“Time Technoplast Limited

Q1 FY '26 Earnings Conference Call”

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MANAGEMENT: **MR. BHARAT VAGERIA – MANAGING DIRECTOR – TIME TECHNOPLAST LIMITED**

MODERATOR: **MR. ASHISH PODDAR – MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Time Technoplast Q1 FY '26 Earnings Conference Call hosted by Motilal Oswal Financial Services Limited. As a reminder, all participants' lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Ashish Poddar from Motilal Oswal Financial Services Limited. Thank you, and over to you, sir.

Ashish Poddar: Yes. Thank you, Pari. Thank you all the participants to join us today for the Q1 FY '26 earnings conference call of Time Technoplast. We have the senior management of the company available for the discussion on the financial results, business strategy and the growth outlook of the company.

Now I hand over the call to Mr. Bharat Vageria, Managing Director of the company, for his opening remarks, post which we will open the forum for question-and-answer session. Over to you, sir.

Bharat Vageria: Yes. Thank you, Ashish, for introducing us. Good afternoon to esteemed investors, respective colleagues, and thank you to team of MOFSL for the kind introduction. It is both an honor and a pleasure to address you today as we present our financial and operational performance for Q1 FY 2026, along with our outlook for the remainder of the fiscal year.

I'm pleased to share that our positive momentum has continued into Q1 FY '26 with the volume growth of 14% year-on-year and corresponding 10% increase in the revenue. The difference reflect on account of the lower -- the input cost, which is approximately 4% to 5%, which tempered the revenue growth. Nonetheless, the demonstrated strong operational resilience, maintaining healthy volume while optimizing revenue in dynamic market environment.

The composite product, especially CNG segment emerged as delivering good growth of 20% around, playing a pivotal role in our overall performance. Together with the strong results from the other composite product, we achieved an impressive overall 18% growth in composite volumes.

Notably, our profit after tax increased by 20% year-on-year, underscoring our continued focus on the capacity utilization, prudent financial management, particularly in controlling finance costs and continued process of automation and reengineering to reduce the cost and make available the product at a competitive price.

We are further encouraged by the sustained demand for Type 4 composite cylinder as evidenced by healthy order book for approximately INR175 crores. This positive trend is complemented by growing interest in our value-added offering, including LPG, CNG composite cylinder simultaneously.

Our Industrial Packaging division continued to deliver steady performance. We are also pleased to announce a confirmed order pipeline of approximately INR425 crores in packaging solutions for the current calendar year, covering both domestic and international markets. This result underscores the strength of our diversified business model and solid foundations and the rich distribution for the business across 10 countries. And if I count including India, it's 11 countries.

We remain focused on the capturing emerging opportunities and accelerating our journey towards a sustainable environment responsible growth, delivering long-term value for all the stakeholders.

With that now, I invite you to join me to delve into the key highlights of our financial performance that are presented in the result. We have, in fact, loaded on the BSE, NSE, our earnings presentation also. But once again, I am reading that.

During the Q1 FY '26 on a consolidation basis compared to previous same year of Q1 FY '25, sales stood INR1,354 crores as against INR1,231 crores last year. And EBITDA is INR196 crores against INR175 crores, profit after tax, INR95 crores against INR79 crores. In terms of the percentage, which is represented by sales -- net sale revenue terms increased by 10%, which includes India 8%, overseas 14%.

Volume growth, 14%; 12% India, and overseas 17%. EBITDA margin increased by 12%. PAT increased by 20%. Q1 FY '26 OIBDA margin rose 14.5% to 30 basis point improvement from 14.2%. Our overseas subsidiaries also delivered a strong result in Q1 despite global uncertainties. This performance was driven by volume growth, outpacing revenue growth supported by the lower raw material cost and corresponding price adjustment passed on to the customer because we have a relationship with the customer, and we are directly having B2B business.

Share of the business, established products versus value-added product is increasing trade, recorded a strong growth of 15% value- added products compared to previous year, while our established product line grew 8.3%. Doubly, the contribution of value-added product to the total sales increased to 26% from 25% the previous year, reflect to a continuous focus on the innovation and the higher- margin offering. Our share of the India and overseas business is 62% and 38% as against last year was 63% and 37%.

EBITDA margin in India and overseas almost on the same line, which is in India, 14.7%, overseas 14.1%, respectively. PAT margin in India and overseas 6.5% and overseas 7.9%, respectively. Cash from operating -- there is a positive net cash from the operating activity is around INR116 crores.

As company has a focus for reduction of the debt for every quarter, this quarter also debt reduced by INR37 crores. Total capex in the first quarter is INR43 crores, which includes towards the regular maintenance capex, expansion, automation, reengineering INR20 crores and INR23 crores value-added products that is called IBC and composite products.

I would like to draw your attention to a couple of the interesting development, which the -- during the development, which have been seen. Especially, I'm pleased to announce in the history of the company, first time that bonus share is announced, 35 years have been completed operations of the company.

