

Pyramid Technoplast

12 August 2026

Operator: Hi everyone, and a very good evening to all. I welcome you to the Pyramid Technoplast Ltd. Q1 FY27 earnings conference call. Please note that the discussion on today's call may include certain forward-looking statements and must therefore be viewed in conjunction with the risks pertaining to the business. We have with us today Mr. Vijay Kumar Agarwal, the Managing Director, and Mr. Jai Prakash Agarwal, the CFO and Whole-time Director. I now request the management to proceed with the opening remarks, after which we will open the floor for the Q&A. Thank you, and over to you, sir.

Vijay Kumar Agarwal – Managing Director: Thank you, Somya. A very good evening to everyone, and welcome. Thank you for joining us for our Q1 FY27 earnings call. We have started FY27 with a strong and structurally healthier operating platform. Today, we have an installed capacity of 20,936 metric tons per quarter, while volumes stood at 12,992 metric tons, translating into capacity utilization of around 62%. While volumes in the quarter were temporarily impacted, particularly by a slight slowdown in exports of various products, we believe this is a near-term demand disruption rather than a structural issue. Importantly, unit economics have remained resilient and are actually improving. EBITDA per ton increased to approximately 16,380 in Q1 FY27, compared with 11,252 in Q1 FY26 and 15,053 in Q4 FY26. This clearly demonstrates that despite the temporary volume impact, our pricing, product mix, and operating efficiency are supporting profitability at the unit level.

Now coming to the strategic developments, we are happy to announce that we are expanding in Kutch in western India. The project is progressing as planned. We are investing approximately 22–25 crores in a new facility with a capacity of 10,000 IBC units per month, which is expected to be commissioned by March 2027. This facility will strengthen our presence in Kutch and western India while providing logistical benefits through lower freight costs, faster deliveries, and improved customer service satisfaction. We have also received government subsidy approvals for our newly installed Wada unit and Bharuch facility, amounting to approximately 24.9 crores for Wada and 10.5 crores for Unit 7, Bharuch, spread over 10 years. These incentives will effectively reduce the cost of our investments and improve project economics, ROCE, and payback over the long term.

Our Wada facility is now in full swing across HDPE, IBCs, and MS drums and is already operating above 70% utilization. We expect it to reach 80% during this year. The facility contributed approximately 43 crores, or 19% of revenue from operations, in Q1 FY27. The focus now is to sustain this utilization and extract further operating leverage from the infrastructure already built.

Our green energy initiatives are also beginning to contribute meaningfully for two reasons—not only because of the price advantage, but also because we are receiving ESG benefits from them, enabling us to reduce our carbon footprint and represent India at the global level. The 6.6 megawatt solar plant was commissioned in October 2025, followed by an additional 5 megawatts in Bharuch and 2.25 megawatts in Maharashtra. One megawatt is still pending commissioning and will be commissioned very soon, probably next quarter. We achieved approximately 2 crores of savings in Q1 FY27, with the full 14.25 megawatt capacity expected to deliver around 15 crores of annual savings.

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Similarly, our recycling plant, commissioned in October, has an annual capacity of 5,000 metric tons and can address around 10–12% of our raw material requirements. This is again a meaningful ESG benefit, and we are the only company in India involved in both solar and recycling. The plant processed around 150 metric tons in Q1 FY27 and generated around 25 lakhs of EBITDA, with its FY27 EBITDA contribution estimated at around 2 crores.

On the financial front, revenue grew by 36% year-on-year to 222 crores. Growth was driven primarily by price increases, as sharp increases in raw material costs were passed through to customers. HDPE polymer drum tonnage was down 4% year-on-year, and IBC volumes were slightly impacted as export demand suffered due to the war in the Red Sea. This was partly offset by strong growth in MS drums and continued IBC volumes in the local market.

Gross profit rose 19% year-on-year, but gross margin compressed slightly to 23% as raw material costs rose in line with price increases. Importantly, gross margin in rupees-per-ton terms for HDPE remained stable. The pass-through protected per-unit profitability. EBITDA grew 50% year-on-year, with margins at 10%, reflecting the operating leverage beginning to take effect as total expenses rose only modestly despite the commissioning of new plants.

PAT grew by 32% year-on-year to 10.5 crores, with margins at 5%, despite a sharp rise in financial costs of 179% and depreciation of 61% year-on-year, linked to capacity expansion. For FY27, our objective remains to deliver approximately 15% revenue growth and EBITDA margins above 10%. We expect this to be supported by higher utilization, volume recovery, greater contribution from value-added products, solar savings, and recycling benefits. We have also maintained a disciplined approach to capital allocation, with FY27 capex planned at approximately 20–25 crores, primarily towards the Kutch expansion, and deployed in line with actual demand.

