"Time Technoplast Limited
Q2 FY '26 Earnings Conference Call"
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Moderator: Ladies and gentlemen, good day, and welcome to Time Technoplast Q2 FY '26 Earnings Conference Call, hosted by Motilal Oswal Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

I now hand the conference over to Mr. Ashish Poddar from Motilal Oswal Institutional Equities. Thank you, and over to you, sir.

Ashish Poddar: Yes. Thank you, Sam. Good afternoon, everyone, for joining this conference call of Time Technoplast Q2 FY '26 results. From the management, we have Mr. Bharat Kumar Vageria, the Managing Director; Mr. Raghupathy Thyagarajan, the Whole-Time Director; Mr. Sandip Modi, Senior Vice President, Accounts and Corporate Planning; and Mr. Hemant Soni, Vice President, Legal and Corporate Affairs.

I hand over the call to Bharat sir for his opening remarks, post which we can open the floor for Q&A session. Over to you, sir.

Bharat Kumar Vageria: Yes. Good afternoon, our esteemed investors, respected colleagues, and thank you to team of the Motilal and Ashish Poddar, who is organizing this call, for the kind introduction. It is both an honor and pleasure to address you today as we present our financial and operational performance for Q2 and half year H1 FY '26, along with our outlook for the remainder of the fiscal year.

Our momentum remained strong in H1 FY '26 with 14% volume growth and 10% rise in the revenue growth. That gap of 4% is on account of the reduction of the raw material prices. Despite this, we had delivered solid operational performance, balancing volume strength with the effective revenue management.

The CNG Composite Cascades segment stood out with a robust 22% growth, materially boosting our overall performance with strong contribution from other composite products. Composite volumes increased 18.3%. Profit after tax rose 18% year-on-year, underscoring our focus on capacity utilization and disciplined financial management, particularly around the finance cost.

We are encouraged by the sustained demand of Type IV composite cylinder reflected in the healthy order book of around INR195 crores. This momentum is further supported by rising interest in our value-added offerings, through our composite products which includes LPG, CNG, Oxygen & other composite products for automotive sector. Our Industrial Packaging division also continued to perform steady with a confirmed order pipeline of approximately INR450 crores for the current calendar year across both domestic and international market. Our results reaffirm the resilience of our diversified business model and the strong platform we have built for the future.

Moving forward, we will continue to pursue new opportunities and accelerate our transition towards a sustainable, environmentally responsible growth that delivers long-term value for the agri stakeholders.

Now let's take a closer look at the key highlights of our financial performance presented in the results. The key figures are during Q2 FY '26 compared to Q2 FY '25. Our net sales stood at INR1,512 crores as against INR1,372 crores, EBITDA INR224 crores as against INR197 crores, profit after tax INR115 crores as against INR98 crores. This is compared with the corresponding quarter previous year, sales grew by 10%, which includes India 9%, overseas 13%. Volume increased by 14%, India 13%, overseas 16%. EBITDA increased by 14% and PAT increased by 17%.

During the H1 FY '26, on a consolidated basis, net sales stood at INR2,866 crores as against INR2,602 crores last year, EBITDA INR420 crores as against INR372 crores last year. Profit after tax, INR211 crores as against INR178 crores last year. In terms of the percentage, net sales increased by 10.1%, India 8.5%, overseas 13.2%. Volume increased by 14%, India 12.2%, overseas 16.4%. EBITDA increased by 13%, PAT increased by 18%.

In percentage terms, you must find that EBITDA has increased as the volume growth is increasing. It's almost as the volume increase, EBITDA further is going to be increased. In H1 FY '26, EBITDA margin 14.6% as against 14.3% increase of 30 basis points. That's in every my conference call I said, you will find yearly improvement of 20 to 30 basis points in the EBITDA margin.

Now share of the business, established product versus value-added product. Value-added product grew 17% in H1 FY '26 as compared to H1 FY '25, while established product grew by 8%. The share of the value-added product is 28% of the total sales in H1 FY '26 as against 27%. This percentage year-on-year is going to be increased. And that will help us in the improvement in the other as far as margins, PAT, EBITDA and ROCE.