The Board have recommended for the approval to -- in the meeting held on 11th August yesterday and announced the bonus of 1:1 face value of INR1 fully paid up equity shares of the company held by the members of the company as on the date of the record dates. This is subject to approval from the members at the ensuing 35th Annual General Meeting of the company, which is scheduled on 11th September 2025 and other regulatory required approvals for issue of the bonus.

Another sale of the noncore assets, focus is still continue. If I recall my discussion 2 years back, company decided and identified noncore assets worth of INR125 crores, which is now reduced to INR47 crores, and this money realized and used for the capex and reduce the borrowings, et cetera. And this focus balance also will be targeting to complete in the next 12 months' time.

Now -- as again, I'm repeating that focus on improving the ROCEs continue and ROCE can be increased by increasing the productivity, increasing the margin, increasing the capacity utilization, reduction the working capital cycle time, that focus will continue. I recall in my discussion that we had said 3 years back, ROCE should be 14%, 16%, 18% and 20%. 4 years, company had made a target achievement.

I'm pleased to tell you, last 3 years, we have achieved that target what was capped by the company, 14% achieved, 16% achieved and the '25, 18% achieved, now targeting for ROCE of 20% for FY '26. This will be, again, continued focus on the cost reduction through automation, reengineering, automation, optimizations, working capital cycle time, strategy and development of the newer products, which have a higher margin.

Consolidation of the products and manufacturing unit is also continuing for the cost reductions and optimization of utilization, considering the logistic cost from one unit to our customer. Because you know the -- India, road and infrastructure is increasing. So based on that, our team is analyzing how we can reduce the cost of the logistic and wherever cost of logistic is cheaper than the running the separate unit. So our team is regularly keeping focus on that. And accordingly, based on their decision, we're consolidating our operations of the units.

Then again, I'm just repeating. QIP approval, which was taken last year is continue, and it is valid till November 2025, especially purpose was also mentioned at time, QIP is not only for reduction of the debt. And again, for the automation, reengineering capex plan for the value-added products, then certain new product -- greenfield product, which is taken by the company, like for sustainability point of view, for expansion.

As a company in the polymer packaging products where company need to do some strategic compliances to have to consume their packaging material buyback arrangement from the products, which we are supplying after considering the exemption granted by the government notification, the product which have been exported from India, the product which is supplied for the pharma packaging, food packaging that have been excluded.

So to have any statutory compliances, because we are a law-abide company, the company has undertaken project expansion for that, the new company has already formed and we have intimated to the exchange regarding Time Ecotech Private Limited that will take project for the sustainability across the India in 3 regions, Western regions, Eastern region and South region.

First plant will be come out in the current financial year only, and that will be in the Western region in Gujarat. The place is already identified. The company has entered into agreement for buying of the premises, ready premises. And I'm quite hopeful in the next 3 to 4 months, that the plant will be commissioned completely.

So QIP is the involvement of the various purpose, as I mentioned to you. So it will be the right time considering that and to go for the QIP. Then recently, we have done certain development done in the R&D, especially as you know that we are focusing on the development of the newer product, which is a higher margin and high technology-based product, especially we have signed -- we are doing in the composite cylinder, LPG applications, CNG applications, hydrogen application, gas applications also.

The company technical team has made an agreement with the company called Drone Stark Technologies, who is already existing manufacturers for the drone. Presently, all the drone, special drone is manufactured by him -- by using the energy storage devices, mainly called batteries. But yes, we have seen -- so we will do very close working, signed the exclusive MOU with them for the 3 years for development of the hydrogen cylinder we have.

We have already approval for Type 3 and Type 4. The cylinder will be used for the drone applications. So initially, the drone applications will use hydrogen cylinder and give the performance. And based on that, we will -- able to supply by use of this technology for supply of the cylinder for the drone applications because we all know that drone market is going to be various uses of the drones are there.

Various sectors are using in surveillance, agriculture, then this fire department, so many other – police department, government authorities, all using the drone application is going to increase. So we thought it's a quality performance-wise, height-wise, is very good cylinders, hydrogen cylinder, which have a better performance. So we are going to develop this along with the drone manufacturer.

Now our focus is continue for the green energy conversation of electrical unit by using the solar power. I mentioned in my last call also, again, I'm repeating, we have around 15 crores units requirement annualized in India. And if at all, all the states that units are available by solar, then we can sign the contract. But currently, some of the states have that policy like Karnataka, Uttarakhand, Maharashtra, Gujarat and that is called -- Uttarakhand, I told you, then Gujarat, Maharashtra and Tamil Nadu. 5 states have that policy. So we have already signed the contract.

So this year, half year, we'll get the benefit of the solar power where the saving working out around INR3 per unit. So in terms of the units, I can say around INR8 crores to INR10 crores company will be able to save by way of purchasing the solar. But overall focus is continue wherever possible to buy the purchase power agreement by the solar.

I am once again clarifying you, company is doing the equity investment for a longer period, maybe 15 years or 20 years, that the face value will be written back to the company. In addition to that, company will get the committed units, which have been signed and we'll get the benefit for 10 years or 15 years as per the agreement value for the units for which the agreement have been signed. So it's quite substantial benefits can occur in the period ahead.

