Empire Mills Complex
414, Senapati Bapat Marg,
Lower Parel
Mumbai 400013, India.
Tel : +91 22 61646000
Fax : +91 22 24935893
Email : tcpl@tcpl.in
Website : www.tcpl.in
CIN: L22210MH1987PLC044505

August 17, 2026

The Bombay Stock Exchange Ltd
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001
Security Code:-523301

The National Stock Exchange of India Ltd
Exchange Plaza, Plot No. C/1, G Block
Bandra Kurla Complex,
Bandra East, Mumbai 400 051
Trading Symbol:- TCPLPACK

Dear Sir(s),

**Re:- Transcript of the Q1 FY27 Results Conference Call**

With reference to the aforesaid subject, attached is transcript of the conference call held on August 12, 2026, with the Investors and Analysts.

Kindly take the same on record.

Thanking You

For **TCPL Packaging Limited**
Harish Venkappa Anchan
Digitally signed by Harish Venkappa Anchan
Date: 2026.08.17 14:55:46 +05'30'
Compliance Officer

# TCPL Packaging Limited
## Q1 FY27 Earnings Conference Call
## August 12, 2026

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**Moderator:** Ladies and gentlemen, good day and welcome to TCPL Packaging Limited's Earnings Conference Call. 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. Please note that this conference is being recorded.

I now hand the conference over to Ms. Jenny Rose from CDR India. Thank you and over to you.

**Jenny Rose:** Good afternoon everyone, and thank you for joining us on TCPL Packaging's Q1 FY27 Earnings Conference Call. We have with us today Mr. Saket Kanoria, Chairman & Managing Director; Mr. Akshay and Vidur Kanoria, Executive Directors; and Mr. Vivek Dave, GM Finance of the Company.

We would like to begin the call with brief opening remarks from the management, following which we will have the forum open for an interactive question-and-answer session.

Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the results presentation shared with you earlier.

I would now like to invite Mr. Akshay to make his opening remarks. Over to you.

**Akshay Kanoria:** Good afternoon everyone, and thank you for joining us today for TCPL Packaging's Q1 FY27 Earnings Call.

I will begin by taking you through our business and financial highlights for the quarter under review, following which, we will be happy to open the floor for a question-and-answer session.

FY27 has commenced on a strong note for TCPL, with healthy demand across our key businesses, continued improvement in operating performance and another quarter of broad-based and profitable growth. During the first quarter, we delivered a record quarterly performance, with consolidated total income increasing by 16% year-on-year to INR 495 crore, while EBITDA grew by 17% to INR 88 crore with margins improving to 18%. Cash profit increased by 56% year-on-year to INR 76 crore, while PAT grew by nearly 79% year-on-year to INR 40 crore.

This performance was driven by strong demand, particularly in the domestic market, with both of our Folding Cartons and Flexible Packaging business performing very well. We continue to grow ahead of the market and gain share across key segments, supported by strong customer relationships, disciplined execution and continued investments in capacity, technology and value-added solutions. Despite various headwinds during the quarter, we were able to grow volumes and improve margins, reflecting the strength of our operating performance and focus on efficiencies. Our export business also recorded steady year-on-year growth; however, we remain cautious on the near-term outlook given the continuing uncertainty in the global operating environment.

One of the highlights during the quarter was the continued strong performance of our Flexible Packaging business. Our existing facility is now operating at optimal utilization, supported by strong customer demand. To support the next phase of growth, we have initiated the addition of a high speed manufacturing line. The expansion will provide additional capacity to address growing customer requirements, increase the share of value-added products and pursue new opportunities across domestic and export markets. We will continue to invest to support future growth, while maintaining a prudent approach to capital allocation.

Packaging remains the cornerstone of TCPL and will continue to be the principal focus of our investments. We see significant opportunities to deepen our presence across existing customers, broaden our product portfolio, expand our presence in international markets and further strengthen our leadership position across both paperboard and flexible packaging.

At the same time, we continue to evaluate adjacent opportunities where our existing capabilities can provide a strong foundation for long-term growth. In this context, today marks an important milestone in TCPL's journey, and we are pleased to announce our proposed entry into the Advanced Chemistry Cell battery materials value chain through lithium-ion battery separator film.