Now share of the India and overseas business in FY '26 was 64:36 as against 65:35. EBITDA margin in India and overseas, India is 14.8%, overseas is 14.3%, respectively. Net cash from operating activity H1 FY '26 stood at INR226 crores. Total debt net of the cash H1 FY '26 reduced to INR56.4 crores. And that company focus will continue for reduction in the debt.

Total capex incurred in H1 FY '26 was INR117 crores, which includes INR42 crores towards the regular maintenance, capacity expansion, brownfield. For the established product, INR75 crores towards the value-added product, mainly called IBC and composite cylinder -- composite product expansion, which is on the way only.

I would like to now draw your attention to a couple of the interesting developments, which we have seen in the quarter and which we have seen till now, especially after the QIP. Now as far as bonus share is concerned, the Board allotted 22.69 crores fully paid-up equity shares of face value of INR1 each on 24th September, that's reflected in every of my investors. And that has been issued out of the premium available with the company.

Then recent development, which we have seen and closed on 11th of November, in the November month, the company successfully completed INR800 crores QIP, issuing 397.77 lakh equity shares at the price of INR201.12 per share, which is face value of 1, including premium of INR200.12 pursuant to allotment on 11th November '25, paid-up share capital increased from

INR45.38 crores to INR49.36 crores. List of the allottees who have been allotted more than 5% of the equity share offered pursuant to the qualified institution placement.

The major names, I will just tell you, the 3P India, which is managed by Prashant Jain, who was earlier managing HDFC Fund. Then the international company like Aberdeen Group, Axis Mutual Fund, Edelweiss Mutual Fund and Edelweiss Life. These are some big names who are -- who bought this equity.

Resulting, you will see the equity, which was there on the 30th September and equity which was on 11th November after the allotment of QIP, promoters and promoter group equity reduced to 47.46% from 51.62% resulting 4.16% dilution. There is no any offer for sale from promoter. All the funds have gone in the company's account only.

DII mutual funds in percentage terms from the total equity after the bonus, after the QIP increased to 16.63% as against 13.26%. So in a nutshell, I can say the domestic mutual fund investment has increased by 3.37%...

Moderator: Ladies and gentlemen, we have the line for the management connected. Please go ahead, sir.

Bharat Kumar Vageria: Dear friends, sorry for interruption because some connectivity issue was there, technical problem. But again, I'm continuing from my -- the financial, what I have explained to you. And I'm continuing from now the highlights, which is especially started from the bonus shares.

Company has issued the bonus shares of INR22.69 crores, which is 1 is to 1 and on 24th September, which is capitalized INR22.69 crores, which is from the security premium account. Now after that, in the month of November, company launched QIP and company successfully completed INR800 crores QIP issuing 397.77 lakh shares.

I am pleased to tell you company has received a bid for INR931 crores, but accepted considering the long-term investor, the value of INR800 crores and share issue price is INR201.12, which is after 5% discount from the NSE advice, NSE regulations, INR211.70 price was there as per the NSE formula.

Pursuant to this allotment, equity shares increased from 45.38 crores to 49.36 crores. List of the allottees who is allotted more than 5% equity share offered are mainly 3P, which is managed by Prashant Jain, who was earlier managing HDFC Fund. Then Aberdeen Group, this is a new entry from the international is a very large fund. And Axis Mutual Fund, Edelweiss Mutual Fund and Edelweiss Life.

And I'm great to tell you now the domestic institution and foreign institution equity have increased. Like promoter and promoter group because of this QIP issue, reduced to 47.46% from 51.62%. There is a reduction of 4.16%. I would like to clarify you, company has not -- promoter has not offered any offer for sale. It is entire subscription, entire paid equity INR800 crores have been own in the company account only.