Then as we are in the energy storage devices, the company in the last call also, I have told that there were the 2 companies we were having earlier like NED Energy Limited, which was a subsidiary of Time Technoplast. And NED Energy was having a step-down subsidiary of Power Build. So in the last 4 to 5 months, the exercise ongoing for the merger, that merger process has been completed. Now the Power Build batteries is directly owned by the Time Technoplast Limited for the 97% equity is owned by the company.

Now in that, company has taken the project for development of the newer batteries, which includes E-Rickshaw batteries, low-cost batteries and that's quite -- the results on the batteries is very good and very satisfactory. So company has submitted and expecting that approval from the government authorities in the next 30 to 45 days because samples already submitted and is under testing process with the government ICAT, we call it the institution authorities in Delhi. So we have submitted for the batteries for the approval.

Another batteries for the power sector batteries and the power expansion in India is ongoing. That battery is also -- preparation is on. We will -- already in the process of submitting our sample for use of the batteries for the power system. As per my technical team experts, we are going to get that approval also in the next 3 months' time, the batteries, which can be used for the power sector also.

Now as I mentioned to you, the new sustainability focused subsidiary, Time Ecotech Private Limited, which is mainly for use of the quality recycled material, which otherwise is not available in India because company has various polymer products and this law has come out only for the packaging products where company needs to have a system of collecting back for the approximately 30% of the packaging product after exemption, which is supplied to the customer. So we are already in the process of appointing local agents to get the material back, reprocess, recycle and use as per the application.

So we are -- till we start our own facility, we have made arrangement with the local vendors, developed one vendor and identified some agents who are supplying the material, collecting back from the centers and getting reprocessed back. So we can have an extended process with responsibility can be complied.

Then I have mentioned in this also, I think nowadays, everybody talks about the impact of the US tariff, which is ongoing. I can say that since April, there is some confusion is ongoing, what is the tariff available applicable to Indian products, which is exported in the US.

I'm glad to tell you that your company is having manufacturing operations in US and the products which is manufacturing in US, it is for the local countries only, not export to the other countries. So it's because of the voluminous nature of the product -- is the voluminous product.

So we are not much, I can say, the major effect regarding the tariff of the US operation. Very small items, inputs, which is exported from the other countries, which is used in manufacturing in terms of the value, it is hardly 3% to 4% of their inputs, which they are importing from the other countries.

Now I would like to open the floor to answer the specific questions, if any, which I have not covered in my speech.

Moderator: First question is from the line of Shashi Ranjan from Anandan Capital.

Shashi Ranjan: Congratulations to the entire team for the first quarter, very good result. That is usually not that good, but it is -- this time it is quite good. So just one question, which -- after which I'll come back in queue that it is about Time Ecotech Private Limited. I understand that TEPL is a low-margin business over the ones we have. So why do the capex is being done there? It is because of only extended producer responsibility or -- and what is the revenue coming out of TEPL and the revenue from the Power Build and visibility -- revenue visibility on that, sir?

Bharat Vageria: Yes. Anything else or this is it?

Shashi Ranjan: This is the one question. As I've been told to ask only one question, I'll come back in the queue later.

Bharat Vageria: Okay. Yes, yes. I think your question is nice. And one thing I'm telling you, if any reprocessed material, it's a one thing, it's a statutory compliance, we have to fulfill that -- we have to fulfill. Second thing, the material which is available, recycled material because when the drums which as a company is selling, I have to make the arrangement to buy back through the agents, which I'm going to do that.

And that material is going to be used in the process back. So there is no any cost increase will be there because as I'm responsible, my customers are also responsible. So whatever cost will be there, that will pass on to the customers only. I'm just giving you one of the example. In India, we have to do it our own plant because we have a various product. We want quality assurance.

Therefore, company is doing our own plant. And it's a requirement, and it is not going to affect the profitability of the company, cost of the product, cost of the item, recycled material, including cost of the capital investment, everything will be count when we worked out the cost of that raw material. And it is not going to be cheaper also.

It will be the price difference between the cost of the procurement of the drones back plus the reprocessed material equivalent to the virgin raw material, which otherwise we are buying from the local manufacturer. So company, when considering this price, there is no effect on the margin will be there. And as far as financing part is concerned, company has adequate internal appeals available and capex plan for the normal capex automation engineering is already there.

And this is in the period of 2 to 3 years, the three region will be covered. This year, only the one region, Western region, which has a very, very high requirement is there and the availability of the recycled drums from the markets are available. So first plant will be the Western region.

Next year, we will see the Northern region and then after the Southern region. So it's a 3-year plan compliance for the statutory compliance as well as margin will not be affected while working out the cost of the product.

Shashi Ranjan: Sir, sorry to interrupt. My question was on the revenue visibility for the TEPL and Power Build. I understand that this is a 60,000 metric ton recycling plant, TEPL I'm talking about. So just help me with that?

Bharat Vageria: I'll tell you Power Build is a different Power Build in the energy storage devices, there is no any compliance, any point of view. Power Build is an energy storage devices, which I mentioned to you, two batteries is under process of approval, that is E-Rickshaw batteries, another battery is power sector batteries.

