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National Stock Exchange of India Ltd.

Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra- Kurla Complex,
Bandra (East), Mumbai – 400 051

BSE Limited

1st Floor, New Trading Ring,
Rotunda Bldg., P. J. Towers,
Dalal Street, Fort,
Mumbai 400 001

Symbol: PYRAMID

Scrip Code: 543969

Through: NEAPS

Through: BSE Listing Centre

Dear Sir/Madam,

Sub: Transcript of earnings call with analysts/ investors.

Pursuant to Regulations 30 read with Para A of Part A of Schedule III and other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, we attach herewith the transcript of the Company's analyst call held on February 12, 2024, to discuss the financial results for the quarter ended December 30, 2023.

We wish to clarify a discrepancy in the information provided during the call. The capex amount mentioned during [2:47-3:08] minutes, referring to capex of Rs. 25 to 35 crores at the new unit in Maharashtra, pertains to both Phase 2 and Phase 3, as communicated earlier.

The transcript is also uploaded on the Company's website <https://pyramidtechnoplast.com/disclosures-under-regulation-46-of-sebi-lodr/>

Kindly take the above information on record.

Thanking you,

Yours faithfully,

For Pyramid Technoplast Limited,

Zoya Jahur Shaikh

Company Secretary & Compliance Officer

ACS: 65907



**“Pyramid Technoplast Limited
Q3 FY '24 Earnings Conference Call”
February 12, 2024**



MANAGEMENT:

**MR. BIJAYKUMAR AGARWAL – MANAGING
DIRECTOR AND CHAIRMAN**

**MR. JAIPRAKASH AGARWAL – WHOLE-TIME
DIRECTOR AND CHIEF FINANCIAL OFFICER**

INVESTOR RELATION: MS. DEVYANSHI DAVE – GO INDIA ADVISORS

MR. RAKESH ARORA – GO INDIA ADVISORS

Devyanshi Dave: Hi good afternoon, everyone and welcome to Pyramid Technoplast Limited earnings call to discuss Q3 FY24 results. We have with us on the call today, Mr. Bijaykumar Agarwal, Managing Director and Chairman of the company and Mr. Jaiprakash Agarwal, Whole Time Director and Chief Financial Officer. I must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company may face. I would now like to hand over the call to the management to take us through the company's business and financial highlights, subsequent to which we'll open the floor for question and answers. Thank you and over to you, sir.

Bijaykumar Agarwal: Namaste everyone

Jaiprakash Agarwal: Good Evening, Namaskar everybody. So, it's a very good afternoon to all the ladies and gentlemen. Thank you for joining us for Q3 FY2024 earning call. So, hope you have already gone through the presentation which we have already uploaded on the exchange. Before I go into the past quarter performance, I would like to update you with some of the key information, a couple of strategy updates which we have to announce. That is first is, we have already signed an MoU for purchasing a 10 acres land in Wada in Maharashtra. So that is in line with our strategic decision. And this expansion is in line with our strategic highlight, which in our earlier calls we have been telling you, to fund our growth and servicing to our clients in a better way. The expansion will be carried out in 3 phases. The first phase will be across all 3 segments which we are there that is Metal Drum, IBCs and Plastic Drums. First line will be, 1 line will be IBC, 2 lines will be HDPE drums of 210 Liters and 50 liters capacity, and 1 line for MS Drums

So, first phase largely will get completed within 2 years, and it has approximately revenue of opportunity of Rs. 150 crores. And simultaneously first phase 2 and phase 3 will be a replicating of Phase 1 and capex for Phase 1 will be around Rs. 40 to 45 crores, including purchase of land. And the capex for Phase 2 and 3 will be approximately Rs. 25 to 35 crores approximately as the infrastructure and common facilities will be covered in Phase 1. Coming on to our ongoing expansion so that we have increased our Metal Drum capacity from 30,000 to 50,000 using automation. And we have also acquired an adjacent land of unit 6, so wherein we will raise the capacity up to 90,000 per month. And moving to unit 7, where the line 1 of our IBC is already at a capacity of 40%. So as soon as it will reach 50%, we will plan for additional line, second line that is. We have also decided to merge unit 7 and unit 8. So, unit 8 construction is already going on, we are going to merge unit 7 and 8 for better efficiency where we will add HDPE drums and IBC capacity as we go forward and see the opportunity coming up from the market.

Now moving on to the financial for the quarter ending December' 23. Our revenue from the operations stood at Rs. 128 crores, that is up by 6% on year to year if you see. Margins were impacted little due to challenges we are experiencing regarding there is a continuous fall in the raw material prices, when in HDPE prices are down from around 112 per kg to 99 per kg. And at the same time, we have been experiencing some Red Sea disruption that is a supply disruption happening with our chemical companies. That is why there is an impact of HDPE prices. But still our revenue for the 9 months, if you see is Rs. 399 crore which is up by 11.7% from 9M

FY2023 to 9M FY2024. Despite the challenges highlighted, we have gained market share, our volumes have grown by for the 9M FY2024 period. The IBC volumes have increased by 24%, Metal Drums by 31%, and the HDPE drums by 11%. If you see there is volume growth. We encountered some price impact. As per the norms of the industry, typically, raw material prices changes are reflected in prices with one or two month lag. This lag impacted our EBITDA margins also. We however, continue to broaden our customer base, which was around 400 customers in the Q2 FY2024 to 500 plus now. We are confident that this is the opportunity which we have got to continuously increase our customer base, focus on customer service. We are confident that our optimization of operations and assets, implementing backward integration in our plants, which we are already doing and we are focusing on further doing backward integration. Cutting edge technology will aim at improving our margins going forward. We anticipate a turnaround once the raw material prices stabilize, which I'm sure in coming quarters it will happen.

