

TCPL Packaging

12 August 2026

Operator: Ladies and gentlemen, good day and welcome to TCPL Packaging Ltd.'s earnings conference call. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Jenny Rose from CDR India. Thank you, and over to you.

Jenny Rose – CDR India: Good afternoon, everyone, and thank you for joining us on TCPL Packaging Ltd.'s Q1 FY27 earnings conference call. We have with us today Mr. Saket Kanoria, Chairman and Managing Director; Mr. Akshay and Vidur Kanoria, Executive Directors; and Mr. Vivek Dave, GM Finance of the company. We would like to begin the call with brief opening remarks from the management, following which we will open the forum for an interactive question-and-answer session. Before we start, I would like to point out that some statements made on today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the results presentation shared with you earlier. I would now like to invite Mr. Akshay to make his opening remarks. Over to you, Akshay.

Akshay Kanoria – Executive Director: Good afternoon, everyone, and thank you for joining us today for TCPL Packaging Ltd.'s Q1 FY27 earnings call. I will begin by taking you through our business and financial highlights for the quarter under review, following which we will be happy to open up for a question-and-answer session.

FY27 has commenced on a strong note for TCPL, with healthy demand across our key businesses, continued improvement in operating performance, and another quarter of broad-based and profitable growth. During the first quarter, we delivered a record quarterly performance, with consolidated total income increasing by 16% year-on-year to 495 crores, while EBITDA grew by 17% to 88 crores, with margins improving to 18%. Cash profits increased by 56% year-on-year to 76 crores, while PAT grew by nearly 79% year-on-year to 40 crores.

This performance was driven by strong demand, particularly in the domestic market, with both our folding cartons and flexible packaging businesses performing very well. We continue to grow ahead of the market and gain share across key segments, supported by strong customer relationships, disciplined execution, and continued investments in capacity, technology, and value-added solutions. Despite various headwinds during the quarter, we were able to grow volumes and improve margins, reflecting the strength of our operating performance and our focus on efficiencies. Our export business also recorded steady year-on-year growth. However, we remain cautious about the near-term outlook, given the continuing uncertainty in the global operating environment.

One of the highlights during the quarter was the continued strong performance of our flexible packaging business. Our existing facility is now operating at optimal utilization, supported by strong customer demand. To support the next phase of growth, we have initiated the addition of a high-speed manufacturing line. The expansion will provide additional capacity to address growing customer requirements, increase the share of value-added products, and pursue new opportunities across domestic and export markets. We will continue to invest to support future growth while

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maintaining a prudent approach to capital allocation.

Packaging remains the cornerstone of TCPL and will continue to be the principal focus of our investments. We see significant opportunities to deepen our presence across existing customers, broaden our product portfolio, expand our presence in international markets, and further strengthen our leadership position across both paperboard and flexible packaging.

At the same time, we continue to evaluate adjacent opportunities where our existing capabilities can provide a strong foundation for long-term growth. In this context, today marks an important milestone in TCPL's journey, and we are pleased to announce our proposed entry into the advanced chemistry cell battery materials value chain through lithium-ion battery separator film. This initiative represents a natural extension of the capabilities TCPL has built over several decades. While the end application is different from packaging, many of the underlying competencies required, including specialized films, polymer processing, precision manufacturing, process engineering, stringent quality systems, and R&D, are closely aligned with our existing strengths. We therefore see this as a logical extension of our capabilities into a high-growth sector, with a proposed investment of approximately 125 crores to be deployed over the next 18 months, and commercial production targeted during Q4 FY28.

We intend to develop the business in a phased manner, initially focusing on establishing the manufacturing infrastructure, developing the technology platform, validating the product, and completing customer trials before scaling capacity. We believe the timing of this investment is attractive, given the significant investments underway in India across electric vehicles, energy storage systems, and domestic battery manufacturing, supported by policy initiatives aimed at increasing localization across the battery value chain. As domestic cell manufacturing capacity expands over the coming years, we expect demand for locally manufactured separator films to grow meaningfully. TCPL is well positioned to participate in this emerging opportunity by leveraging the engineering and manufacturing expertise built over the last three decades.