As far as this energy storage devices division is concerned, our revenue is in the range of INR125 crores and in which we are counting E-Rickshaw batteries around INR35 crores to INR50 crores we have taken into consideration. Now the Time Ecotech Private Limited, which you are talking, right? You are talking the recycled materials side, right?

Shashi Ranjan: Yes, sir. Yes, sir.

Bharat Vageria: Yes. So that is entirely different from the Power Build. Now this is, as I mentioned to you, it's a statutory requirement and no cost increase to the company. Company will be able to maintain the EBITDA margin for overall the product -- packaging product impact. You have seen that company packaging products which constitute to almost around 75% of the total revenue, which includes 37% from overseas revenue. And I'm glad to tell you, overseas unit, already, we are getting some quality of the recycled materials available, and we are using our overseas plant.

So we have no any means new technology or something. We are already experienced. But in India, that recycled quality material is not available. Therefore, we are putting our own plant to give the 100% guarantee, 100% product success for the finished products.

Moderator: The next question is from the line of Jatin Damania from SVAN Investments.

Jatin Damania: So sir, just wanted to understand now given the growth that we have seen in 1Q coming from Cascade business with 18% volume growth. So how do we see a growth because now Type 3, we have already got an approval, Type 4, we are about to commission. And now with an MoU signing with a draw, how do we see a growth assumption for FY '26-'27 for the Cascade business and the revenue as a whole?

And second part to the question on the cylinder front, we were also in touch with IOCL for a couple of orders which are supposed to come in Q4, which was got delayed in Q1. So you can give an update on that before I come back in the queue for other questions.

Bharat Vageria: Yes, yes. Jatin bhai, I think you are talking composite cylinder, you recollect my transcription, which I have said last time. As far as growth part is concerned for '25-'26, we are estimating 10% to 12% growth for the packaging products, around 28% to 30% growth for the composite products, which include LPG, CNG, hydrogen, other composite products all put together. So we are on that line only working out.

As far as -- because, where you know that in composite products, we have already developed fire extinguisher, which is also under process of BIS approval by our one of the customers. Another some from the automotive sector composite product, we have developed that also, we are regularly supplying like air receiver tank, and fuel tanks, et cetera.

Then hydrogen cylinders, you are talking drone application. This R&D MOU have been done. This is the future of the business. Type 3 and Type 4, nothing to do. Type 3 because Type 4, I don't have a capacity currently, the new capacity, which you are aware that it is to be come out in the second half of this year. And we are in the process of completing our all other formalities, including the building completion in this first half of the year.

The work is on, but there is some delay because of the rainy season is continuing and delay in getting the completion of the construction of the building. So we are linking our import consignment directly considering the -- as the building complete, we get the power connection, we get it I think, transfer from our -- this overseas supplier. So it is going to take in the second half of this thing.

Now another thing as far as LPG is concerned, regular business with the existing customer, IOC is already there. And you have seen BPCL, HPCL also discussion is on, and they have also started to utilizing the LPG cylinders. So composite product all of the year, I think better clarity will come in the Q3 of this year, but we are sure to achieve the growth of -- in the range of 28% to 30%, especially in the composite products.

Jatin Damania: Sir, and a follow-up on this on your value-added product, which is around 25% to 27%. With the commissioning of Type 3, what sort of value-added mix you can see by end of this year and probably in FY '27?

Bharat Vageria: I tell you 3 years, as I mentioned to you, I can't see the further because everything, but as far as we are not affected by the tariff for this thing, this is for the local consumption of the industry. So at least 2, 3 years visibility as composite product after expansion also, we are quite confident about to achieve the growth of 30%, as far as composite product is concerned, LPG, CNG, hydrogen, all automotive composite product, everything.

Jatin Damania: Sir, I have a couple of more questions, but I will come back in the queue.

Moderator: The next question is from the line of Deepak Poddar from Sapphire Capital.

Deepak Poddar: Yes. So just a clarification. First, I mean, next 3, 4 months, we were talking about some plant being commissioned. So which plant we're talking about here?

Bharat Vageria: In fact, because certain new plants which are coming from India, especially, but when just Jatin has asked me, about the expansion plan of the composite cylinder, CNG, especially in consolidation because currently, we are manufacturing our CNG and hydrogen cylinder in the two places, some part in Daman, some part in Silvassa. But we are linking because my existing capacity is equivalent to 30,000 cylinder we can produce, which is going to be increased by another 36,000 cylinders. And you know that one cascade make the 60 cylinders.

So in the current -- in terms of the cascade, we can say 480 cascades can be manufactured in a year as per the current capacity. Or last year, company took the expansion by increasing the capacity from 480 to 1,080; 600 new expansion means one cascade 60 cylinders so totally 36,000 cylinders in a month. So that expansion plan is coming nearby Vapi in the Gujarat only. So I'm talking about that plant only. That is going to be started in the second half of this year.

