



**“Pyramid Technoplast Limited
Q3 FY '25 Earnings Conference Call”
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Devyanshi Dave:

Hello everyone and a very good afternoon. I welcome you all to Pyramid Technoplast Limited Q3 and 9-month earnings call. Please note that the discussion in today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company faces.

We have on the call today Mr. Bijaykumar Agarwal, who is the Managing Director and Mr. Jaiprakash Agarwal, CFO and Whole-Time Director. So, I'd now like to hand over the call to Jai sir to proceed with the opening remarks, post which we'll open the floor for questions. Thank you and over to you sir.

Jaiprakash Agarwal:

Hello everybody, a very good afternoon and a very warm welcome everyone. So as the result is already out, so let me just summarize a few things. So, it is our pleasure to share the progress report of Q3 financial year 2025.

So, as we continue to execute our growth strategy, so this quarter we saw robust performance across our key segments, IBC, Metal Drums and Polymer Drums. Despite a dynamic market environment, we have maintained strong growth momentum. Our commitment to increase operational efficiencies, enhancing product mix and scaling capacities has positioned us well for long-term sustainable growth.

So, let's start with MS drum. So, this segment recorded an impressive growth of 46% year-on-year volume growth and a 40% year-on-year revenue growth. So, in Q3 FY25 benefited from the expansion of our production capacity from 30,000 to 50,000, which you can see and further we are scaling it up to 90,000 units per month by March 2025.

So, for HDPE drums, volume growth stood at 6% year-on-year with revenues remaining flat, same due to capacity constraints. However, as we said, with the expansion of unit 7 now completed, we expect a pickup in production in Q4 FY25. For IBC segment, the segment posted 17% year-on-year volume growth and 8% year-on-year revenue growth, maintaining market share despite pricing pressures. Capacity utilization on line 1 has already crossed 60% and second line is scheduled for commissioning in early financial year 2026. So as far as these are what has happened to us, now we would like to share some strategic expansions.

So as to go forward as per our long-term commitment expansion, so unit 6 capacity we are increasing, we are increasing from 50,000 to 90,000 which is scheduled for March 2025 with civil work and machine installation progressing as planned.

For Unit 7 production, that is IBC and HDP drums, our production commenced ahead of schedule for one line of 200 litres of polymer drums and 50 litre polymer drums is already commissioned.

For unit 8 Maharashtra, there we are installing HDPE drums, IBC and MS drums. Phase 1 construction is expected to be completed in Q4 this financial year with trial scheduled for March 2025 and commercial production beginning in Q1 of financial year 2026.

For Unit 9, as we informed, we are coming up with a recycling plant. The construction is underway for our first recycling plant with expected completion by May 2025 with an estimated investment of Rs. 8 to 10 crore which will allow us to recycle around 10,000 metric tons of plastic annually reducing dependence on virgin raw materials and enhancing our cost efficiencies.

On sustainability part, so as a part of our commitment to sustainability and cost optimization, our 15.25-megawatt captive solar power project is progressing well with commissioning scheduled in phases starting May 2025. This initiative is expected to reduce annual power cost by around Rs. 10 crores improving our EBITDA margin.

We have laid out a capex budget of around Rs. 40 to 50 crores for financial year 2025 of which Rs. 38 crore has already been spent. For financial year 2026, the budget is projected to be Rs. 50 to 60 crore and will be utilized for the mentioned initiatives.

Revenue for Q3 stood at Rs.154 crores up by 15% quarter on quarter and 19% year on year reflecting continued growth despite the market dynamics. EBITDA stood at Rs. 11.8 crore with a margin of 7.6%. We believe that benefits of economies of scale and cost optimization will start reflecting in the coming quarters. Net profit for Q3 stood at Rs. 6.8 crore. Our balance sheet remains healthy with net debt to equity at 0.13x. With ongoing expansions and strategies, investments, we are well positioned for the future. The completion of new capacities, sustainability initiatives and backward integration will drive efficiency and profitability.

As we scale operations, we remain committed to deliver consistent growth and value for all stakeholders. And one more thing I would like to add that few of our projects have been completed and few of them are on the last leg. So, from next quarter onwards, we will start getting better results.

Thank you very much. Now I'll start the floor for the question and answers.

Devyanshi Dave:

Thank you, sir. We have the first question from Mr. Dinesh.

