



November 17, 2025

To
The Manager- Listing Department,
BSE Limited
P.J. Towers, Dalal Street, Fort,
Mumbai- 400001, Maharashtra, India.

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Subject: Transcript of the Analysts/Institutional Investors Meeting / Call on Financial Results for the half year ended September 30, 2025.

Reference No.: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Respected Sir/ Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed the transcript of the conference call on Financial Results for the half year ended September 30, 2025, held on Thursday, November 13, 2025 at 02:30 p.m. (IST).

URL: <https://truecolorsgroup.com/Investors-presentations-Information-of-analyst-meet-conference-calls/>

Please take the above intimation on your record.

Thanking you.
Yours Faithfully.

For True Colors Limited

(Formerly Known as True Colors Private Limited)

Javanika Gandharva
Company Secretary & Compliance Officer

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“True Colors Limited

Q2 FY '26 Earnings Conference Call”

November 13, 2025



MANAGEMENT: **MR. SATISHKUMAR PANCHANI – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER – TRUE COLORS LIMITED**
MR. SAGARKUMAR MULANI – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER – TRUE COLORS LIMITED
MS. JAVANIKA GANDHARVA – COMPANY SECRETARY – TRUE COLORS LIMITED

MODERATOR: **MS. CHANDNI – EQUIBRIDGEX ADVISORS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to True Colors Limited H1 FY '26 Earnings Conference Call, hosted by EquiBridgeX Advisors Private Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call.

These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Chandni from EquiBridgeX Advisors Private Limited. Thank you and over to you ma'am.

Chandni: Thank you. A very good afternoon to everyone. Welcome to the H1 FY '26 earnings call of True Colors Limited. From management team, we have with us today Mr. Satishkumar Panchani, Executive Director and CEO; Mr. Sagarkumar Mulani, Executive Director and CFO, Ms. Javanika, Company Secretary. We will have opening remarks from the management team, post which we will open the floor for Q&A.

With that, I would like to hand over the call to Mr. Satishkumar for opening remarks. Over to you, sir.

Satish Panchani: Thank you so much, Chandni. Am I audible right now?

Chandni: Yes, sir, you are.

Satish Panchani: Okay. Yes. So good afternoon everyone and thank you so much for joining the True Colors Limited. H1 FY 2026 earnings call. In True Colors, we are not only supplying machines, ink, paper and fabrics, we are creating plug-and-play ecosystem that empowers MSME entrepreneurs to adopt modern technology by becoming their all-in-one service and supply partners.

I am Satish Panchani, CEO and co-founder of True Colors and with me today are our Director and CFO, Mr. Sagar Mulani and our Company Secretary, Ms. Javanika Gandharva. So, it's truly a proud moment for all of us to host our very first post-IPO earnings call. First of all, I would like to thank all of our shareholders, partners and supporters on behalf of the entire True Colors team. Because of their support, commitment and dedication, we are able to achieve new milestones every half year.

We started this year with two clear objectives. First, to accelerate our growth across all three verticals, machine and ink, paper and fabric. And second objective was to prepare True Colors for the next phase of expansion by strengthening our financial capacity and building a stronger, future-ready team.

So, coming to the first objective, I am very happy to share that during H1 FY '26, our total revenue reached INR151 crores, which is almost 63% higher than last year's H1 revenue, which was INR92.8 crores and it is along with the strong EBITDA and PAT margin.

So, there are mainly four core factors that powered this growth. Number one, optimum utilization of our manufacturing facility. For example, the total revenue of the manufacturing division, which was INR46 crores in the last H1, has increased to INR68 crore in this H1. So, it's almost a 50% jump.

If we talk about the Ink business, second is the Ink business, in which has seen a 50% healthy growth in this half. Last H1's revenue was INR35 crores, which has increased to INR40 crores this year. Spare Parts and Consumables also bring better contribution, approximately INR6 crores, which is nearly equivalent to full last year's revenue, these six months we have achieved that number.

Number four is the biggest highlight, which is the strong performance of the Machine business. In this H1 FY '26, we have installed a total of 60 machines on the floor, worth INR38.444 crores, compared to the INR7 crore business that we did last year in the Machine division, which clearly shows that the industry is growing and having trust in True Colors.

So, it's covered almost all our orders, which we have mentioned in DRHV, we have delivered almost all the orders, excluding one, which we are going to deliver in this H2 with more eight machines orders in hand, worth INR9 crore, that we are going to be delivering in the upcoming future.

This performance again linked to what we have achieved in H2 FY 2025. But before comparing, let me share a quick view about the textile industry. As we all know, the textile industry itself is a seasonal business, where Q1 is generally the slowest quarter and volumes start picking up after July onwards with the festive and wedding season going on.

So, despite of this seasonality, we have delivered around 10% higher overall revenue compared to H2 FY 2025. However, our manufacturing contribution was about 20% higher, around INR85 crore in H2 FY 2025, compared to INR68 crore in this H1 FY 2026, which is very normal in Q1 and Q2.

And secondly, in H2 FY 2025, from our Trading business, machine contributed around INR17 crore, means 30% of that division's revenue, and only 12% of the total business. So since we all know that machine margins are very thinner, the overall impact on EBITDA and PAT was very limited impact in H2 last year.

If we talk about the current H1 FY 2026, machine contributions stood around 26% and again a thin margin product, but one that builds a long-term recurring base of ink, paper and spare parts, so because of this mix, our EBITDA margin in this H1 is 16% and PAT margin is 10%, which we see a healthy level.