Balance Sheet still remain healthy. We have a net cash balance sheet now. We expect to continue maintaining a healthy balance sheet and capex is expected to be funded from internal accruals to maintain net debt zero balance sheet. We remain optimistic about the future and are committed to delivering value to our stakeholders. And this is all temporary phase which we understand which is happening in chemical industry. There are supply disruption, there are Israel war going on and Russia war happening. Still, we are focusing more on adding customer base month on month basis and our volumes has definitely increased. Thank you very much. So now we are open for the question and answer.

Moderator: Thank you, Jai sir. Anyone who wishes to ask a question, please raise your hand using the reaction button and we will take the questions. So, we have the first question from Mr. Vikas Kasturi (Individual Investor). Please go ahead, sir.

Vikas Kasturi: Hello, Namaste, sir

Management: Namaste

Vikas Kasturi: Sir, I was looking at your presentation and it says that you have manufactured about 1.5 lakh IBCs in these 9 months. You have a capacity of about 4.5 lakhs. So, are you likely to hit that 4.5 lakh mark anytime soon?

Bijaykumar Agarwal: The 4.5 lakh IBC you are talking about, is for the whole unit. A plant can operate at 80% capacity.

Vikas Kasturi: Ok so the maximum capacity will be 80% sir?

Jaiprakash Agarwal: Yes, the peak capacity or the 100% capacity we say.

Vikas Kasturi: Sir one more question on IBC, you have said your market share is about 40% in India in the presentation. Sir I am asking just for my understanding, if I look at one of the other listed players and if look at their IBC numbers, in the first 6 months they made around 3,30,000 IBCs and in

your first 6 months, it was around 1 lakh IBC. So, if I just see two of your market shares, it is around 25%. So how is 40% number arrived at?

Bijaykumar Agarwal: The data that you are looking at is of the whole world. It is not just India to my understanding.

Vikas Kasturi: Ok got it. What is the source for this information? 40%?

Bijaykumar Agarwal: We think that the market should be of 50,000-60,000 in India, which may not be accurate, but to what we understand this is the market size.

Jaiprakash Agarwal: We are anticipating 60,000 IBC market per month right now, as per industry data, customer data we have been evaluating month on month basis.

Vikas Kasturi: Okay, got it sir. And if a Polymer player wanted to start manufacturing IBCs today, how many years will he take to make it, with all the approvals, etc.?

Bijaykumar Agarwal: Anyone can start in 2 years.

Vikas Kasturi: Ok. But for you it is more like you have a steady business from your chemical customers, is that the understanding sir? I mean because it is a critical component, they keep giving you repeat business.

Bijaykumar Agarwal: Yes, even after the new vendor comes, no one will accept them so quickly. Their quality should be good, everything should be right, they should have some problem with us, then it is changed, but not easy. It happens, but for some reason. They would not change without any cause.

Vikas Kasturi: Thank you for your answers, I will come back in the queue.

Moderator: Thank you. We have the next question from Darshit Vora (Robo Capital). Please go ahead, sir.

Darshit Vora: Hi, thanks for taking my question. So, I just have a simple question. In the next 2 to 3 years, you can call it guidance or internal target, whatever it is, where do we see ourselves in terms of top line, I mean revenue or any kind of growth metric, how much can it be? What do we see?

Bijaykumar Agarwal: See, the new plant we are adding as per what we are thinking that within 4 to 5 years, we will double from here.

Jaiprakash Agarwal: We are anticipating 15% growth on year-on-year basis on the topline.

Bijaykumar Agarwal: We were doing 20% without any new location, 15%-20%, and we will get added advantage from the new location.

Darshit Vora: Ok, so can you please repeat that figure 50% to

Bijaykumar Agarwal: 15% to 20% every year we have been growing and that was only from the old location. Now when we are going to a new location, I feel that within 4-5 years, our revenue should double from here.

