

Management Discussion

Unidentified Speaker - Moderator, Arian Capital

So, good morning, everyone. This is the fourth and final day of Bharat Connect Conference. I welcome you all to the call of Silkflex Polymers (India) Limited. Today from the management, we have Mr. Tushar Lalit Kumar Sanghavi, sir, Chairman and Managing Director of the company. Before I hand over call to the management, I will lay out the flow of the event. We will be starting with brief introductory remark by the management, and then we will move on to the question-and-answer round. Any participant who would like to ask question can raise their hand or put them in the chat box. First, we will take question from the participants who have raised hand, and then we will move on to the chat box. If that -- if time persists in the end, we will take question that I have received from the clients who were not able to participate. With this, now I hand over call to the management. Over to you, sir.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Thank you. Good morning, everyone. My name is Tushar Sanghavi and I am heading Silkflex Polymers (India) Limited as a Chairman and Managing Director. Let me brief you shortly in my past career history as after completing my B.Sc. in 1986 from Gujarat University. Since my father was a textile consultant, I got opportunity to working in one of the process house in Ahmedabad in printing division for two years. Then after, I started my own company in 1989 and started trading of dyes and chemicals in and around Ahmedabad, being an agent of multinational company like Colour-Chem -- now it is Clariant -- IDI, Atul, Indokem, etc. I worked then after in Zydex Industries, who manufacture water-based inks. At that time, it introduced first time the water-based ink. And during the marketing, I got the opportunity to go to the unattached area in West Bengal. After doing my marketing in West Bengal, I have started selling the inks and other polymers manufactured by Zydex Industries to the jute industries also, where we have been introduced a lot of new products for the jute industries which will make the revolution. So -- and then after, I visited the Bangladesh frequently, and from there I got opportunity to get the Silkflex Polymers Malaysia reference and I approaching them and on offer of them for pan-India marketing right, which was the big opportunity for me to start my own brand creation through all over the world -- all over the India. I work then after for Silkflex in and around Kolkata region. And once I get confidence, I started marketing in Tirupur, the biggest hub of the garment industries, where we get the very good opportunity for entering these inks, since it is a specialty with respect to the very good hand feel, high stretchability and very good washing fastness as well. So, we got the highest certification for these inks like GOTS, ZDHC Level 3, ECO PASSPORT, and subsequently we open the branches in Ludhiana, Mumbai and Ahmedabad also. After participating in exhibitions, arranging seminars, we start establishing our brand slowly. The -- as I mentioned, the beauty of the Silkflex inks will attract the customers. And having the PUMA accreditation, H&M accreditation, we got very good business starting the very good business. And we -- our import will be also increasing. Looking to that, our Malaysian principal has offered us water-based wood coating what they were already dealing into. And by 2020, we started the business of water-based wood coating starting with the Jodhpur office. After getting the people are experienced this kind of water-based wood coating, it will be very good confidence, people are getting so far as the business starts growing in the water-based wood coating business. And slowly we started the domestic selling of the water-based wood coating. Whereas we started the -- recently the branch at Ernakulam in Kerala. Having the head office at Kolkata, now we have the Tirupur, Ludhiana, Jodhpur, Ahmedabad, Mumbai, Kochi offices with the full facility with the

