra are situated there. So in packaging business, we have already explained to you cost of the logistics is the main important cost you should be near to the customer to reduce the packaging cost and timely delivery to the customer.

Now growth drivers because in many of my conference calls, in many of the meetings, people ask what are the growth drivers of the company. So I just divided my growth drivers in the 4 regions, like packaging company, which is a 75% business, packaging products, which include drums, jerry cans, pails and IBC, which company is estimating growth of the 11% to 13% range because overseas is more than 13%. India is 10% to 11%.

So range is 11% to 13% growth we are projecting for the next 2 to 3 years, especially composite product because expansion has taken place, product development has taken place. Composite, which include LPG, CNG, hydrogen, fire extinguisher, et cetera, and auto-related products, which is 25% to 30% growth projection is there. And for that company's capacity already expanded, which is completion in the Q4 of the FY '26.

PE pipe business, I mentioned to you, Odisha is there. Chennai is there, already existing capacity, company manufacturing pipe in Silvassa, Hyderabad. So there is a growth potential looking to the development policy, looking to the government, infra-related activity, government.

I can say the water management system improving, road construction activity because this PE pipe, which is used for the water management, sewage management, drainage management, power duct line, smart cities, various applications, then I can say this gas pipeline, which government is also planning to increase the gas pipeline, supply the gas.

This also we got the approvals, which already we have updated company, now got the approval for the gas pipe manufacturing facilities also. And other products, which is very small percentage terms, 10% to 12%. So all put together, I can say the consolidated growth will be above 15%. That is the projection is there. Then other revenue growth I've explained to you, but at the same time, what are the growth drivers of the EBITDA because EBITDA, which is currently ranging from 14.5% to 14.8%.

Now to increase the EBITDA margin, which will finally will increase the ROCE, which company is targeting 2% year-on-year increase and PAT increase is there finally because everybody is concerned, what is the net PAT company has earned and what is the dividend payout ratio, what the investors are getting. So therefore, company decided to increase the efficiency, like automation, consolidation of the molds, machineries, centralized systems of the material conveying systems, high productivity machines.

Another thing, power cost reductions, another man power cost reduction by doing the automation, using the latest technology of the robotic technologies, power cost by way of using the solar power, another big thing, which will also give some benefit, finance cost because company has repaid the debt and further in the next 6 months' time, it will be paid entirely. I'm just telling -- I would like to clarify -- you will see in the last 3 to 4 years, the finance cost in the range of INR90 crores to INR100 crores, which is slowly, slowly reducing now.

And after the debt repayment, the finance cost will be in the range of INR25 crores to INR30 crores annualized only, and that is on account of the use of the nonfund-based facilities, export documentation, import documentation, bank guarantees, LCs cost, that only will continue. So that will give the substantial benefit. Another company is to improve the ROC, the working capital cycle time. If I go back to 4 years back, the working capital cycle time was 120 days, which is now reduced to almost 98 to 99 days.

And the next 2 to 3 years' time, it is targeting to reduce to 90 days. And that is also very clear, how is possible because the 65 days inventory, 70 to 75 days is the receivables and 40 to 45 days in the creditors. So net working cycle time company is targeting 90 days. Noncore assets, already I've explained to you. The balance assets also will be liquidated.

So most of the things which I have covered, if anything left, I'm now leaving for the answers and questions. I tried to giving most of the information in my earnings presentation. But again, I'm leaving for you. If any specific questions, I'm willing to answer. And if there are any questions which has some calculations, which have some return, they are free to send their mail. We will send the reply by the mail.

Moderator: The first question is from the line of Jatin from Svan investments.

Jatin: First of all, congratulations on the good set of numbers in the current scenario. Sir, on the composite product, now when our capacity is going to expand by Q4 of FY '26 and there will be consolidation of the product at one place. So with 30% of the value-added product, which we are doing in 9 months, when you do INR800 crores of incremental revenue of composite product, what sorts of value-added product contribution one should expect over a 2-year period?