This initiative represents a natural extension of capabilities TCPL has built over several decades. While the end application is different from packaging, many of the underlying competencies required, including specialized films, polymer processing, precision manufacturing, process engineering, stringent quality systems and R&D are closely aligned with our existing strengths. We, therefore, see this as a logical extension of our capabilities into an adjacent technology-driven opportunity.

The project will be established through a subsidiary with a proposed investment of approximately INR 125 crore, to be deployed over the next 18 months, with commercial production targeted during Q4 FY28. We intend to develop the business in a phased manner, initially focusing on establishing the manufacturing infrastructure, developing the technology platform, validating the product, completing customer qualification processes and building strong relationships with customers before pursuing large-scale expansion.

The proposed facility will initially have a manufacturing capacity of approximately 70 million square meters per annum supporting around 6 to 8 gigawatt hours of lithium-ion cell production annually. Over the longer term, subject to customer demand and market developments, we plan to scale this platform to nearly 500 million square meters per annum, capable of supporting approximately 50 gigawatt hours of battery cell manufacturing capacity.

We believe the timing of this investment is attractive, given the significant investments underway in India across electric vehicles, energy storage systems and domestic battery manufacturing, supported by policy initiatives aimed at increasing localization across the battery value chain. As domestic cell manufacturing capacity expands over the coming years, we expect demand for locally manufactured separator films to grow meaningfully. TCPL is well positioned to participate in this emerging opportunity by leveraging the engineering and manufacturing expertise built over the last 3 decades.

I would also like to reiterate that our packaging business remains our core focus. The battery materials initiative is an additional long-term growth platform that complements our existing strengths, while we continue to expand and strengthen our packaging business. We will continue to invest in capacity, technology, automation and product innovation to enhance our competitive position across our existing businesses.

Looking ahead, we remain optimistic about the demand environment for packaging. Consumption-led growth, increasing premiumization, rising demand for sustainable packaging solutions and continued outsourcing by branded customers provide favorable structural tailwinds for the industry. With our diversified customer portfolio, strong manufacturing capabilities and balance sheet; we believe we are well positioned to sustain profitable growth while maintaining a prudent approach to capital allocation.

With that, I would like to request the moderator to open the forum for any questions or suggestions that you may have. Thank you.

**Moderator:** Thank you very much. We will now begin with the question and answer session. The first question comes from the line of Abhisar Jain with Monarch AIF.

**Abhisar Jain:** The first question is on the new capex, on the Flexible Packaging side that you have mentioned. So what would be the capacity that we plan to add and what would be the capex for this?

**Akshay Kanoria:** Yes. Vidur, you want to get that?

**Vidur Kanoria:** Yes. We will be adding about a 30% increase to our existing capacity. You can say that the capacity will increase by about 30%.

**Abhisar Jain:** And approx capex for that?

**Vidur Kanoria:** We will be investing about INR 50 crore to INR 60 crore.

**Abhisar Jain:** Understood. And is the flexible, because you are triggering expansion, so on the existing capacity we are at full utilization and what would be that number in terms of utilization percentage?

**Vidur Kanoria:** The utilization varies from month-to-month, but overall, you can say that the capacity is almost fully utilized.

**Abhisar Jain:** Understood. And on the Folding Carton side, as of now what would be our capacity utilization and how much room we will have before we look to trigger any expansion there also?

**Akshay Kanoria:** We are at about 70-plus percent. But in different units, we may be at a higher or lower utilization. So as of now, it is fine. We are mostly concentrating on expanding area in a couple of our factories to make room for capex in the next year. And in some of the plants, we do have some area already developed and spare. So as and when the orders pick up like in Chennai, then we can quickly add capacity in a quarter or 1.5 quarters' notice.

**Abhisar Jain:** Right. And the next of course is on your new venture. So pretty good to kind of see that we have identified high growth area to enter into. So just a few thoughts I want to get from you. First is that how did you kind of narrow down to this product of battery separator film and how long have you guys been researching or analyzing on this opportunity before you could zero in on this? And for the technology whatever involved, you have mentioned that it is building on group's capabilities already and it is a strategic fit. But just still checking on the tech side, do you need a tech partner here or a tech transfer or it would be in-house and based on whatever analysis you would have done, you are pretty confident on kind of manufacturing this in one go?