Domestic institution mutual fund increased to 16.63% as against 13.26%, an increase of 3.37%. FIIs, which includes NT assets and Aberdeen, 11.05% as against 8.42%. There's an increase of

2.63%. Public equity reduced by 1.84%. Currently, as of 11th November 24.86% as against 26.70%. And I'm glad to tell you today, the number of the shareholders in our company, investors are around 150,000 numbers as against I remember the March '20, it was around 25,000 shareholders.

Now sale of the noncore assets, one point of time, 2 years back, company management decided to sell off, realize the value of INR125 crores value of the assets, which is not in use, including the small, small project, land building, etcetera, machineries, is now reduced to INR41 crores as of 30th September.

ROCE improvement is definitely year-on-year improvement is there because 3 years back, company management has given the guidance from 12% to 14%, then 14% to 16%, 16% to 18%. So 18% is already achieved by March 2025, and now the target is 20% for FY26 and thereafter 2% increase minimum every year as we are working on consolidation of the products and the manufacturing units, which is the continuous process and is going to be completed considering the logistic cost comparison.

International Centre for Automotive Technology is government authorized agency approved E-Rickshaw batteries, which is to our -- one of the subsidiary company, Power Build Batteries Private Limited. He has a very good potential in the period ahead. Market size based on the current operational, current rickshaw, which are in the market is around INR6,400 crores.

But currently, we have considered the only secondary market, and the OEM will approve. Then after the expansion we will complete, which is going to be complete by March 2025 -- '26. Another thing, green energy conversion of the electricity unit consumed to the solar power, the process is on. I had mentioned in my all the calls and meeting energy consumption currently based on the March '25 is around 15 crores units, which currently we are buying from the government nominated company like in Maharashtra.

Maharashtra Electricity Board; Gujarat, Gujarat Electricity Board; hotels. Some of the states have cleared, we can buy by signing a purchase power agreement. So we did for our consumption of 4.5 crores units from the certain governments who has agreed and we have signed the agreement. So this benefit will come from next year.

In terms of the value, I can say 4.5 crores units. If you multiply it by INR2.50 units, then INR10 crores to INR12 crores EBITDA will increase by way of this 4.5 crores. But certainly, if at all, the entire government -- entire, all the states cleared this policy of the purchase power through solar, then my requirement is 12 crores units. So we can get a substantial benefit of maybe around INR30 crores for this power itself.

Then another sustainable -- this new sustainability focused subsidiary company, recycled material and company has formed Time Ecotech Private Limited company, which is 100% subsidiary of our listed company, Time Technoplast Limited, an overall plan to invest around INR120 crores across the India. But first plant will be set up in Western region, which is going to be start from January 2026.

All the equipment will be installed in December month only. So company can comply all the statutory requirements by using the 30% recycled material for the packaging products. Second plant will come up next year. And that is also included in the object of the QIP, will come in the North region.

Then another like high-density polyethylene pipe company has developed, HDPE Pipe for gas line application because company is already in PE product where we are doing business of around INR350 crores of pipe business. So it is another additional product in the pipe segment to enhance the utilization capacity.

And recently, I'm glad to tell you which after that September we have submitted, that awarded order of INR190 crores for supply of the HDPE Pipe for power duct applications, especially this is for Southern region: Amaravati Development Corporation Limited and Andhra Pradesh Capital Region Development Authority.

So this -- but again, I'm glad to tell you the Amaravati Smart City for the water requirement, they are estimating total in terms of the revenue pipe of INR1,250 crores, maybe 1 lakh ton pipes will be required by them. It's a 2-year project. This project was there 2 years back, but was abandoned, but this is ready, has again taken up this present government and now targeting to complete in 2 years' time.

Out of that, one EPC contract -- from one contractor, we get INR190 crores order. Other contractor also, we are in touch with them. And we are going to award the order from the Abu Dhabi EPC contractor who has got under -- who was participating in this program. Then I'm glad to tell you some of the other products companies in development and that will be added the company's growth plan further.

