

**SEC:** 49/2024-25

**Date:** November 25, 2024

**National Stock Exchange of India Ltd.**

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

**BSE Limited**

1<sup>st</sup> 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 November 14, 2024, to discuss the financial results for the quarter ended September 30, 2024.

The transcript is also uploaded on the Company's website at <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,**

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**Zoya Jahur Shaikh**

Company Secretary &

Compliance Officer

ACS: 65907

*Encl: As above*

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(Formerly - Pyramid Technoplast Pvt. Ltd.)

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**“Pyramid Technoplast Limited  
Q2 FY ’25 Earnings Conference Call”  
November 14, 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:**

Hello everyone and welcome to Pyramid Technoplast Limited earnings concall for Q2 FY25. We have with us on the call today, Mr. Bijaykumar Agarwal, Managing Director 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 faces.

I would now like to hand over the call to the management post which we will open the floor for questions. Thank you and over to you sir.

**Jaiprakash Agarwal:**

Hello friends, a very good afternoon, everybody, and thanks for joining us. I know the result is not what is expected. In spite of our volume increase, the topline remains same. We will come down to it later on. First, let me run down on what we have achieved, what we have done and what we are planning to do. So, let me share the progress made in Q2. As we continue to focus on growth, innovation and operational resilience, our efforts are aligned with our long-term vision, and I will walk you through the key developments and financial performance.

Overall, the HDPE Drums segment contributed 47% of total revenue, followed by the IBC segment at 33%. The MS Drums segment saw an increase in its contribution, reaching 12%, while other operating income accounted for 7% of the overall revenue. Our H1 Revenue stood at Rs 267 crores with an 8.5% margin. Our Balance Sheet remains healthy. Despite a dynamic market environment, we have successfully navigated and are on track to meet our growth targets. Let me run you through all the initiatives, segment wise what we are doing.

MS Drums, this segment has truly outperformed, with an impressive 44% growth in volume year-on-year, leading to a 45% increase in revenue for Q2 FY25. This strong performance underscores the effectiveness of our capacity expansion strategy, which has grown from 30,000 to 50,000 units per month. We remain committed to scaling our operations further, with plans to boost MS Drum capacity to 90,000 units per month by Q3 FY25 at Unit 6. Additionally, we are preparing to establish another unit that is Unit 8 at Wada, where we will start setting up capacities.

For HDPE Drums, while we are operating at near full optimum capacity, we have achieved a growth of 4% YoY in volume during Q2 FY25. Good news is that we have completed the construction of extension of Unit 7 where will be will add Polymer production and that should start in next [inaudible]. So, Polymer production at Unit 7 is set to commence from next month, and additional capacity will be added at Unit 8 in Wada.

The IBC Segment saw a growth of 7% in volume terms, but it was somewhat impacted by pricing pressures due to fluctuating raw material costs and some competition. The IBC production at Unit 7 is operating at more than 50% and as we go ahead, we are going to add new capacity.

Now, as we look ahead, we remain focused on scaling our operations, enhancing our competitive edge, and driving sustainable growth. A key part of this strategy is our ongoing capacity expansion across Units 6, 7, and 8, which will result in a 30% increase in our total capacity by the end of FY26. To give a clearer picture of our expansion plans, we will achieve the following with expansions at Unit 6 & 7 in Bharuch and 8 in Maharashtra

- HDPE Drums Capacity will increase by 25% to 32,530 MTPA
- IBC capacity will increase 29% to 540,000 units by FY26,
- MS Drums capacity will increase 55% to 16,720 MTPA

We are focussed on operational efficiencies and are taking specific steps towards margin expansion also. We have revised the capex budget for the current fiscal year to Rs. 90 crores, which includes Rs. 50 crores for Captive Solar Power Plant. We have already incurred Rs. 34 crores in H1 FY25. For FY26, we have allocated Rs. 20-30 crore for expansions at Units 6, 7, and 8.

We are shortly commencing construction of our first recycling plant also located in Bharuch, which is expected to be completed by May 2025. Which will again give us an edge over others and plus it will help in improving our margins. This will entail an investment of Rs. 8-10 crore and will allow us to recycle 10,000 tons of plastic annually, reducing our dependence on virgin materials. This project is expected to have a payback period of just 2.5 to 3 years. Raw material cost currently constitutes around 80% of our overall expenses and this will largely reduce our dependency, thereby making margins more sustainable and providing additional revenue through sale of excess material.

For Cost Optimization through Renewable Energy, we are also happy to share that are investing in Green Energy which is progressing well. Our 15.25 MW solar power plant, set to be live in February-March 2025, is expected to reduce our annual power costs by approximately Rs. 8-10 crores. Not only will this improve our margins, but it also underscores our commitment to sustainability.