- Darshit Vora:** And margin wise, will we stay stable here? Or would it grow?
- Bijaykumar Agarwal:** We try to improve every time. As the sale increases, the margins should improve. This is a temporary phase as the price of raw materials have been going down for a year. Nothing is in our hands. But this is a chain. It will not be like this forever. I think the bottom is done. It should reverse from hereon.
- Darshit Vora:** Ok
- Jaiprakash Agarwal:** Raw material prices have bottomed now; this is what we are anticipating and we have that feedback also. Now prices are going up.
- Bijaykumar Agarwal:** The Polymer makers are also making losses. They are also worried about how they will sell and how the price can increase. If their plant is in loss, they will start to shut down and then the Polymer market will be set. Once the production is cut then the market will set.
- Jaiprakash Agarwal:** The HDPE companies that are there in worldwide locations.
- Darshit Vora:** Okay, okay. Thank you. All the best.
- Moderator:** Thank you. We have the next question from Runit Kapoor (Systematix PCG). Please go ahead, sir.
- Runit Kapoor:** Yeah. Thanks for the opportunity. So, I wanted to know, in your presentation, you mentioned that for 9MFY24, your trade trading income is I think 12%. So basically, what is the sudden rise of the trading income like usually it's 5% to 6%. So why was the higher trading income from trading of Polymers this time and what is the margin from this segment?
- Bijaykumar Agarwal:** In trading business there is a margin of 4-5%. [inaudible] as per the need, it is not a fixed business of trading that we have. If we have an opportunity, and if we can earn out of it, we give it to them else we don't. It is bought as per their needs, so we give them if we getting some benefit from it.
- Runit Kapoor:** In the future this will go down or improve or it will be stable?
- Bijaykumar Agarwal:** I never lose money in trading business. We have a contact in monopoly trading. We get some material through contacts. We get that advantage. We get it according to their needs, so we always get the benefit.
- Runit Kapoor:** One more thing was in terms of IBC, like I wanted to know like what would be like your mix, expected mix in like FY26 when all the plants are ready like IBC and Polymer and so on.
- Bijaykumar Agarwal:** Whatever you are seeing now, all the business should double from here. Polymer should also grow. Growth in Polymer should be 20%-30%, rest of the business will grow more. IBC business should double from here.
- Runit Kapoor:** I am talking about the mix, what will be the mix?

Jaiprakash Agarwal: Somewhere around 35%-40%.

Runit Kapoor: Would be IBC?

Management: Yes sir

Runit Kapoor: Okay. And IBC if I'm not wrong is a higher margin business, right?

Management: Yes

Runit Kapoor: Okay, fine. And just some sense of your net, I understand your net debt free. So, do you have some gross debt also because there's some interest costs in the P&L? So how much is that amount?

Jaiprakash Agarwal: It is hardly some amount. So, I need to check in the Balance Sheet.

Rakesh Arora: Rs. 6-7 crore is there, gross.

Runit Kapoor: Okay, so that would be paid by this year end?

Jaiprakash Agarwal: So, these are fixed asset [inaudible]

Bijaykumar Agarwal: Debt you are seeing is [inaudible] limit.

Runit Kapoor: Okay. Okay.

Bijaykumar Agarwal: There is no term loan

Runit Kapoor: Ok

Bijaykumar Agarwal: If we take car for transport [inaudible]

Runit Kapoor: Ok fine. So, but there's no plan to raise debt as such?

Jaiprakash Agarwal: There is no plan. We have sufficient cash balance.

Runit Kapoor: Okay. And any expansion, to acquire any player or something like in the segment? Any smaller players or something, inorganic growth?

Jaiprakash Agarwal: We have not come across any opportunities but if any opportunity comes, we are open to that.

Runit Kapoor: Okay, thank you. That's it for my side.

Moderator: Thanks Runit. Next question is from Priyank Parekh (Abakkus Asset Managers LLP), sir please go ahead.

Priyank Parekh: Yah thanks for the opportunity. Sir in terms of the outlook, short and medium term outlook, what are we seeing for of FY24 and FY25?

- Bijaykumar Agarwal:** For what sir?
- Priyank Parekh:** Overall revenue top line?
- Bijaykumar Agarwal:** In FY24 we are expecting around Rs. 550 crores.
- Priyank Parekh:** Ok and FY25 overall?
- Bijaykumar Agarwal:** In FY25, around 15% so Rs. 620-650 crores. If before that we can get our new unit to start, which we are trying; then we can expect more. If the new location becomes operational then we will go higher.
- Jaiprakash Agarwal:** We are focusing on to start at least 1 line there.
- Bijaykumar Agarwal:** We are trying that in 6 to 8 months, 9 to 10 months, we start the new unit at the earliest.
- Jaiprakash Agarwal:** So that we can start the revenues in financial year [inaudible].
- Priyank Parekh:** Ok considering there will be growth only in the volumes, and even if the realization will be stable here, we will be able to achieve the target.
- Bijaykumar Agarwal:** If the volume grows, the profit will also increase sir.
- Priyank Parekh:** No, no, so the targets we are aspiring to now, that is considering the volume growth only, right?
- Bijaykumar Agarwal:** See we are utilising our capacity at 80%. So as volumes increase, we will be adding a plant in Gujrat, we have place there and we will start in Maharashtra which is a new location.
- Jaiprakash Agarwal:** Unit 8 infrastructure we are building only for that, so that any expansion comes we have a ready infrastructure available. So, we are investing in infrastructure. Infrastructure is ready, so as the demand will increase, we will add up the machine and thus we'll take that advantage. So, we will not need to add infrastructure at that time. The idea is that.
- Priyank Parekh:** Ok, Ok. Sir, can you throw some light on the Red Sea issue, how exactly it is affecting us. So, are revenue getting hampered or are costs getting increased? How it is playing out?
- Bijaykumar Agarwal:** We had it in our mind to that we clear the debt.
- Priyank Parekh:** No sir, I am asking about the Red Sea issue.
- Bijaykumar Agarwal:** Our customers are suffering a loss. Their freight cost has increased in the chemical industry. We see that they are getting affected a bit. But it is not affecting us a lot. The cost of our raw material is slightly increasing for us. Whenever there is a turn up in the Polymer market, then the revenue will start to look different.
- Priyank Parekh:** So, our demand is overall getting hampered.

