"PYRAMID TECHNOPLAST LIMITED

Q2 & H1 FY27 Earnings Conference Call"

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Hosted by

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Pyramid Technoplast Q2FY27 Earnings Call

Soumya Chhajed

Hi, everyone, and very good afternoon. I welcome you all to Pyramid Technoplast Limited Q2 and H1 FY27 Concall.

Please note that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risk pertaining to the business. We have on call today, Mr. Bijay Kumar Agarwal, the Managing Director, and Mr. Jay Prakash Agarwal, CFO and Whole Time Director. I now request the management to just proceed with the opening remarks and post that, we'll open the floor for Q&A. Thank you and over to you, sir.

Jai Prakash Agrawal

A very good Afternoon, everyone, and welcome, everyone. And thanks for joining us for our Q2 and H1 FY27 earning call, so I'll take you through the journey. So, our operating performance for the quarter, the progress on our strategic projects, our financial results for quarter two and first half, and our outlook for the rest of the financial year of 27. So Q2 financial year 27 was a quarter of volume recovery. Installed production capacity for the quarter was around 20,993 metric tons, and volume rose to around 14,798 metric tons, taking capacity utilization to around 70%, up from 62% in Q1 FY27 to 62% in Q2 FY26. volumes grew 21% year-on-year and 14% quarter-on-quarter, with year-on-year growth of all three product categories. For the first half, volumes stood at 27,789 metric ton at an average utilization of about 66%. Importantly, unit economics remains well ahead of last year and constant. EBITDA per ton was approximately 13,718 in Q2 FY27, up by 33% from 10,326 in Q2 FY26, and from 10,082 in Q2 FY25. So average realization was about 1.61 lakh per ton, up by 22% year-on-year basis. reflecting our pricing, product mix, and the pass-through of raw material cost to the customers. Coming to the strategic developments, so our expansion in Kutch is progressing as planned. We are investing about 20 to 25 crores in a new facility with a capacity of about 10,000 IBCs per month, which is expected to be commissioned by March 2027. This facility will strengthen our presence in Kutch and Western India while providing logical benefits through lower freight cost, faster deliveries, and improved customer service. The CAPEX will be deployed in line with actual demand, and once commissioned, the plant will add to the operating leverage of our existing network. So, we have also received government subsidy approvals for our WADA and BHARUCH facilities, amounting to approximately 35 crores in total, 24.9 crore for WADA over 10 years and 10.5 crore for BHARUCH. We expect to receive the WADA sanction by March 2027 and BHARUCH application for sanction will be filed in the next phase. These incentives will effectively reduce the cost of our investments, support cash generation, and improve project

economics, ROC, and payback over the long term. Our WADA facility is in full swing across SDP drums, IBCs, and MS drums. And we expect overall utilization to reach around 80% during this financial year. The focus now is to sustain this production and extract further operating leverage from the infrastructure already created. Our green energy initiatives are also contributing meaningfully. The 6-megawatt solar plant and 2.25 megawatt in Maharashtra were commissioned in October 2025, followed by an additional 5 megawatt in Bharuch in February 2026, with further 1 megawatt at Bharuch plant in next phase. We have achieved approximately 3.89 crore of savings in this half year financial year 2027. And the full 14.25-megawatt capacity is expected to deliver around 15 crores for annual savings. The total investment in our solar project is at 60 crores. So about four years is the payback, what we are estimating. Similarly, our recycling plant commissioned in October 2025 was set up with an investment of around 8 to 10 crore and an expected payback of about 2 to 3 years. The plant generated 33 lakhs of EBITDA in Q2 FY27 and we estimate its FY27 EBITDA contribution at around 2 crores. Beyond the savings, the facility reduced plastic waste and strengthened our ESG credentials also, in line with India's sustainability agenda. On the financial front, our revenue grew by 48% year-on-year to Rs. 238 crores in Q2 FY27, and total income, including other income, was around Rs. 238.8 crore. Growth was driven by both higher realizations, up by 22% per ton, and higher volume, up 21%. Of the $77 crore increase in revenue, improved realization contributed about $43.6 crore. Volume and product growth about $24.9 crore, and trading income about $8.7 crore. Polymer drum tonnage rose 5% year-on-year basis, and 16% quarter-on-quarter. IBC units grew 17% year-on-year basis and MS Drums tonnage grew 73% year-on-year basis. Our value-added IBC business contributed about 32% of the revenue in this quarter Q2 FY27.

