Time Technoplast

Operator: Ladies and gentlemen, good day and welcome to the Time Technoplast Ltd. Q2 and H1 FY27 earnings conference call hosted by Kaviraj Securities Private Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touch-tone phone. I now hand the conference over to Mr. Abhijeet Mukesh Purohit from Kaviraj Securities Private Limited. Thank you, and over to you, sir.

Abhijeet Mukesh Purohit: Thank you. Good evening and festive greetings to everyone. Kaviraj Securities welcomes you all to the Q2 and H1 FY27 earnings conference call of Time Technoplast Ltd. We have with us the management team, represented by Mr. Bharat Kumar Vaghela, Managing Director; Mr. Raghupathi Thyagarajan, Whole-time Director Marketing; Mr. Vishal Jain, Non-executive Director; Mr. Sandeep Modi, Senior VP Corporate Planning and Accounts; Mr. Hemant Soni, VP Legal and Corporate Affairs; and Mr. Bhomin Shah, Manager Investor Relations. Without any further delay, I hand over the call to Mr. Bharat Kumar Vaghela for his opening remarks, after which we can open the floor for the Q&A session. Thank you, and over to you, Bharat.

Bharat Kumar Vaghela – Managing Director: Thank you very much, Abhijeet. First of all, I would like to convey my greetings for Dhanteras and Deepawali to all of you, and I hope that this new calendar year brings a lot of prosperity and growth for all of us.

I would now like to address you regarding the financial and operational performance for Q2 and the first half of FY27 and share our outlook for the remainder of FY27. [pause] As we are all aware, the global market continued to navigate geopolitical uncertainty during Q2 FY27. The ongoing conflict in West Asia, alongside the prolonged Russia-Ukraine conflict, continued to impact global energy and commodity markets. While supply flows have partially recovered, uncertainty surrounding shipping routes and the supply chain continues to influence commodity prices and freight costs.

Domestic polymer prices continued their upward trajectory through August and September, driven by higher feedstock costs, domestic manufacturers' price revisions, and evolving global supply dynamics across the key PE and PP grades. While these fluctuations influence the industry's cost structure, our predominantly B2B business model and established pricing mechanism enable us to pass on raw material cost variations to customers with a typical lag of 20 to 25 days, thereby mitigating input cost volatility and supporting operational stability. India's focus on energy security, gas infrastructure expansion, and cleaner energy adoption continues to create significant opportunities across our composite product portfolio.

We are strengthening our presence in the hydrogen segment, backed by PESO approval for the design and manufacture of the 250-liter Type 4 composite hydrogen cylinder for public transportation. Further, we have secured an order worth 2.5 crore rupees from NTPC Limited for a Type 4 composite hydrogen cylinder storage cascade and fuel delivery system for its pioneering hydrogen-powered locomotive railway pilot project. Additionally, we have secured a significant order worth 83 crores from a well-established PSU for a Type 4 composite CNG mobile storage cascade for the CNG and CGD network, reinforcing the growing market acceptance of our composite solutions. Our value-added products business remains a key pillar of our strategy,

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delivering segment growth of 29% in H1 FY27 and contributing meaningfully to overall performance.

Profit after tax increased by 25% in H1 FY27, reflecting our focus on operational excellence, capacity optimization, cost efficiency, and prudent financial management, supporting sustainable profitability and shareholder value creation. Looking ahead, our composite product segment is backed by a robust order book of approximately 200 crores, while value-added offerings, including IBC composite products, continue to gain market acceptance. Meanwhile, our industrial packaging division has maintained steady performance, with strong domestic and international order positions of around 400 crores for the current calendar year. This development highlights the strength of our diversified portfolio and scalable operations, positioning us to capitalize on rising global demand for cleaner, safer, and more sustainable energy and packaging solutions.

As part of our ongoing consolidation and automation initiative, I am pleased to share that the Board has approved a scheme of merger of our subsidiary, TPL Plastech Limited, with Time Technoplast Ltd., subject to the requisite authority and statutory compliance approvals. This merger will be effective from April 1, 2026. [pause] This merger will provide the benefit of managerial and technical resources, strengthen our competitive position, reduce costs, and unlock operational and financial synergies. As we look ahead to FY27 and beyond, our focus remains on [pause] sorry [pause] driving sustainable growth, strengthening operational efficiency, expanding our innovation-rich product portfolio, and creating long-term value for all our stakeholders.