We believe that every machine that we install today becomes a future customer for ink, paper and services. So that's how our compounding engine works, one installation at a time, building

a steady stream of recurring revenue. So while quarter-to-quarter mix may change, our direction stays consistent, strong top-line growth today, expanding recurring revenue margin base for tomorrow.

So, coming back to the short-term focus and goals, our direction remains the same. We are working to achieve maximum utilization of our manufacturing capacity and with the support of newly installed machines in Paper and Printing division we expect to get new market share in near-future.

And now, if we go back, and talk about the second objective of the year that we have started with, first is the installation of our newly 1 megawatt solar rooftop power plant, which will be operational in the next couple of months, hopefully. Parallely, keeping in mind a kind of growth and infrastructure that we are planning for the next three to five years, we have already started building a team, both in-house and through specialized outsourcing partners.

So this may add some additional cost in short-terms, but it's necessary to invest to create a self-sustaining, vertically integrated, competitive and reliable ecosystem. The idea is to build a strong foundation from today, so that we can achieve the future growth with clarity and confidence.

So, since our bank term loans are fully repaid, we now have a clean balance sheet and strong credit worthiness, so giving us that flexibility to raise funds whenever we require for our future infrastructure or expansion.

And going forward, our priorities are very clear. First is to sustain high growth across all three verticals by doing backward and forward possible integration in place. Second is to enhance capability utilization in both manufacturing divisions, strengthen our fabric export business and work closely with Indian brands, export houses, direct international buyers that is supported by the right global certification.

Again, continue expanding our ink and machine customer network to widen our recurring revenue base and continue investing in green energy to make our operations more energy efficient. So each of these steps that move us towards one vision, to make True Colors, not only India's most integrated digital textile technology ecosystem, but also a globally competitive and reliable brand.

So in closing, I would like to say this. Our team is young, energetic, committed and transparent and fully aligned towards the long-term value creation for all of us. Our direction is clear, our foundation is strong and together we are preparing True Colors for the generational shift in textile printing.

So I would like to thank all the investors, analysts, partners who are present on the call for your continuous trust and belief in our journey. So thank you once again for joining this call. And we will now be happy to address your questions.

Moderator:

Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Mann Maru from Shatrunjaya Investment Managers LLP. Please go ahead.

- Mann Maru:** So my question is, I wanted to ask regarding your overall capacity utilization for this H1 FY '26?
- Satish Panchani:** So if we talk about the manufacturing, there are two parts. Number one is the Paper Manufacturing business where the capacity utilization last year, it was 89%. And in this H1 FY 2025, it is almost similar. It's 85% to 90% capacity that we are utilizing right now. And for that reason only, we have expanded our capacity.
- Like if I talk about the capacity then we are able to produce the paper around 1 crore meter every months. And we have just enhanced the capacity to 2 crore meters. So in last 6 months, we have almost utilized the capacity by 90%. And if we talk about printing businesses, then the capacity utilization was around 75% in H1.
- Mann Maru:** Okay. So for printing, it is 75% for H1?
- Satish Panchani:** Yes. Because printing is more like a make-to-order business for us when we talk about digital textile printing, and in make-to-order process, 75% to 80% is the maximum capacity that we can utilize.
- Mann Maru:** Okay. So how much did you expand it in printing?
- Satish Panchani:** So we have expanded that capacity almost by 15% this year. We have installed two new machines and some supporting auxiliary machines as well. So that machine will hopefully be in operation in the next one or two months.
- Mann Maru:** Okay. What growth do you expect further for this year, FY '26 as well as FY '27? And like what's your strategy?
- Satish Panchani:** Right. So, what we have achieved right now, so year-on-year, we are hoping that if we look at it conservatively, so 30% of the revenue growth that we are hoping year-on-year. But yes, if we look at it from a strategic point of view, there are so many thought processes going on right now, which are working in the direction of backward integration or forward integration.
- So down the line, if we talk conservatively, then 30% year-on-year growth we can do, because we have already installed that production capacity, which will be able to generate more production or more revenue from this year. But apart from that, there are so many thought processes are going on, which will be able to scale it up more quickly.
- Mann Maru:** Okay. And margin side, your EBITDA margin had been fluctuating, like for H1 FY 2025, it was [Inaudible 0:12:11]. So like what's the reason behind it and what guidance do you have on margin side?
- Satish Panchani:** So, like I mentioned in the opening remarks, our EBITDA margin -- because our revenue is coming from four multiples. One revenue is generated from machine. Second revenue is generated from ink. Third is from paper. And the fourth one is from the fabric business. So whenever the consumable businesses of margin, the businesses of fabric, their EBITDA margin or PAT margin, they are very stable. And they are very good.

If we talk about the margin into the machines, there we are working on a very thin margin, because the idea is to install the machine and then focus on the recurring revenue coming from the ink and paper business, right? So last year, what happened that, total revenue from machine business in last year was INR23 crores. But this year, H1's revenue is INR38 crores, right? So that gives you that fluctuation into the EBITDA margins.

Mann Maru: And how many more new machines you are going to make?

Satish Panchani: So right now, in H2, if we talk about the orders in pipeline then we are having eight machines order in hand, worth around INR9 crores. And I guess by the end of the year, we should reach somewhere around 90 to 100 machines should be installed by the end of the year. So that kind of traction is already there.