- Bijaykumar Agarwal:** We are increasing the volume; demand is not hampering us.
- Jaiprakash Agarwal:** Demand wise volumes have increased, only the numbers have gone down in terms of pricing, because of the prices going down and then the Red Sea what is Red Sea is our chemicals exporters so their sea rate is higher our so what raw material we are getting we are paying additional freight cost this is a temporary phase.
- Bijaykumar Agarwal:** Second reason is that there has been export loss, because of the Red Sea issue. India's exports have reduced.
- Priyank Parekh:** Ok, ok got it. Sir the last thing I want to ask about the raw material price that has decreased because of which the realization has gone down. But I want to ask, don't we have any arrangement with our customers that we would be able to pass on the increase or decrease to them?
- Bijaykumar Agarwal:** There is a system. System is such that we don't give them a rate every month. If the rate is less, we give it by reducing it. If it increases, we give it by increasing it. But suddenly, for the first time, the rate has been going down for a whole year. So, every time we have to give rates by lowering it. That is our terms. And it has happened once before, but then it turns around. It does not remain this way. Because the once making Polymers are also suffering losses in this.
- Priyank Parekh:** So, what I am trying to ask is that the loss in realization, aren't we going to recover it anytime soon?
- Bijaykumar Agarwal:** It is not a loss in realization, it can be called as a loss in stock. Like whatever stock we have, if the rate is less, we are getting a loss. Realization is getting the same as it gets. Like the gold in the gold shop, if the rate is less, we sell in less. The value of the stock of the gold shop increases. It is the same way.
- Priyank Parekh:** So, what is the position of our inventory now?
- Bijaykumar Agarwal:** The average we keep every time, it is the same.
- Jaiprakash Agarwal:** We being in manufacturing we have to carry inventory.
- Bijaykumar Agarwal:** We carry one months of inventory.
- Priyank Parekh:** That I understand sir, but are we sitting on gain or loss on the inventory we are sitting at?
- Bijaykumar Agarwal:** The market has turned around since a month. The prices have increased since January.
- Jaiprakash Agarwal:** From January, the realization has increased, prices have gone up. So, we are able to pass on to the customers
- Priyank Parekh:** Ok, ok got it. I will join back to the queue. Ok thank you.

- Moderator:** Thank you, Priyank. We have the next question from Roshan Shetty (Individual Investor). Please go ahead, sir.
- Roshan Shetty:** Hello, can you hear me?
- Management:** Yes, Namaskar
- Roshan Shetty:** Yes, Namaskar. I am referring to slide number, the key highlights. In that, you have written the first point that raw material price has reduced. You have said this to the previous contestant and the previous to that too. Tell me one thing, I was under the impression that if the raw material price is low, then the realization increases. But I did not understand the first point that you have written.
- Bijaykumar Agarwal:** When the price of raw material is low, then whatever the rate is, we have to reduce it and sell it to the other person. We have the terms with our customers that when the rate of raw material increases, we increase the rate and when it decreases, we decrease the rate. In the market, if the rate is low, then the sale will be done at a lower price.
- Roshan Shetty:** But how is the margin getting impacted in this?
- Bijaykumar Agarwal:** That is because of the stock. If the stock let's say Rs.120, is getting carry forward, and raw material has fallen to say Rs.100, then stock has decreased by Rs.20.
- Roshan Shetty:** Okay.
- Bijaykumar Agarwal:** We always maintain 2,500 to 3,000 tonnes. So, with 3,000 tonnes of stock that we always carry, we will incur a loss at that time. If prices fall by Rs. 10, then you see a greater impact.
- Roshan Shetty:** Okay, but now I know this is very short. How is the next quarter looking like, will the margin be in the same range as in Q1? Sorry, the past quarter or will the margin increase? How is it?
- Bijaykumar Agarwal:** The rates have increased in January and in February.
- Jaiprakash Agarwal:** Local prices have started increasing from January onwards. This month also on the 1st of February prices have increased.
- Bijaykumar Agarwal:** It should be better.
- Jaiprakash Agarwal:** So, things have started reversing. The inventories what we have we will fetch higher margins.
- Roshan Shetty:** So, are you saying so? I mean, I was there in the last call as well, wherein you had clearly mentioned that there is no margin issue as such. So, whatever we make, you know, the margin of the previous quarter, 10%, 11%, whatever was the margin, we can sell it in that range and wherever it goes up or down, we easily pass on with a one month lag. Now with that statement and the numbers of this quarter, where is this margin decline? So, it looks like we also have margin pressure.