With this, I would like to move to the detailed review of our financial and operational performance for the second quarter and the first half, highlighting the key achievements and strategic developments that will shape our journey ahead. The key figures during Q2 FY27 on a consolidated basis, compared with the corresponding previous year, are as follows: Net sales were almost 1,996 crores, or approximately 2,000 crores, as against 1,512 crores. This is the highest quarterly revenue in the history of the company. EBITDA was 265 crores, which is again the highest-ever quarterly EBITDA in the history of the company, as against 224 crores of EBITDA last year. PAT was 146 crores as against 115 crores last year. This is again the highest quarterly PAT in the history of the company.

Regarding volume, despite the geopolitical uncertainty I have mentioned, the company has fulfilled its targets and achieved volume growth of 14% in the first half. I would like to reiterate the guidance we have given of 15% volume growth for the full year. We are on that path because, in most years, we achieve 45% of our revenue in the first half. Net sales increased by 32%. The difference between volume growth and value growth is because polymer input prices are passed back to the customer, as the company has a policy of passing input costs on to the customer for industrial products. EBITDA increased by 18% and PAT increased by 27%.

During H1, on a consolidated basis, turnover was almost 3,690 crores as against 2,866 crores. EBITDA was 490 crores as against 420 crores last year. Profit after tax was 262 crores as against 211 crores last year.

Management: Volume increased by 13% in the six months, net sales increased by 29%, EBITDA increased by 17%, and PAT increased by 25%.

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The higher EBITDA growth relative to volume growth demonstrates the company's ability to improve profitability through effective pricing, product mix, and operational efficiency, rather than relying solely on volume expansion. I am also pleased to share that our overseas subsidiaries delivered robust performance in Q2 FY27 despite ongoing global uncertainty.

The share of the business was 29% from established products and 29% from value-added products, so total growth was 29%. The contribution to total sales was 71% from established products and 29% from value-added products.

The share of the India and overseas businesses is almost the same: 64% India business and 36% overseas business. EBITDA margins in India and overseas are also almost the same, at 13.4% in India and 13% overseas. The PAT margin was 6.8% in India and 7.8% overseas because of tax stability and differences in tax rates in the various countries where our units or operations exist.

While on the subject, I would like to inform all our valued investors who have joined recently that the company has a presence in 11 countries, including India. It has a presence in the MENA region. It has a presence in the MENA region, with a presence in Sharjah, Bahrain, Saudi Arabia, and Egypt, where we generate 11% of our consolidated revenue. Second, we have a presence in Southeast Asia, including Malaysia, Indonesia, Vietnam, Thailand, and Taiwan, where we generate 18% of our consolidated revenue. Then we have a presence in the USA, across five states, where we generate almost 9% of our total consolidated revenue.

We have received guidance from the people in charge of our overseas locations that we remain committed to continuing growth of between 13% and 15% in volume. Revenue growth will depend on prices. I am pleased to tell you that capacity utilization at our overseas locations is almost 86%. Therefore, for at least the next 3 years, the company is targeting and estimating volume growth of 15% in the overseas locations and in India.

The PAT margin, as I mentioned to you, is 6.8% in India and 7.8% overseas. Net cash from operating activities was 334 crores. Debt net of cash reduced by 96 crores. Total debt net of cash is 36 crores. Total capex incurred was 174 crores in the first half.

I recall my discussion and my telephonic conversation during the last conference call. FY25-26 and FY26-27 are the years of capital expenditure because the company would like to increase margins. For that, I would again like to update you that last year the company conducted a QIP at a price of 211 rupees and 12 paise, mainly for repayment of debt and for automation and re-engineering to reduce costs and improve efficiency, as well as to use high-quality machines and molds to increase productivity. This is so that margins and ROCE can be improved. Further, the company is in the process of consolidating products as well as units.

Therefore, it appears that capex and capital expenditure amount to 375 crores. At the same time, under the guidelines, the company has identified approximately 144 crores for non-core asset realization, which is under process, and every quarter the company is reporting how much of the assets have been realized. If we consider the net amount, then if I realize all my non-core assets, the net capex will be around 250 crores only.