I would also like to reiterate that our packaging business remains our core focus. The battery materials initiative is an additional long-term growth platform that complements our existing strengths while we continue to expand and strengthen our packaging business. We will continue to invest in capacity, technology, automation, and product innovation to enhance our competitive position across our existing businesses.

Looking ahead, we remain optimistic about the demand environment for packaging. Consumption-led growth, increasing premiumization, rising demand for sustainable packaging solutions, and continued outsourcing by branded customers provide favorable structural tailwinds for the industry. With our diversified customer portfolio, strong manufacturing capabilities, and balance sheet, we believe we are well positioned to sustain profitable growth while maintaining a prudent approach to capital allocation. With that, I would like to request the moderator to open the forum for any questions or suggestions that you may have. Thank you.

Operator: Thank you very much. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press star and then one on their touchtone phone. If you wish to remove yourself from the question queue, you may press star and then two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a

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moment while the question queue assembles. Again, to register for a question, please press star and then one now.

The first question comes from the line of Abhisar Jain with Monarch AIF. Please go ahead.

Abhisar Jain – Monarch AIF: Hi, sir. The first question is on the new capex on the flexible packaging side that you have mentioned. What capacity do we plan to add, and what will be the capex for this?

Vidur Kanoria – Executive Director: Akshay, do you want to take that? We will be adding approximately 30% to our existing capacity. You can say that the increase will be about 30%.

Abhisar Jain – Monarch AIF: What is the approximate capex for that?

Vidur Kanoria – Executive Director: We will be investing about {? 50-60 crores ?}.

Abhisar Jain – Monarch AIF: Understood. In flexible packaging, because you are triggering an expansion, are we at full utilization of the existing capacity? What would that number be in terms of utilization percentage?

Vidur Kanoria – Executive Director: Utilization varies from month to month, but it is fairly close to full utilization. You could say it is almost fully utilized.

Abhisar Jain – Monarch AIF: Understood. On the folding cartons side, what would our capacity utilization be currently, and how much room will we have before we look to trigger an expansion there as well?

Akshay Kanoria – Executive Director: We are at more than 70%, but different units may be at higher or lower utilization. As of now, it is fine. We are mostly concentrating on expanding the area in a couple of our factories to make room for capex in the future. In some of the plants, we already have some developed and spare area, so as and when orders pick up, such as in Chennai, we can quickly add capacity with one quarter's or 1.5 quarters' notice.

Abhisar Jain – Monarch AIF: The next question, of course, is on your new venture. It is good to see that we have identified a high-growth area to enter. I would like to get a few thoughts from you. First, how did you narrow down to this product, battery separator film, and how long have you been researching or analyzing this opportunity before narrowing it down? Regarding the technology, given that it builds on the group's existing capabilities and is a strategic fit, do you need a technology partner or a technology transfer, or will it be developed in-house? Based on your analysis, are you confident that you can manufacture this successfully from the beginning?

Saket Kanoria – MD & CEO: I am Saket Kanoria, and I can answer this question. On the group side, we have always been looking for opportunities. Many years ago, there was an opportunity to invest in BOPP and polyester film, and we felt that those products were more commoditized and would become increasingly commoditized. Therefore, we were not interested in investing in such an opportunity. However, as we have been meeting many people and interacting with several business associates who are connected with us, we came to understand that the battery business in India is expected to grow by leaps and bounds, and ultimately we have to reach where China is today, perhaps in 5-10 years. There is this polymer film that is used within the cell.

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It fit very well with our philosophy, which is to make value-added materials. That led to a lot of research, visits to countries outside India, and meetings with many such product manufacturers, machine suppliers, and others. That is how we narrowed it down. As far as the technology is concerned, we understand these materials very well. Over the years, TCPL has entered many new fields, and I would say that in almost every field we have entered, we are today among the best in terms of technology. We started the company in the 1990s producing tobacco cartons, then we entered folding cartons, paper cups, cylinder engraving, flexible packaging, tipping paper, shrink sleeves, and even the ink business. I think each of these involves specialized technologies in which we have performed very well with respect to technology. In some, we are the leader, but nowhere are we a follower in terms of technology or product quality.