Deepak Poddar: Okay. So sir, the capacity will increase from 30,000 cylinders?

Bharat Vageria: Yes, of course, of course, capacity, which is currently hardly 480 cascades, which will generate the value of around INR350 crores only. But after the expansion, definitely, which is coming about 300 cascades, the total business can be generated around -- INR700 crores business can be generated from CNG and hydrogen together.

Deepak Poddar: Okay. And this 30,000 cylinders we're talking about per month, right?

Bharat Vageria: 30,000 cylinder yearly. Yearly. I'm talking 1,080 cascades yearly.

Deepak Poddar: Fair enough. I got it. And just a question on the drone parts. So what is the potential we can see in that particular space?

Bharat Vageria: We have not yet counted, but I'm telling you, as I heard from the drone industry, there is new -- many new companies are coming in India. We are not going to manufacture drone, I can tell you. We are going to develop our hydrogen cylinder for drone applications because drone market, as per the current, what I heard, it should be 75 billion by 2032.

That is the estimation is given available in the public resources. So we thought the specific -- we can get a good realization, good value and green energy, and it is really very, very -- we can have a Make in India, and we can support to the drone industry.

And all the batteries are the Chinese batteries currently today. So at least we will replace it from the hydrogen cylinders, which have a light weight, then they can fly more time, they can fly on the higher height. There are multiple advantages. So we thought let us first do R&D, let's tie up with some of the drone manufacturers.

So we have tie-up with the existing experienced person who is specialized, who has already experience of supplying 50 drones -- 50 to 60 drones in India. So we thought it's better to have a tie-up with him. So our cylinders will be used there. And then we will take the experiment of supplying the -- our batteries, our cylinders for the drone manufacturer.

Moderator: The next question is from the line of Ankur Sawariya, an Individual Investor.

Ankur Sawariya: Congratulations on a good set of numbers again, sir. My question is regarding -- as you see that from last 2, 3 quarters, we have given very good results. But since that you have announced that you are willing to go for a QIP, the share price is not going up. So are you comfortable in going for the QIP at these valuations, sir, after the company is doing so well for last 1 year, 2 years?

Bharat Vageria: I'm telling you, in fact, you know that in the last transcription also, some investors asked me what will be the right time for the QIP. I told them there is no any right time. QIP is only -- as per the without QIP also, I said very clearly, in the next 18 months' time, company plan to have a debt free, because company have adequate approvals, adequate earnings and company has a capability, debt security ratio is also very low and company can borrow more, which is priced in the range of around 9% per annum.

But again, as you know very well, I have discussed last time also. But again, there is a multiple object of the QIP. And therefore, you know that already 8 months past, I can say, after when the QIP, we have not did, because the timing, you know very well last 6 to 8 months, it's a very, very uncertain -- global uncertainty was there.

So means market growth was not visible, what kind of the business. So we thought we should have a certain right because certain new products, which company has developed in the recent year and which have a very, very high potential, especially we have told about the composite products, which includes CNG, hydrogen and LPG, very large potential.

Market is very big in terms of the LPG cylinder. 50 crore cylinders are in population. 32.68 crores active connections are there. And every year, government need, which is currently totally sourced on the metal cylinder except a small quantity in the last 3 years, we have supplied to the government companies, where every year, the requirement of the cylinder, LPG cylinder itself is a INR3 crore cylinder as against we and Supreme together have a capacity of hardly 1.7 million or 1.8 million cylinder, which is hardly 7% to 8% of the requirement of the government.

But at the same time, we were working hard for development and doing the development as per the -- under consultations with the government agencies. We should have a 14.2 kg cylinder for which development is ongoing. So, it can be at par with the metal cylinder, which is currently in the use. So, very large potential we are expecting. So, we ourselves -- keeping ourselves ready for the fast moving to capture the market and timely supply of the composite as well as LPG and CNG cylinders.

Now composite product also, if you see the government policy, the total market size is more than INR28,000 crores. We are projecting business of INR2,500 crores in a period of 5 years. But considering the -- considering the timeline of the equipment supply, considering the -- because most of the equipments are imported and very, very highly -- imported from the overseas market, and it is a time-taking process of 12 to 18 months delivery equipment time.

So -- and further companies that developing the hydrogen cylinder, already approval in hand. So many other new plants are coming, biogas plant and the hydrogen cylinders requirement is increasing in the drone, other applications are in development.

So, we thought we should keep ourselves ready for the QIP because at the same time, company management is also directing to maintain the debt at this level. And if we are going for the QIP, then why we should not become the debt-free as early as possible and do the expansion, need-based expansion, which -- to capture the market -- available market in India.

So, for that reason, last year, we got the approval. So we will see the right timing, right investment, procurement, right investment because company is also exploring companies for organic as well as nonorganic growth also there because one thing is very clear as per the direction received and as per the management need and to grow in the double-digit growth, and then that is possible by organic and nonorganic growth and to capture the market, which is developed by the company for which company has made an investment time to time where the market is very big.

So, we know very well packaging business, which we are there for more than 35 years, but we can grow that in the pace of, I can say, 10% to 12%. But when company need to grow over 15%, it is possible only from the other, where the market are there, especially composite products.