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After 2027, the company will need only maintenance capex and brownfield expansion, which will be a maximum of 250 crores. This is also required because the current capacity utilization of the assets is around 82% in India and 86% overseas. If the company plans to grow by more than 15%, then it will need brownfield expansion and new product development for the products in which the company operates.

I would now like to draw your attention briefly to some interesting developments that we have seen. Regarding the global war scenario, everybody is aware of it, and I have also updated you in my speech.

Regarding the sale of non-core assets, I have already told you that 144 crores have been identified, of which 13 crores has been completed in H1. The planned asset monetization is expected to improve ROCE and EBITDA. Improvement in ROCE is definitely expected in the near term.

Regarding automation investments, the company is targeting an annual ROCE increase of 1.5% to 2%. That benefit will come from automation, machinery, molds, re-engineering, working capital optimization, reduction in working capital, and various factors including cost and energy cost savings.

Regarding the acquisition update, I clarified this in the last conference call, but I am clarifying it once again. {? Tethover ?} Private Limited has already completed the acquisition, and I am pleased to tell you that business at this new company's units will commence from next month because everything, including power, is now online and the company has planned the business.

Regarding Egypt packaging, the company has decided not to proceed, considering the ongoing war situation and the performance, which has not been as expected by our management team. Therefore, for the time being, we will review it again after 2 or 3 years, depending on the improvement in the situation.

Regarding TPL Plastech, the Board has approved the amalgamation of the company. It has been 75% owned by Time Technoplast Ltd. since 2006. That company operates only in the packaging business, mainly drums, jerrycans, and IBCs. Time Technoplast Ltd. is already present in this business. Therefore, this amalgamation scheme will provide the benefit of administrative, financial, and technical capabilities.

Regarding the consolidation of manufactured products, as I mentioned to you, this process is continuing. Last year, the company successfully completed the consolidation of six manufacturing locations. This year, approximately 6 to 7 locations are also being considered, and every quarter we will provide an update about the start-up of the new units.

While I am speaking, I am pleased to tell you that one of our subsidiary companies, TPL Plastech, has already started manufacturing IBC containers in the Bhuj region, where it was earlier manufacturing only plastic drums. It is receiving a good response and has the potential to generate business of 100 crores over the next 3 years.

Regarding green energy conversion, the process is ongoing because the company has signed some solar power purchase agreements. We expect a benefit of 11 crores this year, but I expect this

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benefit to double next year. This year, some benefits are coming from units for 6 months and some units are receiving benefits for 4 months. Next year, the company has confirmed information regarding this benefit. Therefore, instead of 11 crores, next year's benefit may be around 22-25 crores from the power sector alone.

Regarding product updates, we are ready with Hydrogen Type 3 and Type 4 cylinders, fire extinguishers, air receiver tanks, and some energy storage devices for lithium batteries, the power sector, and so on. Products under development include higher-capacity hydrogen and CNG cylinders of 250 and 350 liters, so that the product can be more competitive. The company also has a good opportunity to add manufacturing facilities for composite CNG cylinders.

Management: In LPG cylinders, the company has manufactured LPG cylinders for over a decade. There are 32.3 crore active LPG connections and over 50 crore cylinders in circulation. The company currently offers 5, 10, 15, and 20 kg cylinders and other variants. It has been supplying government gas distribution companies since 2012.

Following the success of the 10 kg cylinder, the company is developing a 14.2 kg variant with public gas distribution companies. You will be happy to know that these gas cylinders are 50% lighter, easier to handle, and blast-proof. Considering the current geopolitical uncertainties and the shortage in the supply of LPG valves, the development of the 14.2 kg cylinder has been slightly delayed. We think the situation should normalize by June at the latest because product development involves a certain amount of capital cost, which management has decided to hold for at least 3 to 4 months. Later, we will see how the situation normalizes.

The company has commenced supplies of lightweight Type 4 composite LPG cylinders to HPCL, Swiggy, and InstaMart. These are intended to improve delivery systems in the market for end users. Every gas distribution company is finding ways to provide timely deliveries to customers and end users so that volume can be increased.