Mann Maru: Okay. Yes. Got it, sir. And one more question. I wanted to ask, can we have the plant visit if we want to?

Satish Panchani: 100% you can have a plant visit. You can connect with the EquiBridge. They are our IR PR partner and will arrange a timeline for you and you can definitely visit the plant.

Mann Maru: Okay.

Satish Panchani: It will give you actually a more clear idea that what we are doing and how we are operating.

Mann Maru: Yes, yes, exactly. And margin side, so margin will remain the same or it will fluctuate or it will go stable or like...

Satish Panchani: Fluctuation in the margin is also like --if we look at it at the AR end level, then we try to maintain that margin as we always say, EBITDA margin is the range of 13% to 16%. So, 15% on an average is the EBITDA margin. If we talk about the PAT margin, then 9% to 11% is the average. So, this time we have achieved the 10%. So this is the average that we can achieve throughout the year.

So in the half year, what we have witnessed this year, if the machine's revenue goes up then it will bring the margins down. But at the same time, it is also helpful for us because it will again generate the recurring revenue for the future. You know, the sixth machine that we have installed, it will bring the production capability of almost 2 lakh litre every day.

So that will add on in terms of paper business, in terms of ink business. That is your secured business for your future.

Mann Maru: Okay, got it, sir. Thank you so much. You answered the question.

Satish Panchani: Thank you so much. Thank you so much.

Moderator: Thank you. The next question is from the line of Raunak Bansal from Orbit Capital. Please go ahead.

Satish Panchani: Hello, Raunakji.

Raunak Bansal: Hello, sir. Thank you for the opportunity. Congratulations on a great set of numbers.

Satish Panchani: Thank you so much, sir

Raunak Bansal: As we know that you have already mentioned that in this half yearly, we add more printer installations and that sets a good base for recurring sales of consumables. But what I wanted to understand was why will the customer buy consumables only from us? Are there not other players supplying the ink or the paper or other consumables?

Satish Panchani: Okay.

Raunak Bansal: And like, why is this part of the business sticky to us?

Satish Panchani: Okay. Very good question, sir. So, Raunakji, what happen, as a consumer, let's say you decide to buy the digital textile printing machine, right? So, it is not only about the machine. It's not like our desktop printers in our offices that once the printer is installed, then we don't need any service support, right?

Whereas, in textile printing, what happens is base changes every time. So, the machine comes with the technology. Number one, when you buy a machine, the machine comes with the warranty. Warranty of spare parts, warranty of print-heads, and warranty of the electronics.

So that warranty is tied with the ink supply. So, as long as you are using the ink, the machine's head, machine's spare parts, and machine's print-heads are guaranteed. The day you change the ink, your warranty is void. Number one.

Number two, after the warranty period, the consumables you need for the machine, the spare parts you need, your dependency is on the company with which you bought the machine. So, that is number two. Because of which you don't change the ink, you stay with them.

Number three, because digital printing is a business of make-to-order process. Here, what happens is, the customer gets 10 designs printed from you on any fabric. He selects two designs from that. He makes the garment, takes the order, and then, as per the requirement, he passes the order on to you. So it is possible that whatever you have printed for someone today, after a year you can get a repeat order of the same.

The moment you change the ink, your color variation, your tone changes. So, I always say that it is more like a marriage relation kind of thing, where once the customer decides that he wants to buy a machine in True Colors. So consumables, they are – like it becomes a lifelong relation that he buys it from you. Fair enough?

Raunak Bansal: Yes, it gives us a very good understanding. And my second question is, like what percentage of our produce from sublimation paper are we using for our own digital printing services currently? Like what is the – like you have already answered this. And what margin do we make in this sublimation paper business?

Satish Panchani: Right. So, our sublimation paper, our production capacity, almost 10%-12% of the current production capacity is consumed by us. As soon as our capacity -- as I mentioned that we are

already doubling our capacity. So, in front of that capacity, it will remain around 7%-8% which will be self-consumption. And if we talk about the margin, then at EBITDA level, all businesses apart from machine business are generating around 50 -- in the range of 13%-17% margin is there in every business at EBITDA level.

Raunak Bansal: Okay. And last one is...

Moderator: Sorry, to interrupt, Raunak. Please rejoin the queue for more questions.

Raunak Bansal: Sorry. Thank you.

Satish Panchani: Thank you so much, Thank you so much, Raunak ji.

Moderator: Thank you. The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Satish Panchani: Hello, sir.

Madhur Rathi: Thank you for the opportunity. Hello, sir. Hi, sir. Sir, I wanted to understand that sir, who would be our major competitors in the domestic market? And sir, the machines that we are importing, are we selling it under True Color's brand or the Konica, the three companies that we have mentioned in our RHP? So, are we selling it on their name or are we white-labeling it to True Color's name and then selling it in the market?

Satish Panchani: Right. So, first of all, answer to your first question. True Colors, who are the competitors? So, number one is our three different verticals, one is the trading division where we supply machine and ink. And two are the manufacturing, where we manufacture paper, we make sublimation paper and the printing division.

So, in all three divisions, in all three verticals, we have the different, different competition is there, different peers are there. Right now, there is no such ecosystem in India that True Colors is working as a complete ecosystem. So, in machine and ink, we have the different competition. In paper business, there are 8 to 10 paper manufacturers are there, who are not in printing nor machine supply and that is why things are working in terms of competition.