warehouse, lab facility, and among having the 28 dealers and around 40 people of the staff collectively with the 108 textile products and 78 wood coating products we are catering. We are having the all technical staffs and marketing team in each and every branch. Since we are selling the pan-India basis and increase in the rupees towards the dollar conversion cost, the import goes high and we start facing the competitive pricing issues with the customers who were in India. So, we requested our principal to give opportunity to produce material in India, where we save the logistic cost, raw material cost, and also our intention is to reduce the dependency. So, they agreed upon and we do technology transfer by 2024 and looking for the land to set up the plant. We came with the proposal to make our company listed and get fund for the land and the technology transfer. We get loan from the bank and complete the 7,000 feet factory shed area in 10-acre land at Savli, Vadodara. We set up the plant with one reactor set for binder and two mixing vessels for the manufacturing glue where we have the capacity of 500 metric ton per month. Recently we have taken over one of the ink manufacturing company and we start doing marketing under the Sylera brand ink, which will give the equal performance of the Silkflex inks and with the lower price end. So, we are expanding our manufacturing facility as well by internal accrual up to 300 metric ton per month. We also innovate some unique products which we start promoting to replace the reactive printing which will be consuming major water and creating the pollution. Since Silkflex motivation is to develop sustainable and water-based products, we are in development of more variety of inks and consider ourselves as a solution provider for the company. Since we believe in Go Green and Make in India philosophy, we set up plant with the solar and trying to reduce the import by manufacturing in-house all products, since we have R&D team with 30 years experience with us and as we believe that if you plan for one year, plant rice. If you plan for 10 years, plant tree, and if you plan for lifetime, plant people. We have very experienced team with 30 years experienced people with me since the inception of my business. And we are planning to reduce the import and tried to truly Make in India company with innovative sustainable products which help the industry and environmental globally. Thank you.

Questions & Answers

Unidentified Speaker - Moderator, Arian Capital

Thank you, sir, for such a brief introduction. Now, any participant would like to ask question can raise their hand or put them in the chat box. First, we will take question from the participants who have raised hand and then we will move on to the chat box. Please note that if time persists, in the end we will take question from the participants who were not able to join the call. We have our first question from Preet Shah [Phonetic]. Please go ahead.

Preet Shah - Analyst

Hello. Am I audible?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yeah. Please.

Preet Shah - Analyst

Yeah. Good morning, sir. Thank you for giving me an opportunity. Sir, my question is [Foreign Speech] as we have recently done a pref, okay, and a fundraise. So [Foreign Speech] or my second question is FY '27 and FY '28 [Foreign Speech] guidance [Foreign Speech], sir?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

[Foreign Speech] We are trying to eliminate and we are successfully eliminating with the technology what we come up into [Foreign Speech]. So, such kind of innovative products we are trying to launch in coming time also. There are huge gap where people are looking for something new to be invented. Invention is required in the textile industry since it is running continuously as it is like that. [Foreign Speech] We are expecting [Foreign Speech]

Preet Shah - Analyst

Sir, for next two years, FY '27, FY '28?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yes, yes, yes.

Preet Shah - Analyst

And, sir, as we are started manufacturing, so margin [Foreign Speech] it would be same as FY '26?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

No, of course, margin will be improved. [Foreign Speech]

Preet Shah - Analyst

10% to 15% by FY '27 and FY '28, right, sir?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yeah.

Preet Shah - Analyst

Yeah. And, sir, one last question. Like [Foreign Speech] last year 76% was distribution and 25% was manufacturing [Foreign Speech].

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

As I already told you that last year our turnover is INR110 crore. So, accordingly, if you can consider 50%, it would have been like INR140 crore to INR150 crore we are expecting.

Preet Shah - Analyst

No, no, sir, my question was [Foreign Speech]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

[Foreign Speech] So, maybe the end of October we start the production in a full-fledged also. So, it would have been coming near about 50%-50%.

Preet Shah - Analyst

50%-50%. And, sir, for FY '28, like I just wanted to understand.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

'28-'29, we will reduce till 90%. We will go with the production.

Preet Shah - Analyst

Manufacturing, right, sir?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yes, yes.

Preet Shah - Analyst

At full capacity, how much revenue we can generate?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

See, that depend on the orders and all those things. The way we have been looking at this new technology which has come up and we have been successfully launch it, accordingly with the internal accrual we will expand the capacity. The same way, in coming time, if we require, then we will extend the capacity once again and we will go ahead accordingly.

Preet Shah - Analyst

Got it, sir. Got it, sir. Thank you and all the best.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Thank you.

Unidentified Speaker - Moderator, Arian Capital

Thank you, sir. Any participant who would like to ask question can raise their hand or put them in the chat box. We have our next question from Disha Chordia [Phonetic]. Please go ahead.

Disha Chordia - Analyst

Hello?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yeah, Disha.

Disha Chordia - Analyst

Yeah. Am I audible, sir?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yeah, yeah.