Dinesh:

So, my first question is regarding the other operating part of our business. So broadly wanted to understand the kind of margins that we would have in this segment. And going forward, do you

think this will continue to remain a sizable part of the business or should that taper off? Or how are you broadly thinking about this?

Jaiprakash Agarwal:

So, with our initiative, the margins will going to improve because right now we are adding up a lot of volumes, a lot of capex is happening. So once the utilization will start happening, our margins will start increasing. And plus, we have already taken initiative like we are coming up with recycling plant, we are coming with solar installation, which will add on to the margins.

Dinesh:

My question was regarding the other operating part of the business in which we were kind of selling kind of raw materials.

Bijaykumar Agarwal:

We have the raw material available, so if we can get an additional ₹1-2 per kg from it, we sell it.

Dinesh:

Got it. So, while the margins may be low, you will still generate an absolute profit from it.

Bijaykumar Agarwal:

It's not that we always make 10% margins; we do achieve that at times, but mostly, the margins range between 1% to 2% from selling raw material.

Dinesh:

Understood, got it. Another question, on the IBC container business, we had said that competitive intensity there is increasing a bit. So, is this kind of larger players increasing competitive intensity or are kind of other smaller players coming up or how is that shaping?

Bijaykumar Agarwal:

You cannot shortlist that, you need to focus on protecting your market share. Our market share is not only growing but also being maintained. I don't want to name any specific player—whatever the scenario, it's evident. Regardless of the situation, I will safeguard my market share.

Dinesh:

I was trying to understand that going forward, the pricing will have to increase or not?

Bijaykumar Agarwal:

See it on account of both big and smaller players but it is difficult to shortlist one. We ensure that we don't lose our customers while also expanding our market share.

Dinesh:

Got it.

Jaiprakash Agarwal:

We have built a healthy relationship with our customers. So, we give [inaudible] solutions. So that is why customers are with us. And they are increasing our volume. Plus, we are adding new customers every month on a monthly basis.

Dinesh:

Got it. One last question. We had said that we have EPR costs which have risen to a hit on margins. So, is that a major thing or how is that?

Bijaykumar Agarwal:

During the quarter, we incurred a Diwali bonus of ₹1 crore and an EPR payment of around ₹30 lakh. Additionally, manpower for the new plant in Wada is being sourced from within the company. This has affected margins, but we expect improvement going forward.

Jaiprakash Agarwal:

Once we complete all the capex, margins will come back to normal. Plus, we have taken certain initiatives which will definitely add on to this.

Dinesh:

Perfect. That's it from my side. Thank you so much.

Devyanshi Dave:

Thank you. We have the next question from Mr. Saransh Gupta (from SVAN Investment). Please go ahead, sir.

Saransh Gupta:

Thank you for the opportunity. Sir, as you mentioned that our IBC capacity has started, I would broadly like to understand the overall size of the IBC market. Additionally, as our capacity ramps up, what margin levels can we expect in the IBC business?

Bijaykumar Agarwal:

According to me, the IBC margins will definitely increase. In the coming time, I think that 12-13% will become 15% EBITDA.

Saransh Gupta:

Okay, it will become 15%. So sir, what is our capacity in IBC and what is our market share in IBC right now?

Bijaykumar Agarwal:

It is difficult to say the total market share but I think it is around 40-50%.

Jaiprakash Agarwal:

In our last survey, we achieved 40% so we are assuming that we are at 40%.

Saransh Gupta:

Sir, as you said that there can be 12-15% margin so what are we doing in our other businesses to increase our margin in single digits to double digits?

Bijaykumar Agarwal:

I will explain. In the MS Drum segment, once our capacity doubles, we expect margins to reach 9-10%, compared to the current 5%.

For Polymer Drums, including trading income, profits stand at 5-6%. Excluding trading income, profit is around 7%-8%. Additionally, the solar project alone is expected to enhance overall business profitability by around 2%.

Saransh Gupta:

Okay. Sir, how much will be the trading contribution in Polymer Drum?

Bijaykumar Agarwal:

Trading of Polymer Drum doesn't happen, the raw material is traded. For instance, trading income is around Rs. 25 crores, in that Rs. 25 crores, the margin is only 1% or 2%.

Saransh Gupta:

Okay, so net-net in Drum, we need to exclude the Rs. 25 crore and then assess the margins accordingly to arrive at the right figure.