The company is receiving repeat orders from HPCL and other gas distribution companies because the purchasing authority rests with the company placing the purchase order. It has full authority to repeat the order quantity at the price given by the company. We have not seen any increase in prices; therefore, the company is accepting the repeated order quantities. [pause] Yes.

I think most of the other updates have been covered. My request to all our existing and valued investors who are following the company is to review the detailed earnings presentation we have provided. It contains almost 47 pages, with each product, quarterly and half-yearly increases, volumes, and every other detail, including the growth drivers for EBITDA that will contribute to and improve ROCE.

Finally, I can say that in the first half, the company always achieves 55% of the full-year targeted revenue, EBITDA, and PAT. Therefore, it is very easy to estimate the company's projection for the full year.

Regarding the project updates, we have already provided them. Briefly, the company has completed the Mahad and Morai projects and everything associated with them. [inaudible] Yes. I think the project was completed in the first half. The greenfield conical project, a fully automatic

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plant, was completed in the first half of the current financial year. It is approximately 140 kilometers away from Mumbai.

For another intermediate bulk container project in Gujarat, including the new product, erection, installation, and marketing, everything started within a period that I can describe as a milestone for the company. Once the company decided to establish the project, it was completed within 2 months, including commercial sales from that unit. This demonstrates the company's technical capability, considering its 40 years of experience in this line of projects.

There are some projects yet to be completed. We have already provided their status and will provide further updates in Q1 and Q2 each time.

Considering the overall situation, I will again discuss some of the company's growth drivers. The packaging segment covers drums, jerrycans, pails, and IBCs. The company guidance is between 11% and 13%; on average, you can take 12%. Composite products, which cover LPG, CNG, hydrogen, and fire extinguishers, are expected to grow between 25% and 30%. The PE pipe business, which serves water, sewage, drainage, power duct lines, and gas lines, is expected to grow in the range of 20% to 25%. Other products, which represent a very small percentage of the business, include MOX film, auto component products, turf matting, lifestyle products, and so on, with growth of 10% to 12%.

Considering all of these together and the present base, the volume growth guidance remains unchanged. The minimum guidance is at least 15% year-on-year growth for the next 3 years. When volume growth is 15%, EBITDA growth would be more than 20% and PAT growth would be more than 25%.

I mentioned that EBITDA growth will come mainly from efficiency, product and unit consolidation, manpower cost reduction through automation and re-engineering, and power cost savings through the use of solar power to the extent possible and with the permission of the government. The finance cost has already been reduced through initiatives taken by the company, along with the sale of non-core assets.

I would now like to give more time to our valued investors for the Q&A session. If there is anything that was not covered in my speech or presentation, please feel free to ask. My request is that questions should be very brief. If detailed questions are required, they can be sent by email to my Investor Relations department, which will send a written reply. I am now opening the Q&A session.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. [pause] The first question is from the line of Sharansh Gupta from Swan Investments. Please go ahead.

Jatin – Swan Investments: Thank you for the opportunity. Jatin here from Swan Investments. I want to understand the 15% growth guidance that you have given. When we look at our capacity completion, we have completed the Morai plant, and we will be completing the IBC project by the end of this fiscal year. In terms of growth capacity, if I want to look at the next 2 years, how should

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one look at it?

Management: I will tell you that in our polymer-processing and industrial-packaging industry, whenever my capacity reaches 90% utilization and that utilization continues for at least 6 months, we start thinking about the expansion plan.

You are asking about the Morai plant. You know very well that 2 years ago we talked about the Morai plant. Initially, we had a capacity to manufacture 480 cascades, or approximately 30,000 cylinders, and the maximum business we could do was 350 to 400 crores.

Now, this unit has been completed, but it required certain government processes and approvals. I mentioned at the beginning that at the Morai plant, all the new equipment that has arrived, including the new equipment for manufacturing CNG and hydrogen cylinders, has been installed there. It took the last 3 to 4 months for installation, trials, testing, and everything else.

I am now pleased to tell you that all the PESO formalities have been completed. Under the Indian system, even if the product has already been approved, whenever it is brought to a new plant, another audit takes place from the beginning at the new plant. That process has also been completed.