Our customer base remains well diversified with over 500 customers. Our top customer accounts for about 6% of the revenue and our top 10 customers together for about 29%. On the front of GP, gross profit rose about 28% year on year, 55.3 crore. while gross margin remained at 23% as raw metal cost rose in step with price increases.

EBITDA grew 61% year-on-year to Rs. 20.3 crore with margins at 8.5% compared with 7.8% in Q2 FY26. Cost discipline supported this. Operating expenditure, including raw material, rose about 14% year-on-year against revenue growth of 48%.

And employee costs were broadly flat at 6.2%. So, PAT grew by 54% on year-on-year basis to 9.5%, with margins at about 4%. PBT rose 53% to 12.5%, even as finance cost. has increased by 147% year-on-year basis and depreciation by 37% year-on-year basis increased with the expanded capacity and the solar investment.

For the first half, revenue grew 42% year-on-year to $460.5 crore. By segment, polymer drums contributed about $204 crore, IBC about $150 crore, MS drum about $64 crore, and other operating income about $42 crore. Gross profit rose 23% to 106.7 crore, and EBITDA grew 55% to 41.6 crore with margins improving to 9% from 8.2% and PAT grew by 42% to 20 crores. For FY27, our objective remains to deliver approximately 15% revenue growth and improve EBITDA margins towards 11% to 12%.

With H1 revenue up to 42%, we are well ahead on growth. On margins, H1 stood at 9%, up

from 8.2% a year ago, and we expect four levers to drive further improvement in the second half. Higher utilization, full benefit of capital solar savings, a growing contribution from the recycling plant, and operating leverage and product mix and model. We continue to follow a disciplined approach to capital allocation with the major phase of capacity and efficiency investments now behind us.

FY27 CAPEX is planned at approximately 20 to 25 crores, down from about 90 crores in FY26, primarily towards the catch 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 revenue group and returns. With WADA in full swing, Kutch adding future capacity, our solar and recycling units' initiative contributing and a healthy balance sheet.

Bobby Ninan
So, thanks for your remarks, sir. Request the participants to please raise their hands for Q&A round. So, we'll wait for a minute for Q&A. Kindly raise your hands.

So, the first question is from Kumar Saurabh. Please go ahead.

Kumar Saurabh
Congrats on very good set of numbers and very good progress sir. I have two questions. First sir, in the slide number 12, we have given FY27 roadmap of revenue of 15% and EBITDA margin of 8.6% to 11-12%. if we look at H1, we are already doing very well, I think more than 2x of the guided revenue but the margin is still around 9% and of course the recycling capital has to contribute so on one hand, we are doing very well and on the other hand, we are progressing but we are not yet close there so do you have any comments to add on these two things?

Bijay Kumar Agarwal
Hello, the subsidy will be added to the profit at the end of the year. Plus the money we have invested, we will do better this year.

Kumar Saurabh
Will the margin of H1 be able to reach 11% based on H2 performance in FY27?

Bijay Kumar Agarwal
I think it will go up to 9.5% and 1.5% will increase with the subsidy.

Kumar Saurabh
Okay Sir and second question. If we look at our end user industry, chemical, everybody is posting good number, but that number has come from price rise and not from volume. Whereas our number is coming from volume rise which is a very good signal that our end client is not doing well. Do you think the volume growth will come back to the chemical industry? Are there any such signs or any comment on the end consumer industry?

Bijay Kumar Agarwal
I give the packaging items to the chemical people only; they are buying it because they think it is good. There is some improvement, the volume is also increasing. It's not like anyone else. Almost everyone's volume is increasing. Chemicals only. The whole Industry's volume is increasing.

Kumar Saurabh
Thank you, Sir.

Bobby Ninan

So, the next question is from Sushant Soni. You can unmute.

Sushant Soni
Thank you for taking the question, sir. My question is, if we look at the gross profit per kg in the last 5 years, obviously, you are increasing the volume and realization is a bit off. Sometimes it goes up, sometimes it goes down. It is not on you, to be really honest. So, in that gross profit per kg, are you taking an extra conversion to offset the higher working capital?

Bijay Kumar Agarwal
No sir, we are not getting that. The 20-22 rupees per kg that we used to take, we are getting that. If we get 1-2 rupees more, we get that. Otherwise, we don't get that.

Sushant Soni
What do you think about the steady state? Right now, the blended price is Rs.33-35 per kg. Historically, it has been Rs. 35 per kg. Do you think that even if the prices come down, this would be around that Rs. 35 per kg angle?

Bijay Kumar Agarwal
Even if the prices come down, we will still get it. percentage wise it will increase. Yes, if it is 150 and it will be 100, then also you will get the 35.