- Bijaykumar Agarwal:** No, the pressure of margin is of the stock plus the margin is still good in Polymer and IBC. In Metal Drum the margin has been [inaudible], so if look at the average margin you see an impact.
- Jaiprakash Agarwal:** We are doing aggressively in the market to capture the market and once we capture the market, we will start getting the margin there so we have bifurcated our numbers and we have analysed So now if you see that we have increased our volume from 30,000 to 50,000.
- Bijaykumar Agarwal:** If you look at the EBITDA sir, in Polymer we have 10.21%, in IBC we have 12.42% and in metal we have 2.27%. So, the calculate the average of all three, it will be less.
- Roshan Shetty:** There is no question in volumes because you are increasing it quarter on quarter. There is no question on that. But my assumption was that the margins will not be decline because you had clearly mentioned that we pass on every month. And it is very slow. And you have said the same to the previous person as well. So, tell me how much margin I should assume for the next quarter?
- Bijaykumar Agarwal:** Sir, as I said last time, the margin has not been affected yet. We have got margin. But generally, in the market, the rate increases in one month and decreases in the latter months. It continues. There is not a direct pole all the time. There is one of the reasons. The second reason is that the margin is good this time as well. The margin is low because of the Metal Drum. Metal Drum, I have reduced pricing to increase market share. Even now if you look at my PBT in Polymer drum is 8.26% in IBC it is 10.79%, in Metal Drum we have a margin of 1%. So, the average margin is 8.45% but in IBC, etc. the margin is good. And now, the effect of COVID has been set in the Polymer market. So, we will see the effect in the next quarter, that it will be better.
- Roshan Shetty:** Ok, understood. The last point in the key highlights that you have written, the chemical sector outlook is a bit weak. And you have also mentioned the Red Sea disruptions. Whereas, you have just told the previous candidate that the issue of the chemical sector, should not be any problem. There should not be any problem due to the Red Sea disruption
- Bijaykumar Agarwal:** The Red Sea disruption has reduced the exports in India. The volume can increase further once the Red Sea issue is resolved. The cost has increased for exports. That is the effect. The growth should have been more, which has not happened due to these reasons.
- Roshan Shetty:** Okay and how do I understand the weak comment written for the chemical sector, how should I understand that for our business, for Pyramid?
- Bijaykumar Agarwal:** Both are the same. If they get better, then our business will grow faster. We can do better volumes.
- Roshan Shetty:** Will it affect if it remains weak?
- Bijaykumar Agarwal:** Despite the chemical market being weak, there is volume growth. But once all these problems are solved then it will grow faster.
- Roshan Shetty:** Ok understood. Ok thanks a lot.

- Moderator:** Thank you. We have the next question from Mr. Manan Shah. Please go ahead, sir.
- Manan Shah:** Hi, sir. I just had one question. That are we looking to add more products in our portfolio or some value-added products? Or are we going to continue the three existing products?
- Bijaykumar Agarwal:** Currently there are three products sir. We are looking for a good proposal. If we get a good proposal, we will definitely look to add.
- Jaiprakash Agarwal:** We are not saying no for it. We are definitely open. We have been exploring also. But right now, in the current situation, we are adding up our new locations and we will like to go to multiple locations in coming future. So, this is the one of the strategic move which we have come across that is adding a new location as in Maharashtra. Furthermore, plans to add in new locations which we are exploring. At the same time, we are exploring the new products portfolio
- Manan Shah:** Okay, so the new plants you have added, you can add new products in that also, right?
- Jaiprakash Agarwal:** Yes, yes, we have an infrastructure ready. We will add up the new product when the opportunity comes.
- Bijaykumar Agarwal:** Infrastructure, the land parcel in Maharashtra is also big wherein any future new expansion can be done [inaudible]
- Jaiprakash Agarwal:** Maharashtra unit we have considered only because we have taken a 10 acres parcel, wherein any future new expansion with existing facility plus new product portfolio. We can do that easily with the current infrastructure, what we are adding up in Maharashtra.
- Manan Shah:** Okay, got it. Thank you so much
- Moderator:** Thank you. We have the next question from Mr. Parth Kotak (Alpha Plus Capital). Please go ahead, sir.
- Parth Kotak:** Hi, sir. First of all, congratulations for a good set of numbers, particularly in a challenging environment. Bijaykumar ji, a lot of questions have already been answered. I just want to understand that I think capacity-wise, clearly, we have no challenges. In terms of volume, have we experienced in our company's past that even after having capacity, our volumes are decreasing due to the weak demand of the end industry. Are there any chances according to you that the coming year will be challenging for the chemical industry and our volumes may degrow even after capacity?
- Bijaykumar Agarwal:** Till now it has not happened in my career that the volume has decreased. The volume will increase, there is no doubt about it
- Jaiprakash Agarwal:** Initial outlook for chemicals is very temporary phase, next year hopefully thing will turn around because if you see in chemical segment also things have started turn around because we have been talking to our customers so their prices have started increasing. At the same time, HDPE

prices have also started increasing. Plus, India is a growing country. Population is growing. India has a lot of more potential for domestic demand also. So, we will gonna cater to that demand also. And hopefully for the next quarter and coming years our outlook is looking good and packaging industry is always good.

Parth Kotak: Perfect. For sir, last question. If it's there in the public domain, who are our top customers and top 10 customers would be how much percentage of our revenue? That would be really helpful.

Bijaykumar Agarwal: Sir, in our top 10, customer contributing 5% is only one. Rest that are there, are very less. We have added that the revenue from top 20 customers, comes to around 15-20%.

Jaiprakash Agarwal: Around top 20 customers account for around 20% of our revenue as on date.

Parth Kotak: Perfect sir

Jaiprakash Agarwal: Those top customers are green chip companies.