To summarize, the last phase was about building capacity. FY27 and the years ahead are about filling that capacity and converting it into stronger earnings and returns. With Wada ramping up, Kutch adding future capacity, unit economics strengthening, and our solar and recycling initiatives beginning to contribute, we believe Pyramid Technoplast Ltd. is well-positioned for the next phase of sustainable growth and improved profitability. Thank you very much, and thank you for your continued trust and support. I would now be happy to answer all the questions. Somya, over to you.

Operator: Sir, we can commence the questions.

Saket Kapoor: Greetings, Mr. Vijay and Mr. Jai Prakash, and thank you for the opportunity. Sir, as you outlined in your opening remarks, our capacity utilization was at 62%. Going ahead, and factoring in the volatility in RM prices, what steady-state utilization do we see for the quarterly capacity of 20,936? What improvement in utilization levels do we expect by the end of the year or in the coming quarters? Please provide some detailed information on this.

Vijay Kumar Agarwal – Managing Director: We will reach approximately 70%...[audio overlap] Yes, greetings, sir, please go ahead. Are you asking about Wada specifically or the overall figure?

Saket Kapoor: Sir, I am asking about the overall figure, and it would be helpful if you could also discuss Wada separately. Please explain both.

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Vijay Kumar Agarwal – Managing Director: The remaining 10% utilization at Wada should, in my view, be fully completed during this financial year. Regarding the overall figure, which you are currently seeing at 62%, we will touch 70% this year.

Jayprakash: The war in the Middle East has caused freight costs to increase substantially. Therefore, we are facing problems with exports and are unable to export some products. This resulted in a 2–4% decline in this quarter. The growth that should have occurred also did not happen. From the next quarter, this should normalize. Freight costs have not reduced so far, but once they do, exports will also resume.

Saket Kapoor: Sir, what percentage of our total mix is exported?

Jayprakash: It is very nominal, sir—2–3%, 4%, or 2%.

Saket Kapoor: Then why are we referring to it as an adversity when it is only 2%...?

Jayprakash: No, it is not like that. What happens is that IBCs were mainly exported by me, and plastic drums containing chemicals were also exported to the Middle East and other regions. That also did not happen. In other words, our customer—the customer who purchases our product, packs it, and sells it—has also seen sales stop there.

Saket Kapoor: So that would be considered a deemed export, sir.

Jayprakash: It is not a deemed export. They use our drums to make exports; it is not a deemed export. They purchase the drums from us, pack chemicals in them, and send the goods outside the country. If you look at those sales, you will see that the volume and value have increased in everyone's results, while everyone's volume has declined in this quarter. In addition, costs have increased so much that the customer on the other side is also incurring a higher cost for the drum. That is correct, sir.

Saket Kapoor: Sir, as you mentioned on slide number 7, per-ton profitability is 16,380 rupees per ton. How is this number likely to develop going forward? Based on the information available so far, this may be the highest number yet.

Jayprakash: However, if you look at the overall picture after normalization, the selling price currently in the market is around 160 rupees and will gradually come down to around 140 rupees. There will be a decline, and the EBITDA that we are indicating will remain above 10%, in the double digits, and will reach 11–12%. Our target this year is to achieve 11–12%, above 10%, so that we can focus more on the coming years.

Saket Kapoor: Mr. Jayprakash, regarding the EBITDA margin growth you are discussing, the levers that will play out in that...

Jayprakash: No, let me explain. The current selling price of the drum is around 160 rupees. Are you able to hear me, Mr. Kapoor?

Saket Kapoor: Yes, sir, I can hear you clearly. Please continue.

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Jayprakash: Based on my reading, within 2–5–6 months, this will settle at around 140 rupees. Prices will come down by 20 rupees from here. The EBITDA that you are currently seeing at around 10% should, in my view, come to around 11% after the decline.

Saket Kapoor: Okay. Sir, what is the correlation with the price decline? Does it mean that we will not pass the entire decline on to the customer?

Jayprakash: No, we will pass the entire price change on. The decline occurs because the volume growth that you will see will increase. At present, you are seeing growth in value, which is why EBITDA appears lower. In reality, if the earlier price had remained, EBITDA this time would have been 12%. However, an item that was priced at 100 rupees is now being sold at 150 rupees, so value has increased but volume growth has not increased by the same extent. Therefore, EBITDA appears lower this year and in this quarter because of the value effect.

Saket Kapoor: Yes, sir. Regarding the Wada Phase II capex, for which you are indicating revenue of 400 crores, when will it start contributing, and what exactly is the roadmap?

Jayprakash: We will do it in this financial year, after March.