Disha Chordia - Analyst

Yes. Thank you so much, sir, for this opportunity. So, just wanted to ask, for manufacturing, we've recently also done some more expansion, right? So, currently what is our capacity and what is the peak revenue that we can generate from just the manufacturing segment?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

See, right now we have the capacity of 500 ton and we are running at 60% to 70% efficiency. We are expanding further to 300 metric ton furthermore. So, we are planning to run it with the same efficiency and, according to the orders, we can expand the capacity as well as the manufacturing facility as well.

Disha Chordia - Analyst

Sir, any sort of number for the peak revenue that can be generated from this facility?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Right now, I am not in a position to tell you. I can revert back to you over the email, what will be the

exact numbers.

Disha Chordia - Analyst

Sir, for this manufacturing, what sort of EBIT margin do we have in this segment versus the trading segment?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yeah, EBITDA margin is -- last year we were at near about 22%. We are expecting it to 26%. And we are maintaining that as well in coming time.

Disha Chordia - Analyst

26% is for the manufacturing segment?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yeah. Overall, we can consider it as an overall because the manufacturing will be increasing also. So, it will be considerably -- it will increase like that.

Disha Chordia - Analyst

And, sir, what sort of margin do we make in the trading segment?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Sorry?

Disha Chordia - Analyst

Trading -- the trading segment that we do. What sort of margin do we make there?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

See, we consider it as an overall trading and manufacturing together. I don't have that number segregated by the trading, what it comes, wood coating, how much it comes, manufacturing, how it will be coming, because we have developed lot many other products also for wood coating as well in-house. So, we will be planning to incorporate that in our manufacturing sale also.

Disha Chordia - Analyst

And, sir, just the last question. What kind of seasonality do we see in our business? Like what's the usual mix between the first half and the second half?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Second half will be more stronger as we start manufacturing. And looking to the cost effectivity in the market, we are expecting very good business in second half.

Disha Chordia - Analyst

And, sir, what was the capex that we're doing to extend this to -- to expand this facility for [Speech Overlap]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

That is our internal accrual we have been done there.

Disha Chordia - Analyst

And this new facility will start from October?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yeah, October.

Disha Chordia - Analyst

The new capacity. Yeah.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yeah, yeah, yeah. October end or maybe November first week we will planning to start.

Disha Chordia - Analyst

Okay, okay. All right. Thank you.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Thank you, Disha.

Unidentified Speaker - Moderator, Arian Capital

Thank you. Any participant would like to ask question can raise their hand or put them in the chat box. We have our next question from Vaibhav Kapoor [Phonetic]. Please go ahead.

Vaibhav Kapoor - Analyst

Yeah. Sir, you said that 500 ton was the -- is the existing capacity and the expansion would be 300 more tons, is that what you're saying?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yes, yes.

Vaibhav Kapoor - Analyst

Okay. I just want to know that in terms of tonnage, what was the -- the sale that you did in FY '26?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

See, in tonnage, we are not considering with respect to the things that the production which we are manufacturing in the binder, that will be also, while manufacturing the inks, it will be self-consumed also. So, looking to that plant capacity, the overall plant capacity will be the 800 tons. As of now, what after October, and once it will be started, then we will be expanding accordingly once we will get the order. But as you are mentioning that tonnage, tonnage will be as I told you, 60% efficiency we are considering right now. So, accordingly we can have the tonnage also.

Vaibhav Kapoor - Analyst

No, no, what is the peak tonnage that you will achieve from [Speech Overlap]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

See, recently, we have been introducing a few products in the water-based wood coating in-house as well as the inks also. Since I am right now in Tirupur also, I'm looking to that the acceptance of our products in the market. With respect to the lower price, the manufacturing facility, I have to increase further as well. And the tonnage will be also getting higher. So, in percentage-wise, if you can like ask me, then it will be from 60%, it will go to 70%, 75% also.

Vaibhav Kapoor - Analyst

No, no. So, is 70% the maximum achievable turnover from this? Or you can go -- take this plants up to 100% capacity?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

It depends on the order. I cannot confirm you right now because we are looking the very good future for the product what we have been introduced recently.