One of the products is like composite fire extinguisher, which is also product -- company is ready, 6 kg is ready, 9 kg we are waiting. So both products we can launch together and that we are going to do in Q4 of this financial year. The requirement is very large because it's a lightweight composite fire extinguisher compared to the metal fire extinguisher, which is currently presently available.

And I'm glad to tell you, railway department has made compulsory if composite fire extinguisher available, that must be used by the railway department in all the rail coaches and the stations. And power sector OPz batteries, which we are going to get approval in the Q4. Sample is under testing. In the time period testing, samples already submitted 6 months back. We are going to get approval in the Q4 of this year, very large market for power projects.

Another composite CNG cylinders company already having approval for 60 liters for automotive, 156 liters for the gas transportation companies because supplying is a complete cascade. And another company expansion plan because current capacity is only 30,000 cylinders, from which we can make 480 cascades only because each cascade needs 60 cylinders, capacity of 156 liters. But company got to have a product more competitive is developing more about 200 liters capacity, maybe around 250. So number of the cylinders will reduce. And the expansion plan, which is on the way, is going to be complete in the Q4, commercial production is there, land and buildings are ready.

Our material, our machines and everything is already tried, tested and is in the transit. And we are going to receive them and then the installation will complete. Q4, this product will be made available in the expansion capacity. So this expansion will have 36,000 cylinders per annum. So there is the addition of approximately, I can say, the 600 cascade can be increased. The total will become 1080 cascade in terms of the cylinder, 66,000 cylinders. In terms of the revenue, company can generate INR800 crores.

And another development for hydrogen cylinders for the higher capacity. Small capacity, already developed. And a special application for drone company has made. A strategic alliance with the Drone Stark, who is currently a manufacturer of drone. But company is not going to manufacture drone. Company objective is very clear to sell hydrogen cylinders, which will be used in the drone application.

So first pilot project of company to have our own drone, which is going to be completed, and we will be able to see this drone operation by hydrogen cylinder next month only. It's 30 days away from today. And it has a very big market as hydrogen cylinders in the drone application because drone application market in agri sector, surveillance, government departments, even most of the industries also would like to use the drones. So it is going to be a very big market as far as drones are concerned. And drone cost, what I can say, available in the market from INR5 lakhs to INR50 lakhs depending on the size of drone.

Now the another product, which is composite LPG cylinder, 14.2 kg is under development because this is the necessary requirement. We have been advised by IOCL -- HPCL. Current, we are supplying 10 kg to them, but they would like to have an equivalent to the metal cylinder, which is for a number of the years is there. So that products are on the line. And designs, it is on -- the approvals of the designs have been done, and we are in the discussion with the HPCL, BPCL for the approvals.

Now I would like to open the floor to answer specific questions. Thank you. Thank you very much.

Moderator: Thank you. The first question is from the line of Prakash Kapadia from Kapadia Financial Services. Please go ahead.

Prakash Kapadia: A couple of questions from my end. Generally, H2, Bharat ji is better for us. So how is that expected to pan out? And if I look at H1, we had a debt of around INR600 crores and interest cost of INR43 crores. So what kind of savings can we expect? Is it fair to say interest cost will not be more than INR70-odd crores this year? And with further cash flows, will debt maybe reduce further in the next coming quarters?

And lastly, Bharat ji, one more question, if I may just add. We were very sure we'll raise the QIP money if we get visibility on scaling the composite cylinder business. So what is the status from the OMCs, if you can highlight for the 14.2 kg cylinders, anything on CNG higher capacity cylinders, 200-liter cylinders and hydrogen cylinders. So if you can give some outlook on that, that will really be helpful.

Bharat Kumar Vageria: That's all, right? Kapadia ji, number one, you have told me that first one always. You will see my trend of the last 10, 15 years. In always first half, we do business of 45% of our guidelines -- annual guidelines. Balance, we do 55% in the second half, right? Now you ask me the interest. You are right. As far as this current year is concerned, initially interest cost, it was estimated around INR80 crores, INR85 crores something, right? Now it is definitely going to be reduced. In the first half, we have reduced INR45 crores of debt and in QIP we have identified reduction for debt of INR400 crores, which easily can be benefit around INR30 crores.