As we drive these expansions and innovations, our focus remains on building a future that is both profitable and sustainable. To grow, to invest in backward and forward expansion. With our strategies and progress, we are confident in our ability to scale operations, integrate sustainability, and expand capacity. We are on track to meet our goals and deliver lasting value to our stakeholders. We now welcome all your questions. Thank you

**Devyanshi Dave:**

Thank you, sir. We have the first question from Mr. Deepesh Sancheti. Please go-ahead sir.

**Deepesh Sancheti:**

You were going to mention about what happened this quarter. That is what we all are I think waiting for. So, we want to hear it from you first. Then I can ask few other questions.

**Jaiprakash Agarwal:**

So majorly, volume wise we have grown. But the pricing remains flat because we saw some fall in the selling prices also. And at the same time, we wanted to capture the market share.

This is our idea to capture the market share. Furthermore, we have been acquiring new customers. So, there were few prices corrections we have seen.

**Deepesh Sancheti:**

So, this was basically because of the pricing pressure.

**Bijaykumar Agarwal:**

Sir, we have also increased production, which involved a one-time cost. The production capacity has been added that has also been one of the reasons. I believe the production capacity that has increased, you will see it reflecting in the next quarter. Sale has also risen.

**Jaiprakash Agarwal:**

This is not the price pressure I would say. I would say we are acquiring cost. So once the customer is on board. So, you can have a realisation...

**Bijaykumar Agarwal:**

I have survived my sale and also added new customers.

**Deepesh Sancheti:**

Sir, the sale has also been approximately flat.

**Bijaykumar Agarwal:**

You are seeing the price wise. The volume wise it has increased. If you see the volume wise, the sale of our HDPE Drum has increased by 2%. We have been fully using the capacity of HDPE Drum, 1-2 machines have been added and got the sale of that. In IBC, I had surplus capacity in that we had a 5.5% sale growth this quarter. And in MS Drum we had 13.5% sale growth this quarter.

**Deepesh Sancheti:**

13.5%. Sir, what is the capacity utilization of all three for the existing capacity?

**Bijaykumar Agarwal:**

HDPE drum capacity is being utilized at 100%. For metal drums, new capacity is being added, and utilization is gradually increasing. In IBC, there is some surplus capacity that will be fully utilized by this year. Meanwhile, we have placed an order for another machine, which will be added in Gujarat. Additionally, new machines are being installed at the Maharashtra plant, bringing additional capacity there.

**Jaiprakash Agarwal:**

As I said, the new polymer drum capacity has now been installed.

**Bijaykumar Agarwal:**

The machines are being installed in the new infrastructure that is created.

**Jaiprakash Agarwal:**

We are starting with the expansion of Polymer Drum business where we are setting up 2 machines right now. And coming months we have spare capacity available. So, we will keep on adding to the Polymer Drum business.

**Deepesh Sancheti:**

Okay. When should we expect this? Because I think on slide 2 you have mentioned that when is your capacity and how much it is increasing. Slide 7 sorry. Page no. 7. So, HDPE drums and all this if by FY26 all these three things will increase the capacity by 55%, 29% and 25%.

**Jaiprakash Agarwal:**

Yeah. First phase will be completed. So, construction wise we are on track. So, we will keep on adding machines. So, first phase investment will be done. And it will start reflecting in FY26.

**Deepesh Sancheti:**

Okay. So, by capacity increase the commencement will also happen right?

**Jaiprakash Agarwal:**

Exactly. Correct.

**Deepesh Sancheti:**

Okay. And demand is there sir? Sorry, Agarwal sir you were saying something.

**Bijaykumar Agarwal:**

Demand is there sir.

**Deepesh Sancheti:**

Sorry, Agarwal sir you were saying something.

**Bijaykumar Agarwal:**

I have given order for capacity machines. As the building is being built the machines are being installed. And as the machines are being installed its capacity is also being utilized. After March everything will be installed and in 2-3 months the capacity will also be used. In the second quarter you will see that the sale reflecting.

**Deepesh Sancheti:**

Okay. Sir, I wanted to ask that the capacity which we are increasing, do we already have orders with the clients? I mean what is our order book right now?

**Bijaykumar Agarwal:**

Sir, everything we are manufacturing is being sold completely. The MS Drum capacity we added has led to volume growth of 13-14% quarter-on-quarter. This capacity is being absorbed in the market, helping us gain market share and add new customers.

**Jaiprakash Agarwal:**

We have a healthy order book. So, once we onboard the customer, the customer remains with us for a long long time. So, it doesn't go. So, it is an initial cost to acquire a customer. Once the customer is onboarded, it is a recurring business. This is how we progress.

**Deepesh Sancheti:**

So, all this capacity will be used for existing customers only, right?

**Bijaykumar Agarwal:**

No, sir. We add new customers. I am fully serving my old customers, so this growth will be from serving any additional requirements of existing customers plus, addition of new customers.

**Jaiprakash Agarwal:**

This quarter we see a lot of [inaudible] coming from chemical industry.

**Bijaykumar Agarwal:**

If we come to Maharashtra, we will onboard new customers. The advantage of the Maharashtra location will be gaining these new customers.