**Saket Kanoria:** On the group side, we have been always looking for opportunities. And there was many years ago, opportunity to invest in BOPP and polyester film, we felt that, that is more commoditized and will get increasingly commoditized. So we were not interested in investing in such an opportunity. But here when we have been meeting lots of people and there are a lot of business associates who are connected with us and we come to know that the battery business in India is expected to grow leap and bound. Ultimately, we will try to be near where China is today maybe in 5, 10 years. And there is this polymer film, which is used within the cell. So it fits in very well with our philosophy, which is to make value-added materials and that led to lot of research and lot of visits to countries outside India and to meet so many such product manufacturers, machine suppliers, etc, and that is how we have narrowed it down. As far as the technology is concerned, we understand these materials very well. And over the years, TCPL has got into many new fields and I would say that almost in every field we have got into, we are easily amongst the best in terms of the technology. We started the Company in the '90s producing tobacco cartons, then we got into folding carton, then we got into paper cup, we got into cylinder engraving, we got into flexible packaging, we got into tipping paper, we got into shrink sleeve, we even got into ink business. I think each of these are specialized technologies where we have done very well with respect to the technology. In some we are the leader, but nowhere we are follower in terms of technology or in terms of product quality. So that gives us the confidence to assemble a top class team and be able to execute this venture, to be able to match the expectations of customers who are going to be very, very demanding because, at the end of the day, the battery business is a very unforgiving one. So I hope that answers your question.

**Abhisar Jain:** Yes, very helpful. Pretty clear. Just a follow-up on this project, do you have any indication that you can give us in terms of the investment we are making, how much would be the asset turns for the Phase 1 and what kind of margins can we expect from this product?

**Saket Kanoria:** For Phase 1, the thing is that we are building infrastructure, so that, in future when we expand, as we have indicated, our vision is to make 500 million square meter. So we are buying a big land parcel, which we will do in Phase 1. So it is not fair to actually compare the asset turn, but still we expect pretty good margin and a topline of between INR 150 crore to INR 200 crore on this first phase investment.

**Abhisar Jain:** And margins?

**Saket Kanoria:** Margin will follow, let us see, but I think it will be a good double-digit number.

**Akshay Kanoria:** Basically, the return arithmetic on this from what our calculation meets very well our criteria as a Company. So definitely, if it works out well, it can be more attractive than our existing returns for sure.

**Saket Kanoria:** Yes, because it is a very specialized field.

**Moderator:** The next question comes from the line of Danesh Mistry with Eternity Investment Management LLP.

**Danesh Mistry:** Congratulations on a good set of numbers. Sir, just one question, your interest costs were lower, was that a function of lower debt? And if so, what is your current debt outstanding?

**Saket Kanoria:** You are comparing with June last year. So compared to June last year, we had a forex hit in that quarter, which was mentioned in the previous year's results. Therefore, the comparison in this quarter is not strictly correct. So this is a more normalized quarter.

**Akshay Kanoria:** This is a more normal cost this quarter. The last year that same quarter, there was a one-time large hit that we had to take on the mark-to-market loss.

**Danesh Mistry:** Understood. And when do you think Phase 1 will be up for the new business?

**Vidur Kanoria:** Our target is to commercialize by Q4 FY28. So January or February 2028 is our target.

**Moderator:** The next question comes from the line of Rohan Kalle with InCred Research.

**Rohan Kalle:** Congrats on a strong set of numbers for the quarter. Just to dive into the numbers. How was the growth profile in terms of the domestic business? Any color you can give on volume and price growth during the quarter? And how are exports trending this quarter as well?

**Akshay Kanoria:** Yes. So we did have a growth in both domestic and export for the quarter and the domestic growth was much higher than our export growth at a good double-digit clip and the export was also not bad. So overall, we are quite pleased with the mix. And in terms of the volume value split, it was a little bit more value and a little bit less volume, but even the volumes were good high single-digit number. So overall, we were quite happy and it was very broad-based sort of growth.