I will now be able to bring my existing equipment from the Daman and Silvassa locations and consolidate it at one location in Morai. We had already planned this initially. Therefore, the new area that has been acquired is approximately {? 125,000 ?} square feet.

If you ask me, we have successfully completed this plant, and as you have seen in the first half, we generated almost 400 crores of revenue from composite products.

Management: [off-mic discussion] 430 crores in total.

Management: We generated 430 crores of total revenue in the first half.

Management: [off-mic discussion] Cylinder, 230.

Management: Yes, cylinders contributed 230 crores. Therefore, we have almost started utilizing the expansion of this unit.

We are ready to capture the capacity now available. As we have already experienced while carrying out the expansion, expansion takes 6 to 8 months. As I mentioned in my call, we are not currently commercializing and selling hydrogen cylinders in large quantities. It is— it— its R&D development is ongoing. When we are ready for the new phase of demand, which we estimate will become clear around the middle or end of 2027, we will know how demand for the hydrogen system is developing in India and how demand for hydrogen cylinders is developing in India. I am pleased to tell you that in the last [trails off]

Management: One month, we had overseas exhibitions in the UK and Switzerland, and in India as well. Only last week, the response regarding hydrogen cylinders was extremely good. Everybody wants to develop hydrogen cylinders for their company. I will not name the companies because I am restricted from doing so and have signed non-disclosure agreements, but very large international

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players have seen my plant and appreciated it. They have seen, for the first time in India, a fully automatic plant where we manufacture composite CNG and hydrogen cylinders using robotic technology and minimum manpower.

As far as the business is concerned, I mentioned to you that this year we are estimating business of around {? 800 to 900 crores ?}. If you ask me about 3 years from now, we are estimating business of {? 2,500 crores ?}. If you ask me about 5 years from now, definitely {? 4,000 crores ?} for composite products.

Therefore, we have seen this growth, and I am presenting guidance of {? 25% ?}. How the capex and everything else develop will depend on the timing. If I invest 1 rupee in composite products, I can generate revenue of 4 times that amount. If I want revenue of {? 5,000 crores ?}, then I will definitely need {? 1,250 crores ?} for the capex plant, including the existing capex. The timing will determine this. However, as our experience increases, our expansion cost will definitely be lower because the trial-and-error costs we have already incurred will not be repeated.

Jatin – Swan Investments: Is it safe to assume that whatever capex we complete by FY27 will help the company grow by almost {? 15% ?} in volume for another 2 years?

Management: Yes, of course. That is the minimum I am taking; that is the minimum. {? 15% ?} growth is the minimum, and composite products will be the major driver as value addition picks up.

For packaging growth, we are considering an average of {? 12% ?} because we know that, considering the current situation, chemical companies are growing. I think packaging companies may grow by {? 15-20% ?} if the war factors cause oil prices to increase.

Despite the ongoing war situation in West Asia, our overseas locations have grown by {? 13% ?}. Why is my business down by {? 25% ?} in the Middle East? That shortfall is compensated by my other overseas locations in the Far East and the USA. That is the benefit we receive.

I will explain it another way. If there are 4 members in a family, every member cannot earn the same amount. One person earns more and another earns less, but the father looks at the overall benefit and sees how much money is coming into the household. You understand?

Jatin – Swan Investments: Secondly, regarding the cost-saving initiatives we have undertaken, your presentation mentions {? 11 crores ?} of cost savings from solar power. We are also looking at the consolidation of our units. If we complete the consolidation and everything else by the end of the financial year, can you help us understand the incremental savings that one can expect?

Management: [pause] I can tell you at least one thing: when I cross the bridge, I will know. However, whenever the company makes any capex or automation investment, we consider a payback period of less than 4 years. That is the simple calculation.

Wherever we are carrying out automation and re-engineering, including in the power sector through a power purchase agreement, my payback period is less than 1.5 years. I am making the investment for that reason.

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If you ask me in terms of EBITDA improvement, I can tell you that you will see an EBITDA improvement over the current level of {? 13.3% ?}, or whatever it is, of {? 1% ?} on account of power and manpower savings alone in the year {? 2027-28 ?}. This is the minimum I am telling you; it can be more, but this is a rough estimate.