So if you ask me the next year, definitely, as QIP we've received just now, which is lying in the escrow account. So whatever the direct payment, the reduction of the debt to be done, straight will go for that. So simply INR400 crores, 8.5% interest rate, that will be the saving of INR34 crores, INR4 crores yearly saving.

So this benefit will come in this year as far as INR9 crores plus December. Maybe around INR10 crores, INR11 crores benefit will come. But certainly, I can ask you the next year, the internal accruals will add for the debt reduction. So definitely, next year, we can expect interest cost -- because I tell you one thing also, interest is not only the fund-based.

Finance cost includes non-fund-based facilities also, because non-fund-based facilities, if that is required. Wherever the government orders are there, tenders are there, and we have to give the performance guarantee for composite product, LPG, CNG. So I conclude the financial -- from next year onwards, the financial cost will be in the range of again INR35 crores to INR40 crores only, overall. Now QIP money is especially raised INR800 crores...

Prakash Kapadia: Yes. On the QIP money, what I was trying to understand...

Bharat Kumar Vageria: QIP, again INR400 crores I tell you that we have given objects in the earnings presentation and company is planning some automation to increase the EBITDA margin, automation and re-engineered products, and just add will something because we have more than 350 machines are there, including the injection, blow-moulding, extrusion. So we have decided now to do some automation, reengineering of the moulds so that capacity -- production capacity can be increased.

So we would like to mainly do the use of the robot technology with the software technology. So I have considered a payback period of under 3 years payback period. So around INR30 crores means when I'm investing INR90 crores, I should get benefit, INR30 crores of EBITDA in the first year, which may arrive in after the 6 months' time because it will take 6 months' time to invest this.

So if you ask me the post-tax, maybe around -- from INR30 crores post tax, 30%, around INR21 crores benefit will be there. Post tax, EBITDA of maybe 5 years. But EBITDA margin, both period is a 3-year payback period. Another company is investing, as I mentioned to you that the time it could take for the recycling plant. First, I have taken in my QIP, two plants only I have taken where we are investing INR30 crores for each plant in the Western region, Northern region around investment, but that will come only next year only.

So capital expenditure, then we have included, including this inorganic growth, we have identified one company. But currently, we are required to include in the general corporate purpose because the agreement was not signed. It is under the due diligence, the company which is identified. I recall the name of the company, Ebullient Packaging Private Limited, where we have identified to investment of INR150 crores for buying of the 74% equity, right?

So if you ask me, you can speculate. We have taken the 15% volume growth and revenue growth in the range of 11% to 12%. 3% to 4% difference is there on account of the prices is down by the polymer prices, which is raw material supply. But we have seen compared to last year, there's a price reduction of 3% to 4%, which is already exist. Therefore, there is a gap between the volume growth and revenue growth.

But I'm very happy when the prices are down, I can do the rotation more. If for example, prices are down by INR100. If 4% prices are down, now INR96 toward the same kind of the increased, which we are targeting to see 30 to 40 basis point improvement you will see year-on-year. And in conclusion, my target is ROCE 20% for this year, where later on also 2% minimum should increase in the subsequent period. Kapadia ji, I have covered your all the points.

Prakash Kapadia: Yes. Just one more thing on that cylinder part. We were very gung-ho and confident we'll do the QIP once we get visibility. Sir, any visibility on the 14.2 kg cylinder from the PSUs or the larger CNG cylinders of 200 liters. Any sense we have...

Bharat Kumar Vageria: Yes, yes, it will come. It's a question of time only. But as far as this year, 10 kg cylinders is continuous supply. And it is very clear by gas distribution company, till we developed in commercial -- you supply a 14.2 kg cylinders because it's the time of the tool development. We have submitted our design, approved by IOCL, BPCL, HPCL.