**Rohan Kalle:** Just a follow-up here, the export coming back into positive, which regions would have driven this?

**Akshay Kanoria:** That detail we do not share, of course. However, the previous quarter last year was particularly a poor quarter, so this year it was bit of a normalization. But I would say that we were a little pessimistic going into the quarter, but it turned out to be alright.

**Rohan Kalle:** Got it. Just a few questions on the expansions that you have announced. At the 500 million square meter mark, what kind of revenue potential do you see?

**Vidur Kanoria:** So it would follow a similar trend to our Phase 1 figure in terms of revenue. So the guidance we had given for that was around INR 150 crore to INR 200 crore. It is tough to give a figure, but somewhere around INR 1,100 crore to INR 1,200 crore I think would be a fair estimate for now although we do not know exactly how the prices would be trending at that time. But eventually it could be between INR 1,200 crore to INR 1,300 crore, something around that.

**Rohan Kalle:** Sure. And in terms of from a moat perspective, what kind of structural advantages would we have in this space? Is it something that will be largely an import substitution angle for domestic ACC players under the PLI scheme or is there also a strong export angle that you see here?

**Vidur Kanoria:** So we are open to both. Our primary focus is to look at fulfilling the needs of domestic cell manufacturers and that is where we see a tremendous growth about to happen probably faster than other places in the world. So our primary focus is to support the government initiatives to boost cell manufacturing domestically. And as we learn, as we go on, we also definitely will look at export opportunities. But like I said, of course to fulfil the ACC ecosystem in India, we are very much focused on that.

**Akshay Kanoria:** And then once we can prove our chops in India, then I think the world market can open up. It depends very much on the geopolitical environment at the time.

**Rohan Kalle:** Right. And in terms of the qualification timelines, how long does it take to, let us say, get a new customer on board here?

**Vidur Kanoria:** Yes. So as far as the separator is concerned, what we understand from various cell makers is that the qualification timeline is slightly faster than the other materials like the anodes and cathode. So I think we are well placed here, but we are of the mindset that it will take us at least a year to scale up for sure. So the first year, which is FY28-29, that year we do expect will go in qualification, testing and then starting commercial supply to different clients along that period. And we also need to see how fast they are able to set up their factories and scale up. So it is dependent on many factors, but we are patient and we will play the long game when it comes to that. And that is something that we can totally accept as well-being that it is going into critical components like EVs and energy storage systems.

**Rohan Kalle:** Right. Just the last one from my end. Firstly, on FY27, any guidance on growth and margins? And broadly over the next 4, 5 years considering this new business also that we will be doing, what kind of revenue mix do you envisage across, let us say, folding carton, flexible and the separator films?

**Akshay Kanoria:** So we see the historic trend kind of continuing. To give guidance is challenging in the current environment, there are so many factors out of control. But generally speaking, it is looking quite positive from where we sit today for the domestic as well as exports overall is alright, margins follow the top line typically. And over the next 4, 5 years, see the separator is going to be a long-term story. So once this scale and all really picks up, it will take a few years. So for the foreseeable future, the packaging business is definitely going to be the major driver of revenues as well as of growth. But yes, 4, 5 years down the line, let us see. The world number 1 Company in this separator business was a Packaging Company 10 years ago with a very similar profile to what we are today. And today, I think their separator business must be 20x or something of their packaging business. So we do not know where this can go, let us see.

**Moderator:** The next question comes from the line of Pavan Kumar with RatnaTraya Capital.

**Pavan Kumar:** Can you first outline what is the non-separator capex for, let us say, FY27 and FY28? What is the capex we are expected to spend?

**Akshay Kanoria:** In FY27, we have about INR 100 crore budget and this does not include the separator. The separator spend will be over the course of the next 1.5 years. So this year, it will be probably more like the land cost and then everything else will pretty much be in next year's cost. So this will go up based on the separator announcement by maybe INR 30 crore, INR 40 crore. So between INR 100 crore to INR 150 crore.

**Pavan Kumar:** And FY28 will also be a similar number or maybe lesser?

**Akshay Kanoria:** No. FY28 from now, we do not know because it depends on how our carton business goes. We are keeping some space this year. That is what some of the capex is for enabling capex next year. So there will be at least similar capex or may be more, I am not certain.