Vaibhav Kapoor - Analyst

Okay. Sir, I think the previous participant also asked you this question. But I was not able to receive total clarity. So, I'll just tell you what we are trying to understand and then you can give the answer. See, FY '26, you had a turnover of whatever INR110 crores. And it was mainly trading.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yes.

Vaibhav Kapoor - Analyst

So, two, three things we want to understand. If this trading that you are doing, if you actually do this in-house, what is the extra margin that you get? That's the first. Then the other questions that we have is that what was the -- so, if 800 ton is the capacity that you will achieve in this plant, I was seeing your fixed block. There's a lot of land and building construction cost that was done. So, we want to know what is the total tonnage of manufacturing possible in this plant. And then the last link I want to understand is from FY '26, in terms of tonnage, what was the volume so that we understand what is the peak tonnage and turnover that you can achieve from this plant once you fully fill it with plant and machinery. So, these are the things we want to get some idea on.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Vaibhav, it is very premature to tell about the capacity what we have built. Right now, we focus on the marketing and the new R&D what we are planning to do, which we have been successfully doing two new such a big invention. So, we are focusing into looking to the market and we know what capacity we are expecting to be done. Suppose the market is asking for 500 metric ton, then we should have to have the capacity of making that manufacturing facility. But as of now, what we have the capacity we just increase also 300 metric ton looking to the market. And accordingly, we are considering that even if we can run it with the 60% efficiency with that 300 ton which we are expecting, then in coming time, if it will be suddenly [Indecipherable] because as you are asking that the big land and the big plant. So, we have already maintaining all the utilities and everything at the time of building the factory. And that is why the capex was very high at the beginning. But now when we expanding it, it will feel us that with our internal accrual also we can build this plant. So, the exact tonnage according to the orders and the expectation of the products what we are putting into the customers' end. So, right now the textile inks, what we have been newly invented that is also been accepting very well as well as the wood coating product also. So, exact number to give you is right now [Speech Overlap]

Vaibhav Kapoor - Analyst

No, no, I totally understand your immediate need. I also understand that you have made a plant or you have done land and building for future expansion. Your FY '26 shows land and building at about INR40 crores-odd and plant and machinery at INR23 crores. I just want to understand simply how much more plant and machinery can you add in this plant and what would be the peak tonnage that you can achieve? I'm not telling you when to achieve it or when it will happen. It can happen in FY '28, '30, '32, whatever. But if you can give some idea that what is the size of the plant and machinery and the peak tonnage that you can manufacture?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
See, plant capacity, right now what we have been made is 400 -- sorry, 4,000 metric ton. The total 4,000 metric ton.

Vaibhav Kapoor - Analyst

So, you are telling me that right now 300 -- 500 metric ton is the -- your immediate target at 70% utilization.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yeah.

Vaibhav Kapoor - Analyst

But this plant and machinery, this land and building that you have already constructed, all you need to do is keep adding plant and machinery up to 4,000 metric ton and there will be no other land and building required. Is my understanding correct?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
No, in 4,000 metric ton after -- that is the -- right now the building what we have been build in 70,000 square feet only. We have a 10-acre land. So, 70,000 square feet, two more buildings we can been expanding. So, that much land we have. So, we have that capacity. But the license, what we have been taken is on the basis of 400 metric -- 4,000 metric ton per month capacity.

Vaibhav Kapoor - Analyst

And this 4,000 is for this 70,000 square feet facility is what you're saying?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yeah.

Vaibhav Kapoor - Analyst

Okay.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
But if it requires the -- more to be built, then we can have an extension. We have the sufficient land as well.

Vaibhav Kapoor - Analyst

Okay, so you have 10 acres of land. What is the plant and building that you can construct there? What is the ratio? 70%?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
From the land?

Vaibhav Kapoor - Analyst

So, your land is about 10 acres which is 4 lakh square feet. Correct?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yeah.

Vaibhav Kapoor - Analyst

In this 4 lakh square feet, what is the land and building that you can construct? You have to leave

some area out, right?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yeah, of course.