That gives us the confidence to assemble a top-class team and execute this venture, enabling us to match the expectations of customers who are going to be very demanding because, at the end of the day, this is a battery business, which is very unforgiving. I hope that answers your question.

Abhisar Jain – Monarch AIF: Very helpful, sir. It is quite clear. As a follow-up, for this project, can you give us an indication of the asset turns for phase one on the investment we are making, and what kind of margins this product would have?

Saket Kanoria – MD & CEO: In phase one, we are building infrastructure so that, in the future, when we expand, as we have indicated, our vision is to make 500 million square meters. We are buying the land, a large parcel, which we...

Management: ...will be able to do in phase one, so it is not fair to actually compare the asset turns. However, we still expect a good margin, with a top line of between 150 and 200 crores on this first-phase investment.

Abhisar Jain – Monarch AIF: And the margins?

Management: The margin will follow. Let us see, but I think it will be a good double-digit number.

Abhisar Jain – Monarch AIF: Understood.

Management: The return arithmetic on this, based on our calculations, meets our criteria as a company very well. So, if it works out well, it can definitely be more attractive than the returns from our existing business because it is a very specialized field.

Abhisar Jain – Monarch AIF: Understood. Thank you, sir. I have more questions, but I will fall back in the queue so that others get a chance. Thank you very much.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Danish Mistry with Eternity Investment Management LLP. Please go ahead.

Danish Mistry – Eternity Investment Management LLP: Hello, sir. Congratulations on a good set of numbers. I have one question. Your interest costs were lower. Was that a function of lower debt, and if so, what is your current debt outstanding?

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Management: Hi, Danish. You are comparing this with June last year. Compared to June last year, we had a foreign exchange impact in that quarter, which was mentioned in the previous year's results. Therefore, the comparison in this quarter is not strictly correct. This is a more normalized quarter. This is a more normal cost this quarter. In the same quarter last year, there was a one-time large hit that we had to take on the mark-to-market loss.

Danish Mistry – Eternity Investment Management LLP: Understood. When do you think phase one of the separator project will be operational?

Management: Our target is to commercialize it by Q4 FY28, so January–February 2028 is our target.

Danish Mistry – Eternity Investment Management LLP: All right, sir. Thank you very much, and I wish you the very best of luck. Thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Rohan with Incred. Please go ahead.

Rohan – Incred: Hi, team. Congratulations on a strong set of numbers for the quarter. To dive into the numbers, how was the growth profile in terms of the domestic business? Could you provide some color on volume and price growth during the quarter, and how are exports trending this quarter?

Management: We had growth in both domestic and export markets during the quarter. Domestic growth was much higher than export growth, at a good double-digit rate, while exports were also not bad. Overall, we are quite pleased with the mix. In terms of the volume-value split, there was slightly more value and slightly less volume, but volumes were also at a good high-single-digit rate. Overall, we were quite happy, and it was a very broad-based kind of growth.

Rohan – Incred: As a follow-up, with export growth returning to positive territory, which regions would have driven this?

Management: We do not share that level of detail, of course. Basically, the same quarter last year was particularly weak, so this year was a bit of a normalization. I would say that we were somewhat pessimistic going into the quarter, but it turned out to be all right.

Rohan – Incred: Understood. I have a few questions on the expansions that you have announced. At the 500 million square meter mark, what kind of revenue potential do you see?

Management: It would follow a similar trend to our phase one figure in terms of revenue. The guidance we had given for that was around 150–200 crores. For this, it is difficult to give a figure, but somewhere around {? 1,100–1,200 crores ?} would be a fair estimate for now. Although we do not know exactly how prices will trend at that time, eventually it could be between 1,200 and 1,300 crores, or something around that level.

Rohan – Incred: In terms of the moat, what kind of structural advantages would we have in this space? Would it largely be an import-substitution opportunity for domestic ACC players under the

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PLI scheme, or do you also see a strong export opportunity?

Management: We are open to both. Our primary focus is to fulfill the needs of domestic cell manufacturers, and that is where we see tremendous growth about to happen, probably faster than in other parts of the world. Our primary focus is to support government initiatives to boost domestic cell manufacturing. As we learn and move forward, we will also definitely look at export opportunities. However, as I said, we are very much focused on fulfilling the requirements of the ACC ecosystem in India. Once we prove our capabilities in India, I think the world market can open up. It depends significantly on the geopolitical environment at that time.