And when we talk about machines, normally when customers tend to buy the machine, so, first of all, they select the supplier, the OEM partner who will provide services to them. So, it works on both the way. When we talk about the Konica Minolta, which is a Japanese brand, so, there Konica Minolta and True Colors services, both of them contribute and the other person decides that I am going to buy this machine.

And when we talk about the Chinese machine, it's more about machine from True Colors. So, it becomes like a white label.

Madhur Rathi: Got it. Sir, I wanted to understand Sir, if I consider that there is a similar industry like Control Print and Aztec which works like us. So, I wanted to understand that, how big can this digital printing market be of just machinery and ink supply and do we plan to move into ink manufacturing ourselves to improve our margins even further?

Satish Panchani:

So, it's a great question actually, sir. If we talk about the markets, so, India now, the total fabric we produce, let me give a little deep answer to this. The total fabric we produce, that is, somewhere around 7,500 crore meters of fabric India produces annually. Out of which, about 30%, that is, 2,500 crore meters of fabric which is printed.

For the past six decades, the fabric that has been printed in India that is using a conventional printing method. So, for the past 10 years, overcoming the challenges of conventional printing, digital printing is making its room where there is talk of sustainability, there is talk of make to order, there is talk of fast fashion, there is talk of lower MOQ. So, digital printing is the upper hand.

So, right now, if we look at it, so, right now, India, we are printing about 200 crore meters right now. And the market of printing that is existing in India right now, which is being conventional, is of 2,500 crore meters. So, the penetration of digital is around 7% to 8%, which is in the coming time, which has happened in the rest of the world.

If we look at it from the perspective of Europe, then almost 95% of Europe, they have shifted from conventional to digital. About 1,100 crore meters of fabric, they print digitally annually, the whole of Europe. If we look at it from the perspective of China, then they are printing around 800 to 1,000 crore meters annually, digitally. In late 2013, they had 17 crore meters. And at that time, India was doing 3 crore meters.

So, we are very much sure that what has happened in China, what has happened in Europe, the technology shift of printing, the adoption has already started, that shift may happen in India as well. So, in the next three to five years, if we see that India has started printing around 800 or 600 crore to 800 crore meters of fabric digitally, it shouldn't be a matter of surprise for all of us. Because it has happened all over the world. And we are at the age of it..

Madhur Rathi:

Sir, thank you so much. Sir, just a final question. The cost of digitally printed fabric is it lower than conventional printing or is it at a similar level?

Satish Panchani:

So, till now, conventional printing is more cheaper compared to digital. And this difference used to be a lot earlier. To just give you an idea, earlier, conventional printing used to be 25 crore meters. The price of digital was INR160 per meter. Gradually, as the volume increased, adoption increased, in-house manufacturing started, paper was imported in India, ink was imported.

So, because of volume and scale, today, the difference is only INR10 to INR15. And once the difference goes down, because the latest technology is coming, high-speed machines are coming. So, that's how the shift will happen from conventional to digital.

Madhur Rathi:

Got it. Sir, thank you so much and all the best.

Satish Panchani:

Thank you so much. Thank you so much, sir.

Moderator:

Thank you. The next question is from the line of Navin Ramachandran from Bellwether. Please go ahead.

Satish Panchani: Hello, Navin ji.

Navin Ramachandran: Hello, sir. Am I audible, sir?

Satish Panchani: Yes, yes, Navin ji. Please go ahead.

Navin Ramachandran: Yes. Sir, what is your typical profile of a customer?

Satish Panchani: Okay. So, sir, in this, you can see the profiles of two or three types of customers. Number one, whoever is doing the work of conventional printing in India today. First, you will see that which is associated with textiles. The majority of the customer's background is in textiles. Either it is in weaving or it is in processing.

So, the number one customer who is already doing the work of conventional printing, they want to switch themselves from conventional to digital or they want to add on the facility of digital printing. So, that is your customer.

Number two is the traders. Which was like this till date because behind setting up a mill, there is a basic investment of about INR25 crores, INR30 crores to start a mill. Whereas, if you see the investment of digital printing, then within INR30 lakhs, INR40 lakhs, you can start doing digital.

So, whoever was the trader in the market, who had a good volume, who used to print outside. So, due to this, to bring the cost down, they are also the customer. So, one is that who are already existing printers. The second is the trader.

The third is who have their own garmenting facility. Or their own, their daily fabric. So, they are also the customer who install this type of digital printing facility. Apart from that, those who run embroidery units, those who do the work of value addition on fabric. These are all such customers who as a value addition, to do printing, can become a customer of digital printing. So, this is the complete profile of the customer.

Navin Ramachandran: I just wanted to know, are they only SME customers or big mills also buy from us?

Satish Panchani: Sir, there are two types. There are also big units. Those who are buying machines from you. Like India's big export houses or big brands. They are also your customers. The exporters are also customers. So, I may not be able to tell the name now. But there are many big brands. Whatever the customer is.

But the major thing is that if you see from the point of view of the number of units, then in SME or MSME, this penetration remains more. Because people are looking for new opportunities and new businesses. Or they see it in the form of value addition.

Whereas in big units, they put the machine according to their requirements. There are very limited number of big units or big houses in India as well. So, in MSME, the penetration remains comparatively more.

Navin Ramachandran: Understood. So, my second question is, first off, we have posted the highest ever sale of machines. Historically, it has been fluctuating and been in the range. So, what contributed to this? And till now, what is our total install base till date?