So, therefore, we're keeping ourselves ready for that. Nothing to do that -- we have to do today or tomorrow. We are keeping ourselves ready to capture the growth in the period ahead when the internationally -- also, I'm glad to tell you my capacity utilization internationally and India all put together is around 80%. Even international is 85%. But internationally, we do only the packaging business.

And my international team, certain expansion is in hand in the Saudi, in US where to capture the local demand growth. That all covers under my capex plan, of the normal capex, which is normally INR175 crores to INR200 crores. But when the major demand come, so we thought we should keep ourselves ready to capture the growth.

Ankur Sawariya: Sir the point is well taken. And we have also seen that time and again, the promoters have also bought at these rates. So why are you not considering something like the right issues? Why are you only -- why do you want to go for a QIP? Even the shareholders, present shareholders will benefit from something like rights issue rather than QIP.

Bharat Vageria: No, one thing I'm telling you, to give the benefit of the investor and existing promoters also, we have already announced the bonus because in the last 35 years, we have not given any award by the bonus. We thought promoters will also benefit, company will also benefit and widely investor can get the opportunities. Therefore, company has announced the bonus 1:1 in the history of these 35 years.

Now, you are asking the right issue. You know very well, that promoter have no any other business opportunity. Promoters don't have a fund to put again in the right issue money because promoter are around 51.7%. All the promoters are having full-time Directors to the company, and they have a business of Time Technoplast only.

So, to avoid that, when the direct institution, small investors are showing their interest because they are not getting their required value of the investment, which they like to have in the company, and they would like to have a -- participate in the growth of the company considering India and overseas operations. Therefore, we thought, okay, we have been suggested by the merchant banker, that it's the right -- instead of going the right issue, you should go for the QIP or the preferential issue for that.

Ankur Sawariya: Sir, you will see that right from 2020, the number of shareholders has increased from 30,000 to approximately 140,000. So, the retail shareholders are showing a lot of interest and their share in the shareholding has already increased so much that the pressure of the rates share price is always there when the QIP is announced. That was only my concern.

Bharat Vageria: I'll tell you; I'm not looking -- company management is not looking that QIP should be the higher price or something. It will be a reasonable price following the SEBI norms at all. If you recollect that 3 years back, what were the prices, we don't control on the prices.

It's again, market circumstances, demand supply gap, international, I can say the circumstances, global scenario, everything considering the price. We don't see the prices every day, and we are not -- our work is very clear, we should deliver what we are promising to the investor. We should deliver and we should go ahead for the direction of where we would like to have today.

Moderator: The next question is from the line of Saloni Jain from Nirmal Bang Securities.

Saloni Jain: Yes, sir. Two questions. First on the composite tender, pace of tendering. So earlier, we had seen a slower pace in tendering from IOCL and BPCL. But recently, Supreme also signed one of 2 lakh 10 kg LPG cylinders, which is small, but what is your take on the pace of ordering going forward now? Or is it the same?

Bharat Vageria: No, I'll tell you, existing users are usually there. And as I mentioned in my last call also, we are continuing export to the various -- 48 countries. We have a good order book for supply. So, as far as this order is concerned, BPCL order was there, which is -- BCPL order, which is because some of the locations, which is required by the BPCL, we are not nearby, and that is very near to the Supreme location. So, we -- in fact, our prices were a little higher than them considering the delivered prices.

So, we have left that order, and we are continuing to capture the other geographical where we are getting a good realization. It is very on the commercial sales point of view, we have not participated in that. And we have provided our higher prices compared to them.

Saloni Jain: Right. And sir, with respect to our composite cylinder facility, what would be the utilization and how much utilization are we expecting to ramp up after expansion?

Bharat Vageria: I'll tell you as far as I recollect my discussion last time I had, we have a current capacity of 1.4 million cylinder. Depending on the different sizes, we can produce up to 1.2 million cylinders because various sizes depending on the requirement of each country, we do manufacture them, 2 kg, 5 kg, 10 kg, 20kg, different countries are there.

So, in terms of the revenue, I can say we can generate the revenue maximum of INR240 crores to INR250 crores from this LPG business, based on my current capacity. So, utilization, you are asking me, it is in the range of 85%. It is there considering the working days of the -- working days and efficiency of the equipment depending on the sizes of the cylinder.

But again, expansion, yes, we will do the expansion at the right time after getting the finalization of 14.2 kg cylinders, which will be similar to the current metal cylinder and when all the gas distribution company like IOCL, BPCL, HPCL are on the same page and same line for the same size, then we will put up the plant for expansion. And we are very clear, considering our experience in this business, we -- the normal expansion time will take 4 to 6 months' time in the capacity expansion in the gradual way we can do that.

Saloni Jain: Right, sir. And sir, my second question is on the new MOU that we had signed for hydrogen cylinders. Can you talk a little bit about this customer of our, drone stark? What is the size of the company and how much -- how many drone capacity they have? And do they have the spec to integrate hydrogen cylinders with the drones or that is still developing?