Rohan – Incred: In terms of the qualification timelines, how long does it take to get a new customer on board here?

Management: As far as separators are concerned, what we understand from various cell makers is that the qualification timeline is slightly faster than for other materials such as anodes and cathodes. I think we are well placed here, but we are of the view that it will take us at least a year to scale up. The first year, which is FY29, or 2028–29, is expected to go into qualification, testing, and then the commencement of commercial supply to different clients during that period.

We also need to see how quickly they are able to set up their factories and scale up. Therefore, it depends on many factors. We are patient and will play the long game in this area. That is something we can fully accept, given that this involves critical components for EVs and energy storage systems.

Rohan – Incred: Just the last question from my end. First, on FY27, do you have any guidance on growth and margins? More broadly, over the next 4–5 years, considering this new business as well, what kind of revenue mix do you envisage across folding cartons, flexible packaging, and separator films?

Management: We see the historical trend continuing. Providing guidance is somewhat challenging in the current environment, with so many factors outside our control. Generally speaking, the outlook is quite positive from where we sit today. The domestic business is looking positive, and exports overall are also all right. Margins typically follow the top line.

Over the next 4–5 years, the separator business will be a long-term story. Once the scale picks up, it will take a few years. For the foreseeable future, the packaging business will definitely be the major driver of revenues as well as growth. However, 4–5 years down the line, we will have to see. The number-one company in the separator business was a packaging company 10 years ago with a profile very similar to ours today. Today, I think its separator business must be 20 times the size of its packaging business, or something like that. We do not know where this can go, so we will have to see.

Rohan – Incred: All right. Thank you, sir. I will get back in the queue.

Operator: Thank you. Before we take the next question, a reminder to all participants that you may press star and then one to ask a question. The next question comes from the line of Pawan Kumar with Ratna Traya Capital. Please go ahead.

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Pawan Kumar – Ratna Traya Capital: Can you first outline the non-separator capex for FY27 and FY28? What capex are we expected to spend?

Akshay: In FY27, we have a budget of about 100 crores, and this does not include the separator business. The separator spend will be over the course of the next 1.5 years. This year will probably consist more of the land cost, while everything else will largely be in next year's cost. Based on the separator announcement, this will increase by perhaps 30–40 crores. So it will be between 100–150 crores for this year.

Pawan Kumar – Ratna Traya Capital: Will FY28 also be a similar number, or perhaps lower?

Akshay: We do not know about FY28 from this point, because it depends on how our carton business performs. We are keeping some space this year, and that is what some of the capex is for, enabling capex next year. There will be at least a similar level of capex and possibly more, but we are not certain.

Pawan Kumar – Ratna Traya Capital: Did I understand correctly that for this particular separator project, we do not require any external technology transfer?

Akshay: We have already answered that question, but essentially we are developing the technology from various sources and conducting our own R&D and development. This is a TCPL product that we will be selling.

Pawan Kumar – Ratna Traya Capital: Understood. One last question on margins. Has the incremental pricing related to raw materials been passed on to customers, or is there still some pricing to be passed on?

Akshay: There is typically a lag when price increases are passed on. It is a difficult calculation because we always have some stock and stock on order. Whenever a price increase is initiated, it takes more than a quarter to be passed through. That is what has happened.

Pawan Kumar – Ratna Traya Capital: The EBITDA margin would not be maintained if we did not pass it through.

Akshay: That is right. It is somewhat of a lag.

Pawan Kumar – Ratna Traya Capital: Understood. Thank you.

Akshay: Thank you.

Operator: Thank you. The next question comes from the line of Raman KV with Sequent Investments. Please go ahead.

Akshay: Sorry, what was the name of the company?

Operator: Sequent.

Akshay: Okay.

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Raman KV – Sequent Investments: Hello, can you hear me, sir?

Akshay: Yes, of course.

Raman KV – Sequent Investments: I am sorry, I joined the call a little late. I want to understand this lithium-ion separator film business. What will we be doing once we start commercializing it? Second, how do the margins compare between our existing business and this new line of business?