Satish Panchani: Right. So, sir, this is also a very good observation of yours. The number of machines that have increased this year, there are two major reasons behind it. Number one, since last year, the adoption of digital has increased a lot. Especially in viscose. The machines that are utilized for viscose fabric, it's a high value machine.

And this year, the number of machines has increased because the adoption of viscose has been increasing a lot in the last 2 years. You will see, Aditya Birla, all over India, all over the world, they are very much promoting this particular fabric. And in front of cotton, the production capability of cotton will never be able to create that much volume.

So, because of this, the adoptability of viscose has increased. So, there has been a lot of expansion in it. That is number one. Number two is, the government has recently declared subsidies under textile up to 35%. So, the people who were planning small machines or small investments, they suddenly planned to make big investments.

So, rather than putting a machine of INR1 crores, which gives you the production of 2000 meters per day, people are planning for INR2 crores machine, which can give them production of 5000 meters per day.

So, their production is also utilized there. Floor efficiency also increases. And then again, they are getting 35% return from the government. So, these are the two major factors because of which we saw a sudden jump in the machine. And technology adoption is there in its place that people are aware of digital. Even the end consumer knows whether he is taking digital printing or conventional printing. So, that kind of awareness is already there in the market. Adoption has come. And the generational shift that was supposed to happen, that has started happening.

So, the total that we have installed now, that is the number of machines. Because we are into business since the last 12 years. We incorporated True Colors Private Limited in 2021. So, the overall base is 1,200. But, over the course of time, the small production machines, which used to come 400 meters per day have been replaced by machines of 4,000 meters per day. And today if we talk, so there are 560 machines, which are into operation, which we supply ink and paper on a daily basis.

So, if you want to understand this number wise, if India is printing 180 crore meters of fabric digitally, then the contribution of 30 crores to 35 crore meters goes from the end of True Colors.

Navin Ramachandran: Thank you, sir. I have no questions. I'll get back in the queue.

Satish Panchani: Thank you.

Moderator: Thank you. The next question is from the line of Mehul Panjuani from 40 Cents. Please, go ahead.

Mehul Panjuani: Hello, sir. Satish bhai, congratulations. Great set of numbers and amazing. So far, the commentary has been very, very interesting.

Satish Panchani: Thank you so much, sir. Thank you so much for the appreciation.

Mehul Panjuani: Sir, I have a very strategic question. Today, I just came to know that your company is in this business for 12 years, whereas, I thinking that you are in business for the last five years. Sir, I wanted to know, in India there are textiles company for the last 50 to 60 years and you are in the business for the last five year or 12 years.

So, I have a very basic question. How did you in five years created this integrated, one stop, solution kind of a business? Can you tell us about your journey? See, because the numbers are talking about it, numbers are telling me that you are doing a great thing, but what is the strategy? How did you get into this? Because I believe that you guys might have started with just machines earlier, and then you went on to this stuff. So if we can share the journey, it will be really very productive for us?

Satish Panchani: Sir, to listen to the journey, I will request you to come to our facility sometime, so that we can sit comfortably and talk about the journey. But long story short, I would say that we four are friends, we are Directors, we are friends, and we had an engineering background. So, after our education, what we did is, we started the first machine, because Sagar bhai had started his job in an ink manufacturing company that made dyes.

And Sanjay bhai was a part of an international company, which started making digital printing machines at that time. So, they went into conventional and shifted to digital. So, Sanjay and Sagar were very much aware about the technology, that something like this could come to India in the future.

So, we have started with the small printer, which faced a lot of problems. Then we brought the machine, so we started getting orders. And to fulfill those orders, we needed more machines. There was no capital. So, we convinced our friends and family members, that you guys also install the machine, so we can transfer the order to you. And according to that, our printing business started with machine selling.

Now when we started machine selling, they were buying paper and ink from outside. They were struggling with the supply. So, they were like, is it possible that you guys supply the ink, and you guys supply the paper? So, then we started supplying ink to the same customer. We started importing the paper and supplying it.

We had our own import challenges. So, we encouraged someone to manufacture it here. And we got them to invest, started manufacturing, and started consuming their paper. Once we had the capital, we put our own paper factory.

So, by doing this, the volume kept growing. And in India, because of digital, at that time, it was very, it was the beginning, we are talking about 2013. So, the volume was only 6 crores meters. And it was also very scattered and unified, that in this industry, these people are using it here.

So, we had an opportunity, that in the whole of India, or the people who want to install this facility, we could encourage them, we could educate them, we could transfer technology to them. If people didn't have the knowledge, then they could share it. And in the textile industry, the machine is supplied by someone else, the service is given by someone else, the installation is done by someone else, the raw material is taken from somewhere else.

So, over the course of time all these challenges that we were also facing during our printing. And our customers were also facing. So, we did not do anything new. We just built our capability and solved the problems of our customers. And as time passed, the volume became so pink. And when we sat down and saw it, then we realized that we have reached this volume. And that's how the story goes on. And we think that in the coming time, it can be a more bigger than this.

Mehul Panjuani: Right, right. Sir, another question is, thank you so much for the elaborate answer. What is the total addressable market for your kind of, I mean, I know that it will be different from different divisions, but if you can just throw a ballpark number?