Jatin – Swan Investments: And in terms of consolidation?

Management: In terms of consolidation, I will also receive some liquidity because the non-core assets will be disposed of. From the consolidation we have carried out until recently, I have seen productivity increase by almost {? 7.5% to 10% ?}. When I carry out the consolidation process, productivity itself increases.

Jatin – Swan Investments: So overall, {? 1% to 1.5% ?}?

Management: [pause] I can consider a 1% improvement in the EBITDA margin on account of consolidation as well. That is an additional benefit apart from the financial benefit from the liquidation of non-core assets.

Jatin – Swan Investments: So that means the {? 13% ?} margin can go to {? 15.5% ?} next year?

Management: Of course, yes. Let me ask you again: we will also remain here, and I hope you will also remain with us in {? 2028-29 ?}. You will be able to see it.

Jatin – Swan Investments: Sure, that is all from my side. It was good to hear that. Thank you, all the best, and I wish you and your team a happy Diwali and a prosperous {? October 2023 ?}.

Management: Thank you, Jatin. Thank you very much. You always motivate us to achieve our targets. I know that most of the questions you ask are questions that somebody is keeping in mind.

Jatin – Swan Investments: Okay, thank you. Thank you for the appreciation.

Management: Thank you, Jatin.

Operator: Thank you. The next question is from the line of Shaurya Shah from Equirus Securities Private Limited. Please go ahead.

Shaurya Shah – Equirus Securities: Thank you for taking my question. First of all, congratulations on the good performance. My question is regarding the composites business. We mentioned in detail that we have launched various SKUs across LPG and hydrogen cylinders and that the expansion is underway. Could you go into more detail regarding what is driving this exceptional level of growth?

I have been looking at your numbers, and I can see that you have been delivering double-digit growth in the composites business for many quarters. Could you explain in more detail whether this is being driven by the domestic business or exports, what measures the company has taken that are leading to this level of growth, and whether this relates to LPG cylinders, hydrogen cylinders, oxygen cylinders, or other products?

Management: [pause] I will tell you one thing. Regarding composite products, I speak about composite products because composite products include cylinders. Cylinders include LPG, CNG,

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hydrogen, and oxygen. We are ready for all 4 products.

As far as the growth of {? 25% to 30% ?} is concerned, I am confident because the market itself is very large. In the current scenario, LPG supply itself is in short supply because of the ongoing war situation. If this situation had not occurred, LPG supply would have been normal, gas stations would have become faster, and supply would have been available.

In that case, I would tell you that the company has developed other composite products, such as {? PVC water tanks ?} and fire extinguishers. In addition, I would like to tell you that the company has not yet supplied cylinders to the automotive industry, which is a very large market, because of the limited capacity available. Now the capacity expansion has been completed, and the cylinders are available.

I will now hand over to my colleague, Director Mr. Raghupati, who looks after marketing. He will explain why we are confident about this growth and further clarify what I have already mentioned.

Mr. Raghupati – Director: [pause] As Bharat already mentioned, there is a serious shortage of LPG cylinders and LPG supply in India, given the current situation of the conflict in West Asia. What has also happened is that the supply of new LPG connections in steel cylinders has been suspended for many months. All the OMCs, including Indian Oil Corporation, Bharat Petroleum, and HPCL, have taken a consolidated decision to offer new LPG connections only in composite cylinders.

You will be happy to know that even under the current shortage situation, our LPG cylinders continue to go to new homes for those new connections. New connections are not being offered in steel cylinders. That definitely continues to give us growth, although the overall LPG situation in the current scenario is tight. Our business continues to grow, and that is the basis of the growth we have already explained to you.

Likewise, in the CNG sector, where our cascades have been successful, we continue to deliver growth. The order bookings in hand, as Bharat has already explained to you, confirm that there is ongoing demand for cascades. More and more new outlets are being opened, and there is a significant amount of pressure on CNG and CGD companies to expand their networks, especially with a focus on expanding the PNG network.

For all these PNG networks, companies have to spread their presence far and wide. That is where CNG supply, wherever pipelines are not available, continues to expand through the use of the CNG cascades that we manufacture.