Bijaykumar Agarwal:

Yes, then you will see the right number.

Saransh Gupta:

Sir, will we continue trading in the future?

Bijaykumar Agarwal:

We don't have any costing. We import the raw material. We don't have any investment. If an opportunity arises, we take it, but it's not permanent—if we get a chance, we do it.

Saransh Gupta:

Sir, as soon as the current capex will end in March, at a peak level, how much revenue can we expect?

Bijaykumar Agarwal:

As I had mentioned earlier, we expect to reach around Rs. 570 crores by March 2025. For this year, we anticipate closing at approximately Rs. 580-590 crore. Looking ahead, we are targeting around Rs. 700 crore.

Jaiprakash Agarwal:

Next year, should be around Rs. 700 crores or plus.

Saransh Gupta:

How much benefit will we get from the recycling plant?

Bijaykumar Agarwal:

We haven't calculated it yet, but if we use polymer, we expect to gain a benefit of Rs. 10 per kg in raw material costs.

Saransh Gupta:

Rs. 10 per kg. Okay. Thank you for the opportunity. All the best.

Devyanshi Dave:

Thank you, sir. We have the next question from Mr. Saket Kapoor (from Kapoor & Company). Please go ahead.

Saket Kapoor:

Namaskar, sir. Thank you for the opportunity, sir. First of all, thank you for remembering the words of the investors. Your results are at least 10 days ahead. We hope that you continue this trend. It will be great. Sir, if we can keep the call at 4-4.30 pm, it will be great. Our market is going well. This was my suggestion.

Sir, the first question was as we can see our numbers for the past 9 months our revenue growth has come but when we are going to our bottom line like you told us that you acquired customers by giving some discounts in the last quarter because of which the profitability was low.

Bijaykumar Agarwal:

The discounts are still in place, and competition remains, which is helping sustain volume growth. Once the market stabilizes, the discounts will be phased out.

Saket Kapoor:

Sir, in which segment is this discount?

Bijaykumar Agarwal:

We have to apply this across all segments as part of the competitive landscape. However, as volume increases, the overall overhead remains unchanged—for instance, whether we produce 5,000 or 10,000 IBCs, the fixed overhead costs remain the same.

With higher sales, margins will naturally improve. In the coming quarters --- in my view, the margins have improved, and the profits were also fine.

Additionally, there was a Rs. 1 crore Diwali bonus expense and an EPR payment of Rs. 30 lakh during the quarter. We have also incurred expenses related to the Maharashtra plant, including hiring and infrastructure costs. Once the plant becomes operational, sales will increase accordingly.

Saket Kapoor:

My question is that in 9 months our profit is around Rs. 27 crores and in the last year it was around Rs. 30 crore. There is a gap of 3 crores so far in the last 9 months.

Bijaykumar Agarwal:

It will match in the next quarter. If God wills, it will match in the next quarter. We are trying.

Saket Kapoor:

You are saying that God or our customer.

Bijaykumar Agarwal:

I am working hard and we need God's support as well. I think it will happen.

Saket Kapoor:

So you are saying that our last year's number of Rs. 40 crores will match it.

Bijaykumar Agarwal:

We are trying to achieve it.

Saket Kapoor:

Correct sir, CFO sir was talking about expansion. Can you clear that again? The line was getting interrupted many times. In this year, in 9 months, what was the volume growth? What is expected in the fourth quarter?

Bijaykumar Agarwal:

We will tell you one by one. In this quarter, polymer drum has 1% growth. In IBC, it is 12%. In MS drum, it is 5%. This is quarter to quarter. Are you understanding Mr. Kapoor?

Saket Kapoor:

Yes sir, I understand.

Bijaykumar Agarwal:

Currently, we have space in Unit 7, where polymer drum plant is now operational. The MS drum facility will be completed this month, and the double line will commence. We expect to see some growth in March.

The recycling plant is set to start in May, and its impact will be visible thereafter.

For IBC, the line capacity that is there, you will see 10-15% quarter-on-quarter growth in March. For the Maharashtra plant we are targeting to start operations in March, but if not March, it will begin in April. Once sales commence, we expect to see stronger growth in the June quarter.

Jaiprakash Agarwal:

We will have quarter to quarter growth going forward from next quarter, quarter 4 onwards.