**Jaiprakash Agarwal:**

In fact, we have already started onboarding customers for Maharashtra unit so once the Unit at Wada is operational, we will start supplying the customers directly from Wada Unit and not the Gujrat Unit.

**Bijaykumar Agarwal:**

In Gujarat, new chemical factories are coming up daily, and additional capacity is being added. Some of my old customers from other parts of the country are also setting up plants in Dahej. So, the customers are getting added.

**Deepesh Sancheti:**

So, there are no existing factories which we acquire directly? I mean, the cost of putting a factory and the cost of acquiring a factory. I mean, which is better?

**Bijaykumar Agarwal:**

We got delayed in thinking about it because we couldn't find the location we wanted or a plant that met our needs in such a place. I did receive some offers later, but we didn't take much interest in them as we have gone ahead and built the factory and started the construction. It did not make sense to have incurred double cost.

**Deepesh Sancheti:**

Jai you mentioned something about virgin plastic. So, are we not going to use virgin plastic, if you can just specify more and will that happen for both the plants?

**Jaiprakash Agarwal:**

Yes, yes it will happen, so, now a new thing is coming up that you start using recycled materials. So, what we are planning to do is, we will procure HDPE waste from the market. We will clean it. We will convert that into HDPE and start producing material with that. So, we will add a new segment in the customer base also. Plus, we can use that material in our existing system also. And plus, we can sell the spare capacity of HDPE, the materials that we manufacture, we can sell it outside also. So, this is just the beginning.

**Bijaykumar Agarwal:**

Our plan, sir, is that when we supply drums to customers, our trucks will deliver new drums and simultaneously collect the old drums from them. These old drums will be transported back using the same trucks. Once they are



brought here, we will recycle them by cleaning and processing them into grains. We will use these grains for our own production, and any surplus material that can be sold.

**Jaiprakash Agarwal:**

This is just the beginning. Once we have got the control of all the systems then this market is very big. I can vouch for it.

**Devyanshi Dave:**

Thank you. We have the next question from Mr. Saket Kapoor. Please go-ahead.

**Saket Kapoor:**

Sir, like you said, the new clients that you have on-boarded, the acquisition that happened, because of that, you had to bear a cost.

**Bijaykumar Agarwal:**

There is no additional cost to add new customers. The increase in expenses is due to the new capacity we have built and the production we have scaled up. Additionally, there has been some impact on the selling price. This time, the costs we are seeing are partly because I offered products to some customers at a lower rate to onboard them.

**Jaiprakash Agarwal:**

Yes, to acquire customers, we just gave them a good benefit out of it. So, we have on-boarded them. Now, we can recover it. Going forward, quarter on quarter basis we can come to the realistic price.

**Bijaykumar Agarwal:**

My production has increased, but in the sales numbers, you are able to see the effect of volume terms but not value terms.

**Saket Kapoor:**

Sir, can we quantify this? Because in the last quarter, you had said that the prices of raw material have become bottom-out, and now there is no hope of a fall in it.

**Bijaykumar Agarwal:**

At that time, I felt that. But the price has reduced by 1-2 rupees since. Even now, in this quarter, we feel that it has bottomed-out. The suppliers of raw material are also incurring loss. But I don't know what pressure is on them, the market is still losing.

**Saket Kapoor:**

Sir, can you explain more about this? What is the price trend of raw material? What are the key raw material inputs?

**Bijaykumar Agarwal:**

Sir, we buy polymers. In India, there are one or two new capacities of polymers that have been added. There is pressure on them, and in that pressure, the market is going down.

Even today, we feel that it has bottomed-out, but we still can't say boldly that it will not go down from here. But we are manufacturers, we have to run the factory with raw material every day. But now there is no loss from raw material pricing.

**Saket Kapoor:**

Sir, can you tell us in the sense of price, in the last quarter or month-on-month, how the raw material is trending? We can make a guess from that.

**Bijaykumar Agarwal:**

Sir, in the last quarter, it has decreased by like Rs. 1.5-2 per kg.

**Saket Kapoor:**

What is the selling price of our raw material? How much does it sell per kg?

**Bijaykumar Agarwal:**

We are selling around 120 rupees per kilo. And what we are buying is around 93-94 rupees per kg. The margin has improved again. The price has reduced, but the selling price is also matching.

**Saket Kapoor:**

Sir, can you tell us one thing? We have 7-8 units in total. Sir, what investment have we made in the IT system? How do you keep all these things aligned? Do you have your ERP system? What are the systems in place?

**Jaiprakash Agarwal:**

We have our own ERP system. Basically, it has been combined with all the units. We get all the live updates, real-time updates. Whenever we want to see, we can see anything. It has been integrated with all the process. Whenever there is a sale, the product automatically reduces. And then we keep on doing the physical verification to see the effectiveness of the system. This is how we are going through. And every system is integrated with each other.