Bijaykumar Agarwal: There are around 500 customers. That is not an issue.

Jaiprakash Agarwal: And our focus is to keep on adding good customers and month on month basis. So that will keep on adding our volumes. That will not go down for sure.

Parth Kotak: Right, sir. And you just mentioned, I think our competitor is doing exports. We are yet dip in the export market. Do we plan to start doing exports going ahead?

Jaiprakash Agarwal: IBC particularly we are doing exports. The volume is very small as on date. It is only one customer we have been servicing. One more customer we have added recently and hopefully in coming months we will add more customers in our exporting IBC's to neighboring countries.

Parth Kotak: That is very encouraging sir. Wish you all the very best for the future.

Jaiprakash Agarwal: Thank you very much.

Moderator: Thank you. We have the next question from Mr. Rahul D. Please go ahead sir.

Rahul D: Yeah, Namaskar sir. Last time in your call, you said that your other expense had increased by Rs. 2.5 crore because of refurbishment that you had done in that particular quarter, I again see your major margin impact because of higher other expenses, operating and manufacturing expenses, the margin has been impacted again so,

Bijaykumar Agarwal: Should I answer?

Rahul D: Sure

Bijaykumar Agarwal: From 15th September the unit 7 has started, all the other expenses that you are seeing is for unit 7, which is running.

- Jaiprakash Agarwal:** So, the new IBC factory we have started, so it is started in the month of September. If you see the 40% capacity is run, so other expenses are going on that account only as on date. So, as the volume increases, it will definitely come down
- Rahul D:** Yeah, I get your point that, as your volume and price realization will increase, because of a lower base whatever increase will happen that you get the benefit in margins. But the other expenses that you are incurring on the new plants, can you guide on what exactly would it be you know, going ahead there will be many new plants coming up because you have taken a new land and you have got MoU, so how much in terms of percentage or amount can you tell me the expense that can happen on a new plant? Can you guide on that?
- Bijaykumar Agarwal:** Unit 7 is running at 40% and as it increases the margin is still there. There is no loss from unit 7
- Rahul D:** No sir, I am asking you only related to other expenses because I am seeing your trend it was Rs. 13 crores in June quarter, now it has become Rs. 17.5 crore and in percentage of sales basis, even I see your realization is also decreasing. But, any guidance like last time you had said refurbishment, what exactly will be the additional amount in unit 7 that you have put and what is the reasoning behind it?
- Bijaykumar Agarwal:** The expense will be the same in unit 7. As the sales increases, capacity gets added there, the expense will not increase much. The expenses that had increased because the main personals that need to be hired, the engineer, etc. that has been done. Now only the labors will be added and production will increase.
- Rahul D:** Okay, okay. Thank you.
- Moderator:** Thank you. We have the next question from Mr. Dhiral Shah (Phillip Capital PCG). Please go ahead, sir.
- Dhiral Shah:** Yeah, Good afternoon, sir. Thanks for the opportunity. So, what is the reason for becoming very aggressive on the Metal Drum side?
- Bijaykumar Agarwal:** We want to increase the capacity. We have taken space next to the unit 6 and doubled its capacity. 80,000 to 90,000 drums will be made per month now, from 40,000 drums capacity.
- Jaiprakash Agarwal:** Basically, we have started our preparation now only because if you see if I have to add customer, I have to send them sample. Some of the customer will take one, one and a half months or something like that. So, we have been pushing all the customers. So, our target is to achieve from 30,000 to add customers for 50,000 capacity. And then immediately we will add capacity to 90,000 drums. So, we have been strategically doing it very aggressive for this quarter. Going forward we will do that so that we will achieve the numbers fast.
- Dhiral Shah:** Being a low margin business, why not shifting our customer from Metal Drum to polymer to maybe IBC side?
- Bijaykumar Agarwal:** There is some chemical products for which they need Metal Drum.

- Jaiprakash Agarwal:** It is a parallel market. It is not like, you know, if some chemicals which are being packed in Metal Drums, it will be packed in Metal Drums only. And there are many chemicals which can be complementary. So, we are getting customers, this Metal Drums customers, complementary with our existing customers. So why not serve them also.
- Bijaykumar Agarwal:** One more benefit of this is that the Metal Drum customers need IBC and Polymer Drums. The customers who come to us for Metal Drums, we get business for Polymer and IBC also.
- Jaiprakash Agarwal:** Yes
- Dhiral Shah:** Okay, so now when chemical sector outlook is a bit weak, so what will drive the overall demand for the drum business particularly?
- Bijaykumar Agarwal:** Outlook is not that bad for chemicals. But as the market improves, the growth volume 10%-12% will increase further. The volume is increasing despite their growth declining, but as the market improves, it will get better.
- Dhiral Shah:** Ok and sir the Maharashtra unit plant, the first phase that we are doing by when will it be on street?
- Bijaykumar Agarwal:** It will come in the 2026 Balance Sheet. By the end of 2025, the first phase should start in 12 months from now.
- Dhiral Shah:** Ok so, the revenue will come in the books from FY26.
- Bijaykumar Agarwal:** Yes
- Dhiral Shah:** Which will be Rs. 150 crores at full capacity
- Bijaykumar Agarwal:** No no, partly
- Jaiprakash Agarwal:** First phase line will be implemented
- Bijaykumar Agarwal:** We are thinking that we will put only 50% and, in a year, we will book only 50%. According to that we are telling Rs. 150 crores revenue.
- Dhiral Shah:** Ok, ok, ok. Thank you so much, sir
- Moderator:** Thank you. Anyone who wishes to ask a question, please raise your hand using the reaction button. We have the next question from Mr. Priyank Parekh (Abakkus Asset Managers LLP). It's a follow up question, sir please go ahead.
- Priyank Parekh:** Thanks for the opportunity again. Sir how much is our FY25 capex plan from this point. Like how much we are going to do post December' 23?
- Bijaykumar Agarwal:** Post December?