Management: This is very well established for all the CGD companies. Type 4 cascades provide better and more optimal utilization of their investments, and that is how this continues to grow.

There are also encouraging signs emerging for hydrogen cylinders. We recently took part in an MNRE exhibition. Focused initiatives are also being promoted by the government under the Ministry of Renewable Resources and other bodies. Investments are being made in green methanol and green steel. A number of projects are coming up.

Multiple projects are also coming up for the use of hydrogen in trucks and buses. Many investments are being made in hydrogen plants across India, with at least 6 to 7 locations being developed. All

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these locations will definitely require hydrogen cylinders. We are in discussions with most of them. These projects have a somewhat longer gestation period before coming online, but our discussions are very much ongoing.

We are carrying out the required product development and are confident that we will be able to serve these opportunities. Our composite cylinders for SCBA and oxygen are continuing to perform well. They are new developments that have received very good acceptance. I think almost all imports have stopped, and our business continues.

Overall, I think we continue to achieve the 22% to 25% year-on-year growth explained by Bharat because of these attributes.

Shaurya Shah – Equirus Securities: Correct. I am sorry. If you had to assign 2 or 3 reasons for this growth, would you say that identifying the specific types of cylinders that could have a significant amount of demand going forward is a key benefit that the company possesses? Also, would you say that the reach and channel network the company possesses have led to this strong growth in composites?

Bharat: Yes, you are correct. Once again, I would like to reiterate that we are the only company in India with a Type 4 composite cylinder approved by PESO and very well accepted in the market for the last 3 years.

In hydrogen, we are also the first company in India with Type 4 and Type 3 composite cylinders. These have already been developed and accepted by customers. Therefore, we are very confident. That is why I mentioned in my call that we are not changing our guidance for growth of more than 25% to 30% in composite products.

The market exists, our technology-approved product exists, and customers exist. It is a question of time, but the normal time required for development, trials, testing, and approval by the respective authorities is not in our hands. Otherwise, we are ready to conduct R&D for any composite product for which we have the technology available.

Shaurya Shah – Equirus Securities: Good. Okay, sure. That is all from my side. Thank you.

Operator: Thank you. The next question comes from the line of Aryan Vadhariya from Equitas Investments. Please go ahead.

Bharat: Yes, Aryan.

Aryan Vadhariya – Equitas Investments: I have 2 questions. First, you mentioned in our financials that 220 crores of QIP proceeds are pending for acquisition within the post-QIP timeline. I am wondering what management's plan is regarding this because, if it is not utilized, it could drag down our ROCE. That is my first question.

My second question is about the PE pipe business in relation to the Jal Jeevan Mission. We are hearing a lot of commentary on the ground that the traction is not as strong as expected. You had also mentioned earlier that, since you were not receiving cost variation in contracts, you were holding back your supply. Is there any update on this?

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Bharat: [pause] I understand your point. Regarding the first point, there is a separate agency monitoring the QIP funds. The 220 crores is pending as reported because, first, automation is leading to the product investments. We have identified 75 crores of expenditure on a plant-by-plant and product-wise basis, and our orders are in place. I mentioned that by March 2027 this amount would be adjusted and utilized, with the savings coming from the next year. As I mentioned in response to a recent query, we will be able to achieve 1% EBITDA savings on that account.

Regarding the PE pipe business, I fully agree. Government conditions always involve a government agency working with the government. We supply pipes to EPC contractors, and EPC contractors execute orders based on their tender prices.

When the West Asia crisis caused polymer prices to increase, if the increase had been 2% or 5%, the EPC contractor could have absorbed it. However, the price increase was almost 30% to 40% from the basic price. Most of my contracts are taken on a price-variation basis, but the government does not provide price variation to the EPC contractor.

The impact is not from our side, but I do not know what other contractors and manufacturers do. As far as my company's policy is concerned, when my margins are in the range of 10% to 12%, I cannot absorb price increases of 30% or 40%. Therefore, I include a variation clause in every order.

Initially, in the first quarter, there was a problem with government payments to EPC contractors. That has improved, as I have also seen. Later, during the rainy season, business was somewhat slow in July, August, and September because of the impact of the rains.