And I'm happy to tell you, till last year, the buying was only IOCL. Now HPCL also started buying. Then BPCL, we are under discussion. So I'm quite hopeful as far as next year is concerned, we will definitely need -- will need for the expansion because by next year, we will have another product also, which is going to manufacture on the same LPG line, that is fire extinguisher which I told you.

The requirement is very large. Very large, I can say, because the export market is there in local, refinery company, many industries, every office is using this fire extinguishers made from metal. And the lightweight will be available very much. We will estimate market on the fire extinguisher also next year.

So definitely -- therefore I mentioned in certain products, development and R&D and approval process. We will revise our guidelines, but looking to present product, looking to present demand, looking to present contract, we can say 15% guideline. We are not changing as far as volume growth is concerned because the international, we are very clear.

Presently, we are in Q3 and the company is supplying right quality of product at the right price. So I'm not changing my guidance of 15%. This percentage will increase after developing this product. In internally, we are thinking to grow 20%. And further, as I mentioned to you, if my volume growth is 15%, 16-17% EBITDA, and the PAT growth more than 20%.

Prakash Kapadia: Understood, sir. Look forward to seeing a better H2…

Bharat Kumar Vageria: Yes, my point is very clear. I have a value investor, I have a good value of the investor. They have given me the money with the full confidence, and we should fulfill our promise. Only stuff I want 6 months' time to use of this fund 6 months' time. After that, you will come to know from April 2026.

Prakash Kapadia: Absolutely, sir. Absolutely. Look forward. All the best.

Moderator: The next question is from the line of Saransh Gupta from SVAN Investments.

Saransh Gupta: Yes. So sir, I guess there was some disturbance in my line during starting…

Bharat Kumar Vageria: Yes, there was some technical problem.

Saransh Gupta: If I heard it right, then out of the INR241 crores that we have mentioned for the QIP utilization, INR120 crores is for the cylinders expansion and the rest you said that you will be buying -- you were into an agreement for buying 74% stake for a packaging company, right?

Bharat Kumar Vageria: Yes. The FIBC, the flexible IBC, jumbo bags it's called FIBC, cylinder expansion INR120 crores, it is not there anything. It is the INR400 crores for repayment -- prepayment of the debt. Then capital expenditure of around INR90 crores for automation, reengineering product, which have a payback period less than 3 years.

We are going to use more robotic and conveying and material mixing, we are going to change it. Another INR55 crores for the recycled sustainability, which is required because recycled material companies need to use for the packaging products. Excluding the product which has gone in the exports, excluding the product which has gone in the food packaging.

It is a statutory compliance. So we are going to put our own plant in the Western region there. Another capital -- then another is the fund inorganic growth which includes around INR150 crores, then the INR100 crores for general corporate purpose. So these are the total amount. You know that we have an approval for INR1,000 crores, but company decided INR800 crores is okay, so we reduced the size of the QIP.

Saransh Gupta: Yes, sir. Sir, if you can give a bifurcation of the inorganic growth, like if we have something in our mind or into what segment other than FIBC we are getting into?

Bharat Kumar Vageria: FIBC, I tell you, you can get. If you want, you can e-mail to Mr. Himanshu and Modi ji. We have identified the company. FIBC, it's a flexible IBC, I can say. We are in the rigid packaging, which is the 1,000 liter IBC, we are already processing. That is a rigid product. But the flexible, it is called the -- we made from the PP, raffia material.

And some of the listed companies are also available, FIBC. But I cannot show you video here, but you can get it details what is the FIBC and the company which we have identified. We have submitted to NSE, BSE, our letter also that these are the companies we have identified. But it's a nonbinding agreement because the due diligence was not completed at that time until QIP not completed, but we have processed. We have already started the due diligence of that company.

That company is having business revenue of around INR250 crores with the EBITDA margins of INR25 crores. And purpose of buying is very clear, because I am buying 180,000 tons of polymer in a year, and this company is buying 38,000 tons polymer. So the available discount to Time Technoplast is much, much higher, maybe around 3% to 4%.