- Jaiprakash Agarwal:** December' 23, from now on.
- Priyank Parekh:** Till March' 25.
- Bijaykumar Agarwal:** It will come around Rs. 50 crores sir.
- Priyank Parekh:** Ok it will be around Rs. 50 crores. And what is the current cash balance at the end of December 23 quarter?
- Bijaykumar Agarwal:** It will be around Rs. 20-22 crores.
- Priyank Parekh:** So, historically, if we see, based on our current revenue according to that CFO, cash flow from operating activity we can do up to Rs. 40 crores and plus Rs. 20 crores, so we don't have to rely on any external funding for capex right sir? That is the right interpretation?
- Jaiprakash Agarwal:** Yes sir, absolutely
- Bijaykumar Agarwal:** Definitely sir
- Jaiprakash Agarwal:** This is planned accordingly
- Priyank Parekh:** Okay, got it, got it. And sir, just like how you see it I want to know, demand outlook is not as per what we thought are we open to pose our capex plans
- Bijaykumar Agarwal:** Demand is currently there; we are not thinking to close.
- Priyank Parekh:** No sir I mean pose, I mean to say postpone it a bit.
- Bijaykumar Agarwal:** See the new location I am entering; demand is already there. Since I am not there, I am unable to get the sale. Already the market is that big there. I have to capture that market.
- Priyank Parekh:** Okay, so the majority of our capex will be in the new unit 9 only, you are saying that, right?
- Bijaykumar Agarwal:** It will be in Maharashtra. In Bharuch, the capex is already done. As and when the customer's demand comes, the machine will be added, rest the entire infrastructure is ready.
- Priyank Parekh:** Okay, so the new machine which will be added in Unit 7 for IBC, how much capex will be incurred on that probably?
- Bijaykumar Agarwal:** It will be around Rs. 3 to 4 crores.
- Priyank Parekh:** Okay, got it. So, except for the Rs. 3 to 4 crores, no capex will be incurred for Bharuch unit?
- Bijaykumar Agarwal:** Rs. 1 to 2 crores can be incurred on machine, if needed arises.
- Priyank Parekh:** Ok so that was on the capex side. And sir previous to previous participant asked question on our other expense. So, our current level of other expense is around Rs. 18 crores. So, there should be continued going forward. I mean it won't be less than that, right?

- Bijaykumar Agarwal:** It would not be lower. It will increase.
- Priyank Parekh:** Okay, despite...
- Bijaykumar Agarwal:** We will hire people, increase transport, there will be expenses on sales, or there will be an expense in sending goods in transport. It will add. As sales increases, other expenses are bound to increase.
- Priyank Parekh:** Ok ok
- Bijaykumar Agarwal:** Percentage will be lower
- Priyank Parekh:** Yes percentage of course, as your operating leverage will increase your percentage will go down. But it will increase at an absolute level.
- Bijaykumar Agarwal:** It is good that it increases.
- Priyank Parekh:** Ok, yah yah. Thank you.
- Bijaykumar Agarwal:** Thank you. Anyone who wishes to ask a question, please raise your hand using the reaction button. We have a follow up question from Mr. Runit Kapoor (Systematix PCG). Please go ahead, sir
- Runit Kapoor:** So just wanted to understand like for this IBC products and even for Polymer product, like what is the shelf life for the customer for your clients like? They use it over like 6 months.
- Jaiprakash Agarwal:** [inaudible] have shelf life but it has it has the more than that. Generally, in writing we give 1 year shelf life. It will basically calculate the shelf life on the basis of HDPE companies, what they are giving to us.
- Runit Kapoor:** Sorry, your voice is cracking.
- Jaiprakash Agarwal:** The shelf life what we give to the customer is 1 year from the date of manufacturing.
- Runit Kapoor:** Okay. And just 1 more thing was that, based on your current, optimum utilization of, unit 1 to 8, what would be your expected revenue you can achieve based on this?
- Jaiprakash Agarwal:** See Unit 7 is at 40% so right now we are getting somewhere around, so it has a capacity of Rs. 8 to 10 crores monthly basis.
- Bijaykumar Agarwal:** Rs. 100 crores revenue
- Runit Kapoor:** No no I am asking, I was assuming like based on
- Bijaykumar Agarwal:** Unit 7 and 8 that I have merged it will generate around Rs. 250 crores of business.
- Runit Kapoor:** Okay. So around like Rs. 750 to 800 crores, you can achieve based on these 8 units