Vaibhav Kapoor - Analyst

Yeah.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Because of the -- as per the norms of the [Speech Overlap]

Vaibhav Kapoor - Analyst

Yeah, yeah. So, is that ratio 70% -- 60%, 70%? What is that ratio? Do you have some [Speech Overlap]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
We have right now build only 30%. More of the 70% we can build after leaving the space. As I told you, just -- I can make it 2 times more what the capacity we have right now.

Vaibhav Kapoor - Analyst

Okay, okay, okay. And what would be the extra margin that you get? Suppose you're doing a trading and then you're manufacturing it in-house. What is the extra margin that you receive in the same product category?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
In the same product category, we can expecting 3% to 5% more.

Vaibhav Kapoor - Analyst

Okay. And if you can give some idea that in the next two to three years at what kind of capacity can you utilize given that you just have 5% extra margin? I just want to understand if you've done so much land and building expansion, it is understandable that you're seeing a very, very massive growth that should happen, right? And that's why if you could give some idea here.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yeah. Right now, I cannot able to give you the exact number what it will be in the market because the scenario of the last six months we have been passed very tough with respect to [Speech Overlap]

Vaibhav Kapoor - Analyst

So, let me take this question another way, sir. Let me take this question in a very simple way. Sir, you have spent a substantial amount of capex on land, plant and machinery and building, okay?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yeah.

Vaibhav Kapoor - Analyst

Majorly it has been land and building, okay?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yeah.

Vaibhav Kapoor - Analyst

And you have -- whenever I ask you that what is the size of how big plant and machinery should be or the size of the market in two, three years, you're saying it is too early to understand and it is too early to anticipate. But when you have already made -- when you've already done a capex for that kind of capacity, that means that you should have done some anticipation earlier or you've already done that anticipation. So, there is a very big contradiction in between what you are thinking and what is actually happening on the ground in terms of implementation. And that's why I was asking you this very simple question, sir.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Vaibhav, in a simple nutshell, I can tell you the plant has been manufactured -- set up for the binder, okay, and the glue. Now we are expanding our capacity by the inks. So, now we start manufacturing the inks in-house. Now we have get success with another two products in the water-based wood coating as well as one in the textile also. So, in the same building, we will expanding this -- two new products capacity also we are going to expand. Now, once if we get the good response from the market and if we have to expand, then we will automatically expand two sets of further more sheds of 70,000 square feet to comply with this requirement.

Vaibhav Kapoor - Analyst

Okay.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

It is as simple as it is.

Vaibhav Kapoor - Analyst

Okay.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

I have the vision. We have the vision, what we are planning to put and what kind of products we are going to put into the market, and what will be the potential of the market. It's not like a 5- and 7-ton requirement we will go with the R&D and putting it the things. It would be -- if 500-ton market is there, then we will go for the R&D and make the things possible to sell into the market. So, accordingly, we have the plant. But our basic raw material also as a polymer. See, there are two types of things which we will understand in our factory. That is, one is the polymer which we manufacture. And then we -- from that polymer, we will make the ink. We are not buying a polymer from the outside. So, we have two segments of plant A and B like that in 70,000 square feet. In plant A, we have the polymer section where we have the one vessel which we have been also increasing by putting up one 5-ton more vessel. And in the second phase, in the manufacturing ink side, we have been already put two 2-ton vessels. And it will be also expanding according to the demand. Hope I am clear?

Vaibhav Kapoor - Analyst

Yes, you are clear, sir. The other question is that this binding, this binder that you are preparing, are you going to also sell the binder separately outside in the market or whatever you are manufacturing is for self-consumption only?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

No, no. We will sell as an -- on requirement also, we will sell the binder as well also for the home

consumption.