Saket Kapoor: Okay. How much capex will be required for this, sir?

Jayprakash: Approximately 20 crores will bring in one more phase. Another 20–25 crores will be required, and one more phase will be added. Our work for this year will be completed. Okay, that is correct, sir.

Saket Kapoor: Sir, as you were explaining, the work we need to do this year on efficiency should help improve our percentage margins, and recycling should perhaps have a major role in that. What work are we currently doing in that area? What is in progress, and how will that...?

Jayprakash: What is happening now is that the EPR portal has been closed for 3 months for an upgrade. Therefore, the support we require from the government for EPR is currently not available. They are saying that it will take another 15–20 days, after which the system will start functioning. Once the system starts, the work will increase. At present, we are unable to pass on EPR benefits because the portal is closed. The government's portal has been closed for 4–5 months. However, we are processing material through this facility, so that benefit will come to us.

Saket Kapoor: Sir, regarding our current business environment, we are already 40–42 days into this quarter. How do you view the business environment and business sentiment, and where are we currently facing difficulties?

Jayprakash: We are not facing any difficulties; things are progressing well. Only the goods that we were able to send to Dubai and other destinations are not being shipped. Apart from that, sales are good and margins are also good. There is no issue.

Saket Kapoor: Yes, sir. All right, sir. I will come back into the queue. Thank you.

Operator: Thank you, sir. The next question is from Ankit Kanodia. Please go ahead.

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Ankit Kanodia: Greetings, Mr. Vijay and Mr. Jayprakash. Since our company came out with its IPO, and from the first call after the IPO until now, if I map our journey, we have done everything we said we would do and everything that was within our control. This includes capacity expansion, and we have expanded capacity even beyond what we stated in our first conference call. In fact, at that time we had not discussed solar and recycling, but we have implemented those initiatives as well. From a volume perspective, our growth has been good throughout the period, and the product mix has also developed as we had expected. However, one factor that is not within our control and is controlled by the market is polymer resin prices. These have fluctuated significantly. When our IPO came, the price was around 110, then it went to around 80–85, and then there was a sudden short-term run-up during the last 2 quarters. I am not asking for a prediction or projection, but directionally, how are we prepared for the next 2–3 years? It appears to me that the capacity has been built and a great deal of efficiency improvement has also taken place. The only thing holding us back is the fluctuation in raw material prices. Could you explain how you see this directionally over the long term, over the next 2–3 years?

Vijay: Sir, when there is a fire, there will be smoke... some volatility is bound to occur without getting affected by it. However, earlier we used to import, and at that time we carried inventory for 2–3 months. As of today, we have significantly reduced imports and shifted to local procurement. Even when we import, we do so only if the rate is at least 5–10 rupees per kg lower than the local market rate. In the 4–5 months that we have observed since March, the imports we made also generated some benefit. There was no difficulty. In addition, in the local market, we purchase at the prevailing price and sell at that same price to the customer. Therefore, there is less chance of a pricing loss occurring. Generally, all our orders are booked in the first week of the month. We then have the full month available, so we lift material accordingly. Therefore, there is not much chance of incurring a substantial inventory loss or pricing loss.

Ankit Kanodia: Yes, sir. My second and final question is that I have observed in other B2B companies that EBITDA per ton improves first, and the improvement then appears in EBITDA margin after a lag of 2–3 quarters or 1–2 quarters. Should we understand that the same could happen in our business? EBITDA per ton has shown a significant jump over the last 2 quarters, so directionally, should we understand that...

Jayprakash: No, sir. The market has not properly understood this aspect of our results. Otherwise, if we compare ourselves with other CSCs, we will see that the company has achieved very good margins even during this volatility. As the price declines, our EBITDA will continue to improve because the value growth that is currently visible will reduce and volume growth will take place. EBITDA will automatically convert in that direction, sir.

Ankit Kanodia: Thank you, sir, and all the best.

Operator: Thank you, sir. The next question is from Kumar Saurabh. Please go ahead.

Kumar Saurabh: Congratulations on a good set of numbers, sir. My question is that we have given guidance of 11–12% margins and 15% sales growth. We have currently achieved a margin of approximately 9.5%. Given the polymer and resin prices prevailing over the next 3 quarters, are you confident that we will achieve at least 11%? If we do, will it be because...

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Jayprakash: No, sir, there is another point involved. The current price at which we are selling polymer is around 160 rupees. We assume that the polymer price will decline by at least 20 rupees from here. As soon as the price declines, volume growth will take place and value growth will reduce. Earlier, we were selling an item at 120 rupees, and now we are selling it at 160 rupees. That 40-rupee gap is keeping our EBITDA below 10%. As that gap reduces, we will easily reach 11%.