Bharat Vageria: I think currently, if I remember the 27% is the value-added product is there, composite, how much? 27%. We are targeting overall growth is 15%. For value-added products will reach to 35% in the 2 years' time.

Jatin: Okay. 35%?

Bharat Vageria: And again, you know very well, the margin in the other products and composite product is different. In the standard product in the range of 12% to 13.5%. But the composite products and the value-added product margin in the range of 17% to 18%.

Jatin: But sir, the margin in the hydrogen and the firefighting cylinder and 14.2 liter cylinder will be also a better margin compared to the average composite products, right?



Bharat Vageria: I can say the same range because I have to -- I don't -- I'm telling you, I believe in the 2 things. One, you want volume or you want small volume. I believe in the volume. But if anything is a high volume, then you will be able to -- whenever if your volume will increase, you can negotiate better with your inputs and you offer your product. Now you know the fire extinguisher very clear. I have to offer my product as against the metal fire extinguisher. Yes, it is a lightweight, long shelf life, easy handling that all benefit there.

But at the same time, people would like to see, not everybody will like to pay the additional cost of 10%, 20%, 30%. But if I will say the fire extinguisher of the metal cylinder is INR2,000, composite will be INR3,000, people with little think. But INR500 to INR100 everybody willing to pay more because of the advantage of the product. So I'm very happy. We are very happy to -- we don't want to -- if I tell you, if anything, margin over and above the 18% or 20% EBITDA margin you are keeping, then you are inviting your competitors.

Jatin: Right. And sir, on the cost?

Bharat Vageria: We have a reasonable everything.

Jatin: Sir, on the costing front, I just wanted to understand, you indicated that next year, we'll get the benefits of the power in the range of INR10 crores to INR12 crores. But with the consolidation of the product at one place, the automation and the reengineering that we will be doing in FY '27, what sort of overall cost benefit one can see on the company level?

Bharat Vageria: I tell you this way. You know very well if normal way everything is running, then you know in case of the manpower cost, we will have to give the incremental cost of 8% to 10%. At the same time, I don't -- I would like to reduce that. At the same time, I don't want to leave away that people also. So whatever my new plant is coming, I will exhaust that people in my plant itself. I will not give the recruitment of the new people.

But that, for example, I've explained last time also. For example, I'm doing the investment, I have explained to you that one machine called 2,200 tonnes, I have invested INR25 lakhs in my robot technology, and I want to save INR60,000 a month, which gives me the saving of 40 months equivalent to I'm saving now.

That is the one example I've given for 2,200 tonne machine. Similarly, for example, 1,000-tonne machine. There also, I'm incurring INR60,000 per month on account of the 3 labor in each shift. But I have to incur INR15 lakhs only for my robot technology and software technology. So there the payback period may be 25 months. So we have worked out the average in my blow molding, injection molding everywhere.

Therefore, you see in my QIP portion, we have put the automation, cost of the automation, everything is around INR75 crores. So that benefit will come in the 3 years' time now. 3 years' time means, it will take 1 year in completion and 3 years payback period, so entire 4 years. For example, INR75 crores I'm investing and payback period is 4 years, including the investment period. Then you can see INR20 crores EBITDA margin will be on account of the automation and we will be saved by way of manpower cost.

Jatin:

I mean that's a good...

Bharat Vageria:

Similarly -- in power also. For example, in Gujarat, my requirement is INR4 crores unit. If I'm saving INR2.5 crores, INR2.5 per unit, the saving will be INR10 crores. I'm investing INR10 crores as equity. That will come back after 15 years as a face value. But as a management, I'm presuming I will not get that by 15 years, I don't know. But my buyback period is 1 year only. So Gujarat is common this year. So if visibility is there next year, sure, INR10 crores on account of the power benefit, I can earn more.

So the normal EBITDA, for example, this year EBITDA, overall EBITDA range will be around INR900 crores. Now you know the percentage by 15 to 20 basis points every year increase because the composite product percentage business is increasing -- business where the EBITDA margin is.