Sushant Soni
Okay, because it gets mixed because IBC is increasing, so it is 35 instead of 22. Okay, thank you sir. And sir, second question was just on other expenses. That is increasing a lot despite solar, we are getting benefits, but if I look at it in terms of per kg, then there, If you could just throw some more light, that would be really good.

Bijay Kumar Agarwal
What happened this time is that around May, labor costs decrease and workers leave. Also, some transportation costs increased because long-distance trucks went out more. So we are targeting pan-India businesses. So in this quarter, what we have done is we have approached long-route customers also. Plus we have incurred some employee expenses. Because earlier, we used to give some holidays. . Plus, we incurred some employee expenses

because previously there were holidays, but now all employees are back. The next two quarters will run at full strength, which is why we see a jump in other expenses; otherwise, there is nothing extraordinary.

Sushant Soni
But operating leverage should come in, right? Because previously it was around ₹17 per kg, but now it's ₹19 per kg. So some of it, yes, you are right that there is extra transportation.

Bijay Kumar Agarwal
The Rs. 2 that you can see, sir, that has increased because of the transport cost. When we were supplying locally, it came down that much. But when it is a long-distance vehicle, from here to the south. So, the idea is that is why we are planning the Kutch expansion so we can be closer to customers and save on transportation costs, benefiting the company.

Sushant Soni
Got it sir. Because sir, for us to reach EBITDA margins of 10-12% apart from subsidy sir because if we remove that and in core business if you want to reach 10-12% getting operating leverage and other expenses is important right because you are already getting benefit of 4 crores currently which might on a half yearly basis right which might go to 7.5 crores. So that will increase. You should get benefit from that in your other expenses per kg but like transportation cost, and are we able to take that from the consumer?

Bijay Kumar Agarwal
Yes, yes, we take that. When we give a price, we give the price only after adding the transport cost.

Sushant Soni
Got it. Sir, then it should be less, not so much. Maybe I am thinking something different. Because if you are taking transportation costs from your consumer, then per kg, the operating expense should not be this much, right?

Bijay Kumar Agarwal
I will check.

Sushant Soni
Sir, once again, if you can just see how we can improve on the other expenses.

Rakesh Arora
Sushant, revenue and EBITDA per ton both went up, so you have to look at EBITDA per ton. Costs are going up, but revenue per ton is also going up and being passed on. Focus on EBITDA per ton or per kg.

Sushant Soni
okay and just one last question, regarding the remaining 1 MW in solar, when will commissioning happen?

Bijay Kumar Agarwal
Installation and pre-charging are done, so hopefully by next month we should start getting that benefit as well.

Sushant Soni
Okay, thank you so much, and happy Diwali to you guys.

Bobby Ninan
So, the next line of question is from Kumar Saurabh. You can unmute yourself.

Kumar Saurabh
Sir, my question is, if we look at EBITDA per ton, there is a significant increase compared to last quarter, whereas the margin has decreased compared to last quarter. So my question is, should we even consider margin in this business or should we consider EBITDA per ton? Because if there is a pass-through of the cost increase, because you have also shown a realization increase. So if there is a pass-through of any kind of price increase, should we look at margin or should we look at EBITDA per ton as a better guidance?

Bijay Kumar Agarwal
We will talk about EBITDA. It is better to look at EBITDA.

Kumar Saurabh
Looking at EBITDA/ton, do you think this is sustainable or it is more because of the price?

Bijay Kumar Agarwal
No not because, we are constant on this and coming quarters also we will be constant, and we will be improving further.

Kumar Saurabh
Sir, the cash flow of H1 was negative last year and this year as well. How does this cash flow accumulate at the end of the year?

Bijay Kumar Agarwal
Till now when we were buying till March, we used to import as well. Since the Hormuz issue started, we are not importing. So, the total purchase has been converted to 80% local. plus the sale has increased, so the debtors have also increased. In the last 6 months, I had a sale of 324 crores and now I have a sale of 60 crores. So if you look at my creditors, they have decreased from 23 crores to 23 crores.Debtors have increased from 23 crores to 33 crores. That's why it looks negative. I have invested in business only.

Kumar Saurabh
Okay sir, that's all I had.

Bobby Ninan
Thank you. Requesting everyone to raise their hands in order to ask questions. Next question would be taken from Alok Trivedi. Please unmute, Alok.