Akshay: I would refer you to the presentation and press release, where there are more details that you can go through at length. Basically, this is a critical component of the lithium-ion battery. It separates the anode and the cathode, which is why it is called a separator, and it regulates the charge and discharge cycle. We will be making that film in a phased manner.

Regarding the margin difference, as we said earlier, we cannot give an exact margin right now. However, in this first phase, we expect a good double-digit margin as well as a double-digit return on investment and capital, and eventually this can scale up substantially.

Raman KV – Sequent Investments: Can you hear me?

Akshay: Yes, of course.

Raman KV – Sequent Investments: Can you at least say whether it will be in line with our existing margin or much better than the existing margin?

Akshay: We are proceeding in a phased manner. For example, right now we are incurring a significant upfront cost on the land, which will cover the requirements for the next 5–6 years in one go. However, we are definitely looking for a better return on capital or investment than in our existing business; otherwise, it would not be sensible.

Raman KV – Sequent Investments: Understood. My last question is with respect to growth. I think after 5 or 6 quarters we...

Raman KV – Sequent Investments: ...will have over double-digit growth. I want to understand where we are witnessing the demand from, and whether this demand is sustainable going forward.

Akshay: There is a mix of volume and value. Volume is somewhat stronger in the domestic business, where we are seeing good volume growth as well. Overall, I think demand has improved in India, and the volume growth of our customers has also improved. Exports are also showing some recovery, since last year was a weak year for exports. This year, we hope for some recovery, and so far it has been all right.

It is a mix, and our flexible packaging business has also grown very strongly, hence the capex in that business this year. Overall, it is broad-based growth. I think everything has grown, but our flexible packaging business has grown somewhat faster.

Raman KV – Sequent Investments: Is the growth sustainable?

Akshay: Yes, we feel it is. We do not see any significant concern. If there is another war somewhere, we do not know what will happen. However, domestic demand in India is definitely recovering, and I

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think we can see that in the numbers across the board.

Raman KV – Sequent Investments: Understood. Thank you very much, sir.

Operator: Thank you. The next question comes from the line of Richa Agarwal with Equity Master. Please go ahead.

Richa Agarwal – Equity Master: Am I audible? Thank you for the opportunity. I am new to this company. My query is related to the news about the plastic ban for pan masala and gutka, as well as for other products. Does it have any implication for your business? In other words, does it open up opportunities for TCPL Packaging Ltd.?

Akshay: Plastics were always banned for pan masala; there is nothing new in that. This latest notification is misleading, and it has more to do with another structural change in pan masala packaging. Our business may be marginally affected in the very short term, but we are not a major supplier to the pan masala segment.

Richa Agarwal – Equity Master: Thank you.

Operator: Thank you. The next question comes from the line of Nitesh Shrege with Chris Capital. Please go ahead.

Nitesh Shrege – Chris Capital: Thank you for the opportunity. Akshay, there were some news articles on the battery component ecosystem and the PLI scheme.

Akshay: I am sorry to interrupt, Nitesh, but your voice is not clear. Can you repeat that?

Operator: Nitesh Shrege, Chris Capital.

Nitesh Shrege – Chris Capital: Is it better now?

Akshay: Yes.

Nitesh Shrege – Chris Capital: There were news articles on battery component ecosystems and the PLI scheme. Will this new subsidiary receive PLI benefits?

Akshay: There has been a lot of news and discussion about a PLI scheme being launched for battery materials. So far, the government has not formalized any scheme, and it has not opened any application process. Beyond that, we will have to discuss it when the time comes. Otherwise, I would not want to speculate on a policy that does not exist yet.

Nitesh Shrege – Chris Capital: As you said, we are building this technology in-house. Do we have the capability? This would require a much higher level of technology than what we are generally used to, correct?

Akshay: We have already answered that question, and I would refer you back to the previous answer. However, we are certainly confident; otherwise, we would not be making this investment.

Nitesh Shrege – Chris Capital: Fair enough. Thank you.

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Operator: Thank you. The next question comes from Bhavesh with DV Investment Advisors. Please go ahead.

Bhavesh – DV Investment Advisors: Hello, everyone.

Akshay: Hi.