Saket Kapoor:

Sir, this trend of Rs. 50-53 crore monthly run rate is still sustaining. In January, we are getting similar growth.

Bijaykumar Agarwal:

Yes sir, there is a 10-15% growth in this month also.

Saket Kapoor:

Okay sir, I will come back to the queue. Thank you.

Devyanshi Dave:

Thank you Mr. Saket. We have the next question from Mr. Dipesh Sancheti. Please go-ahead sir.

Deepesh Sancheti:

Namaste Agarwal ji. Sir, you had mentioned about the volume growth in this quarter. There was 1% in IBC. I could not hear the rest of the numbers.

Bijaykumar Agarwal:

No sir, its 1% in Polymer Drum, 12% in IBC. There is 5% growth in MS Drum in this quarter, from September to December.

Jaiprakash Agarwal:

Quarter to quarter.

Deepesh Sancheti:

Its 12% in MS Drum.

Bijaykumar Agarwal:

No, Its 12% in IBC.

Deepesh Sancheti:

Sir, will the Maharashtra unit get commercialized in the first quarter?

Bijaykumar Agarwal:

Construction will be completed by March, and then production will commence.

Jaiprakash Agarwal:

It will start in quarter 1 of next financial year,

Deepesh Sancheti:

We will be able to achieve full capacity by Q1 FY26?

Jaiprakash Agarwal:

No sir, commercial production will start and then we will start adding machines slowly and gradually.

Bijaykumar Agarwal:

Sir, it's not that simple. Once we install the machines, we need to demonstrate them to our customers since it's a new plant. It will take around 2-4 months to fully set everything. Production and sales will commence, but not at full-fledged. The business will gradually scale up over time.

Jaiprakash Agarwal:

We will start getting volumes but it will be a gradual process.

Deepesh Sancheti:

But we must already be in talks with customers, right?

Jaiprakash Agarwal:

Yes yes. We need to do sampling; we need to do everything. We need to start with—because it is a new facility.

Deepesh Sancheti:

Ok, and you mentioned that we will achieve Rs. 590 crores in this year by FY25 and you mentioned Rs. 700 crores by FY26. In your last concall you mentioned Rs. 900-1,000 crores for FY27. Should still expect Rs. 1,000 crores?

Bijaykumar Agarwal:

Sir assume Rs. 900-1,000 crores only, for this year also I had mentioned Rs. 570 crores but we are seeing that we can achieve Rs. 590 crores.

Deepesh Sancheti:

Absolutely. And sir margins will start improving, especially in MS drums you mentioned. When will it start improving? in FY26 or will it start improving by March itself?

Bijaykumar Agarwal:

It will reflect a little in March but mainly it will be from June quarter

Jaiprakash Agarwal:

You will see it from Q1 as we are installing a fully automated plant.

Deepesh Sancheti:

Where are you installing this?

Jaiprakash Agarwal:

In Bharuch only, where we are ramping our capacity to 90,000 units per month. So it will definitely add on the margins.

Deepesh Sancheti:

Great. We expect to maintain the same RoE, Jai?

Jaiprakash Agarwal:

Yes, absolutely.

Deepesh Sancheti:

And one more question would be what I understand is that, ok has the solar plant already commercialized or it will take time?

Jaiprakash Agarwal:

It is under process, under installation right now. So from May onwards we will start getting connections slowly and gradually...

Bijaykumar Agarwal:

In May, they will give us power from solar plant, so far, the timeline they have given to us, solar will be effective from May it may get pushed by a month but their target is May.

Jaiprakash Agarwal:

Because we need to go through certain government approvals so we are doing that

Deepesh Sancheti:

Okay, so by May, we should start seeing proportionate savings, aligning with the Rs. 10 crore per year that was mentioned.

Bijaykumar Agarwal:

Yes

Deepesh Sancheti:

Fine sir, great. Sir PCR that is there Post Consumer Recycle, that 30% we are already doing or that numbers is yet to come?

Bijaykumar Agarwal:

We are not doing it because we don't have the required raw material. The raw material available in the market is of subpar quality, and has frequent quality complaints.

Jaiprakash Agarwal:

So it is under testing process. So, we will be the first company to start recycling plant for our consumption. So the idea behind this is to collect material from our existing customer and convert them into drums and supply them back so this idea is working we have been discussing with many customers, now hopefully from May onwards we will start doing this.