So when this 20 to 30 basis points is increasing on account of the change in the composition of the product. Similarly, you will see 10 basis points on account of the increase in the manpower, power and other administrative cost on account of the consolidation of the business.

Another thing, I have no need to borrow any money because for the automation, for the expansion company has already accounted money and that money is lying under the escrow account that is only to be incurred in the next 6 to 8 months' time because every automation will take based on the experience, based on the cost savings time to time, even project is identified, machine is identified, location is identified.

So based on that only, that QIP amount which is raised, whatever repayment was required that has been done, balance have been kept as per account wherever the need that automation, recycling plant, the process is on. So if you see the visibility, yes, after '27, '28, you will have a complete visibility on account of the manpower cost, on account of the power cost, saving of additional INR25 crores EBITDA annually.

Jatin:

Sir, second question on the recycling. I mean now that's a need of an hour, and we are probably doing INR54 crores, INR55 crores of the capex on the recycling at the 3 units. So how shall one look at the viability of this particular project as compared to the existing 14.5%, 15% business?

Bharat Vageria:

Yes, yes. I tell you different. Therefore, you know that it's not in Time Technoplast. Why I have kept a separate company, Time Ecotech -- because Time Ecotech I consider it as a separate company. As a Time Techno, I'm investing INR75 crores in that project. Now the INR75 crores, I should have an ROCE of 20% more than that because I don't want to go below that.

I'm telling you, if, for example, today, virgin raw material prices are INR100 a kg, right? Now I will buy the recycled drums from the market. I will appoint the agent, my cost of the buying maybe INR65 a kg plus. I will have a INR12 to INR13 kg, my cost of the power, manpower, machine cost, everything.

So I will definitely work out in such a way that company will earn a separate -- because they will give whether customer is concerned is the statutory compliance of both if I'm using a recycled material, okay? I don't need to give a price reduction.



I'm obliging my customer because ultimately, it's the obligation of the chemical manufacturers companies also. So he's not asking for any price reduction. They are asking, you should use the PCR material. I'm using that. So we don't want any reduction. So as many companies earning 15% EBITDA, so that Time Ecotech will also earn 15% margin and cost basis, they will supply to the Time Techno that will be the cost and then the product will be supplied to them. So as a separate -- it's a profit center separately.

Jatin:

Right. And sir, last question before I come back in the queue. Sir, just wanted to understand your thought process on the flexible IBC, which you are talking since last couple of quarters. So what is the scenario out there? What is the growth road map out there on flexible IBC, if you can throw some light on that?

Bharat Vageria:

But I'm just telling you that the revenue figure, EBITDA figure is not accounted anywhere because I remember very well. We have signed the in-principle agreement. We will review, we will do the due diligence. Yesterday, we discussed our Board meeting due diligence for the 6 months because we signed that agreement of the -- in the month of August or September somewhere. So data is encouraging.

And as per the company projected, they are going to have a business of INR250 crores annualized business. We have seen 9-month business. Yes, it is on par. At the same time, my Boards are giving me the comments. We have a time line to confirm the deal by March 2026 because first, we have seen the 6 months data for them, that is from July to December.

Now I'm -- just my Board yesterday, certain comments were there, which we are going to discuss with the management of that company name called Ebullient Packaging, which is unlisted company having their manufacturing plant in Vapi and Silvassa.

And yes, I remember that the flexible IBC is a huge market. They are doing 60%, they are doing product export and 40% locally. Good business clientele they have. Some of the common, I can say it's a packaging business only. But -- and that business is also growing 25% to 30%. That money -- still it's lying under the FD account because it's taken under the general corporate purpose because on the day of the QIP, it was not identified specifically for inorganic growth, but it was part of the inorganic growth. Therefore, that amount has taken.

But finally, we will announce after getting the final due diligence report and everything before March, we will do that. So that process is on. We have a time line up to the March. And that also can be further extended subject to the due diligence compliance and everything. And we have that time line. And as time comes, we will announce that deal. But yes, it is on.