**Pavan Kumar:** Okay. And Akshay, did I understand it right for this particular separator project, we do not require any outside technology transfers for the same? Is that the right understanding?

**Akshay Kanoria:** So we already sort of answered that question. But basically, we are developing technology from various sources and doing our own R&D and development and this is a TCPL product, which we will be selling.

**Pavan Kumar:** Okay. Got it. And one last question on the margin side. Have the incremental pricing in terms of raw materials being passed on to the customers or is there still some pricing to be passed on?

**Akshay Kanoria:** So there is typically like something of a lag when it comes to price increases being passed on. It is a bit of a difficult calculation because we always have some stocks and stocks on order and everything, whenever a price increase is initiated, it takes like over a quarter for it to get passed through. So, that is what has happened.

**Saket Kanoria:** But basically, the EBITDA margin could not be maintained if we did not pass it through.

**Moderator:** The next question comes from the line of Raman KV with Sequent Investments.

**Raman KV:** I just want to understand this lithium-ion separator film business, what we will be doing once we start to commercialize? One is that. And second, what is the margin difference from our existing business versus this new line of business?

**Akshay Kanoria:** Yes. So I would refer you to the presentation and press release. There is more details in that, which you can go through at length. But basically, this is a critical component of the lithium-ion battery, which separates, that is why it is called separator; it separates the anode and the cathode and regulates the charge and discharge cycle and we will be making that film in a phased-wise manner. The margin difference, as we said earlier, that we cannot give an exact margin right now. But basically, in this first phase as well, we expect a good double-digit margin as well as double-digit return on investment in capital and eventually this can scale up substantially.

**Raman KV:** So can you at least say whether it will be in line with our existing margin or much better than the existing margin?

**Akshay Kanoria:** So we are doing in a phase-wise manner. So like right now, for example, we are incurring a lot of upfront cost on the land and all, which will be for the next 5 to 6 years requirement in one shot. But definitely, we are looking at a better return on capital or investment than our existing business otherwise it would not be sensible.

**Raman KV:** Understood. And my last question is with respect to the growth. I think after 5 or 6 quarters, we delivered a double-digit growth. I just want to understand where are we witnessing the demand from? And going forward, is this demand sustainable?

**Akshay Kanoria:** So there is a mix of volume and value. The volume is a bit more. In terms of the domestic business, we are seeing a good volume growth. Overall, I think the demand has improved in India and the volume growth of our customers has also improved. Exports were weak last year, so this year we are hoping for some recovery, and so far, it has been alright. Our Flexible Packaging business has also grown very strongly as well. Hence, the capex in that business this year. So it is a mix. Overall, it is a broad-based growth. I think everything has grown, but our flexible business has grown a little faster.

**Raman KV:** And the second part, is the growth sustainable?

**Akshay Kanoria:** I mean yes, we feel so. If there is another war somewhere, we do not know. But the Indian domestic demand is definitely sort of recovering. I think we can see that in the numbers everywhere.

**Moderator:** The next question comes from the line of Richa Agrawal with Equitymaster Agora Research Private Limited.

**Richa Agrawal:** Sir, I am new to this Company. My query was related to this news on plastic ban which has come in case of pan masala, gutka and it could come for other products as well. I mean does it have any implication for your business in the sense does it open new opportunities for TCPL Packaging?

**Saket Kanoria:** Plastics were always banned on pan masala, nothing new. This latest notification is misleading and it is more to do with some other structural change in the pan masala packaging. Our core business may be marginally affected in the very short term, but we are not a major supplier for pan masala segment.

**Moderator:** The next question comes from the line of Nitish Rege with ChrysCapital.

**Nitish Rege:** So, Akshay there were some news articles on the battery component ecosystems under the PLI scheme. Will this new subsidiary be eligible for any PLI benefits?

**Akshay Kanoria:** So there has been a lot of news and discussion about PLI being launched for battery materials. So far the government has not formalized any scheme and they have not opened any application. Beyond that, then we will have to discuss when the time for that comes. Otherwise I would not want to speculate on anything for a policy that is not there yet.

**Nitish Rege:** Okay. As you said that we are building this technology in-house, do we have the capability because this would be a much higher technology requirement, right, that we are generally used to?