Bhavesh – DV Investment Advisors: Can you discuss the global players and the domestic players that are involved in the separator business?

Akshay: At present, nobody—Vidur, why do you not answer this? However, I think there is nobody in India manufacturing this material today, and nobody has announced any plan to manufacture it either.

Vidur: There are manufacturers of separators for lead-acid batteries, but for lithium-ion batteries, there is currently no capacity online. From what we understand, there are obviously people looking at it, including some existing lead-acid separator manufacturers. However, nothing has been announced, and there is no commercial production currently in operation in terms of competitors for lithium-ion battery separators.

Bhavesh – DV Investment Advisors: This is for the domestic market, correct? What about the international market? How many players are there internationally?

Vidur: The international market is more fragmented, and it is difficult to give you a number. The majority of the players, as with other battery materials, are concentrated in China, Korea, and Japan, with China being the leading player. There are multiple players in China; the market is not dominated by one, two, or three companies. There are many manufacturers in these countries.

Bhavesh – DV Investment Advisors: Understood. Thank you very much.

Operator: Thank you. The next question comes from the line of Jayesh Shroff with Cask Capital. Please go ahead.

Jayesh Shroff – Cask Capital: Thank you for the opportunity. I wanted to ask about the capex we are going to undertake in flexible packaging. A few years ago, we experimented with Innofilms, which was a single-layer recyclable packaging solution. Is the new capex along those lines, or is it for the traditional flexible packaging lines that we have?

Akshay: It is for traditional flexible packaging, not for PE film making.

Jayesh Shroff – Cask Capital: What is the update on that line of business? Before we merged that company into the parent, I think it was not doing too well in terms of technology. Do you have any update?

Akshay: Originally, we had some issues with the machine, but those were resolved some time ago. Now there is no problem in terms of the technology, performance, or the product. There is no concern on that front.

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The concern is more that brand owners are not adopting the shift toward mono-material packaging at the pace we expected when we made the investment. However, overall, this line is now doing quite well, and I think it is justifying the investment we have made, for both the internal and external markets. It is also a very good marketing tool for us because, as a company, it provides a strong differentiation that we can demonstrate to customers. Even if it represents a smaller part of their purchasing, it is still a very critical future requirement that every customer knows they will have to adopt at some point.

Jayesh Shroff – Cask Capital: I asked because most FMCG companies, at least on paper, have a target of having fully sustainable packaging by 2030. I am surprised that you are saying they are...

Akshay: Because of COVID and the resulting pressure on growth, followed by pressure on margins after COVID due to inflation and other factors, these targets were extended, deferred, or somewhat forgotten during those few years. However, it is definitely a requirement, and more and more markets around the world are regulating packaging and adding recyclability standards. These developments also provide a significant push toward demand for mono-material packaging.

The adoption is not at the level we expected it to be, but in the long term it remains a good opportunity.

Vidur: The government is not mandating the use of recyclable packaging in India today. Until the government does so, there will be less pressure on brand owners to move to something like this. However, as Akshay said, we are future-ready. When that happens, and inevitably it will happen at some point, we will be ready.

In the meantime, we have been developing a lot of high-value, fully recyclable packaging, which we are selling for export. There is a good market abroad, and it is growing across various geographies. When it comes to India, we will be much better positioned than most others.

Jayesh Shroff – Cask Capital: Understood. Thank you very much for the answer.

Akshay: Thank you.

Operator: Thank you. Before we take the next question, a reminder to all participants that you may press star and then one to ask a question. The next question comes from Nishant Bagrecha with Incred Research. Please go ahead.

Nishant Bagrecha – Incred Research: Thank you for the opportunity. Congratulations, Akshay and team, on the strong set of numbers and on entering the new venture. I have a couple of questions. First, you mentioned that the existing flexible packaging facility is operating at optimal utilization and that you are now adding a fourth line. What is the timeline for commissioning this line? Will this new line cater to existing customers, or will it enable you to pursue new customer segments or geographies?

Akshay: The new flexible packaging line is expected to be operational by January–February next year. Regarding the customers, it could serve the same group of customers, but we will definitely target new clients as well. It is essentially the same sector and the same type of packaging, so this is an increase in capacity catering to a similar group of customers, although we hope to develop new

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customers as well.