- Jaiprakash Agarwal:** From current level, it will be around Rs. 700 to 750 crores.
- Runit Kapoor:** Okay. And just the last question was, can you just give an overview of your segment wise EBITDA margins for 9MFY24?
- Bijaykumar Agarwal:** For Polymer drum, it is 8.22%. IBC, it is 12.3%. In Metal Drum, it is 2.1% for 9 months period.
- Runit Kapoor:** In IBC, sir, how much?
- Jaiprakash Agarwal:** 12.3%
- Runit Kapoor:** Ok and Metal Drum was 2%.
- Bijaykumar Agarwal:** 8-8.5% for Polymer drums.
- Runit Kapoor:** Okay, fine. Thank you.
- Moderator:** Thank you. Anyone who wishes to ask a question, please raise your hand using the reaction button. So, we have the next question from Mr. Vikas Kasturi (Individual Investor). It's again a follow-up question. Please go ahead, sir.
- Vikas Kasturi:** Sir Namaste. Sir, your trucks are used for delivering your products to the customer, sir?
- Bijaykumar Agarwal:** Yah. It is for that.
- Vikas Kasturi:** So, when they come back, they will be empty, sir?
- Bijaykumar Agarwal:** Yes, they will be empty.
- Vikas Kasturi:** Okay. All right, sir. Thank you.
- Moderator:** Thank you. anyone who wishes to ask a question, please raise your hand using the reaction button. We have the next question from Mr. Ganesh Kumar (SGK Finance). Please go ahead, sir.
- Ganesh Kumar:** Sir, am I audible?
- Management:** Yes, sir
- Ganesh Kumar:** Okay, so what is the amount of inventory that you hold of you for your polymer products? Because from the reports that I read, because their prices are going down, it's affecting your, the mark to market of your stock in trade and hence the profitability. That's what I'm assuming. So how much of inventory do you hold and how long does it take for you to you know pass on the price rise or price down to the customer?

- Bijaykumar Agarwal:** Generally, sir we have around one month's stock of Polymer. We stock up to 2,500 to 3,000 tons. The price is going down; it is going down continuously. Otherwise, if at the end of the year we see that the average price is the same throughout the year. This is the first time it has come down during the whole year.
- Ganesh Kumar:** Got it. Got it. So, very tangential question, just forgive me for asking. Since the chemical industry, it's it's a lot more affected by cheaper imports from China, or basically, price breakdown of comp of chemicals that China is probably exporting or dumping everywhere in the world. Do you anticipate it affecting your business because the production in India might be slowing down?
- Bijaykumar Agarwal:** No sir, everyone is saving their business. There are chemical companies in India, they are doing well, not bad. They also compete. They will not shut down their business.
- Jaiprakash Agarwal:** Good we have a government which is supporting Indian companies. So, Indian outlook is good in the future
- Bijaykumar Agarwal:** It's not going to be very bad. All the chemical industry will survive. It's a temporary phase for them.
- Ganesh Kumar:** Okay, sir. Thank you. That's all from my side.
- Moderator:** Thank you. We have the next question from Mr. Kaushal Shah. Please go ahead sir.
- Kaushal Shah:** Hi sir, I just wanted to know what is the revenue mix between your 3 products?
- Bijaykumar Agarwal:** 36% [inaudible]
- Ganesh Kumar:** So major of the income comes from IBC, right?
- Bijaykumar Agarwal:** No, you see, revenue from Polymer Drums is the highest; second from IBC and third from Metal Drum.
- Ganesh Kumar:** Okay. Margin wise, it is more than IBC.
- Bijaykumar Agarwal:** Yes, it is more than IBC, then Polymer Drum and then MS Drum.
- Ganesh Kumar:** So, 4-5 years down the line, what do you expect the revenue mix to be?
- Bijaykumar Agarwal:** Number 1 will be IBC, Polymer Drum and Metal Drum
- Ganesh Kumar:** So, volume wise also IBC will increase right?
- Bijaykumar Agarwal:** Yes, volume wise IBC will increase. IBC will increase with higher volume.
- Ganesh Kumar:** Ok, where is this IBC used in chemical sector also and apart from chemical industry, is there a use for the IBC?

- Bijaykumar Agarwal:** Used only in chemical.
- Ganesh Kumar:** So, what is the life of that? It is used for transportation and storage of chemicals, right?
- Bijaykumar Agarwal:** Generally, they purchase it once and then it goes to customers who then uses it?
- Ganesh Kumar:** So, chemical industry would be supplying it to their customers. So, it is with the customer of chemical industry or it comes back to the chemical company back.
- Jaiprakash Agarwal:** No, once you are exporting, it is not possible to get the IBCs back. Maybe the IBCs will come in the form of packing of chemical in India. But empty IBCs, you cannot import in India.
- Ganesh Kumar:** You cannot import. Ok fine, that was it. Thank you.
- Management:** Thank you
- Moderator:** Thank you. Anyone who wishes to ask a question, please raise your hand using the reaction button. I think there are no further questions. Sir, I would like to hand over the call to you.
- Jaiprakash Agarwal:** So, as I said, the prices have reversed and the good things comes at a good time. So, by year end, we hope we will give good numbers. And by this note, I would like to thank everybody to join us and keep supporting us. Thank you so much.
- Bijaykumar Agarwal:** Thank you. Namaste