**Bijaykumar Agarwal:**

The second system is that every plant gets instructions from our office as to who needs what. After that, it gets dispatched. In the evening, we get a live update. We can see the balance sheet in the evening to see if there is a sale or not.

**Saket Kapoor:**

I will say a small point after that I will join back in the queue. This means that on a daily basis, you have all the data for your raw material, finished goods and sales.

**Bijaykumar Agarwal:**

Yes, we are monitoring everything.

**Saket Kapoor:**

When you have all these numbers and they are accurate, then why do we have to come to the end and give our results? We are seeing that it is our trend that our numbers...

**Bijaykumar Agarwal:**

The transport bills take time to get booked. Because of that, we have to announce our results late. And there was a holiday for Diwali. There was some delay because of that. But mostly the transport bills take time to come.

**Saket Kapoor:**

Sir, this will remain the same? Because if we get the numbers so late, we have come to the next quarter. So, this means that the investor...

**Bijaykumar Agarwal:**

We will try to collect the data and give the results earlier. We will definitely try.

**Jaiprakash Agarwal:**

Going forward, we have taken your note and it is a very good note that you have given us. We will keep on reducing this time gap which has increased. In the coming months, you will see that the results will be much faster.

**Saket Kapoor:**

Thank you, sir, I will join the queue again. I have a follow-up, but there are many more people in the queue. Thank you.

**Devyanshi Dave:**

Thank you. We have the next question from Mr. Pratik Dedia. Please go ahead, sir.

**Pratik Dedia:**

Sir, you said that you gave a discount to the customer. And your selling price for that I mean your purchase cost price is Rs. 94 and selling price is Rs. 120. So, in the next quarter, will it be more than Rs. 120? And how much are you selling at to existing customers?

**Bijaykumar Agarwal:**

If I have to onboard, then I have to reduce the cost. The general selling price is Rs. 120. But if we are selling IBC, it is at Rs. 8000. So, to onboard, I have given a discount of Rs. 200-400, in IBC. There is no such thing in drums. I have added some customers for IBC and that has led to a fall in the margin for IBC. I have taken some customers at a lower rate. So, say at Rs. 7500, Rs. 7700, Rs. 8800. I have taken such customers from IBC.

In drums, the rate is Rs. 120. It is sold from Rs. 115 to Rs. 125. But average selling price is Rs. 120.

**Pratik Dedia:**

Okay. And how much is the average selling price of IBC to existing customers?

**Bijaykumar Agarwal:**

It is around Rs. 8000.

**Pratik Dedia:**

So, you have given a discount of Rs. 300-400. Correct?

**Bijaykumar Agarwal:**

Yes sir.

**Pratik Dedia:**

Okay. And you were telling that you have given a discount for the acquisition of new customers. But on the other hand, you were telling that your demand is good for whatever capacity you are putting in. So, sir, that gap.

**Bijaykumar Agarwal:**

The capacity of IBC was not completed, sir. I said in the last quarter. The IBC that I put in unit 7 was only at 40-50%. Now, my capacity has started to cross 60%. So, we have added new customers and they need much more capacity. So, we think that in the next 2-3 quarters, my entire capacity will be booked.

**Jaiprakash Agarwal:**

Next year, we should be installing new goods. This is what our direction is. We have already ordered. And it will come on time. And by that time, demand will come. Which will be ready with the new line in Gujarat.

**Pratik Dedia:**

Okay, got it. And the new customers whom you have onboarded. They have been clearly told that this is a one-time discount. And it will increase in the future.

**Bijaykumar Agarwal:**

Sir, sorry. They were not told this. Once the customer is boarded, if they are satisfied with me. So, they pay extra Rs. 200 also, in my experience.

**Pratik Dedia:**

But sir, do you think that it will be a challenge? That you will be able to increase the price from the next quarter?

**Bijaykumar Agarwal:**

We will definitely be able to increase it, sir. I have increased it in this month.

**Pratik Dedia:**

Okay, thank you. I will come back in the queue.

**Devyanshi Dave:**

Thank you. We have the next question from Mr. Parth Kotak. Please go ahead, Parth.

**Parth Kotak:**

Hi, Bijaykumar ji. Hi, Jai. Sir, I just want to understand. Our business model, you have mentioned many times in the past. We give our product on a cost-plus basis. Ideally, our margin should be maintained. So, why has the margin been lower than 3 quarters?

**Bijaykumar Agarwal:**

Sir, our margins have remained stable overall. In MS drums, we used to earn 1%, and now it has increased to 4.5%. Both sales and profits have grown. In HDPE, we maintained margins of 7-8%, which we are still achieving. The margin has dropped in IBC, but it's not because profits have fallen; and sales is steadily increasing.

The additional capacity for HDPE drums is being fully utilized, and the increased capacity for MS drums has also started contributing to sales. In IBC, new competition entered the market, and they tried to acquire our customers. However, I managed to retain my customers and even onboarded new ones. While sales have increased, this competition has temporarily impacted margins. From my experience, margins decrease temporarily, but profits start building as volumes grow. As volumes increase, my expenses will reduce, and this will naturally lead to higher margins.