Nishant Bagrecha – Incred Research: Are you also at optimal capacity utilization for folding cartons, or is there still headroom?

Akshay: I answered that earlier. We do have some headroom left, but it is dependent on the factory. We operate across India, so some plants have capacity while others are constrained. We are building room for expansion, which we can undertake from next year onward. This year, we are also assessing how the situation develops, and we can always make quick decisions with approximately one quarter's notice.

Nishant Bagrecha – Incred Research: I missed that. Lastly, given the strong growth and the increasing contribution from flexible packaging and other value-added products, how should we think about the overall margin trajectory over the next 3–4 years? Is there scope for structural margin expansion as the mix shifts toward these higher-value-added businesses?

Akshay: Flexible packaging is generally a lower-margin business. The returns have a similar profile in terms of return on capital, which is what really matters, but EBITDA margins tend to be lower. Therefore, as flexible packaging grows, it can reduce the company margin.

However, so far, the carton business has also grown, and the overall mix has been quite healthy. We have maintained a good margin profile over the last couple of years, and we see that continuing. I cannot say at this point whether margins will expand or decline. As for whether there is anything structural dragging them down or pulling them up, I cannot say that right now.

Nishant Bagrecha – Incred Research: Thank you.

Operator: Thank you. The next question comes from the line of Pulkit Singhal with Dalmus Capital Management. Please go ahead.

Pulkit Singhal – Dalmus Capital Management: Thank you for the opportunity, and congratulations on a good set of numbers. My first question is on the battery separator business itself. Will this be a 100% subsidiary, and what would be the capex for every subsequent 70 million square meters per year?

Akshay: Pulkit, if you saw the presentation we issued, you can see that this is the first phase, in which we will undertake the conversion activity. Eventually, we have to move backward into the base film. That will entail more capex than the coating activity.

Management: It is not as simple as taking this capex and multiplying it. We are also incurring some capex upfront, such as on the land. It is therefore somewhat complicated to answer that question. To make it simple, you cannot just multiply it by 8 times and arrive at the same number. It will be more than that.

Abhisar Jain – Monarch AIF: This is envisioned to be a 100%-owned subsidiary, correct?

Management: Yes. Right now, it is 100%-owned.

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Abhisar Jain – Monarch AIF: What is the lead time for this machinery? We have seen that some other specialized films have involved German manufacturers with long lead times of 1–2 years for the machinery. Is that also the case in this business, or is the machinery more standard?

Management: For the first phase, no. The lead times for the first phase are similar to the lead times for our packaging machinery. However, if we undertake film making and related activities, that will involve a longer lead time. We do not know that at present; we will see in 1–2 years what the situation is.

Management: Abhisar, regarding the films you are referring to, based on what we see, we do not expect it to take 2–3 years or anything like that to set up a base film line either.

Abhisar Jain – Monarch AIF: Understood. My second question is more on the mix. I am surprised that we had a higher share of flexible packaging and a lower share of exports, but our margins still increased. Has something changed on the domestic side in terms of competition intensity, or is there another reason explaining this? Both were expected to be dilutive in terms of EBITDA margins.

Management: We cannot provide that much detail on a quarterly basis because it really depends on various factors. We should look at it over the longer term rather than focus on individual quarters. Generally speaking, things are fine, and there is no major concern regarding margins.

Abhisar Jain – Monarch AIF: Lastly, regarding the UK FTA, is there anything on the export side that we may benefit from because of the ongoing or already implemented FTA, as well as the FTAs that are coming up with Europe and elsewhere?

Management: We see that customers, particularly in Europe and the UK, are quite positive about India and are buying from India and shifting sourcing here. That is a positive trend. These FTAs do not really help in terms of our products because they were already being exported at zero duty. For flexible packaging, they have helped to some extent. There has been a slight reduction in duties, which will make us more competitive than we would have been without them.

However, the FTAs generally create a positive sentiment toward buying from India, which is what is really helpful. We do see good scope for further expansion in our export segment.

Abhisar Jain – Monarch AIF: Understood. Thank you, and all the best.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Harshita with DSP Asset Managers. Please go ahead.