However, looking at the last 10 to 15 years, the pipe business has always conducted only 40% of its business in the first half, or 35% to 40%. The remaining 60% to 65% of the business has always been conducted in the second half of the year.

I am pleased to tell you that all the manufacturers are waiting. Now, one by one, the states are revising and clearing their prices. They waited for 1 or 2 months, but prices have continued to escalate over the last 6 months, and the government wants to complete projects on time.

Therefore, every state has considered and provided price increases. The situation in the second half has now changed. You will see that each state is asking for projects to be completed on time because each state receives a certain incentive and subsidy from the central government if the project is completed on time.

Every state, for each project of the water department, gas department, or telephone department, is revising prices and providing those revised prices to the manufacturer. The EPC contractor is also receiving payment on time. If EPC contractors are not paid on time, they hold up their projects.

There is also a system under central and state government policy that requires payment to EPC contractors. However, many times the product we supply is a material product, not labor or a service. Government policy is always to pay on time when material costs are involved.

Every EPC contractor wants the pipe supplied first, after which execution can begin, because they receive the money faster when the material reaches the site. There has been a definite

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improvement, and you will see it over the next 6 months.

Every day, infrastructure ministers, road construction ministers, and others are increasing capacity because they want to welcome foreign companies and encourage expatriates to come here and establish plants. That is the only way to bring foreign investors to India to undertake capex in India.

Therefore, I am very confident that we are on track to achieve the projections we have given for PE pipe business growth of between 20% and 25%.

Aryan Vadhariya – Equitas Investments: Noted. The 13% growth in composites we achieved in the last quarter is very encouraging. That is all from my side. Happy Diwali to you and your team. Thank you.

Bharat: Yes, same to you and your team. Thank you.

Operator: Thank you. The next question comes from the line of Aditya Sahu from 3P Investment Managers. Please go ahead.

Aditya Sahu – 3P Investment Managers: Hello, Bharat. Thank you for this opportunity. I have one question: did we have any inventory gain during the quarter?

Bharat: [pause] I will tell you that inventory gains occur to a large extent when you change the inventory system. I never change it. If prices are lower, I do not buy more. We follow a certain policy. If I am carrying inventory of 65 to 70 days, that will continue. Whether the prices are [trails off]

Management: Let me explain my requirement for most of the products and industries. In fact, you know that approximately 60% of the products are sourced from local manufacturers, from whom I can purchase according to my requirements.

However, local manufacturers do not produce every day. They have a certain cycle time, so I maintain inventory for that purpose. Ten or 8 years ago, I had to carry more than 90 days of inventory for imported material. I do not do that now because local manufacturers have started supplying these products. Therefore, I reduced my inventory level to 65 days.

I have had no inventory loss or anything similar in the last quarter or in this quarter because we have not changed our purchasing policy or the number of inventory days. According to my consumption, that will not affect me. I always remain concerned about the margin.

There may be a small benefit of less than 0.5%, or perhaps a benefit in terms of value from foreign exchange. For example, the exchange rate suddenly went to 97, but we also change that every month. We use the previous month's exchange rate as the rate in our books.

Therefore, in one quarter, there may be a gain in one month and a loss in another month. However, if you look at the overall quarter, we have a very tight foreign exchange policy. Whatever costing has been taken to manage foreign exchange costs remains within that range. Therefore, there is no {? [unclear] ?} because we do not change the policy.

Aditya Sahu – 3P Investment Managers: Okay, thank you. Thank you.

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Management: Thank you, Aditya. Please convey my Dhanteras and Diwali wishes to Prashant Jain and Mr. Raman.

Aditya Sahu – 3P Investment Managers: Same to you. Same to you.

Management: Thank you very much.

Operator: Thank you. Due to time constraints, we will take that as the last question. I now hand the conference over to Mr. Bharat Vitoria for closing comments.

Bharat Vitoria: Thank you very much. I know time is short. Most people have taken tomorrow off, and thereafter there are Diwali holidays. Therefore, I will not take much time.

Thank you very much for listening to the management commentary. Once again, I assure you, on behalf of the company, that we will surpass the guidance given by the company and fulfill our commitment as stated. Thank you very much to everyone.

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

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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