**Parth Kotak:**

The new competitor that you are mentioning, I am sure he is a new guy who has put up a capacity. How serious is this competition? Because the RoCE that we are making are absolutely amazing. Will anyone be able to earn money by giving a lot of discounts?

**Bijaykumar Agarwal:**

No one will be able to earn. Either it will stop or it will shut down. They will have to come in the market rate. I couldn't let them attract my customers. I had to stop it.

**Parth Kotak:**

Okay, sir. Perfect. I just wanted to take clarification. Wish you luck for the coming quarters. Thanks.

**Devyanshi Dave:**

Thank you Parth. We have the next question from Mr. Bhagwat. Please go ahead, sir.

**Bhagwat:**

Namaste, sir. Thanks for the opportunity. My question is that our revenue guidance was Rs. 600 crores for the financial year 2025. Are we sticking to that guidance to achieve in the next two quarters for the financial year 2025?

**Bijaykumar Agarwal:**

Due to the pricing, we won't be able to achieve Rs. 600 crores, but it will definitely be able to achieve or cross Rs. 570 crores.

**Jaiprakash Agarwal:**

Sir, the new expansion of Polymer Drums has been completed. Next month onwards, we are coming up with commercial production. So, from there, we will start getting additional volume from Polymer Drums. In MS Drums we still have a spare capacity to onboard. I will get the sale of the capacity expansion. So, we think that the next six months will be very good for us.

**Bijaykumar Agarwal:**

The reason for the Rs. 570 crores we are saying. The sale in October is 50 crores plus. So, we are slowly thinking that it will be 570 crores plus.

**Bhagwat:**

Okay, sir. My second question is that the capex that we are doing now. As sir said, the commission is happening from next month. So, by when can we utilize the capacity? Or can we immediately utilize the full capacity?

**Bijaykumar Agarwal:**

The capacity cannot immediately be fully utilized. The capacity will increase by 10-15% quarter by quarter.

**Bhagwat:**

Okay sir. Accordingly, our long-term guidance of Rs.1000 crore by FY27 are we hopeful of achieving that?

**Bijaykumar Agarwal:**

I use say Rs. 900 – 1000 crore for March'27. With pricing falling the figure should be Rs. 850-950 crore.

**Bhagwat:**

And sir how is the margin shaping up in the mid-term let's say over the next two to three years?

**Bijaykumar Agarwal:**

See margins will improve by 2%-2.5% on account of only one reason that is the solar plant. The power cost savings of Rs. 10 crores that itself will lead an 2%-2.5% growth. And as the volumes improve, sale will improve and margins will also improve. Margins will improve but all this will be reflected in 2026.

**Bhagwat:**

In financial year 2025, can we expect 9% margin?

**Bijaykumar Agarwal:**

We should expect around 8%.

**Bhagwat:**

Okay. And going ahead, we can expect 10-11% margin. Okay. Sir, I wanted to ask you one more question. We are a Chennai based portfolio management company. We want to have a better understanding of Pyramid business. Is there any opportunity to visit manufacturing units?

**Bijaykumar Agarwal:**

We can. You can reach out to Devyanshi ji, we can arrange.

**Bhagwat:**

Okay. Thank you so much, sir.

**Devyanshi Dave:**

We have the next question from Mr. Priyank Parekh. Please go ahead.

**Priyank Parekh:**

Thank you Devyanshi for the opportunity. Sir, I just wanted to understand on per unit EBITDA for our all three segments. What is per ton in Polymer Drums and MS Drums, and what is per unit in IBC?

**Bijaykumar Agarwal:**

You want EBITDA, right?

**Priyank Parekh:**

Yes. What is per kg? Per ton, per kg, anything.

**Bijaykumar Agarwal:**

As I told you, I sell my material of Rs. 94 at Rs. 120. So that makes it Rs. 26 per kg.

**Priyank Parekh:**

For Polymer, right?

**Bijaykumar Agarwal:**

Yes, for polymer

**Priyank Parekh:**

Okay, in MS Drums?

**Bijaykumar Agarwal:**

In MS Drums, I buy at Rs. 57-56 and sell at Rs. 85.



**Priyank Parekh:**

Okay. And in IBC?

**Bijaykumar Agarwal:**

For IBC costing Rs. 6000 and I sell in Rs. 8000.

**Priyank Parekh:**

Okay. And sir, historically, is this increasing or decreasing?

**Bijaykumar Agarwal:**

See, this is minimum pricing. If some new manufacturer comes so we don't let our customers go for the rate. Then they understand and the market settles. Then everything improves.

**Priyank Parekh:**

Understood. So, you are saying that historically, this is the range?

**Bijaykumar Agarwal:**

Yes, it has been like this for so many years.