Satish Panchani: No, sir. As a brother had asked, what is the market? So, conventional printing is happening in India. That is around 2500 crore meters. Right. In front of that, digital printing is 200 crore meters. So, if we can achieve 200 crores in the next 3 to 5 years. If we can reach 600 to 800 crore meters, then it won't be a matter of surprise. Because the whole of Europe has been transferred to it.

95% of it is digitally printed. If I take out Asia, then there are 1100 crore meters of digital printing in the whole world. Right. If we talk about China, then they are already at 800 or 1000 crore meters. So, this shift that has happened in the whole world. So, India is at the age of that shift. That in the coming time, if we are there, then it won't be a surprise for any one of us.

Moderator: Thank you. The next question is from the line of Namish Gupta from NGC. Please go ahead.

Namish Gupta: Sir, first of all, congratulations. Sir, your results are very good. Sir, I wanted to ask you something.

Satish Panchani: Thank you so much, sir.

Namish Gupta: That our competitive advantage, sir. In this, the sublimation paper, the division. In this, versus you said, there are 8 to 10 more peers in India.

Satish Panchani: Right, right.

Namish Gupta: Plus, we have one more division. Printing division. Digital printing division. In this too, I think, there will be a lot of your competitors?

Satish Panchani: Yes. Yes. Those who are printing 200 crore meters, all of them have become competitors. In a way.

Namish Gupta: Yes. So, sir, a little bit, undoubtedly, your vertical is integrated. But what is my competitive advantage in these two divisions, sir? If I compare myself to other peers?

Satish Panchani: Right. So, if we talk about the paper division first, sir. So, number one, what happens for the customer is that you see yourself. That you have a printing machine. All the services that have been installed you call in True Colors. And you have got all the installation services. You are also getting ink from us.

And as a consumable, the second thing you need is paper. So, the number one advantage we get is that we do not have to fine the customer. Our existing customers with whom we already have relations. Because today if you are taking a machine of INR1 crore or INR2 crores from me. So, you take it only when a relation is built.

You take it only when the trust is built. So, while supplying the paper, I don't have to build that trust. I don't have to find that customer. I just have to approach you. If my pricing or the quality of my paper is at par with all the competitors or at their level. But naturally it happens that you give us the first priority. So, if I don't even talk about quality. If I don't even talk about pricing.

So, it happens that the trust is built at one place. The thing is coming from a supplier. So, it comes from there. This is the thought process of the entire customer. So, normally this happens for us. Because we don't have to go to find the customer.

And if you see yourself like this. That you are installing a sublimation paper manufacturing facility tomorrow. So, what will happen for you is that you have to go and find the customer tomorrow. That whatever sublimation printing is being done. You will try to send the paper to him.

Now he will have 10 questions for you. Where are you coming from? What is the capacity? What is the quality? Will you be able to give it or not? So, I think this is the biggest competitive advantage. Because our existing customers are becoming the repeat customers of our consumables. Right?

Namish Gupta: Okay. Sir, one more question. Sir, in H1, our turnover. In that, we did around 25% with the machine. 25% came from our machine. Other than machine, 75% came from others?

Satish Panchani: Right.

Namish Gupta: And last year, if I look at H2. FY '25 H2. So, my machine's turnover was around 12.5%. And other than machines, it was 87.5%. So, if I assume once that my current H2. If only 12.5% of the machine is left. And the rest of the turnover will be 87.5%. So, was my last year's EBITDA around 24%, sir? Yes. Was I able to come back on it?

Satish Panchani: If the numbers of the machine are there. So, there are the chances that we can improve EBITDA level or be able to come to that level. Now, what will happen here is. The new production facilities that we have announced. From 1 crore meter to 2 crore meter that we are going now.

So, the first priority of this H2. That will be to utilize this capacity 100%. And to utilize this capacity 100%. Like we just told you a note. That customer. We already have that customer base. So, there will be a penetration base. So, for this particular H2. So, we are hoping that.

The margins that we achieved last year. Overall. The same margin. Let's say in the range of 10% to 11%. With the same PAT margins. We focus more on market penetration. Because our capacity has almost doubled. So, that will be the focus for this H2. Otherwise, if we are steady. If the major focus is on printing. Or if we look at the number of paper revenues. Then yes, that EBITDA margin is achievable.

- Moderator:** The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Yes, hi. So, thank you.
- Satish Panchani:** Hello, Deepak ji.
- Deepak Poddar:** Yes, hello. Thank you very much, sir, for this opportunity. Sir, just first of all, clarification, the data point that you have given. So how much was the India digital printing out of, I think, INR2,500 crores meter that you...
- Satish Panchani:** Right now, it's a INR200 crores meter, sir.
- Deepak Poddar:** Only INR200 crores meter. Okay.
- Satish Panchani:** Yes, yes.
- Deepak Poddar:** And in terms of finance cost, I mean, you would have paid your debt, right? So, your finance cost -- how should one look at? Which was INR2.5 crores going forward, how much we should look at?
- Satish Panchani:** So, finance cost, per quarter, that was somewhere around INR1.25 crores per month -- per quarter. So, what financial cost up until now, for two quarters, until and unless we are doing any further expansion, till then, it will add on in our bottom line.
- But we are on the age of where we are exploring new opportunities in the coming time. And this bank loan repayment was done for the purpose that in the coming expansion, the limitations of capital, the limitations of bank funding, all those limitations can be overcome.
- Deepak Poddar:** Okay. So, now the finance cost is zero?
- Satish Panchani:** Now it's zero. Now, from the point of view of the term loan, it's zero.
- Deepak Poddar:** Okay. And the capacity you mentioned from 1 crore meter to 2 crore meter, we have expanded, that's monthly, right?
- Satish Panchani:** Monthly, yes, yes. Monthly. Into paper division.
- Deepak Poddar:** Okay. And what was the -- what is the revenue potential and corresponding capex involved here? Of this...
- Satish Panchani:** So, if we, in capacity expansion, what happened to us, sir, that the day, in 2022, when we started this whole project, we defined the capability of the project as three coating lines, meaning it can