Jatin Bhai, you're welcome always, you know very well. If you don't -- cannot come in the queue because the long queue is there, you are always welcome to the office and get your clarification in time.

Moderator:

The next question is from the line of Dhananjai from Alchemy.



Dhananjai: Congratulations, good set of numbers. Just wanted to ask you a couple of questions. In this drone you mentioned, have you got any approval from any customers for using our cylinders? And how is that conversation going?

Bharat Vageria: Mr. Dhananjai, there is a pilot project we did it. If you recall 60 days back, I told we have imported entirely fuel cells, cylinder we made it. We have given -- we have tied up with company Drone Stark that he will make the drone for us. So we have signed the contract with him for the 3 years in the confidential agreement. And I'm again clarifying you, we have no any plan to manufacture drone.

Dhananjai: No, no.

Bharat Vageria: No, no, yes, that I'm coming. As far as this drone is concerned, we have made one pilot project so that whoever customer would like to use the hydrogen cylinder for the drone, they are very welcome to my plant. They can see how the cylinders are useful, what is the capacity, what -- because we have a particular -- as on today, we have developed a particular size of the cylinder and for the particular drone application, various sizes of the drones are application, various sectors using the drone. So still that commercialization will take place next year.

But yes, as I mentioned, this year, our commitment was to have our own drone ready, and that is visibility is there and that we have submitted our video also, how it is benefit, what are the benefit of using the hydrogen cylinder instead of the batteries. That is the benefit and that's available. Now very, I can say, you will come to know as the commercialization, you know that if somebody want to the hydrogen cylinder, I can't give it because I have a limited capacity. I mentioned to you in the March 2026, my plant is commissioning.

We will be ready for the hydrogen cylinder, for the expansion, any new requirement comes, for the automotive supply -- in supply of the CNG cylinder for auto industry also, we will be ready after our expansion. So from April 2026, we'll be ready. Then we will approach. Now we have a capacity and we supply them.

Till now, our objective for this year was to keep ourself product ready. And as the expansion complete, we will be able to supply. Because if today, somebody will come to me, I may not able to supply yet because I don't have a capacity at all. My capacity is full.

Dhananjai: Sure. And sir, one more question is regarding your PP plant, in what capacity will we be by the end of the expansion? And how is demand shaping up on ground?

Bharat Vageria: No, PP?

Dhananjai: For your plastic pipes?

Bharat Vageria: Plastic pipe, okay. I'll just give you the business of the PE pipe. Currently, we are manufacturing PE pipe in my Silvassa location in the Western region. Southern region, we are in Hyderabad, then we are in Gummidipoondi near Chennai. And another plant is available in my Kolkata for the Eastern region. All current business for the existing investment, we can do maximum of around INR450 crores. Current utilization is almost around 70% is there.

But the expansion, we know that India, the last, I can say, the 4, 5 months, the financial government has started timely payments. Infra business is growing. So definitely looking to the government infrastructure development, we have invested in the Odisha, where the land is already there, the plant will be ready this year, so it will be available for next year only. But yes, this business, current capacity itself is available for 20% growth for the '26, '27.

For example, this year, suppose we are closing around INR350 crores, so almost if I take 20%, then I have a capacity available. But again, for the '27, '28, if I need, I don't have. So therefore, Odisha, we will be ready. So looking to the India development, looking at the infra development, looking to smart -- 100 smart city development taken, you know very well. In Andhra Pradesh, Amrapati project, which was shut, now which is now started and fast growing as a city separately. So the demand has grown.

Odisha, now you see the Bihar, some of the people are approaching from Bihar that you come there, we need pipe. So we can take supply from our Kolkata plant. We can make supply from our Rajasthan plant. So a lot of requirement is coming. So I'm very sure as per PE pipe business, growth will be more than 20% to 25%. But yes, capacity for '26, '27 available. We're keeping ourselves ready for '27, '28 and the later period.