Vaibhav Kapoor - Analyst

Okay. And can you give some kind of a basic idea in terms of volume, the final product versus what the binder is in terms of volume and what are the other components?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

The component for the binder [Speech Overlap]

Vaibhav Kapoor - Analyst

Not binder, but binder as a percentage of the total thing. So, for example, when you manufacture the final ink, what will be the percentage of binder in that and what will be the other components? If you can give some idea.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

See, in inks, there is a binder, it varies from 30% to 60%. Varieties of the inks that will consume 30% to 60%. And in water-based, it will be up to wood coating. Also, it will be near about 60% to 80% binder is required. Whereas the other component is the titanium dioxide which is also 30% to 60%. We will have to -- these are the major components, binder and TiO₂, and the rest of the things are the softeners and some emulsifiers, other additives.

Vaibhav Kapoor - Analyst

So, these softeners, emulsifiers and probably pigments for color, you will be getting from outside. And the main binding -- the binder is what you are manufacturing here. So that there is a volume reduction from probably or importing to doing it here, right?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yes, yes.

Vaibhav Kapoor - Analyst

Okay. And what about titanium dioxide? This you're just directly preparing or there's some preparation?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

We are importing. We are importing.

Vaibhav Kapoor - Analyst

Okay, okay. All right. And with respect to your turnover, can you give a broad-based breakup for at least March '26? What were the different products that were there and what are the margins in that product?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

As I already told, that INR110 crore was the last year.

Vaibhav Kapoor - Analyst

Yeah.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

So, by this time, we will be making the growth near about 50% which will be -- we are maintaining. In the same way, we are having the profit of near about 11% which will be maintaining to 13%.

Vaibhav Kapoor - Analyst

No, sir, my question is different from what you are just mentioning. So, in FY '26, you did a turnover of INR110 crores.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yeah.

Vaibhav Kapoor - Analyst

In this INR110 crores, what were the different products that were there that totaled up to INR110 crores and what are the margins in those products? I'm not asking [Speech Overlap]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
I'm not -- that in detail, I cannot differentiate right now. I can give you the brief Excel sheet, how we are planning.

Vaibhav Kapoor - Analyst

I'm not even asking a very detailed breakup. I'm asking that [Speech Overlap]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Because I'm basically a marketing guy, Vaibhav. So, to go into the numbers is bit difficult for me to segregation and all those things which I have been already told to Disha as well that these are the little bit confusion for me to say something on this. So, better I can send you -- you can raise your query by the mail. I will reply with the proper Excel sheet. So, there will be no issue in understanding the entire profitability, turnover and everything.

Vaibhav Kapoor - Analyst

Okay, okay. No problem. I'll just get back myself in the queue. Thank you so much.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yeah, thank you, Vaibhav.

Unidentified Speaker - Moderator, Arian Capital

Thank you, sir. We have our next question from Preet Shah. Please go ahead.

Preet Shah - Analyst

Yeah, thank you for giving me an opportunity. So, my question is like what I can see is last year we have done INR110 crores, okay? So, the split in H1 and H2 I can see is like 35:65. Yeah. 40:60 you can say. So, should we expect the same for this year [Indecipherable] split? Yeah. So, my question is, sir, last year we have done INR110 CR revenue and what I can see is the split is like 35:65 in H1, H2. Yeah, you can say 40:60. So, should we expect the same for this year?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
35:65 means?

Preet Shah - Analyst

Revenue split. Like in H1 we have done like INR40 crores, INR45 crores and in H2 we have done like INR60 CR, INR65 CR.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yeah, yeah. It can be vary also. It can be increased in the second half as well.

Preet Shah - Analyst

Okay. So, we should expect like 30:70, sir. Is that a fair [Speech Overlap]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yeah, yeah.

Preet Shah - Analyst

Yeah. Okay. Got it, sir. Thank you.

Unidentified Speaker - Moderator, Arian Capital

Thank you, sir. Any participant who would like to ask question can raise their hand or put them in the chat box. Sir, there are few question in chat box. If I could read that and you could answer that?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yeah, if it is authorized. My IR team will be replying on that if it will be like that.

Unidentified Speaker - Moderator, Arian Capital

Yeah. Sir, first question is from Aman Thandani [Phonetic]. What has led to 4 times sales in last four years and what led to this sales inflection?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Sales inflections, we -- looking to the forex, we are facing the very big competition as I have been already mentioned, and that is what the decision we have taken to manufacturing in-house.