reach up to 2 crore meters. So, utilities and other capex was done. So, the capex that has been done to enhance these capacities is around INR6 crores to INR7 crores, machine's price. right? And the revenue in front of it.

So, because of this machine 1 crore meter paper you will be able to make it every month. If the run rate now at INR5.6 average paper price, if I hold that then it should generate a revenue of around INR5 crores. And if we see annual revenue then INR60 crores it can -- it is possible to add INR60 crores into paper division.

Deepak Poddar: All right.

Satish Panchani: So, INR6 crores is the capex, this is, we can expect INR60 crores in revenue.

Deepak Poddar: And, this INR60 crores is additional, right? You're talking about?

Satish Panchani: Additional, additional, I'm talking about.

Deepak Poddar: Okay. Okay. That will be from my side. All the very best of you, sir. Thank you so much.

Satish Panchani: Thank you so much. Thank you so much, sir.

Moderator: Thank you. Ladies and gentlemen, we request you to kindly limit your questions to one per participant. The next question is from the line of Rugved from NEO. Please go ahead.

Rugved: Hello, Satish ji. How are you?

Satish Panchani: Hello, sir. All good, sir. How are you?

Rugved: Yes, I'm also good.

Satish Panchani: Yes, please go ahead.

Rugved: So, my question was regarding the Spanish ink distribution a notice, which was released yesterday?

Satish Panchani: Right.

Rugved: So, what is the revenue which is expected from that and the second was regarding the use of working capital proceeds. So, where is the working capital being used?

Satish Panchani: Okay. So, number one, the Spanish ink distribution is a Spanish company called ITACA. They are into the manual dyes and ink manufacturing since 1999. And in the future, there will be three types of inks. For polyester printing, it's a sublimation ink. For reactive, for direct fabric viscose or cotton printing, the ink used is a reactive ink. And third, there is a pigment ink, for which no pre- or post-treatment of the fabric has to be done.

So, mostly, where is this ink used? Home furnishing industries, technical textile industries, where heavy fabrics are printed directly. So, in that type of industry this pigment ink is utilized more. And in the future, as digital printing is growing in India, you will see that technical textile

was not the buzzword before two years. But, now you will hear that there are expansions in that direction.

So, there is a requirement to print it. For example, there is already a listed company in the similar field. So, we have machine-supplied it for this particular application only. So, in the emerging market, it can be done in India and that's why they are looking, the Spanish company they are looking for that, to grab that opportunity in India. If the market is growing, so we should be present there. And that's why they have joined the hand with us, so that we can see their distribution channel and services, et cetera.

And in the form of revenue, we haven't been able to work it out yet or haven't been able to discuss it much. But, it is an emerging market. What has happened with digital in the last five-10 years, as the industry has grown we feel that in the next 5 years, 10 years pigment can be a game-changer in all, across all the sectors?

So, we are trying to grab that opportunity as well with them. And, the question you asked about where the working capital that we have raised will be utilized? So, in all three of our divisions, as per the revenue of the division we have distributed it. For example, if you see, in the paper division, if we talk about next month or next quarter 4, we will definitely talk about it, that the average revenue generated by the paper of INR5 crores, will be INR10 crores.

If we take the 90-day credit cycle, Sagar Bhai, who is leading that particular division, he needs INR15 crores on an average more funds. Same thing, you must have seen that the 15% distribution of ink, which is the current one has grown by 50%. So, the fund of Sanjay Bhai's team, which looks after the machine and ink business, as both have a growth, the fund has diverged according to their revenue.

And, if you come to the printing division, where the average run rate of last year was INR5 crores, this quarter's average if we talk about the average run rate of H1, it is somewhere around INR7 crores which we think that in the coming time, we will reach up to INR10 crores. So, the revenue that is increasing now, the credit line that we offer in front of that revenue, that will be compensated for by the working capital.

- Rugved:** Got it. Thank you so much.
- Satish Panchani:** Thank you so much, sir.
- Moderator:** Thank you. The next question is from the line of Ganesh, from Dhanalaxmi Investments. Please go ahead.
- Ganesh:** Thank you, sir. Thank you for the opportunity, sir. [inaudible 0:48:46]
- Moderator:** Sorry to interrupt, Ganesh. Your voice is breaking.
- Ganesh:** Am I audible now?
- Satish Panchani:** Voice is breaking, but go ahead. If you can understand, then we'll answer.