So that benefit also will go to the subsidiary. The present EBITDA, which is 10% will go back -- will be equal to our EBITDA margin, which is 14%. Second, this company can have an advantage of just-in-time delivery because this company is doing 60% export to the various countries, including the MENA region, that is Dubai and nearby countries. And another, they are in Southeast Asia also.

So you know that our company has a presence in the Middle East, like in this Sharjah, Bahrain, Saudi, Egypt. Another, we have a presence in Southeast Asia, the Thailand, Malaysia, Indonesia, Vietnam and Taiwan. And then U.S.A. also. So you know very well, I'm very -- once again for you. Our total revenue contribution includes 36% from the overseas and 64% from India.

And overseas, we do only packaging business. So this company can take the advantage of our presence in the other countries just-in-time delivery. So their revenue can be grow. And what we have seen from the data available that FIBC market is growing by around 25%. India FIBC market itself is around INR8,000 crores.

Saransh Gupta: Yes. Very clear, sir. Sir, next question is that you said that the HDPE for which we got INR190 crores order requirement was somewhere around INR1,200 crores…

Bharat Kumar Vageria: Yes, INR1,150 crores, which is equivalent to 1,00,000 tons. We have just procured this order of around, I think, 16,000 tons. This is the Amaravati project.

Saransh Gupta: That you are working for another -- other contract to get?

Bharat Kumar Vageria: Yes, six contractors have been awarded for this project. Those who are in Southwest and maybe some Bangalore, maybe some Hyderabad. So we're in talking to the area wise, because our plant is available in Hyderabad and from logistic advantage is available to us. One plant is Gummidipundi we have, one plant in Hyderabad we have, both can take care of this project.

So we are thinking to get almost around 30,000 tons. We would like to have out of 30% of order we are estimating to get from this contract this time, which we have a capacity due from Hyderabad and the Gummidipundi plant.

In terms of the value, I can say maybe around INR350 crores value, which should be executed in 2 years' time. And while on this subject, I can clarify you from pipe business across the globe, presently, we are manufacturing in Silvassa, we are manufacturing in Amta, near to Kolkata. And third plant is in Gummidipundi near Chennai.

Fourth plant is in Hyderabad, Medchal called place, which is near to Hyderabad. So we are currently having four plants. We can do maximum business of INR450 crores considering my current investment. So I'm glad to tell you, you will hear very shortly that we will have almost 50% my plant is booked.

Saransh Gupta: Okay, sir. That's very good to hear. Sir, in this quarter, we saw that LPG cylinders saw an incremental volume and value growth.

Bharat Kumar Vageria: Yes.

Saransh Gupta: So do we have an eye on that going ahead? Like, how -- but we also know that it is a very low contributor to our overall revenue.

Bharat Kumar Vageria: Yes, I agree fully with you. Today, currently, we have a capacity of -- I can say the sellable capacity may be around 1 million to 1.2 million. Even though installed capacity is 1.4 million, but different sizes are there. So currently we are doing export plus local supply. Maximum business, we can do INR240 crores from this business.

Current utilization is almost 90% is there and we are achieving. But at the same time, as we are talking to other capacity, everybody will give me certain time for the installation. And we know very well, based on our experience, we can do the increase -- increase the requirement, we can do the compliance, everything within the 4 to 5 months' time.

So -- but we have taken the project for developing of 14.2 kg cylinders, which is going to be done before the March 2026. But then we will think on the expansion plan next year because as the alternate product also, we are in process.

CNG is completely different, which I've explained to you. Current my capacity is equivalent to do the business of INR400 crores, which we are going to increase to INR800 crores. By next year, it will be available for CNG cylinders. Another industry, which we have not covered our business that is called the OEM, automotive manufacturing industry currently because we are concentrating first to supply as a CNG cascades only.

But after the expansion, we will explore the possibility of our business with the OEM like Tata, Eicher Motors, Ashok Leyland, who are in this like auto line -- like that who are in the automotive line. But we'll approach next year only, design and approval. Internal discussion already started because it will take 6 to 8 months' time.