Bharat Vageria: No, no. It is -- I tell you, we have signed the MOU for hydrogen cylinder will be developed by us, not -- there is no any know- how required from the drone stock company. They are manufacturers of the drone. They have their own team. They are presently manufacturing the drone. They have more than 3 years' experience. More than 50 drones they have supplied in India to the government authorities, government companies in the various states now.

And currently, they are using the batteries. So, we have very clear understanding. We will do the development of the hydrogen cylinders, Type 3 or Type 4 and that will be used for the drone applications. And after successful trial, after getting the final result, we will offer this hydrogen cylinder to various drone manufacturer. And it is not a restriction that we will do the only for the -- this will be the one of the suppliers, not that. We can supply to any drone manufacturers. We are open for that.

But that is only for the -- exclusively signed as far as development of the hydrogen cylinder for drone applications, because all other infrastructure is available with them. As far as cylinder manufacturers has come, cylinder manufacturing capacities come, that technology we have already, and we have already in hand approval for hydrogen cylinder of Type 3 and Type 4 that's we have.

Saloni Jain: And sir, if I -- if you allow me just one more question. If you could give us just a ballpark timeline of when do we expect to monetize from this technology of hydrogen cylinders that we have?

Bharat Vageria: I can say next financial year, you will be able to hear something because the 6 months, I'm keeping ourselves, my expansion is coming from where we are -- we do manufacturing -- we will do manufacturing some hydrogen cylinders. But commercialization point of view, the 6 months' time, we -- in fact, I tell you in the last time also, again, I'm mentioning you, and last time mentioned that we are going to have our own one drone. I tell you the drone cost I understood from this people, the drone available in the market from INR10 lakhs to INR50 lakhs for the various applications.

So, we are going to have our own one drone as a style purpose, which will be available at our plant, so we can show to the potential customers, these are the drone available, how the battery -- how the cylinder can be used, how it is flying like that. So, we are doing that. I think next financial year, we'll have some commercial value as far as how much cylinders we are supplying, how market is taking up.

Moderator: The next question is from the line of Rohit from Samatva Investments.

Rohit: Sir, I had just one question on the IBC segment and in the domestic market. As per my understanding, last 1, 1.5 years, there has been some pricing pressure overall in the market with some new competitor coming in and an existing competitor expanding its capacity. I just wanted to know how is the market in terms of pricing and in terms of the potential volume growth that you see in this segment, in the domestic market for the next 1 or 2 years maybe?

Bharat Vageria: You're talking about the IBC right?

Rohit: Yes. Yes. IBC.

Bharat Vageria: Yes. They're called Intermediate Bulk Containers, right?

Rohit: Yes.

Management: So, as far as the IBC is concerned, let me just clarify to you, it is mostly a packaging, which is basically used for export of the chemicals, et cetera. So, the user base is varying from chemical industries varying -- manufacturing various kinds of chemicals, et cetera, they export it. When you are competing in the industry, these packaging gets identified as the brand that you manufacture. Today, GNX is a brand of IBC that we manufacture, is a multinational brand. Today, I manufacture in all the 11 countries wherever we are present. As compared to that, there are just 2 other global brands such as Schutz and Mauser.

So, among these 2, Schutz has just recently started a manufacturing units somewhere in India. But other than that, the local manufacturers are all basically a stand-alone local brands. They're not really internationally recognizable. So, whenever they have to be talking about an export of the chemicals and packing it in a certain IBC, the buyer at the other end would also like to ensure that he uses the right quality-based packaging and which is -- on which he has a reliance on. So that is where they go for international names, and that is how GNX has been able to really get the recognition.

We are able to get that differentiation in the market, both in terms of the pricing and also in terms of the preference. Additionally, we have multiple location units for IBC even in India because we are a geographically large country. So, we have a couple of units in Daman. We have got one unit up north in -- sorry, in the West in Dahej. We have one unit running up in South also.

We also stock and sell in Bhuj and Kolkata. So, we have a fairly wide network to ensure that we are able to capitalize on the market demand and we stay very, very competitive. So, that's the reason as to why we are able to ensure that the IBC will continue to have a positive growth as compared to the other industrial packaging products as well.

Rohit: So sir just, has there been any pricing pressure overall in the industry because of Schutz is coming into the market? Or have you been able to retain prices?

Bharat Vageria: No, no. I am very clear. We are quality standard company. We have to maintain our quality standard, and we are getting our pricing and remain -- able to maintain our required margin.

Therefore, it is counting under the value-added product. You know we have already said, it come under the value-added product where we have a required margin there.

And as my colleague mentioned to you, the growth in the IBC as the exports from India is increasing. So, percentage terms, growth in the IBC, we are also projecting in the range of 18% to 20%, and we are maintaining that growth. And I'm glad to tell you one of my subsidiary company has put up the fully automatic plant in Western region, Dahej and there and another plant is also coming up in the Maharashtra also.