Harshita – DSP Asset Managers: Good afternoon. My first question is regarding the separator film business. Do we need higher Opex? Should we factor in higher Opex for this business, given that we may have to hire people to run the plant or head the business, or to support us with the technology?

Management: On the {? 1.5–2 thousand crore ?} top line that we have discussed, this is not going to be a significant drag. Even if we put a very top-heavy team in place today, I do not believe it would

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have a significant impact.

Harshita – DSP Asset Managers: {? No, no, I meant at 1,200 crore ?} top line, of course, but I am asking about the investment period before that comes through.

Management: In the separator business itself, yes, I understand. However, I am saying that overall, for TCPL, it is not going to be significant. It is already budgeted in our calculations.

Harshita – DSP Asset Managers: Understood. When you said that it would pass our ROCE threshold, I assume you mean it would be higher than the 20% threshold that we usually have before entering any business or undertaking any acquisition.

My second question is on the Chennai plant. I know you would not want to give specific capacity utilization figures, but how is the ramp-up at the Chennai plant progressing? Last time, I think we said that FY27 utilization should improve. Is that trajectory on track?

Management: We are very satisfied with the progress there.

Harshita – DSP Asset Managers: Would it be closer to the 70% level?

Management: We are getting there.

Harshita – DSP Asset Managers: Understood. Do we plan to set up another line there, given that I think 50% of the land is already available... 50%...

Management: We can also decide very quickly there. There is enough space, and everything is already prepared for 2–3 lines. There is not much to prepare apart from deciding and ordering the machine. We will see. We are just waiting a few more months or weeks, or whatever is required, and then we will decide.

Harshita – DSP Asset Managers: Understood. Lastly on the...

Operator: Sorry to interrupt, Harshita ma'am. May we request you to return to the queue for follow-up questions?

Management: It has been an hour already. Sorry.

Operator: Thank you. We have our next follow-up question coming from the line of Abhisar Jain with Monarch AIF. Please go ahead.

Abhisar Jain – Monarch AIF: Thank you for the opportunity again. I have a clarification on the presentation that you have issued for the battery separator film project. On slide 7, we have mentioned 2 phases. In one of the earlier responses, you mentioned that the project would start in {? Q4 FY26 ?}. Can you specify what we would do initially, how quickly we would move into phase two and full end-to-end film manufacturing, and how long that period would be?

Management: We are starting with the coating and conversion activity, as indicated in our presentation. How quickly we move backward will be determined at the time. It depends on the business, how quickly we scale up, the situation in the Indian and global markets, the machinery,

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and how quickly cell makers are able to scale up. That is the main factor. We need to have enough capacity in order to move backward, which means there has to be sufficient demand in India.

Abhisar Jain – Monarch AIF: Understood. The metrics you are indicating, whether in terms of asset turns or margins for ROCE, are independent of whether phase two materializes quickly or develops slowly depending on the market situation, correct?

Management: Yes. Even the phase-one ROCE is satisfactory. Whether it is phase one or phase two, overall we are investing in a business that can generate returns. The real benefit will come when it reaches a larger scale and we are producing millions and millions of square meters, but it has to be a sustainable business, generally speaking. That is why we are entering it.

Abhisar Jain – Monarch AIF: Understood. One more question: since you mentioned that the largest player has increased significantly in size over time, I assume this is Semcorp Group from China. Do you have an idea of its capacity, or the capacities of the top 2–3 largest players?

Management: You are right about the company. However, it is difficult for anyone to state what capacity they have. It is far into the billions of square meters because China has, I believe, more than one terawatt of cell manufacturing capacity. You can calculate that the separator requirement is also enormous. This is a long way ahead for us at present.

Abhisar Jain – Monarch AIF: Understood, sir. Thank you very much.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference call over to the management for closing comments.

Management: Thank you. I hope we have been able to answer all your questions. Should you need any further clarification or if you would like to know more about the company, please feel free to contact us or CDR India. Thank you again for taking the time to join us on this call. We look forward to interacting with you next quarter.

Operator: Thank you to the members of the management. On behalf of TCPL Packaging Ltd., that concludes this conference. Thank you, everyone, for joining us. You may now disconnect your lines.

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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