Kumar Saurabh: Okay, sir. My second question is that in the last quarter you said that we would achieve EBITDA of approximately 80 crores this year. However, even if I take 11%, it results in EBITDA of almost 86 crores. Should we understand that we will be able to achieve 80–85 crores or 86 crores in FY27?

Jayprakash: We are fully hopeful, sir.

Kumar Saurabh: Okay, sir. I have one final question. I think you also mentioned in your welcome note that everyone has increased realization while reducing volume. Given that we work with the chemical industry, and there appears to be a revival in the chemical sector, do you think the sector has seen a volume-based revival, or is it still only realization and inventory gains? Has realization improved while volume is still yet to return?

Jayprakash: In chemicals, it depends on which chemical companies are working in which areas. Those working in the Middle East are facing difficulties. Apart from that, those working elsewhere worldwide are doing well, and there is no difficulty for them. There was a large amount of material in the Middle East, and freight costs are so high that they are unable to survive there.

Kumar Saurabh: Okay, sir. One final question. As you said, our volume remained at 62% this quarter because of difficulties in the Middle East and exports, and we are guiding for 80% by year-end. That is almost an 18%...

Jayprakash: No, sir, I did not say 60%. Overall, we will be around 70–75%. The Wada facility, which is currently at 70%, will move to 80%. By then, we will also add capacity there, so the overall figure will develop accordingly.

Kumar Saurabh: Okay, sir. Thank you, and I wish you all the best.

Operator: Thank you, sir. The next question is from Ganesh Nagarsekar. Please go ahead.

Ganesh Nagarsekar: Hello, sir. My first question is about our Kutch plant. You mentioned that it will have IBC capacity of 10,000 units per month. Would it be correct to say that the plant will have revenue potential of approximately 90–100 crores?

Jayprakash: Yes, after it starts operating on a full-fledged basis. The revenue will come after full-fledged production begins. However, initially we are not assuming such a high figure. We are estimating revenue of 50 crores from there.

Ganesh Nagarsekar: Understood. Commercial production will start there from FY28, correct? All right. My second question is regarding utilization. If I look at our utilization numbers, the new Wada plant is operating at around 70% utilization, while the Bharuch facility is operating at a lower level. Should we understand that we are producing more at Wada because we are receiving certain

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incentives there?

Jayprakash: No, it is not like that. It is my practice to add some capacity. At Wada, because we have taken the subsidy, we cannot add capacity until March. Because of the subsidy, we can increase that investment only after March. Since we have not added capacity there, the plant will gradually move to 80% on a full-fledged basis. After March, when we add capacity, we need to keep additional capacity available, which is why it has been kept that way.

Ganesh Nagarsekar: Understood. If I look at our capacity, our capacity in Q4 was around 16,000, and today it is around 21,000. However, our production has remained broadly flat over the last 4 quarters, at approximately 13,000. Do we see any major near-term drivers that could lead to a ramp-up?

Jayprakash: It will increase by 10%, sir.

Ganesh Nagarsekar: I see. Are you also seeing some improvement in the July numbers, such that the plant could operate on a full-time basis?

Jayprakash: It will happen. It is visible.

Ganesh Nagarsekar: All right, sir. I have 2 regular bookkeeping questions. First, regarding the PUC, or pollution-control approval, that we required for the recycling plant, have we received it?

Jayprakash: No, we have not received it. It is not fully complete; 90% of the work has been completed, and one license is still pending. One phase has been completed and the second phase remains. However, we can operate partial capacity. Yes, we have been focusing on this from this month. We are planning and working to process a substantial volume, and operations have already started.

Ganesh Nagarsekar: Understood. You had mentioned that you were considering entering a new product line in the previous quarter. Is that currently on hold, or what is the launch plan?

Jayprakash: It is currently in the testing phase. We are already doing some work on it, and since the machine has been added, its marketing has now started. The customer has also taken a trial lot, and we will send it to our customer as well. It is a 1-2 month process. Until approval is received, we cannot do much more there.

Ganesh Nagarsekar: Understood, sir. The execution has otherwise been very good. Thank you from my side. Thank you.

Operator: Thank you, sir. Next up we have Saket Kapoor. Please go ahead, sir.

Saket Kapoor: Yes, sir. You mentioned savings of 2 crores from solar in this quarter...

Saket Kapoor: These savings were in power costs, and after ramp-up they will become 15 crores for the full year, correct? I mean, in the remaining period...

Management: That is our estimate, sir. The solar installation is in place, but it is currently the rainy season, so generation is lower. We expect those savings when the machinery is operating on a

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full-fledged basis and everything is running smoothly. This is the commitment we have received from the parties from whom we procured it.