Unidentified Speaker - Moderator, Arian Capital

No, sir. Sir, what has led 4 times sales in our last four years? Like our sales.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

We are not selling anything, exporting anything right now.

Unidentified Speaker - Moderator, Arian Capital

He is asking what has led to 4 time sales. So, from last four years we have grown our sales number to 4 times. He's asking that.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Sorry?

Unidentified Speaker - Moderator, Arian Capital

He's asking from the last four years we have taken our sales 4 times for revenue. So, he's asking about what has led to it. How it has grown so much -- our sales number?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Because we have been importing higher volume material looking to the dollar price was supposed to be expanding. So, we have import more to sell it in Indian market.

Unidentified Speaker - Moderator, Arian Capital

Sir, but how could that led to 4 times growth? Like importing is -- sir, we have a question from Aman Thandani itself. He has raised that. Yeah, Aman, you can go ahead.

Aman Thandani - Analyst

Am I audible?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yes, Aman.

Aman Thandani - Analyst

Hey, sir, thank you for the opportunity, sir. And, sir, I'm new to the company.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Yeah, yeah.

Aman Thandani - Analyst

I just wanted to understand that [Foreign Speech]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

[Foreign Speech] Feel is not good. Washing good [Foreign Speech] ink means what you have been getting on your T-shirts. So, previously if you were able to see that [Foreign Speech] it is just like hand feel. [Foreign Speech] And that is the revolution we have been bought after the inception of our Silkflex inks. And that is what we have been expanding by our business with respect to all the branches, means all over India [Foreign Speech]. So, we make very fast growth in that four years and looking to that growth we think that [Foreign Speech] that will be more giving benefit to the industry. So, accordingly, we have been asking to my principal [Foreign Speech] now we are expecting further more growth [Foreign Speech].

Aman Thandani - Analyst

Got it. [Foreign Speech] and that led to like 3.4 times growth.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Exactly.

Aman Thandani - Analyst

Got it, sir. This is very clear. Sir, the second question is [Foreign Speech] which is also doing a good job [Foreign Speech] and is that a threat to your growth longer term?

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

See, [Foreign Speech] but the quality what you are offering with the consistency. See, in textile, consistency plays very big role. [Foreign Speech] The -- we understand from these Malaysian companies that the consistency of the product and the services. [Foreign Speech] and we provide the consistent product. We set up the plant, automated plant, where we will take only one batch but it is so precisely and perfectly matched and pass through our QC, then we will deliver. So that is how we are maintaining our -- the quality consistency. So, people are there in every competition but the quality product with the better price will always win.

Aman Thandani - Analyst

Got it, sir. And, sir, my second question is, [Foreign Speech] 25% EBITDA margin and trading [Foreign Speech] I got to know this information [Foreign Speech] high manufacturing margin [Foreign Speech]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

The most important thing is the molecule what we have been designed that is a soft. In textile, the soft print is very, very difficult to produce. If you feel the soft, then the fastness has been not there. If you get the fastness, then the hard feel is there. We come up with such a combination which will give the feel and the fastness together.

Aman Thandani - Analyst

Got it, sir. So, this is clear. And, sir, the third and the last question is [Foreign Speech] like you said you -- H&M is one of the customers. So, sir, can you speak a bit more about the customer profile? [Foreign Speech]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Our business is basically on a dealer through networking we are doing. We are dealing only in water-based wood coating to the furniture manufacturers in Jodhpur who are doing the exports. [Foreign Speech] Rest of the all textile products we are selling through dealer network. We have -- as I have been already mentioned, 28 dealers we have all over pan-India basis, and it was a nomination what the PUMA or H&M people have been given. But what recently, during last one year, whatever I've been observed is people don't care for that particular Marks -- with respect to the Marks & Spencer is there or a PUMA is there. They give the equivalent product and they can give it to them. So, the certification is very important for them to check it. Whether the Marks & Spencer like Levi's or any of the big brands if you can take it. So, the certification is very important which relevance to our inks also we have been got all the certification like ZDHC, Zero Discharge Hazardous Chemicals. We don't -- you don't find any single such kind of chemical in our inks or a binder or anything. Same way the GOTS certificate is there. The ECO PASSPORT certificate is there. These are the highest standard what all the people are looking for. If these three certificates are not that, you cannot able to sell the inks into the market. And that is what we have that certification. So, now the relevance of H&M and PUMA is little lesser because of the price competitiveness is extremely high. What we are looking since last one year because all the exporters are looking for the better price as the pressure of the buying offices is very heavy on the printers.