Alok Trivedi
Hello. Hi, sir. I have two questions.
I have two questions, sir. One was that in H1, our EBITDA margins were about 9%. And for FY27, we have given around 11-12% guidance. So sir, what would be the bridge and how much solar, recycling, mix and the operating leverage?

Bijay Kumar Agarwal
9.5% will come from our business and 1.5% will come from our subsidy. So we are expecting around 11% from that. Recycling business is approaching, it is picking demand. We were doing very less quantity, this quarter we have increased the quantity, next quarter also we are pushing further more increase in capacity. It will add on and it will keep on improving our EBITDA level.

Alok Trivedi
Okay, noted. and sir another question was gross margin is down by 23.2% since last year and how much raw material is passed through from contractual and how much is it from the lag and what happens to the margin if the polymer price falls?

Bijay Kumar Agarwal
If prices fall, we buy at lower rates and sell at lower rates. Where will margins be affected? It gets passed through.

Alok Trivedi
Okay, noted. **Understood Sir**

Bobby Ninan
The next line of call is from Saket Kapoor. You may unmute Saket.

Saket Kapoor
Firstly, how should we look at the sequential increase in other expenses of around ₹4-odd crore, how should it be understood? What is the reason for this increase?

Bijay Kumar Agarwal
As explained, about ₹2 crore of that is due to higher transportation costs because of long-distance dispatches. Because the tonnage has also improved. No, no, no. The half percent that we are seeing, So we can't say that there is a lot of decline.

Saket Kapoor
Sir, your utilization level is at 60-70% now.
What is the ramp-up in H2? And what can be the average for this year?

Bijay Kumar Agarwal
Our volume is still growing. It is growing in the current month as well as in the previous month. This is the target for the whole year.

Saket Kapoor
Regarding the Wada and Bharuch subsidy, what is the (P&L) timeline and flow?

Bijay Kumar Agarwal
It will be sanctioned around March and spread over 10 years. Wada will give around ₹2.5 crore annually, and Bharuch around ₹1–1.5 crore, totaling ₹3–4 crore directly hitting the bottom line each year.

Saket Kapoor
You had invested in a machine for paint industry customers. What is the update on that? What would be revenue?

Bijay Kumar Agarwal
It is running full-fledged. It started commercial production in October and delivered around ₹70 lakh of revenue in its very first month. If everything goes well, we might add a few more machines in coming years.

Saket Kapoor
Sir, if we come to our EBITDA, in which you had 21 crores in the first quarter and 20 crores in the second quarter. So, it was 40-41. And the ramp-up that we expect for the next half, what should we factor in in terms of the EBITDA trajectory, sir, on a ballpark number?

Bijay Kumar Agarwal
It's around 45 crores.

Saket Kapoor
Sir, we have made a lot of changes in the presentation as well. This format is very good. Please continue with it. You are getting a lot of data points in clarity. Sir, I have a point on cash flow. Please clear that as well. If you go to the cash flow statement, which we have submitted in the exchange, we are showing interest expenses of 3.46 crores, whereas the number should be 7 crores and our operating cash flow will be better than 3.5 crores. I think we have made a mistake, or I am making a mistake in reading it.

Bijay Kumar Agarwal
Give me an hour, I will check and give you an answer. S

Saket Kapoor
Sir, our long term borrowing is more than 10 crores in the first half. What is the free payment schedule for this year and where will we be in debt till next year?

Bijay Kumar Agarwal
I will check the repayment and let you know in an hour.

Saket Kapoor
Okay, sir. Overall, your presentation is sufficient. I have got the data points. I will join the Q&A session and review my questions. Give me 5 minutes.

Bobby Ninan
The next line of call is from Sushant Soni. Sushant, feel free to unmute.

Sushant Soni
Thank you, sir, for giving the opportunity again. Sir, I just wanted to check one thing. Sir, I wanted to know something about vision. Because if you see, your growth is very good and it is already at 70%. And you said that it can only go up to 75-80%. Obviously, you are also expanding IBC in Kutch. Just in IBC vertical, I think most of the sales are in chemical vertical. Do you have a plan for pharma and food grade, where maybe there are more regulations, but customer stickiness will also be there?

Bijay Kumar Agarwal
Sir, we sell in both pharma and food grade. We don't have a customer who comes to us and says that your plant is not according to the food rate or is not for chemical or medical or pharma. Our plant is already approved for food industry. So that's not a challenge and we are already doing business with pharma, their ancillary industries and food industries. In pharma, I don't do small businesses, that's why I don't say pharma.

Sushant Soni
Okay sir, thank you sir. And sir, how much food do we have in IBC? Do you have any idea? And how can we increase it?