**Akshay Kanoria:** So we have already answered that question and I would refer you back to the previous answer. But yes, certainly we are confident otherwise we would not be taking this investment.

**Moderator:** The next question comes from the line of Bhavesh Jain with DV Investment Advisors.

**Bhavesh Jain:** Can you touch upon the global players or also the domestic players who are into this separator business?

**Akshay Kanoria:** Right now, nobody, but Vidur, why don't you answer. But I think there is nobody today in India who's manufacturing this material and nobody who has announced any plan to manufacture either.

**Vidur Kanoria:** There are manufacturers of separators for lead acid batteries. But for lithium-ion battery today, there is no capacity online. So from what we understand, there is obviously people who are looking at it and the existing lead acid separator manufacturers as well, are some of them. But nothing has been announced and there is no commercial production in operation today in terms of competitors for lithium-ion battery separator.

**Bhavesh Jain:** So this is for domestic market, right? And what about the international market? Like how many players are there?

**Vidur Kanoria:** So the international market is more fragmented, there is a lot of players, it is tough to give you a number. The majority of the players are, of course, like all other battery materials companies, focused in China, Korea and Japan, with China being the lead player. So there are multiple players in China. It is not dominated by 1, 2 or 3 companies. So there is a lot of manufacturers in these countries.

**Moderator:** The next question comes from the line of Jayesh Shroff with Cask Capital.

**Jayesh Shroff:** I just wanted to ask, our capex that we are going to do in terms of flexible packaging. So, few years ago we experimented with Innofilms, which was a single layer recyclable packaging. So is the new capex on that lines or it is on the traditional flexible packaging lines that we have?

**Akshay Kanoria:** It is on the traditional flexible packaging not under the PE film making.

**Jayesh Shroff:** Okay. So what is the update on that line of business? Because I think before we merged that Company into the parent, I think that was not doing too well I mean in terms of technology. So any update there?

**Akshay Kanoria:** So originally, we had some issues with the machine, but that got solved some time ago and now there is no problem in terms of technology or the performance or anything of the product. That there is no concern. Concern is more that brand owners are not adopting the change towards mono material packaging with the kind of speed that we were expecting when we put the investment.

**Saket Kanoria:** But overall, now this line is doing quite well. And I think it is justifying the investment we have made, both for internal and external market.

**Akshay Kanoria:** It is also a very good marketing tool for us because as a Company, there is a good differentiation which we can show to customers. Even if this is a smaller part of their buying, still it is a very critical future sort of requirement, which every customer knows that they are going to have to adopt at some point.

**Jayesh Shroff:** Okay. I just asked because most of the FMCG companies at least on paper, they have this target of having full sustainable packaging by 2030. I am surprised that you are saying that they haven't adopted that yet.

**Akshay Kanoria:** Actually, because of COVID and then the aftermath, there was a big pressure on growth, and then there was pressure on margins. After COVID, there was inflation and all that. So in those few years, these targets got extended or deferred or forgotten sort of. But definitely it is a requirement and more and more markets in the world are regulating their packaging and adding recyclability standards to their packaging. So these also provide a big push towards the demand for mono material packaging. But yes, is the adoption where we would have expected it to have been? No, it is not, but still long term it is a good bet.

**Vidur Kanoria:** Basically, the government is not mandating the use of recyclable packaging today in India. So until the government does that, there will be less pressure on brand owners to move to something like this. But like Akshay said, we are future ready so when that does happen and inevitably it will happen at some point, we will be ready. And in the meanwhile, we have been developing a lot of high value fully recyclable packaging, which we are selling as export. So there is a good market built abroad and it is growing in various geographies. So when it does come to India, we will be much better suited than most others.

**Moderator:** The next question comes from Nishant Bagrecha with InCred Research.

**Nishant Bagrecha:** Congratulations, Akshay and team, for the great set of numbers and also entering the new venture. So I have couple of questions. So firstly, you mentioned that the existing flexible packaging facility is running at optimal utilization and you are now adding fourth line. So what is the timeline of commissioning this line? And also will this new line cater to the existing customers or will it enable to pursue the new customer segments or geographies?