Aman Thandani - Analyst

[Foreign Speech] pricing pressure, margin pressure [Foreign Speech] is it for the [Speech Overlap]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

[Foreign Speech] So, there are the people who are start asking me [Foreign Speech] Malaysia material has been facing [Foreign Speech] but the same inks what we manufacture now. And we are giving and replacing that inks. And that will be already giving good results. And people have started also since last one month. After that we have been take over this Sylera Inc. And we are selling in the brand name of Sylera also. So, who are looking for more premium product, they can use for Silkflex. But the pressure is such that people will have to bound to use the lower-end product which will be very, very cost-effective and giving the best result.

Aman Thandani - Analyst

Sir, [Foreign Speech] versus what we import and sell in India [Foreign Speech] so that people saying [Foreign Speech] because you are cost-effective.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Yeah, 25% to 30% we are selling lesser price than what we have been import and selling.

Aman Thandani - Analyst

And still, we get that 20%, 25% EBITDA margins basically because [Speech Overlap]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
Because we manufacturing of our own.

Aman Thandani - Analyst

Got it. This is clear, sir. And, sir, my last question is, [Foreign Speech] there are dealers in between. Let's say H&M and customer [Foreign Speech] Silkflex. So, [Foreign Speech]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
I just had a meeting to two weeks before with these H&M people. They said that your audit has to be done by the ECO PASSPORT people which has been audit has been completed last week at our factory. Once we have that certification, automatically I am a valid member to supply -- valid vendor for H&M also. So, only the certification of ECO PASSPORT and GOTS is very well require which we have been already done.

Aman Thandani - Analyst

Got it. And, sir, my last and final question is, [Foreign Speech] but if [Foreign Speech] technically indicate [Foreign Speech]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
See, industry is widely open. Textile industries people are very fussy when they are saying the INR5 less is there, they will buy the products. So, we give such a best quality product with such a minimum price that people won't have to go anywhere around here or there. Because the consistency is also one of the important area where people look for the same material for the entire season. Because if you can look at the Ludhiana market, in the winter it will be 52 degree and -- sorry, 0 degree and in summer time, it will be 52 degree. The ink has to be performed the same performance in the same different weather that we are providing. That is what the consistency we are giving.

Aman Thandani - Analyst

Got it. But, sir, [Foreign Speech] Let's say [Foreign Speech] let's say I don't know INR50 crore, right? [Foreign Speech] as a new manufacturer [Foreign Speech]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
[Foreign Speech] In chemical industry, everything will be encoded. We never allow anyone to enter in our factory so far as any related people are there with our industry. So that is why we are kept our factory at separate place.

Aman Thandani - Analyst

So, you're basically saying that [Foreign Speech] manufacturing complexity [Foreign Speech]

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd
[Foreign Speech] No one can beat that. So that is what we are manufacturing the same thing in different manner with the different polymers which no one can duplicate it. It's not easy.

Aman Thandani - Analyst

Got it, sir. This is very clear, sir. Thank you so much, sir. You gave me a lot of time. Thank you so much for the opportunity.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Thank you, Aman.

Unidentified Speaker - Moderator, Arian Capital

Thank you, sir. Sir, due to time constraint, we will take that question as the last question. I would like to thank the management on behalf of Arihant Capital for sparing time and sharing insight about their company. If the participants have any further doubt, they can get in touch with team Arihant. Thank you, sir.

Tushar Lalit Kumar Sanghavi - Chairman and Managing Director, Silkflex Polymers (India) Ltd

Thank you. Thank you, everyone. Every participant. Thank you, Preet, Disha, Vaibhav, Aman. Thank you.