Saket Kapoor: Sir, even if we annualize 2 crores over 4 quarters, it would be only 8 crores.

Management: It would be 8 crores. One megawatt is also still pending in that installation, sir.

Saket Kapoor: Yes, so the 15 crores you are referring to would be after adding that 1 megawatt.

Management: Yes. That also will not contribute for the full year. This is our estimate assuming that the system will operate on a full-fledged basis. Our machinery must also operate on a full-fledged basis. It is linked to both production and solar generation.

Saket Kapoor: So the entire solar installation planned for this year will be completed within this year?

Management: Yes.

Saket Kapoor: Then what number should we expect next year on a full-fledged basis?

Management: We have already indicated the full-fledged figure, sir. It is around 15 crores.

Saket Kapoor: No, sir. If we install it this year, it will not perform on a full-fledged basis immediately. Therefore, regarding this 15-crore figure...

Management: You are asking what the figure will be next year, correct? It will be 15 crores, sir. The annual saving for the 15 megawatts is 15 crores.

Saket Kapoor: Then 15 crores will not come in this financial year. That is what I want to clarify, sir.

Management: Yes, it will not come this year. However, once the installation is complete, if we compare 4 quarters, we should see this benefit.

Saket Kapoor: Okay, sir. Regarding gross profit margin, it generally remains in the range of 26–27%. As Mr. Vijay, the senior Mr. Vijay, explained, when prices decline or normalize in the coming period, this number should return. Should we therefore understand that we will match the 26–27% gross profit margin this year as well?

Management: Yes.

Saket Kapoor: Okay, sir. Regarding the Kutch expansion, what is our understanding of the rationale? Is there an existing industry or cluster there where we are setting up the unit, or is there some incentive involved?

Management: There is a market there, sir, and the IBC market is relatively large. We are already serving it from our existing facility. Once we go there, we will gain a freight advantage, the customer's volume will also increase, and there will be growth there in the coming period because Kutch-Mundra Port is located there. Therefore, we estimate that volumes will increase. It will also be better because we can transport goods from there to locations such as Bengal by sea.

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Saket Kapoor: Okay. What would be the monthly revenue run rate? The capacity is 10,000 tons, correct?

Management: Approximately 8–9... I mean 8.5... I mean approximately 8–8.1 crores per month. 7.5–8 crores. If it operates properly on a full-fledged basis, it would represent a business of 100 crores, sir. However, we are working with an estimate of 50 crores. As the market grows, we have the capacity to increase the business accordingly.

Saket Kapoor: Correct, sir. You provided very detailed information in your presentation, so please continue doing that. I also have one suggestion. When we submit a press release or any other document to the exchange, we have not been bolding the headline. It is a very small point, but when Pyramid Technoplast Ltd. writes, "Pyramid Technoplast Ltd. Announces Kutch Expansion and Government Subsidy Benefit," that headline should be in bold, and it should appear in the same order as in your letter. These are small errors that should be noticed by investors, just as you mentioned when discussing why the market has not understood our numbers or where we may have fallen short. This is also a small point, but we should mention the right things in the right manner. This is a small suggestion from my side: whenever you issue a press release in the future, please make the headline bold. That is my understanding.

Management: Yes, all right.

Saket Kapoor: Best wishes to all of you, sir. I hope you continue to perform well and create value for investors. That is what we hope for. Thank you, sir.

Management: Thank you, sir. Thank you.

Operator: The next question is from Divyesh Vora. Please go ahead.

Divyesh Vora: Congratulations, sir. You have posted good numbers. You have delivered very good numbers. I wanted some additional information about the land acquired in Kutch. Is it owned land or leased land?

Management: We have acquired our own land, sir.

Divyesh Vora: What would be the bifurcation of the project cost between the machinery and the other components? I am asking only for an indicative figure.

Management: I believe that the land and building will cost around 10 crores, and the balance will go towards machinery.

Divyesh Vora: And regarding the approvals, there were some issues with approvals at Wada. What is the situation here?

Management: There were not many approval-related problems at Wada either. I did not face any significant problem. It is somewhat time-consuming work involving government departments, and that process is more difficult in Maharashtra and less difficult in Gujarat. We expect to complete everything there in 2–3 months and start the plant within 8 months.

Divyesh Vora: Have all the machinery orders also been placed?

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Management: Yes, all the orders have been placed.

Divyesh Vora: You indicated a turnover of 50 crores. If I calculate the profitability of that unit, what would be the payback period or the return in terms of IRR?

Management: The payback is approximately 4 years, sir. Even earlier, when we brought our IPO, we used to say that we generate turnover equivalent to 4 times our current assets. Even today, if you look at it, I am generating 4 times turnover.