Deepesh Sancheti:

Ok and how much will be the capex on this?

Jaiprakash Agarwal:

Around Rs. 8-10 crores we have identified

Deepesh Sancheti:

Ok already Rs. 8-10 crores. So the kind of material which we are getting from outside there are some companies which are doing only recycle, they are doing for their own consumption also but I think they are selling in the market also so we are not going for that kind of companies. Just to give you an example of Avro, Avro is also doing that Avro India.

Jaiprakash Agarwal:

This is the first initiative for us so for now we will do it for ourselves so as and when we will have an expertise, we will start doing it for the outside market so that will challenge them

Deepesh Sancheti:

So then with this new plant how much will we be able to achieve? I am sure not 30% but how much percentage will we be able to achieve?

Bijaykumar Agarwal:

The target is to achieve 30%, but the actual outcome will depend on the quality of the material we receive and how much of it we can effectively utilize. This will be determined through trial runs.

Jaiprakash Agarwal:

It will definitely depend upon the input material, whatever material we are getting

Bijaykumar Agarwal:

Once we set up the machine, we will be able to determine the percentage we can mix after conducting the trial.

Jaiprakash Agarwal:

But definitely it will definitely save certain amount but as of now we cannot comment on that because again if things will not work out you will say next quarter

Deepesh Sancheti:

Sir since we are getting the same material as ours, we are getting our products also back, right?

Jaiprakash Agarwal:

Exactly so we need to see, we need to maintain the same quality because packaging is very dynamic, so it is basically it moves from one place to another so we need to maintain the same quality we will do certain trial and errors and accordingly we will come to a conclusion right now we are targeting 30% for sure, this is our target, we are starting with 30% then we will go how best we can go ahead in that

Deepesh Sancheti:

Right I will come back in the queue sir and all the very best sir Thank you

Devyanshi Dave:

Thank you Mr. Deepesh. We have the next question from Mr. Pratik Dedhia, please go ahead sir.

Pratik Dedhia:

Hello can you hear me?

Bijaykumar Agarwal:

Yes, go ahead

Pratik Dedhia:

Sir, I wanted to ask—during this quarter, you provided discounts, and at the same time, raw material costs increased, the gross margin got impacted, why did that happen? If I compare it with the previous quarter, the gross margin has decreased by 2%.

Bijaykumar Agarwal:

This time?

Pratik Dedhia:

Yes, this time in this quarter. So, I wanted to understand that why did the cost of raw material increase and what is your outlook for next quarter.

Jaiprakash Agarwal:

The cost of raw material has reduced so you will see it in this quarter. Are you getting me sir?

Pratik Dedhia:

Ok so it is deferred?

Jaiprakash Agarwal:

Correct, we always maintain certain inventory in plant and certain material in transit...

Bijaykumar Agarwal:

Sir, the price of raw materials has stabilized, and the market is improving. The bottom has been reached, and it is no longer declining. What we previously mentioned about the bottom being done still holds true.

Jaiprakash Agarwal:

Now that we have new material so now we will start, so this quarter will be definitely better than previous quarter for sure and coming quarter

Pratik Dedhia:

Got it, alright. Second thing I wanted to ask what is your outlook for product mix one year down the line between IBC and MS ...

Bijaykumar Agarwal:

There is strong demand in the market, sales are happening, and overall growth remains positive.

Jaiprakash Agarwal:

We see demand coming from all the Polymers, IBCs also Metal Drums so we are not leaving anything we have increased our capacity in metal drums we have increased our capacity in polymer drums again we are ...

Bijaykumar Agarwal:

In all three products our volume is increasing there is demand in the market so it is increasing the market is growing.

Jaiprakash Agarwal:

But we want to keep ourselves ready as soon as the demand comes, we will definitely catch up, the idea is that.

Pratik Dedhia:

Got it. One more thing the existing capacity not the new one, in that, what is the utilization level?

Bijaykumar Agarwal:

See, we are operating at full capacity for HDPE drums—whatever we produce, we are able to sell. The same applies to metal drums, whatever we are manufacturing we are selling. In the case of IBCs, we currently have surplus capacity, and as the market is expanding, we will scale up production accordingly. This available capacity is what is allowing us to achieve quarter-on-quarter growth of 10-12% in this segment.