**Vidur Kanoria:** The new line for flexible we envisage should be operational by January or February next year. With regards to the customers, well, it could be from the same set of customers, but definitely we will target new clients, but it is basically the same sector. It is the same kind of packaging and everything. So it is just an increase in capacity and it is catering to the similar group of customers, although, of course, we hope to add on new customers as well.

**Nishant Bagrecha:** Okay, sure. Also are you at optimal capacity utilization for folding carton as well or is there still headroom left for the folding cartons?

**Akshay Kanoria:** I answered that earlier. We do have some headroom left, but it is factory to factory dependent. We are pan-India. So some plants we have capacity, some plant we are choked. So we are building room for expansion, which we can do from next year onwards. And this year also, we are seeing how the situation develops further and we can always make quick decisions with like a quarter's notice.

**Nishant Bagrecha:** Okay. Lastly, given the strong growth and also increasing contribution from flexible packaging and other value-added products so how should we think about the overall margin trajectory over the next 3 to 4 years? So is there scope for structural margin expansion as the mix shifts towards the higher value-added businesses?

**Akshay Kanoria:** So see, the flexible packaging is a lower-margin business generally speaking. The returns are similar profile-wise, return on capital and all, which is really what matters. But the EBITDA margins tend to be lower. So obviously as the flexible grows, it can reduce the Company margin. But so far, the carton has also grown and the overall mix has been quite healthy. So we have maintained a good margin profile over the last couple of years. So we see that continuing. I mean whether it will expand or reduce, I cannot really say from now. But is there anything structural that is dragging it down or pulling it up? I cannot say that right now.

**Moderator:** The next question comes from the line of Pulkit Singhal with Dalmus Capital Management.

**Pulkit Singhal:** Congrats on a good set of numbers. First question is on the battery separator films business itself. So will this be a 100% subsidiary? And what would be the capex like for every subsequent 70 million square meters that you add?

**Akshay Kanoria:** So Pulkit, if you saw that PPT which we put, you can see that this is the first phase where we will be doing the conversion activity and then eventually, we have to go backward into the base film. So that entails more capex than the coating. So it is not so simple that you take this capex and multiply it. But we are also incurring some capex upfront like on the land and all. So it is a bit complicated to answer that question. But just to make it simple, no, it is not that you can just multiply it by 8x and you will get to the same number. It will be more than that.

**Pulkit Singhal:** Okay. But this is envisioned to be a 100% owned subsidiary, right?

**Akshay Kanoria:** Yes. Right now, yes,

**Pulkit Singhal:** Okay. What is the lead time for these machineries? Because we have seen that some of the other specialized films that have been there, they had certain German manufacturers with long lead times, 1 or 2 years for the machinery. Is that something which is seen in this business as well or is it more regulated?

**Akshay Kanoria:** For the first phase, no. For the first phase, the lead times are like our packaging machinery lead times. If we are going to put in the film making and all that, then that is a longer lead time. But we do not know that right now. I mean, we will see in a year or 2 what the scenario is.

**Vidur Kanoria:** But Pulkit, from what we see, compared to, say, BOPP or those films you are talking about, we do not necessarily see 2 or 3 years or something like that to set up a base film line as well.

**Pulkit Singhal:** Understood. I think second question is more on the mix. So I am surprised, I mean, we have higher share of flexible and lower share of exports, but still our margins have gone up. Has something changed on the domestic side in terms of competition intensity or is there any other reason that explains this, because both were dilutive, or supposed to be dilutive in terms of EBITDA margins?

**Akshay Kanoria:** I mean on a quarterly basis, we cannot parse so much detail because it really depends. We should look at it more long term. Don't parse into it in quarters. But generally speaking, overall it is okay, I mean no major concern on margins.

**Pulkit Singhal:** Sure. Lastly on this U.K. FTA, is there anything on the export side that you may be benefiting from, either from the FTA that has already been implemented or from the ones that are coming up, from Europe, etc.?

**Akshay Kanoria:** So we see that generally customers are, especially Europe, U.K. and all, they are quite positive on India, buying from India, moving, sourcing, here. So that is a positive trend. And these FTAs do not really help in terms of our product because they were anyways going at zero duty. Flexibles it's helped somewhat. There is a slight reduction in duties, which will make us more competitive than, say, if they were buying from a Vietnam or a Turkey, now we can be a little more competitive. So there it will help, but generally it leads to a positive sentiment towards buying from India, which is what is really helpful. So we do see good scope for further expansion in our export segment.