Divyesh Vora: I see. Okay. I will come back into the queue, sir, in case I have another question.

Operator: The next question is from Ganesh Nagarsekar. Please go ahead.

Ganesh Nagarsekar: Hello, my question has already been answered. Thank you.

Operator: Participants who wish to ask a question, please raise your hand.

Divyesh Vora: Sir, I had one question regarding the 35-crore benefit that you mentioned. Will this benefit be received in cash or in the form of GST, or...?

Management: It will come in cash form, sir. I have already paid the relevant GST, so the amount will come from the government in cash form. A cheque will be issued for it. It will be a refund in the form of {? GST form ?}.

Divyesh Vora: You are expecting this payment, but I have seen that it has been sanctioned and that you still have to complete all the processes. By when do you expect to receive it?

Management: I believe it should come within 5–6 months, sir. I cannot say much more about it at this stage. However, since it is to come every year, it will come.

Divyesh Vora: Will the entire amount come in one bulk payment or in parts?

Management: No, it will come over 10 years. It will be spread over 10 years.

Divyesh Vora: It will be spread over 10 years. In that case, will you need to take new debt for the Kutch plant?

Management: No, sir, it will be funded internally. We had already earmarked the deployment for this year.

Divyesh Vora: Your practice is to announce a project only after starting it. The last time you held a conference call, you said there was no project at that point, and suddenly Kutch has appeared. I have no problem with that; it is a very good thing. You are expanding well and doing it in the right...

Management: Sir, we are in business. If we do not go to Kutch now, the freight cost of sending goods from there is 1,000 rupees. If someone else goes there, they will capture the market. Therefore, I thought that establishing a facility there would provide a gain, and that we should do it. That is why we are doing it there.

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Divyesh Vora: No, it is a very good decision, sir, absolutely a good decision. However, for the customers whom you were serving from here, will you need to find new customers at Wada and at the new location?

Management: The goods did not go from Wada; they go from Bharuch, sir. At present, let us assume that 2,000–2,500 IBCs are being sent from here to that market. Once we go there, we will have access to a 10,000–unit market.

Divyesh Vora: Okay. So new customers are already ready for those 2,000 units, and there is no problem.

Management: The market also grows gradually, sir.

Divyesh Vora: Very good, sir. Thank you very much.

Operator: Thank you. We will wait for a minute for participants to ask questions. Those who wish to ask a question, please raise your hand. The next question is from Ankit Kanodia. Please go ahead.

Ankit Kanodia: Sir, our debt has increased over the last 2–3 years. Given the current situation, can we expect it to reduce significantly by the end of FY27 or in FY28?

Management: Repayment is already taking place, sir. The loans taken over the last 2 years for setting up plants have already entered the repayment phase. They are reducing and are not currently increasing.

Ankit Kanodia: Was the total term loan plus working capital loan 180 crores?

Management: No, sir. It was 225–230 crores in total.

Ankit Kanodia: Then from here...

Management: Our working capital has started being used more because earlier we purchased raw material for less than 100 rupees, whereas now we were purchasing it at 150 rupees, so additional working capital was required at that time. Even now, we have to purchase at 140 rupees, so working capital is being deployed for that. I had taken a term loan of 80–85 crores, and repayment of that loan has already started.

Ankit Kanodia: Working capital is a simple matter, sir. If raw material prices remain this high, then our working capital loan will also remain in place, correct?

Management: Yes, it will remain. Working capital will be required. The market also has debtors of 175 crores and stock of 100 crores. This is a healthy balance sheet, sir. It is not the case that our debt is excessively high.

Ankit Kanodia: Can you comment on prices? Directionally, what do you expect polymer resin prices to look like over the next 2–3 years? I am not asking for a specific number regarding how much they will reach from here.

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Management: I have already said, sir, that I believe the price will decline by 20 rupees within 2–4 months. The product that we are selling at 160 will come to a selling price of 140 within 3–4 months. Going forward, it will return to the old rates, with perhaps 10 rupees added. It cannot remain at such a high level, sir. The current situation is due to the war.

Ankit Kanodia: Right, right. All right, sir. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from Saket Kapoor. Please go ahead.

Saket Kapoor: Yes, sir. Our finance cost in this quarter is 3.5 crores. As the value of the loan continues to reduce through repayment, do you expect any meaningful change in this number by the end of this year? Also, what is our cash conversion cycle? In other words, after collecting money from debtors and making payments, how many days does it take for us to generate cash again?

Management: It takes 65–70 days.

Saket Kapoor: Okay. Regarding the quarterly figure of 3.5 crores, as you continue making repayments, how will this number develop? Should we annualize it, or what finance cost are you factoring into your model for the full year?

Management: I did not understand what you mean. I did not understand the question.