Pratik Dedhia:

Okay. Fair enough.

Devyanshi Dave:

Thank you, Prateek. We have a follow-up question from Mr. Saket Kapoor. Please go ahead, sir.

Saket Kapoor:

Madam, did you call my name?

Devyanshi Dave:

Yes, sir. You raised your hand.

Saket Kapoor:

Yeah. Yeah.

Devyanshi Dave:

Sir, please go ahead with your question.

Saket Kapoor:

Sir, if you could just explain to me the volume growth part. I just jumbled it up just for the sake of repetition. For the 9 months, which category we have seen this volume and for the next year, how are we seeing this gaining traction once our new capacity gets commissioned?

Bijaykumar Agarwal:

Growth in HDPE Drum for 9-month is approximately 6%. For IBC, for 9-month period its approximately 14% and in MS Drum it is around 13%-14%. As capacity gets added it will grow in the same manner going ahead as well

Saket Kapoor:

And sir, in Q4, the new capacity that is being commissioned, in which category will it be added?

Bijaykumar Agarwal:

Capacity is being added in all three segments. It is being done in IBC, HDPE Drum and MS Drum. And when a new plant comes in the future, it will also have these three capacities. So all three capacities are being added simultaneously.

Saket Kapoor:

And sir, when we do customer acquisition, when we are adding capacity, in this, sir, if we go to the comparison of new customers in 9 months, how many new customers have we added and what is the client concentration of a single customer?

Bijaykumar Agarwal:

See, who is a single customer? The one who buys all three items is a single customer. That is what you mean?

Saket Kapoor:

Yes sir, it is done in both ways. Yes sir, I am saying it again.

Bijaykumar Agarwal:

When we approach a potential client, we first assess whether they require a Drum or an IBC. If they need any of these products, we onboard them as a customer. Later, we see if they require multiple packaging solutions, so we cater to all their needs. It's a continued process and it keeps on going in the market, acquiring new customers.

It's not that we are only targeting IBCs or just for any specific product—we focus on any customer requiring packaging solutions. Additionally, we work to increase the volume of business with our regular customers.

Saket Kapoor:

Correct sir. Sir, my question was about your client concentration. Is anyone more dependent on a single client?

Bijaykumar Agarwal:

In our overall sale, there are no more than 5% customers.

Jaiprakash Agarwal:

Our biggest customer

Bijaykumar Agarwal:

The volume from my largest customer is only 5%.

Saket Kapoor:

Okay. And we will meet the incremental demand and capacity in the same way.

Bijaykumar Agarwal:

I have not started a business in my life by depending on anyone.

Jaiprakash Agarwal:

Sir, we are serving around 500 plus customers and we are adding the numbers on a month-to-month basis.

Bijaykumar Agarwal:

Sir, I have not done business by depending on anyone. I have not put up a plant based on any one customer.

Jaiprakash Agarwal:

We serve customer purchasing 1 drum, 1,000 Drums and 10,000 Drum customers too. We are serving everybody.

Saket Kapoor:

Correct sir. And sir, as we can see that there is a weakness in the market with respect to the business sentiment demand. That is also reflected in the GDP number.

Sir, while our company is in a very small company. But can you also feel those things? Because the numbers you are guiding are for a higher turnover. Whereas, the environment in the market in terms of the business profile is a little weak.

Bijaykumar Agarwal:

See, the environment has been good for the past 2-4 days. India will benefit from the trade war that is going on in China. There is a good chance for chemical companies. The goods going from China will go from India.

I think there will be some benefits for that as well incrementally. I am not even considering it.

Jaiprakash Agarwal:

But some sectors have started improving. You can see the numbers of other chemical companies. They have also given a good result.

Bijaykumar Agarwal:

Sir, our business is in packaging, and while there is a price war, all chemical companies are continuing their volumes. None of the chemical companies are reducing their volumes.

Saket Kapoor:

Yes sir

Bijaykumar Agarwal:

We provide them with the packaging.

Saket Kapoor:

Our focus is completely on volume. The more the incremental volume, the more the packaging requirement will be.

Bijaykumar Agarwal:

If everything goes well, that is the best thing for us. If there is peace everywhere and people earn well, our business will continue to grow.

Saket Kapoor:

Correct sir. Thank you so much sir. Thank you.

Devyanshi Dave:

Thank you Mr. Saket. We have the next question from Mr. Shantanu Nakade. Please go ahead sir.