Moderator: The next question is from the line of Vishvender Singh from Prudent Equity.

Vishvender Singh: Sir, I have a couple of questions related to TPL Plastech. So can you share what is the expected capacity to be added from the Lote-Parshuram plant?

Bharat Vageria: Yes, yes. You know that if you have gone through the TPL Plastech working, I think TPL has also grown more than 25%. They have also the PAT growth of 25%. That is my 75% subsidiary. They have a current plant in Silvassa, Bhuj, Ratlam, Vizag. They have a full plant available in Dahej, latest fully automatic plant for IBCs there. Now -- but they are mostly in the packaging products only.

So this Lote-Parshuram, TPL is coming with a packaging product where they are going to investment of INR30 crores to INR35 crores, so they can have a revenue of more than INR100 crores in the 3 years' time. The plant will be completed in the financial year '26, '27, so that they can -- plant will be completed and '27 onwards, that plant will be ready for that area. So currently, I can say the TPL Plastech contribute to the Technoplast 8% or 9% of their total revenue.

The revenue in the range of estimated revenue for financial year '25, '26 is around INR450 crores. And that company certainly looking to their growth plan, looking to their product, looking to the location where they are there, they will grow more than 20% annually. And I'm glad to tell you their ROCE is also more than us. Our ROCE is 20%, we are doing this year in '25, '26, but they are more than 22% ROCE.

Vishvender Singh: Okay, sir. Another question on the utilization. So on a consolidated basis and for TPL Plastech, can you share utilization?

Bharat Vageria: Because packaging product is different. Utilization-wise, I can say if the capacity utilization, IBC, they are almost doing 80% capacity utilization with plant set up last year. Silvassa, almost

75%. They can say Vizag around 70%. Bhuj, maybe 65%. Because company put up the plant at the new location when the breakeven is there and company breakeven comes when the capacity utilization is 50%, above 50%, you have a contribution -- positive contribution from that plant.

Vishvender Singh: Okay. Just last question on the solar power. So in the filing that was posted yesterday, it was mentioned that the company plans to shift on 75% to solar energy.

Bharat Vageria: Yes. So you are right.

Vishvender Singh: And INR4 crores of annual savings would be there. So by when can we expect such savings, sir?

Bharat Vageria: I think you have not heard what I've explained clearly. I told you, as a group company, I have a TPL time, my subsidiary can't put together. We have an annual requirement of 15 crores units in a year. And if company is growing 15%, so INR15 crores, 15% every year growth would be there. But again, INR15 crores unit, wherever the company presents locations like in Daman, Silvassa, Gujarat, Uttarakhand, everywhere company is a plant.

But yes, currently, we have availability we have seen -- the solar power available is in Karnataka, Uttarakhand, Tamil Nadu, Gujarat and Maharashtra. Karnataka benefit last year started where company is already getting benefit of INR2 crores annualized. Gujarat, I have explained that this month, this month means February benefit have started. In Gujarat area, the company consumption is 4 crores units. So INR2.55 per unit saving will give the saving of INR10 crores from next year onwards.

Company has made an investment equivalent to 1 year benefit, INR10 crores equity investment put all companies put together. So INR10 crore benefit will come first year. That INR10 crores which investment is there is by way of investment, equity investment, not in expenses, but the income will come straight saving in the power cost.

And that benefit will get continues for the next 15 years. Gujarat already started. Maharashtra policy is already there, but because of some government has delayed clearance of the policy, what latest I heard yesterday in my Board meeting, now Maharashtra is cleared.

So I'm quite hopeful much benefit should also come in the operational because we have an operation in Maharashtra, existing operation subsidiary and joint venture company in Mahad. We have a unit in Pen. But as the Lote -- TPL Plastech lasted is coming up in Lote, that company will also have a benefit of solar power. So that company unit will come by that time, this benefit will also be made available.

Moderator: The next question is from the line of Prakash Kapadia from Kapadia Financial Services.