Saket Kapoor: Let me repeat it, sir. In this quarter, interest of 3.5 crores was debited. As you have explained, we also have a repayment cycle, our utilization levels will improve, and efficiency will also improve...

Management: My estimate is that by the end of the year, this will reach 3 crores, reducing from 3.5 crores. It will not fall sharply or randomly, but yes...

Saket Kapoor: No, sir, it will not happen randomly. That is correct, sir. In the normal course, it should settle at 3 crores. Also, there have been several employee and wage-related issues in various parts of the country. Is there any possibility of employee availability or wage-related issues affecting us, or are we on a smooth track?

Management: We should always consider the possibility of every adverse event. Our effort today is to manage everything properly. How can anyone rule out the possibility of such events?

Saket Kapoor: Right, sir. However, so far there has been no factory-related issue...

Management: So far, there has been no such issue.

Saket Kapoor: All right, sir. Thank you for providing the detailed information, and all the best again.

Management: Thank you.

Divyesh Vora: Sir, this is Divyesh speaking. I wanted to understand a little more about raw material costs and selling prices...

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Operator: Sir, one second. I will announce your name because this call is being recorded, and we need to follow the format. I am really sorry to interrupt you. The next question is from Divyesh Vora. Please go ahead now.

Divyesh Vora: Sir, I did not fully understand the mathematics of raw material costs and selling prices. Could you explain it? You had stock until March, and that stock would have been at a very low price. If you sold that stock and if you...

Management: Whatever stock we had in March was affected when the change came in February. The stock that came into March had all been exhausted by the time the quarter closed on March 31. After March, the material I have been purchasing from April onwards is what is being sold.

Divyesh Vora: So will the current margins remain intact, or do you see an improvement in them?

Management: There is an improvement, sir, and that improvement will be maintained.

Divyesh Vora: I see. Okay. All right, sir.

Operator: Thank you. The next question is from Kumar Saurabh. Please go ahead.

Kumar Saurabh: Our growth has been good so far, and growth should continue with this capex. However, if we look at the next 4–5 years, we already have a good market share in India. Usually, when market share becomes high, the growth rate is aligned with the market's growth rate. If we want to grow at more than 15% for the next 4–5 years, where do you see growth opportunities from a product and geographic perspective?

Management: We will also enter the south. From a geographic perspective, we will have to move into different locations, just as we went to Kutch. There are opportunities in the north, the south, and other locations.

Kumar Saurabh: So there are still many growth avenues available to us...

Management: Yes, certainly. We will double the business from here, although we may stop somewhat below that level.

Kumar Saurabh: Okay, sir. You said that the full 15-crore solar benefit will start coming from FY28, for the full year. So from FY28 Q1, we should directly see at least 4 crores of benefit in operating profit, in addition to the recycling benefit. We also have the subsidy, which will be received over 10 years. How much will come from that per year?

Jay: It is approximately {? 3, 3.5 crores ?} per year, sir.

Kumar Saurabh: Okay, sir. Thank you very much.

Jay: Thank you.

Operator: Thank you. The last question is from Dipesh Sancheti. Please go ahead.

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Dipesh Sancheti: I joined late because I was on another conference call. I wanted to ask about our inventory level. The maximum price fluctuations this time occurred in Q1. How much inventory gain did we have in this quarter?

Jay: They occurred in the previous quarter, at the end of the last quarter.

Dipesh Sancheti: They occurred at the end of the last quarter, but there was a major difference in this quarter.

Jay: Rates have declined in this quarter. The rates in March were 160...[inaudible] at 160, and this quarter they have fallen to 140.

Dipesh Sancheti: In the last quarter's conference call, you had said that an inventory gain would arise because of the 45 days of inventory that we used to maintain.

Jay: That came in March. There was an inventory benefit of approximately {? 2-1 crore ?} in the March result, and approximately {? 2 crores ?} was the inventory benefit.

Dipesh Sancheti: So there was no inventory gain in this quarter?

Jay: No. The stock is moving normally, and operations are continuing normally.

Dipesh Sancheti: Okay. I have one more question, although I think it has already been addressed. It is good that we are setting up this new facility and that you are not announcing it in advance, so all investors get to know about it together. For this new facility in Kutch, which customers were we already supplying, and how much were we supplying to them?

Jay: No, we were serving approximately {? 2,000 ?} of the {? ABC ?} market in that area. However, our supply was below 2,000. We conducted a survey and found that the overall market there is {? 10,000 ?}. That is why we are shifting there.

Dipesh Sancheti: Until our facility comes online, which I believe will be around March 2027, we will continue supplying customers from our Bharuch plant, correct?

Jay: Yes, we will continue doing so.