**Priyank Parekh:**

Okay. And in this, the lever we have is for the power cost. Other than that...

**Bijaykumar Agarwal:**

There are two levers sir. As our volume increases, assume that we purchase 2500 tons of polymer and if a new player comes in, and they will purchase 500 tons. So, we have a minimum saving of Rs. 2 per kg in comparison to them. If we consider, behind a drum, then we save Rs. 20 on the purchase cost.

**Priyank Parekh:**

Okay. Understood.

**Bijaykumar Agarwal:**

Volumes makes an impact sir. There is a difference in steel too. We are buying 1,000-1500 tons of steel there is difference there as well.

**Priyank Parekh:**

Okay so sir, next quarter onwards, if possible, can you start sharing what is your EBITDA per segment? If that can be given, that would be very helpful.

**Bijaykumar Agarwal:**

Okay, we will get it done for you.

**Priyank Parekh:**

Because one of our competitors gives segment-wise EBITDA.

**Bijaykumar Agarwal:**

Okay, we will give it to you.

**Priyank Parekh:**

Okay. Thank you. That's it from my side.

**Devyanshi Dave:**

Thank you. We have the next question from Mr. Saket Kapoor. Please go-ahead.

**Saket Kapoor:**

Thank you. Sir, for capex, we have outlined Rs. 90 crores for this year. So, I think Capital Work in Progress is showing a closing balance of Rs. 31 crores. So how much, sir, have we spent and where have we spent? And how much more will we spend in H2?

**Bijaykumar Agarwal:**

It is around Rs. 35 crores, which has been spent. Overall, Rs. 25-30 crores will be incurred on solar, Rs. 10 crores on building and rest, it will be spent on the machines that are being installed.

**Saket Kapoor:**

Sir, in total, it will cost Rs. 90 crores this year.

**Bijaykumar Agarwal:**

Rs. 35 crores have been spent. Rs. 55 crores more will be spent incrementally. May even go higher.

**Saket Kapoor:**

Sir, the solar plant that we are installing, what is its capacity and what is our payback?

**Bijaykumar Agarwal:**

It is of 13.5 MW and the payback happens in 2.5-3 years if you don't add interest to it. The money is returned in 2.5-3 years.

**Saket Kapoor:**

And what is the percentage of the annual requirement of power that we will meet?

**Bijaykumar Agarwal:**

60%. This is the rule of the government. We have taken 60% of the total requirement.

**Saket Kapoor:**

Okay. Jai sir, as you said, we are looking for new customers in the chemical industry. Or we have on-boarded them. So, can you give some more colour, on which segment and what kind of potential they offer going ahead?

**Jaiprakash Agarwal:**

Majorly, the customer base is the chemical segment. So, in this quarter only, we see a lot of traction coming up from chemical. Prices have improved for the chemical industry. Demand is coming for them from Europe and US. So that is why we have been on-boarding customers. The new customers from Maharashtra also we have on-boarded. We have already started supplying from our Gujarat units. So as soon as our Maharashtra unit will commence, we will ship all our Maharashtra customers from Wada. That will again improve our margins. Plus, we will have a spare capacity in Gujarat. So that Gujarat industry will fulfil there. So, this is the idea right now. So that once the Wada unit starts, we will have a customer base from day one. We will not end up wasting more time. I hope I explained you.

**Saket Kapoor:**

Sir, as you are saying that you have made a run rate of 50 crores every month. So, for H2, can this become a broader number? Or is there a factor of seasonality? In H2, is there a better off-take also. What kind of seasonality do you see in business?

**Bijaykumar Agarwal:**

Sir, there is no seasonality in our business. The figure that I have achieved in March, there has been a plus in it till date.

**Saket Kapoor:**

Okay. Sir, as your estimation of Rs. 575 crores for the whole year. Accordingly, you will have to maintain a run rate of Rs. 50-60 crores. Only then will we reach that figure.

**Bijaykumar Agarwal:**

Yes, even if we are thinking around 50 crores, we are reaching there.

**Saket Kapoor:**

Ok so this was for the next years. Sir, if we look at the company's roadmap for the next 5-7 years, then...

**Bijaykumar Agarwal:**

I will tell you, sir. The development is ongoing at Maharashtra and Gujarat. After that, we have 2-4 locations in our minds. When Maharashtra capacity will start, then we will go to new location. The development will always continue. There will be capex and we keep adding plants, sir, in the future as well.

I am not going to 4 places at a time. First, let this be done here, then we will think about the future. There are still many locations for us that we can go to. Now, the third line is this and the fourth line is of the recycling plant will also be set. Then sir, as the scope will be visible in the business, we will move ahead in that.

**Jaiprakash Agarwal:**

This is a new segment. We are getting into it. So, adding a new vertical in our business. And this recycling business is relaxed. Right now, we are just getting into HDPE. We can go into PP, polyethylene, there are many kinds of HDPE and various kinds of grades available which can be explored. So, we are on track with development, expansion also, product development also, and adding new verticals. So, we have been exploring all the opportunities. We are not looking for a small quarter to quarter. We are setting about long term and many many decades to go. This is the idea behind what we are doing right now.