Shantanu Nakade:

Sir, how long do you think the discounting in the market will continue?

Bijaykumar Agarwal:

It is very difficult to say anything sir. I have not said that we will increase profit margins solely by removing discounts. We are working with the current margin and looking at ways to improve it. There are two key factors that will contribute—one is the impact of solar, and the other is the continuous increase in volume.

I am not assuming that discounts will be completely eliminated. They will be adjusted based on market conditions, and when the opportunity comes, it will be discontinued.

Jaiprakash Agarwal:

Our focus is on operational efficiency. We will increase the margin from there. There is always a good scope for improvement. This is what we believe in and we are working on that.

Shantanu Nakade:

Sir, just repeating. By increasing the capacity, the margin will increase. It will increase from a solar plant and it can increase from a pilot project of recycling plant.

Bijaykumar Agarwal:

This is our approach. Plus, improving production efficiency will contribute to the increase—for example, increasing a machine's output from 100 units to 110. I am actively working on all these aspects.

Shantanu Nakade:

Can the product mix change also contribute or will it remain the same?

Bijaykumar Agarwal:

It will remain the same. If the sales of higher-margin products increase, it will be an added advantage. However, our focus is not solely on that. From day one, we have maintained an equal focus on all three product categories.

Shantanu Nakade:

Okay. Thank you, sir.

Devyanshi Dave:

Thank you. We have the next question from Mr. Rahil Shah (from Crown Capital). Please go ahead, sir.

Rahil Shah:

Hi, sir. I am following up on the margins. When will the effect be visible? The 11-12% that you have given in the PPT, can you expect it from next year?

Bijaykumar Agarwal:

It should be visible from June. It will be visible better from June quarter. I told you last time also that it will be visible better from June quarter.

Rahil Shah:

The reasons that you have told will be visible in the next year. Okay. Thank you.

[Background Disturbance]

Devyanshi Dave:

There might be a glitch. So, we will take a follow-up question from Mr. Dipesh Sancheti. Please go ahead, sir.

Deepesh Sancheti:

Yes, sir the conversion price is still Rs. 26-27.

Bijaykumar Agarwal:

Yes, it is.

Deepesh Sancheti:

Approximately that much and the raw material price was Rs. 93 in the last quarter. How much will it be now?

Bijaykumar Agarwal:

It is around Rs. 93.

Deepesh Sancheti:

It is around Rs. 93. Okay and sir, in the slide no. 14, you said that you will do capex around Rs. 50-60 crores next year. Will you do the same in the future? There was a glitch again.

Sir, will you do capex around Rs. 50-60 crores for FY26 next year. Sir, will it be in-line in the future?

Bijaykumar Agarwal:

Based on the current scenario, we have estimated the required amount. Since the plant is already being set up, we can manage with lower capex as there is no need for additional land and building expenses—those costs are already covered. Going forward, the only major expense will be for adding machines, as land and building is taken care of which will reduce overall capex.

However, if we decide to expand to a new location, capex may increase accordingly. Once the Maharashtra unit is fully operational by June, we will evaluate further opportunities for expansion.

Deepesh Sancheti:

Sir that was actually my next question, that where are we going next after Maharashtra.

Bijaykumar Agarwal:

After June quarter we will evaluate, we will be set by June in Maharashtra, post that we will think what we have to do. Currently our focus is on what is in front of us.

Deepesh Sancheti:

And sir Maharashtra will be a fairly significant plant. How much will it add to our sales once it is fully commercialized?

Bijaykumar Agarwal:

Approximately Rs. 300 crores, that is our target from that plant.

Deepesh Sancheti:

Because expected asset turnover you have shown 5x that why I was asking. So approximately Rs. 300 crores

Bijaykumar Agarwal:

Yes, that is what I have said.

Deepesh Sancheti:

Rs. 300 crores annually

Jaiprakash Agarwal:

But it will after 100% of the capacity is utilized then you will see the Rs. 300 crores

Deepesh Sancheti:

100% sir, we are for long term, even if it happens by FY27 it is not a problem. But at least we should know the number that is coming. Great sir, thank you so much.

Devyanshi Dave:

Thank you, Mr. Deepesh. We have a follow-up question from Mr. Pratik Dedhia, please go ahead.