Prakash Kapadia: I was saying congrats for the 20% ROCE target. You are ahead of expectations. So that's a very good sign?

Bharat Vageria: Target is like this, everything should have a target. We kept this target before 4 years. 14, 16, 18, 20. After 20, if we keep the target, it will be 22, 24, 26, 26. If debt is free, it will be a target.

Now there is a 15% payout ratio of dividend payout. If your dividend payout increases by INR100 crores to 150 crores every year, the payout ratio will also be parallelly increasing. And again, as promoters are holding 48%, 52% is the other investors.

And I am glad to tell you, today your company is having more than 1,53,000 shareholders of the company. Like 4 years back, the company had 25,000 shareholders only. And another thing I'm glad to tell you today, your company equity owned by 15% overseas investors, FIIs all put together and 15% mutual funds.

Prakash Kapadia: That's very good to know.

Bharat Vageria: Only 20% is more than 150,000 high net worth and other retail shareholders, very widely holding is there.

Prakash Kapadia: Held by absolutely, absolutely.

Bharat Vageria: Held by, yes.

Prakash Kapadia: But Bharat Bhai consolidation, you were talking about manufacturing units now?

Bharat Vageria: Yes, yes.

Prakash Kapadia: As far as I remember, there are 50 units across the world and 33 are in India. So the consolidation will happen in India only is what I'm guessing?

Bharat Vageria: No, no. Overseas, no need to consolidate. Overseas, I'm very clear. For example, I'm in MENA region. I have a plant in Sharjah 1. I have a plant in Bahrain. I have a plant in Saudi. I have plant -- 4 plants are there. That is going to be continue. As far as MENA region -- Southeast Asia is concerned, we have a 3 plant in Thailand, different continents is there. All our Thailand 3 plant is going to be continued. And then Taiwan, Malaysia, Indonesia, Vietnam, 1 plant is going to be continued.

U.S.A., 4 plants were there. Fifth plant, Georgia already started 6 months back, consolidation is there, nothing to do. As far as consolidation of the facilities in India is concerned, you know that some -- we have started in India operation 30 years back. Now I have a plant in Silvassa, 3 plant. I have a 2 plant in Daman. So I thought why to have 4 or 5 plants there. I do a bigger plant, I can consolidate. For example, 3 machines at 1 location, large blow molding.

Another plant is at 3 machines. So we thought why we should not have 8 machines in 1 place only. So I can accumulate, I can have a material common. I have a motor supply unit common. I have a convert system common. I can utilize the manpower effectively for the special product, special people. So that kind of the process is on. That I call as the consolidation of facilities and the consolidation of products.

Prakash Kapadia: Understood. That's helpful.

Bharat Vageria: I'm telling you, I had a plant in Jambusar, okay? Now I have the plant in Ahmedabad also. As I mentioned to you, I have allotted land of 13,000 square meter in Thailand 2 area. You know

Thailand 2 area is a very automotive industrial area. I got allotment of that land from government. Now I don't need to have a plant in Jambusar because I know the new highway is coming from Baroda to Ahmedabad. It's a 2-hour journey now, the new highways, which is connected.

So why I should have a 2 plants, why I should have a 2 administrative cost? Why I should have a 2 commercial manager, why I should have a 2 quality manager. I can have a bigger plant, so I can reduce my administrative cost. I know the labour cost variances will be different. Based on my requirement, I will hire the labour. And that also when you are putting the new plant from day 1, you do the automation, you will reduce the manpower. That's the object.

Prakash Kapadia: And sir, based on 9-month numbers and the entire initiatives which you talked about, right, from the debt reduction, composite scale, increasing share of value-added products, inorganic should get closed very soon. So based on this, the profit growth should be at least 25% over the next 2 years. Is that the right direction I'm thinking?