**Saket Kapoor:**

And sir, the last point is on the capex, the expansion of units 6, 7, 8, and 9 that you have mentioned. Sir, if you could explain that a little bit, what kind of revenue, what do you expect? For example, if you go to your presentation on page number 6, you have mentioned about capex for each unit, what exactly are you doing? So, if you could explain this a little bit, what exactly are you trying to say? Especially, regarding unit 6, 7, you have mentioned civil work for adding one line each of 200 litres. So, I am not able to understand exactly what you are trying to say.

**Bijaykumar Agarwal:**

Sir, we had a 2.5-acre plot that is operational with machines already running. Adjacent to it, we acquired another 2.5-acre plot where construction has been completed. This new plant has a capacity for 200-litre production,

allowing us to install up to six machines for that capacity and an additional 5-6 machines for 150-litre production. So far, we have installed 20% of the machines and have shown you revenue based on this 20% capacity. The capacity of this plant can be expanded up to five times, which means the revenue from Unit 7 alone can also grow five times.

Additionally, I've already shared the figures for Wada, Maharashtra. Currently, we are adding only 30% of its production capacity, which can be expanded 3 times. The Wada plant has the potential to generate business worth Rs. 500 crores, but the capacity we are adding will lead to revenue of just Rs. 100 crores. This means my business there can also grow five times.

For metal drums, as the capacities are added, we can potentially double the sales.

With the capacity expansion I mentioned, we can reach a revenue range of Rs. 1,000–1,100 crores. Beyond that, as we add more machines or set up operations at new locations, sales will continue to grow. This is our plan.

**Saket Kapoor:**

Sir, if we see the market share in our three products, so how much is it organized and how much is it unorganized? and if you could elaborate on this.

**Bijaykumar Agarwal:**

There is an unorganized, we are making drums and many people are making them but we are new in metal drum, I think we have taken 10% market share in HDPE drum also there is no exact figure, we think that we may have 15-20% market in IBC also around 30-35% market share will be there now, there is no exact figure but we are explaining what we understand.

**Saket Kapoor:**

Ok sir, this Mild Steel Drum and MS drum is the same thing, right?

**Jaiprakash Agarwal:**

Yes, MS is only Mild Steel.

**Saket Kapoor:**

Ok sir, in this segment do we also compete with Balmer Lawrie?

**Jaiprakash Agarwal:**

Yes, direct competition

**Saket Kapoor:**

So according to their capacity, what is their market share and where are we in volume terms?

**Bijaykumar Agarwal:**

They have plants in a lot of locations, we cannot say accurately

**Jaiprakash Agarwal:**

There must be around 4000-5000 tons of MS capacity.

**Bijaykumar Agarwal:**

They have a very big capacity; they have been in this business for 30 years.

**Jaiprakash Agarwal:**

They are the pioneers of this industry, we are catching up we have our own share of market share, they have their own market share. While there is direct competition, we both have a healthy relationship, we are getting the share of the market, this is what the idea is.

**Saket Kapoor:**

I will join the queue sir, thank you for the information thank you.

**Devyanshi Dave:**

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

**Deepesh Sancheti:**

Sir, firstly thank you for joining us, it good to be able to see you on zoom, thank you for that. In this entire quarter was there any risk of inventory loss? Because generally the prices have come down quite a bit.

**Bijaykumar Agarwal:**

There was no inventory loss. See I am repeatedly saying this, customers who were far away we were not able to compete in Maharashtra, where there was a lot of transport cost, I have caught up with all those customers, our plant is about to come to Wada in Maharashtra and we are developing that customer, MS Drum is also about to come and we are also developing a customer base for that because of this, there was a pressure of pricing. As soon as we start operations in Maharashtra, everything will normalise

**Deepesh Sancheti:**

How is your business in general? because the raw material prices are fluctuating

**Bijaykumar Agarwal:**

We are buying in Rs. 94 and selling at Rs. 120, we get a conversion of Rs. 25-26.

**Deepesh Sancheti:**

I want to know, when you are buying raw material, are you already booking the price with the customer?

**Bijaykumar Agarwal:**

No, no, it doesn't work like that. In a sweet shop whether or not the sweets will sell, the shopkeeper will still make them and stock them in his store. You don't get that kind of insurance in any business.

**Deepesh Sancheti:**

The general conversion charges will be the same or will it increase beyond Rs. 25?

**Bijaykumar Agarwal:**

The margin remains the same. If a new player enters the market and tries to take my customers, I need to retain them by offering competitive prices. Similarly, I have acquired long-distance customers. Currently, our transportation costs are higher, so we are earning slightly less. However, once our plant in Maharashtra becomes operational, these costs will reduce, and we will start seeing better profits.