Dipesh Sancheti: I cannot hear you, sir.

Jay: We are already supplying from Bharuch, sir, and we will continue to do so until the facility there starts operating. The distance will effectively be reduced, and once we go there, we will gain greater market share.

Dipesh Sancheti: Will we retain the entire margin, or will we also share it with the customer?

Jay: We will share some margin. We will have to provide some benefit to the customer as well, sir. If we do not give the customer anything...[inaudible] the freight cost will have to be considered, and the market there will not be available to us automatically. We have to share something. Initially, we will have to provide the benefit, and later it can be adjusted. We will have to give {? 30% ?} to the customer, and {? 70% ?} of the benefit will accrue to us.

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Dipesh Sancheti: That is great. Why was there such a difference in margins this time compared with the last quarter? I am not referring to year-on-year; I am comparing it with the previous quarter.

Jay: Which margin are you referring to? Please state the question clearly.

Dipesh Sancheti: When I look at the EBITDA margin and the gross profit margin, the gross profit margin in this quarter was {? 23% ?}, which was lower than in the previous 2 quarters. We have seen good sales growth, but why did this margin decline? While our...[inaudible] sorry.

Jay: Please continue.

Dipesh Sancheti: Our solar generation was also expected to increase, and we were also expecting the subsidies to come. Frankly, the market appears to have been disappointed because it expected this to be a strong quarter, which did not happen. The market may have reacted accordingly. I want to understand why this did not happen and why margins did not come through in this manner, because the market was seeing inventory gains reported by all the related companies. In addition, your solar costs were expected to decline, so our results were below expectations. The results are very good, but they were below expectations. I want to understand why the margins were lower.

Jay: May I answer now?

Dipesh Sancheti: Yes, sir, absolutely. It is your floor.

Jay: Our selling price in the previous quarter, at the March closing, was {? 138 rupees ?}. This time, the selling price of the polymer drum is {? 193 rupees ?} per kg—193. The selling price has increased by {? 55 rupees ?}, so the purchase price would also have increased accordingly. We have always explained that if we purchase material at {? 100 rupees ?} and sell it at {? 120 ?}, then even if we purchase it at {? 150 ?}, we will still have to sell it at {? 170 ?}, or perhaps receive only 1-2 rupees more. With the cost and the {? 50 rupees ?} change in selling price, value has increased but volume has declined. In other words, value has increased, while volume has declined.

Regarding solar, when we look at other expenses, the power saving of {? 2 crores ?} from solar has already come through. The solar providers also say that once solar is switched on, the full benefit does not begin from the first day. The machinery has to operate smoothly, and the power loss has to be calculated, which takes 6 months to a year. Everything I had indicated has happened; the only issue is that you are having difficulty understanding it. If we...[inaudible] yes, you are also part of the market, sir, and you are asking the question. We are saying that overall volume declined by {? 4% ?}, and because of that, the value of sales increased. Sales became {? 222 ?} from {? 196 ?}. Therefore, when you look at EBITDA or any other figure, you are looking at it on 222, not on 190. If you look at it on 190, you would see EBITDA of {? 11-12% ?}. Understood.

Dipesh Sancheti: Understood. Perfect, sir. Regarding the {? 34 crores ?} that is expected to come, will it start from this year, or can we utilize it from this year?

Jay: What 32? The subsidy will come every year over 10 years, and it will start this year.

Dipesh Sancheti: So it will start from this year itself, correct?

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Jay: Yes, it will start this year. From this financial year onwards, we will begin receiving it. However, there is not yet clarity on which quarter it will come in, which is why we are not showing anything.

Dipesh Sancheti: That is fine. Since it will come this year, we can also consider it in the year-on-year performance. Great, sir. Thank you very much, and all the very best.

Jay: Thank you, sir.

Operator: Thank you, sir. I will now hand over to Mr. Jay for the closing remarks. We are done with the questions. Over to you, sir.

Jay: Thank you for joining us. I want to say that we have undertaken 2 major initiatives, namely solar and recycling, which will benefit the company and help reduce our company's carbon footprint as well as India's carbon footprint. We are mapping our efforts to and following the directive of India's Prime Minister that we should reduce our carbon footprint. We are on track with that, and we are one of the few companies in India to have installed both solar and recycling facilities together. Thank you for supporting us. Please continue supporting us and motivating us in this manner. Thank you very much. Thank you, Somya.

Operator: Thank you, sir. Thank you, everyone, for your time. Thank you.

Jay: Okay, thank you, Mr. Vijay.

Saket Kapoor: Okay, greetings, sir. Thank you, sir.

Jay: Okay.

Dipesh Sancheti: Thank you, sir.

Jay: Okay.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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