Bharat Vageria: Yes, you see that. When my -- my growth is 13% to 14% volume growth, you will see the EBITDA growth by 18%. You will see the paid growth of 25%. Now paid growth will be further more because the after EBITDA interest cost is there, which I mentioned to you, one point of time, my INR90 crores was the interest cost, which is now going to be reduced to INR25 crores to INR30 crores because company is a debt-free company. And the payout ratio will continue. So definitely, the PAT is going to be more than the volume growth.

Prakash Kapadia: Understood. Look forward to that journey...

Bharat Vageria: Clear visibility is there. Because 3 years plan for international and India business, consolidation, consolidation facility, it's already paper layout, plan already discussed, Board with an approval is there. You see in my earnings presentation, we have mentioned what are the growth drivers for the revenue and what are the growth drivers for the margin.

Prakash Kapadia: Absolutely, sir. Absolutely, sir.

Moderator: The next question is from the line of Deepak Poddar from Sapphire Capital.

Deepak Poddar: I just wanted to check on the debt side, you mentioned we have a clear visibility of being debt-free. Current debt stands around. That's the gross debt, INR266 crores that you mentioned?

Bharat Vageria: Yes, yes. I mentioned. Because you see the last year, it was around more than INR680 crores, so out of the QIP amount have been paid. And another identified QIP amount have been kept separately for the expansion, for the general corporate purpose, for the automation that has been kept separately.

Deepak Poddar: Correct. So what's the target? I mean, by when we are looking to be debt free?

Bharat Vageria: Next 6 months. Very clear.

Deepak Poddar: Next 6 months. So ideally, I mean, whatever interest cost you are mentioning of INR25 crores to INR30 crores?



Bharat Vageria: I don't count the interest cost. I can say it's a financial cost. It's a document -- I'm doing export, I'm doing imports. So always some will be the minimum document charges. Another thing, when I'm doing the composite products and certain government company contracts, almost we do in my revenue of this packaging business INR2,000 crores, INR800 crores composite product, INR3,000 crore revenue.

Now we'll have to give the performance guarantee, maybe 2 years or 3 years, some performance guarantee. So that guarantee cost, you know every bank has a bank guarantee charges, they charge 1% or 1.5% annualized. And if I give the 2 years guarantee. So that documentation cost that will be there. That is not the debt cost, I can tell you. So INR25 crores to INR30 crores is going to be continuation of the utilization of the non-fund facilities? Hello?

Deepak Poddar: Yes, yes.

Bharat Vageria: Yes. Non-fund facilities, documentation charges, import charges because we do the import 60% document imports. So that only will continue. Otherwise, around INR647 crores, which company were utilizing earlier with average cost of 9%, so that INR60 crores will go away.

Deepak Poddar: Correct. And this will be visible in FY '28. I mean, assuming next 6 to 9 months, you become...

Bharat Vageria: Before March '27, not -- next year, of course.

Moderator: Ladies and gentlemen, due to interest of time, we will take this as the last question for today. I would now like to hand the conference over to Mr. Bharat Vageria for closing comments.

Bharat Vageria: So once again, I would like to thank you, my valued investors having confidence in the management and management assure you whatever commitment and guidance is giving, we will try our best to achieve that in the -- you know every well in the last 18 months, challenging period of everybody. But in spite of that, company has saved and achieved the growth because the company has a risk distributed geographically, has presence in 11 countries, company has a various segment, which have -- users are different.

So if one sector is down, company can get the revenue from the other sector. So that's the management policy, always have a de-risk by geographically and product-wise. And company, as already mentioned and everybody knows, is a professionally managed company who do -- and every company has more than 4,000 people working in India and overseas. And each of the department is headed by the experienced professional people who have more than 20, 25, 30 years with the company.

If you see in my average age of the people in the company is around 35 to 36 years because most of the people have grown with the company and they have continued with the company. I again, thanks to my all valued investors to having a patience and listening to our management commentary for quarter-on-quarter. And company management will continue to give updates and insight time-to-time, whichever is available with the company. Thank you very much.

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



Bharat Vageria:

Yes. Thank you very much.