- Ganesh:** So, all my questions are with respect to the machinery itself since [inaudible 0:49:02] I just wanted to know, what is the typical warranty that we give and what is the typical distribution between [inaudible 0:49:10] and all the five brands that you have mentioned in your DRHP? What is the mix?
- Satish Panchani:** First question, I understood, what the warranty timeline is. So, I'll answer that. The warranty timeline varies from machine-to-machine. But generally, it's ranging from one year to three-year timeline and then after the stickiness comes. That is because of the consumables. The spare parts that are required even after the warranty. So, if a part of Konica Minolta is damaged, then it's from Konica Minolta. If a part of Hopetech is damaged, then you will get from Hopetech. So, that's how the stickiness is. Otherwise, the warranty is from one year to three years. I couldn't understand the second question before that.
- Ganesh:** Sir the second question is that you say that [inaudible 0:49:51] and then you sell it in the brand of [inaudible 0:49:54] and then, obviously, there are Konica Minolta.
- Moderator:** Sorry to interrupt, Ganesh. Can you please rejoin the queue?
- Ganesh:** Sure.
- Satish Panchani:** No, I can't hear you, Ganesh ji. Sorry.
- Ganesh:** Sorry for that. Thank you.
- Moderator:** Thank you. The next question is from the line of Khushi from Raedan Capital. Please go ahead. Hello, sir.
- Khushi:** Hello, sir.
- Satish Panchani:** Hello, Khushi ji.
- Khushi:** Hi, sir. Sorry, I just missed the data point, sir. How many machines have you installed in H1?
- Satish Panchani:** The number of machines are 16.
- Khushi:** Okay.
- Satish Panchani:** And the revenue that we generated is INR38 crore and 45 lakhs
- Khushi:** Okay, sir. And you are targeting 90 to 100 machines end of the year, right?
- Satish Panchani:** Yes, yes, yes.
- Khushi:** Okay, sir. Thank you so much.
- Satish Panchani:** Yes, thank you so much, Khushi.
- Moderator:** Thank you. The next question is from the line of Vishvender Singh from Prudent Equity. Please go ahead.

- Vishvender Singh:** Hello, sir. Sir, how long will the solar power plant that you are installing, be commissioned? And how much cost saving are we targeting?
- Satish Panchani:** Right. So, this is a good observation. And a very different question came across. Sir, we have two plants per day. One is a paper plant and the other is a printing plant. The energy that we are consuming in both per day is 20,000 units that we are using right now. This is consumption. We already have a rooftop plant of 1 megawatt, which is generating somewhere around 3,500 to 4,000 units depending on the weather condition per day.
- And the new add-on that we are doing, which will start commissioning most probably within two months we will be able to generate another 4,000 units. So, we'll have the generation of somewhere around 8,000 units, again a seasonal. So, let's say 7,000 to 8,000 units. Again, what we are using is 20,000 to 22,000 units. So, it will be roughly around 30% to 40% is the consumption that we'll be generating by ourselves.
- Vishvender Singh:** Okay, sir.
- Satish Panchani:** Okay?
- Vishvender Singh:** Yes.
- Moderator:** Thank you. The next question is from the line of Sahil Raj from SAM. Please go ahead.
- Sahil Raj:** Hello, sir. Sir, I have a question. You said that we raised 50% in income and revenue and we increased the same in H1. So, are there similar targets in H2 or will there be more machines? Because you are planning 90 to 100 machines.
- Satish Panchani:** Right. So, what will be the major focus in H2, sir, first of all, the capacity of our paper plant that we are going to double. So, the maximum utilization we can do that will be the major target. And printing, because after Q1, Q2, Q3, Q4 onwards, there are better market conditions in textiles. There are better demands.
- So, we are hoping that our printing business will grow comparatively from there. And in that too, as I told you, I mentioned on the call that in that too our printing facility, which we used to print viscose, has been enhanced comparatively there too. So, the focus will be to enhance that. And meanwhile, the requirement of the machine is such that there are already many deals that are going on in the pipeline, and because the average selling price of the machine, which is now in demand for viscose printing, the average is around INR2 crores.
- If, let's say, we are dealing with about three, four, five machines at a time, then it happens that there will be a sudden jump in revenue. Otherwise, if we look at it in normal conditions, the major focus will be on the paper, the division which is led by Sagar, and Ashish is leading the fabric division. The capacity utilization of both will be the major focus in H2. And the rest of the machineries are being installed as per our needs.
- Sahil Raj:** Sir, have you set any internal targets for revenue or for this moment...

- Satish Panchani:** Sir, the internal target of revenue is already set. But because those will be the revenue targets of H2, I don't think I will be able to talk much about it now. But overall, if we look at it in a normal way, we are growing by 30%. So, if you look at the growth rate, you can see growth numbers down the line of three to five years.
- Sahil Raj:** Okay, sir. And how much is our H1 and H2, sir? Is it around 40%-60%, almost?
- Satish Panchani:** Almost, let's say it is around 60%-40% normally. But this time, because the number of sales of the machines is more, so we need to see where the next quarter goes, and then we can judge. Otherwise, 50%-50% or more than 55%, that may happen.
- Sahil Raj:** All right, sir. Thank you, sir. Thank you very much.
- Satish Panchani:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last participant for today. I now hand the conference over to Ms. Chandni for closing comments. Thank you, and over to you, ma'am.
- Chandni Chande:** On behalf of True Colors and EquiBridgeX Advisors, I thank everyone for taking the time to join today's earnings call. If you have any queries, you can connect to us at info@equibridgex.com. Once again, thank you for joining the conference. Thank you, sir.
- Satish Panchani:** Thank you so much. Thank you so much, everyone.
- Moderator:** Thank you, ma'am. On behalf of EquiBridgeX Advisors Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.