Bijay Kumar Agarwal
Maybe our chemical will remain here. I have not separated the numbers, I will do that also next time. It is not that I have stopped somewhere by saying food, my work is not like that.

Sushant Soni
Okay sir, this is very helpful. Got it sir. And sir, this transportation cost, as you said, you are sending it to the south, so the transportation cost has increased. So, sir, do you have any plan to go to the south in the next 1-2 years? Because obviously, there is a lot of volume there too.

Bijay Kumar Agarwal
We are thinking sir. Work in progress, sir. I am thinking about it, sir.

Sushant Soni
And just one last question. How much time will it take to increase the capacity in Wada? Because you still have everything, the plant and all.

Bijay Kumar Agarwal
After 6 months.We will do it after March.

Sushant Soni
Yes, sir. When you start after March, because you said that you have to do it after March for the subsidy. But how much time will it take after March?

Bijay Kumar Agarwal
It will take 6 months. It will take 6 months.

Sushant Soni
Okay, sir. Thank you so much, sir.

Bobby Ninan
Thank you. So next line of question is from Preeti Agarwal.

Preeti Agarwal
Thank you so much for the opportunity. I wanted to know that your utilization level is 70% as against 80% which was the target of FY27. So what is the demand and revenue visibility ahead? There is demand ma'am. There is demand so the sale is increasing. The volume is increasing from quarter to quarter and we can see it in the current month as well.

Bijay Kumar Agarwal
The demand is increasing and the volume is increasing. And we will reach 75-80. Apart from that, we will add some machines as well.

Preeti Agarwal
Understood. And H1 revenue is 40% year on year up and FY27 guidance is 15%. So is this guidance a little conservative for FY27?

Bijay Kumar Agarwal
We try to be conservative as well.

Preeti Agarwal
Okay, sir. Thank you.

Bobby Ninan
So, the next line of question is from Saket Kapoor. Saket, you can unmute.

Saket Kapoor
Sir, there was another related question related to your cash flow. Please note that as well. Sir, the tax payment that you are showing is of 4.8 crores. Is there a refund factor in this? I wanted the advance tax number that you have given for the first half. Please provide this detail when you answer the question about cash flow. How much advance tax have you filled in the first half? Jay Sir, you were talking about the recycling process and how its value accretive and margin also would expand, where are currently in the process and what do we expect in the future?

Bijay Kumar Agarwal
In the recycling process, we have reached 25%. Now we have to decide for the next 75%, which I think will reach within 3-4 months, it would reach.

Saket Kapoor
Sir, after doing this, what increment do we see? How much will the profitability affect the margins due to this?

Bijay Kumar Agarwal
If we reach this year, we should get a profit of 2 crores from the recycle plant.

Saket Kapoor
No, 9 crores.

Bijay Kumar Agarwal
2 crores. But if we look at the next year, we will see an earnings of 4-5 crores from that plant. Next financial year will be 2028.

Saket Kapoor
Whatever we have envisaged from the solar facility benefits in the power, that is all flowing into the bottom line as per our plan?

Bijay Kumar Agarwal
Almost. We have achieved 90%. Not 100% but we are achieving 80%. Yes, sir.

Saket Kapoor
That was my question. You can answer the rest offline. Overall, as you said in the closing, we are seeing growth in volume month to month. That is all alluding to the capacity enhancement that we are seeing. There is nothing like we are seeing an impact in business sentiment because of the crude and the availability of raw material.

Bijay Kumar Agarwal
In the last call, it was also said that the demand has increased and the price has increased. This time also, you can see that the volume has grown and it is still increasing. Sir, there is an advance tax of 2.25 crores. 2 Crore 25 Lakhs, I have told you the number of this quarter. 2.25 was of September.

Saket Kapoor
I was asking about the first half. How much did you pay in the first half?

Bijay Kumar Agarwal
Okay, I will tell you that. 3.75 crores in total. Before that it was 1.5.

Saket Kapoor
Okay sir, Thank you.

Bobby Ninan
So, for any further questions, please raise your hand. In case if there are any questions, please raise your hand. As I can see, no one has raised their hands. So, thank you for your time, everyone. I request the management to give their closing remarks.

Jai Prakash Agrawal
Well, our performance is increasing on a quarter-by-quarter basis. And it is constant. More importantly, it is constant. So, we see a very healthy growth coming up in the next quarter. So, we, as a pyramid founder, I would request to keep supporting us, keep joining, keep teaching us and keep learning. Thank you. We will close the call now.