So, IBC business, definitely, it will be there and company is going to be focused for the export back in India, and that is -- growth compared to other packaging products, its growth of 18% to 20% will continue. And in India and overseas put together, I tell you in all the overseas also, we have a very good business, value of the business as far as the IBC business is concerned in US and Southeast Asia and Middle East everywhere. And as my colleague told me -- told you that brand is the next have been created with the hardworking of more than 20 years in this product.

Moderator: The next question is from the line of Ganesh Kumar, an Individual Investor.

Ganesh Kumar: Just have a couple of questions. So, we had reports about a 14.2 kg LPG cylinder that we are working with another partner and with Indian Oil and other PSUs. So, any update on that? That is number one.

And the growth percentage of CNG Cascades, I think we just did a very big expansion, completed. But the growth percentage, I'm not talking about the growth number, the growth percentage seems to have leveled off. I think we had an order book of INR150 crores just like last year same time. My third question is about, what is the total market value for the E-Rickshaw batteries that we have planned?

Bharat Vageria: Okay. I'm coming one by one. I think, first, you asked me the 14.2 kg cylinder. Currently, we manufacture 2 kg, 6 kg, 10 kg and then 28 kg, like various sizes are there for the requirement of each country. 14.2 kg currently in India, most popular cylinder, which government providing most of the home, you will see 5 kg and 14.2 kg. Now 14.2 kg is the metal cylinder weight, which is currently it is there and 15 kg is the weight of the cylinder so total put together is 29 kg.

The current cylinder which we are supplying to government gas distribution company like IOCL, BPCL, HPCL, we -- and why I'm using word we because the Time Techno and Supreme both are supplying the 10 kg cylinder where the weight of the cylinder is around 6 kg and gas is the 10 kg. So that 5 kg is also there. So, 2 types of the cylinder we are supplying now.

The 14.2 kg, we are under development. I mentioned in the last call also. So, where the design should be the same, process is the same so that all government, 3 companies can use the same cylinder, and across the globe the uniformity is there. So that development is under -- I mean, again, I can say it need 6 months' time, which includes the design approvals, full development, then finally materialize and do the expansion plan.

Expansion plan, I mentioned just 10 minutes back to somebody. That expansion plan, we will decide after receiving the large size of orders for the 14.2 kg cylinder. But till, in the intervening period, we have been given the assurance by the gas distribution company. They will continue the buying of the 10 kg cylinder, which presently is supplying. So that is as far as 14.2 kg is concerned.

Now I have not considered any capex plan for the 14.2 kg cylinder only we have considered in our -- product development cost only, we have included in our normal automation and reengineering expenses.

Now you're asking me CNG. I mentioned that CNG expansion yet to do. Capital expenditures amount, including advances already remitted. Now the expansion will complete in the -- I can say in the next 60 days' time. So, it is made available for the commercial business in the second half of this year. CNG; market is big. Order booking, I tell you, we have mentioned also that currently, we are supplying that CNG cylinder, not only the cylinder. We are supplying completely cascade with the different sizes of the cylinder.

But CNG market, you know automotive sector is a very big market is there. We have not yet explored that possibility. We have already approval in hand for the 60 liters CNG cylinders for the automotive application. That market also we will capture in the next fiscal year after completing the expansion.

Now you are asking about the E-Rickshaw business. As I mentioned to you in our projections, we have taken business of INR35 crores to INR50 crores in my total energy storage devices business of around INR125 crores to INR150 crores. Now E-Rickshaw factories, company has developed, performance is very good. We submitted our sample to the government-nominated agency, which is -- we are expecting that approval because testing, there is a certain minimum time required for the testing in the government system. So, we'll get that approval also in the next 30 to 45 days' time, approval in hand.

But again, I'm thing -- one thing to clarify. Certain -- in the secondary market, we have already started seed marketing because they don't need the government certificate approval. They can use because it's a very, very good performance batteries. And as I think we are supplying to the secondary market, the E-Rickshaw batteries in certain states, we have started supply of this E-Rickshaw batteries.

But yes, market is very big. We have done this product development with a small investment of around INR4 crores, and we develop these products. This is the -- so yes, in the period ahead, if you would like to expand the E-Rickshaw batteries, I'm going to tell you that this is the low maintenance batteries and they use in the Rickshaw, 4 batteries that's used and approximately 1 battery cost is in the range of INR8,500 to INR9,000.

So total Rickshaw, 1 set of the batteries is INR36,000, and that 4 batteries can run 120 kilometers in a day. So that is normal E- Rickshaw runs in a day, 120 kilometers. So that's the way of the -- as far as E-Rickshaw is concerned. I hope I've answered your queries.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand over the conference to management for closing comments.

Bharat Vageria: Yes. Thank you very much for having your patience and listening to the management commentary on the Q1 FY '26 results. Thank you to the team of Motilal Oswal, who has introduced us and arranging this conference call for update of the FY.

And one thing I'm telling you, we are committed to create the value of the investor by maintaining a double-digit growth and achieving the ROCE of around 20%. Thank you very much.

Moderator: Thank you. On behalf of Motilal Oswal Financial Services Limited, concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Bharat Vageria: Yes. Thank you very much. Thank you.