Pratik Dedhia:

Sir you have said that next year for capex you will take up debt, so can you tell the number.

Bijaykumar Agarwal:

I haven't said that I will take debt, I have taken debt of Rs. 60 crores for solar, I had said this last time as well I have taken a term loan of Rs. 60 crores

Pratik Dedhia:

Ok, it is that.

Bijaykumar Agarwal:

That too I haven't taken completely I have only taken Rs. 20 crores.

Jaiprakash Agarwal:

It is been taken for solar and as and when the work progresses...

Bijaykumar Agarwal:

Solar and for Maharashtra plant and it should suffice from that.

Pratik Dedhia:

So next year you will take the balance, is that correct?

Bijaykumar Agarwal:

Yes, balance is for later.

Pratik Dedhia:

Ok thank you

Bijaykumar Agarwal:

If additional is needed for Solar then it may [inaudible]. It is currently sanctioned.

Pratik Dedhia:

Yes got it, thank you.

Devyanshi Dave:

Thank you, Mr. Deepesh do you have a follow up question. I think he doesn't have a question. So we have another follow-up question from Mr. Saket, please go ahead.

Saket Kapoor:

Sir, what is the debt number, 9 months, what is our current long-term debt and working capital requirement?

Bijaykumar Agarwal:

I have already said, I have only one debt, which is of Rs. 60 crores.

Saket Kapoor:

Rs. 7 crore?

Bijaykumar Agarwal:

Rs. 60 crores

Saket Kapoor:

Rs. 60 crores, so we have drawn that amount and how much is the...

Jaiprakash Agarwal:

Around Rs. 20 crores is used, balance is under sanction. As and when we will need to pay certain amount for solar, we will use that.

Saket Kapoor:

As on 31st December our closing is Rs. 20 crores. And what is the cost of fund there?

Management:

8.5%

Saket Kapoor:

And sir how much is our working capital requirements? Bank limits and all how much have drawn

Bijaykumar Agarwal:

We use Rs. 20-30 crores.

Saket Kapoor:

So sir our annual interest number, Rs. 2.2 lk debited to P&L, once your long term borrowing will increase, so annually how much amount will this debit on a yearly basis.

Bijaykumar Agarwal:

I don't have the calculations; I will have to see and get back.

Saket Kapoor:

When will we reach peak debt of Rs. 60 crores when?

Jaiprakash Agarwal:

Rs. 60 crores, right?

Bijaykumar Agarwal:

We haven't calculated that

Saket Kapoor:

No no sir, when will the Rs. 60 crores be drawn? When will it reach from Rs. 20 crores to Rs. 60 crores.

Bijaykumar Agarwal:

As an when the need arises. Solar plant is getting set up, so you can assume till May, we will need it.

Saket Kapoor:

Because sir you had previously said you will fund your capex through internal accruals.

Bijaykumar Agarwal:

In the last quarter also, I had said when we had added the solar plant that we have taken debt. Solar was an addition decision that we had taken.

Jaiprakash Agarwal:

Solar is the next initiative which was not planned earlier.

Saket Kapoor:

Ok sir.

Bijaykumar Agarwal:

Earlier we had not decided on Solar. But last quarter when we spoke, I had said I am taking a term loan for solar.

Saket Kapoor:

Okay sir, but as of March, I have only taken Rs. 20 crores.

Bijaykumar Agarwal:

No no sir, I have not said that as on March, I have said as of now I have only taken Rs. 20 crores of debt. If we need more by March, we can take more.

Saket Kapoor:

Sir, I was just referring to the interest that what can be our quarterly run rate.

Bijaykumar Agarwal:

Sir, you can calculate on Rs. 60 crores how much it will come to.

Saket Kapoor:

Ok sir, thank you

Devyanshi Dave:

Thank you, Sir, I think we don't have any further questions. I would like to hand over the call to you if you have any closing comments.

Jaiprakash Agarwal:

I thank you all the investors, all the participants. The patience you have all shown on us is remarkable. As I said, few of our projects has completed. Few are on the last leg. Now, it's

time for the good show. Quarter on quarter, you will see the improvements and the numbers will start growing.

I would hope and tell you that keep trusting us and keep faith on us. Thank you very much.

Devyanshi Dave:

Thank you, Bijay sir and Jai sir for taking the time out. Thank you to all the participants. I will stop recording.