**Deepesh Sancheti:**

We have plants in Maharashtra and Bharuch

**Bijaykumar Agarwal:**

We don't have a plant in Maharashtra yet, we have a plant in Gujarat and Silvassa.

**Jaiprakash Agarwal:**

Maharashtra is coming up sir

**Deepesh Sancheti:**

So, we will be able to cover the entire Maharashtra and Gujarat, right? or are we even able to go to Rajasthan?

**Bijaykumar Agarwal:**

We supply our products to the whole of India but in terms of our plants we only cover Gujarat and Maharashtra. The customers are all across, we even supply to customers in Hyderabad, Chennai, Calcutta etc. But mainly we will be capturing market in Gujrat and Maharashtra. However, we have customers in the whole of India who take our products, but they are not the main customers. We also export, it's not like we don't export, export also constitutes 2-3%

**Deepesh Sancheti:**

Because our freight cost is also a very high proportion, right?

**Bijaykumar Agarwal:**

Yes, that's why the market is not that big, you will get the market only if you go closer to your customers as the freight cost is very high.

**Deepesh Sancheti:**

So, in the next few years, can we expect you to come to Rajasthan and other states?

**Bijaykumar Agarwal:**

Yes, we will definitely go but we will not name a location. We will expand at a place where there is a big market where you get good sales, could be in south and north.

**Deepesh Sancheti:**

Mainly where there is manufacturing and chemical industries, right?

**Bijaykumar Agarwal:**

Yes

**Jaiprakash Agarwal:**

There should be a concentration of cluster of manufacturers.

**Deepesh Sancheti:**

Right and after this PCR, post recycle rule that has come so is the recycling plant at both Gujarat and Maharashtra?



**Bijaykumar Agarwal:**

Our recycling plant is only coming in Gujarat, but EPR is law by the central, from that one plant we can supply to Gujarat, Maharashtra and the whole of India. So, my one plant will cover all the places.

**Deepesh Sancheti:**

And what will be the capacity of EPR?

**Bijaykumar Agarwal:**

Currently the capacity we are installing is small, but we can increase as there is space. We will start with one machine it we will increase the capacity as we need. It will be 500 kg per hour

**Deepesh Sancheti:**

So, there won't be a problem of space in the future?

**Jaiprakash Agarwal:**

No, that place is already acquired there is a standalone plot we have purchased construction work has already started and it is scheduled to commence from May-June 2025.

**Deepesh Sancheti:**

All the very best sir and we are long term investors and we will definitely stick with you. We are hopeful that you will get the Rs. 900- 1000 crore and you will surpass it, I am sure.

**Bijaykumar Agarwal:**

Yes, sir we hope to achieve it. Thank you.

**Devyanshi Dave:**

Thank you Deepesh. We have a follow up question from Mr. Saket, sir please go ahead.

**Saket Kapoor:**

Looking at the profitability curve how can you bring improvement and predictability in this? For how long are we are looking at the sustainability of 8-9% margin and how can we make this business strong? what is your view on this?

**Bijaykumar Agarwal:**

You are looking at the minimum. But my goal is to improve it to 10-11%. That's why I am investing in solar energy and expanding capacity.

**Saket Kapoor:**

So, when will we start seeing this 10-11% journey on paper? in numbers?

**Bijaykumar Agarwal:**

In June quarter of 2025, when we will start seeing solar implementation.

**Saket Kapoor:**

Ok Q1 onwards, we will get this incremental margin and we will also get the advantage of volume from the first quarter which is in IBC?

**Bijaykumar Agarwal:**

Only operations will commence then.

**Jaiprakash Agarwal:**

Hopefully by then we will give you more good news that we are coming up with new location, keep your fingers crossed.

**Saket Kapoor:**

But sir we are also looking at the volume expansion in H2, you have also told us...

**Bijaykumar Agarwal:**

Volume growth will be seen in IBC, Polymer and MS Drum in next quarter

**Saket Kapoor:**

So, we can understand that this quarter was the bottom quarter according to our earnings quarter 2 was the bottom of our earnings from here onwards, the trajectory should be upward?

**Bijaykumar Agarwal:**

Hopefully that should be the case.

**Saket Kapoor:**

Thank you, sir, for giving us the detailed information and please continue this. Thank you.

**Devyanshi Dave:**

We don't have any more questions I would like to hand over the call to the management in case you have any closing remarks.

**Jaiprakash Agarwal:**

Dear all friends, thanks for joining and thanks for keeping faith on us we have been doing all our best we have been running 24x7 and we are setting up our goal for our long term goal where we are doing all our investment is backward integration as well as forward integration we are adding capacity also we are looking at a sustainable angle also where we are touching all the big big companies who wants a sustainable environment so we have been doing all that necessarily things which our competition might not be doing. So, this is what I can say and hopefully from next quarter onwards we will see good results coming up and on expected lines. Thanks for joining, thank you so much.

**Bijaykumar Agarwal:**

Namaskar