**Moderator:** The next question comes from the line of Darshita with DSP Asset Managers.

**Darshita:** My first question was regarding the separator film business. I wanted to understand do we need higher opex? Should we be building in higher opex for this business given that we may have to hire some sector specialists or something like that to run the plant to head the business to help us with the technology or something like that?

**Akshay Kanoria:** I think, on like a INR 1,500 crore to INR 2,000 crore topline, which we have, it is not going to be a significant drag even if we put a very top heavy team today, it would not really matter.

**Darshita:** At INR 1,200 crore topline of course, but before that kind of comes through.

**Akshay Kanoria:** In the separator business itself, yes, okay. But I am saying, overall for TCPL, it is not going to matter and it is already kind of budgeted in our calculation.

**Darshita:** Got it. Okay. And when you made the comment on passing our ROCE threshold, I am assuming higher than the 20% threshold that we usually have before entering any business or doing any acquisition?

**Akshay Kanoria:** Yes.

**Darshita:** Okay. Great. Secondly, on the Chennai plant, I know you would not want to give specific capacity utilizations, but how is the ramp-up going on at the Chennai plant?

The last time around you said that FY27 utilization should improve, so that trajectory is it on the way?

**Akshay Kanoria:** Yes, we are fairly satisfied there.

**Darshita:** Okay. Would it be closer to the 70%-odd number?

**Akshay Kanoria:** Getting there.

**Darshita:** Got it. And do we plan on setting up another line here, given that I think 50% of the land is available?

**Akshay Kanoria:** Yes, so over there, we can decide very quick. There is enough space, and everything is already in place for 2, 3 lines. So, there is nothing much to prepare as such. We can just decide and order the machine tomorrow. So, we will see, we are just waiting for a few more months or weeks or whatever, and then we will decide.

**Moderator:** The next follow-up question is from the line of Abhisar Jain with Monarch AIF.

**Abhisar Jain:** Just a clarification on the presentation that you have put for the battery separator film project. So on Slide number 7, we have mentioned 2 phases and I think in one of the queries in between you mentioned. So, can you just specify that when we start this project in Q4 FY28, what would we do initially, and then how quickly we would move into Phase 2 and then full end-to-end film manufacturing, and how much would we do at each stage?

**Akshay Kanoria:** We are starting with the coating and conversion activity as indicated in our presentation. And how quickly we will go backward, that will be seen at the time. It depends on the business, how quickly we pick up, what the scenario is like in terms of India and the global market, the machinery. We cannot comment.

**Vidur Kanoria:** How fast the cell maker is able to scale up is the main thing. We have to have enough capacity in order to go backward. So there has to be enough demand in India is what I mean.

**Abhisar Jain:** Understood. And so the metrics that you are indicating, I am assuming either on asset turns or on margins or on ROCE are independent of whether the Phase 2 fructifies quickly or depending on the market situation slowly, right?

**Akshay Kanoria:** Yes. But even in the Phase 1 or Phase 2 or overall, we are investing for a business that can give returns. So obviously the real fun will come when it is a larger scale business, doing millions and millions of square meters. But it has to be a sustainable business generally speaking, that is why we are getting into it.

**Abhisar Jain:** Sure. Just one question, since you mentioned that the largest player has increased in size over time very significantly, so I am assuming this is SEMCORP Group from China. So do you have an idea about what kind of capacity that they have or what are the top 2, 3 largest players have in terms of capacity?

**Vidur Kanoria:** So you are right about the Company. But what capacity they have is tough for anyone to answer, but it is like way into the billions of square meters because in China, it is like more than 1 terawatt of cell manufacturing capacity. So you can calculate that the separator requirement is also enormous. So I mean it is a long way to look for us right now.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference call over to the management for closing comments.

**Akshay Kanoria:** Thank you. I hope we have been able to answer all your questions. Should you need any further clarification or if you would like to know more about the Company, please feel free to contact us or CDR India. Thank you again for taking the time to join us on this call. We look forward to interacting with you in the next quarter.

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