Saransh Gupta: Okay, sir. Just one last question. Sir, with the 25% green power commitment, I guess you said that we'll be able to save INR10 crores to INR12 crores annually.

Bharat Kumar Vageria: Yes. No, no, INR10 crores to INR12 crores, it will be INR30 crores. INR10 crores benefit will come we have till now. Till now I can say we have signed the contract, like state, Karnataka, Tamil Nadu, then Maharashtra, Gujarat and the Uttarakhand. These four states have cleared the solar policy. Therefore, we have signed the purchase power agreement benefit. Karnataka already started. Other four states, we will get benefit from the next year, full benefit, we will get it.

Saransh Gupta: So sir, with 75% of our power being green energy, so tell me...

Bharat Kumar Vageria: Yes. Today, I tell you how the benefit come. Today, government power rate is approximately -- the average of the states now, average is INR8 a unit. But when you buy -- when you sign the PPA agreement, then the power cost will reduce to INR5.5. INR2.50 unit save will be there.

So I'm expecting next year benefit of this 4.5 crores unit multiplied by INR2.50, it will come to around INR11 crores benefit from next year. And the other discussion with the states, because three states is coming with the industry friendly and everybody -- every state needs the industry. So there -- and present industry also should not go away from that location.

Therefore, I'm very clear that when Maharashtra, Gujarat, Uttarakhand, their people have cleared. The other state is also going to follow the same policy for the power. So you remember, you see now, as the Reliance is coming in these power projects, solar, green energy in Andhra. So to whom they will say that? Like that only.

Saransh Gupta: Yes, sir. Sir, just one small question, if I could squeeze in. In our packaging and IBC segment, we saw -- did we see some price pressure for this quarter? And why was it?

Bharat Kumar Vageria: No, I have not seen pressure. You have seen my EBITDA margin is more of 14.6%. Price pressure maybe to the other people. I have just capacity in just -- we are in that way. We were able to reduce our manufacturing cost. We will able to reduce our material cost. As I mentioned, I have a good automation system and my cost is very, very competitive.

But I'm very clear on the one side, I always -- in the big orders, I will work out the reverse logistics. First get the order, then I do based on the volume, how I can reduce the logistic cost because I'm the only company who have a presence in 20 locations in India, it's a one-stop shop for the customer. I see based on the logistics, we can take the business of the large quantity from the customers. I'm not compromising on my pricing. I'm very clear.

Saransh Gupta: And we will sustain that going ahead, right?

Bharat Kumar Vageria: Yes.

Moderator: The next question is from the line of Aditya Sahu from 3P Investment Managers. Please go ahead.

Aditya Sahu: I just have one question.

Bharat Kumar Vageria: Yes.

Aditya Sahu: I can see that there is a revenue of 131 million from other composite products. I just wanted to know what are the products which have started generating revenue in this quarter? And what is the growth in this segment that you're expecting?

Bharat Kumar Vageria: Yes, yes. You know that LPG cylinder, Aditya. Then CNG cylinder is there, cascades. Other composite product, which goes into automotive segment. That is called air receiver tanks, hydraulic tanks, which we have made from the composite product. These are the other products, which is made from the composite and which is going in the automotive industry.

Moderator: Thank you. Due to time constraints, that was the last question. On behalf of Motilal Oswal Services India Private Limited, that concludes this conference call. I would now like to hand the conference over to the management for closing comments.

Bharat Kumar Vageria: So thank you very much to the organizer from Motilal Oswal and our valued investors. One thing I tell you, whatever commitment given by the management, that is going to be fulfilled. And because the 15% growth, ROCE 20% and 2% every year is going to be continued.

And I again would like to thank our valued investors who have seen the confidence in the management. And one thing, again, as I mentioned to you, INR800 crores QIP is given by participants who have a long-term interest in the company. Because of that, domestic institution funds and the internal institution funds, that substituted -- substantial amount contributed in this QIP, right? Thank you very much.

Moderator: Thank you. That concludes this conference call. Thank you for joining us, and you may now disconnect the line.