Date: November 10, 2026

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

Scrip ID/Code: TRUECOLORS/544531

Subject: **Transcript of the Analysts/ Investors Earnings Call held on November 02, 2026.**

Reference: **Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Further to our communication dated October 26, 2026 and November 02, 2026, please find enclosed the transcript of the Earning Conference Call held on Monday, November 02, 2026 at 11:00 A.M. (IST) to discuss the unaudited standalone and consolidated financial results of the Company for the half year ended September 30, 2026.

The said Transcript is also available on the website of the Company at https://truecolorsgroup.com/ip-fy-26-27/.

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
Digitally signed by JAVANIKA GANDHARVA
Date: 2026.11.10 18:51:06 +05'30'

Javanika Gandharva
Company Secretary & Compliance Officer
M. No.: A42880

True Colors Limited
H1 FY '27 Earnings Conference Call
November 02, 2026

Moderator: Ladies and gentlemen, good day and welcome to the H1 FY '27 Earnings Conference Call of True Colors Limited, hosted by TIL Advisors.

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 opening remarks conclude. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Mehra from TIL Advisors. Thank you and over to you, Mr. Mehra.

Abhishek Mehra: Good morning and welcome everyone, and thanks for joining this H1 FY '27 Earnings Conference Call of True Colors Limited. The investor updates have already been uploaded on the stock exchange and on the company website. In case you do not have a copy of the same, please feel free to reach out to us.

To take us through the discussion, we have with us from the Management Team, Mr. Satish Panchani – Executive Director and Chief Executive Officer, Mr. Sagar Mulani – Executive Director and Chief Financial Officer and Javnika Gandharva – Company Secretary and Compliance Officer.

We will be starting the call with a "Brief Overview" of the "Business and the Financial Performance" which will be followed by the Q&A session.

I would like to remind you all that everything said in this call reflecting any outlook for the future which can be construed as a forward-looking statement must be viewed in conjunction with the risks and uncertainty that the company faces.

With that said, I will now hand over the call to Mr. Satish Panchani for his opening comments. Over to you, sir.

Satish Panchani: Thank you so much, Abhishek, and good morning everyone, and thank you for joining the True Colors Limited earning call for the 1st Half of FY '27. Our results and investor presentations are available on the BSE website, and I hope you have had the chance to go through them.

So this half-year is an important one for us for two reasons. First, it is the clearest evidence so far of how our business model works. The consumables we supply to our installed base are now driving both growth and profitability, and you can see that in our results.

Second, we have announced the next major step in our journey, 50/50 joint venture that will make coated paper starting from pulp, taking us right back to the beginning of the paper value chain. I will take you through our performance, the compounding model behind it, Our CapEx and growth lever, the joint venture and the thinking behind it, and finally, how all of this comes together over the next few years.

So let me begin with the numbers. At the start of the year, we guided for the revenue growth of more than 20%. I am pleased to report that we have delivered on that. Revenue from operation for H1 FY '27 stood at INR 183.01 crore. Up 21.1% from INR 151.11 crore in the same period last year. On a sequential basis, revenue grew 21.7% over the second half of FY '26.

More importantly, profit grew much faster than revenue. Gross margin expanded by 405 basis points to 30.2%. EBITDA rose 40.1% to INR 32.34 crore, and the EBITDA margin improved by 240 basis points to 17.7%. Profit after tax grew 43.3% to INR 21.09 crore, with the PAT margin rising by 178 basis points to 11.5%.

When profits grow at twice the rate of revenue, it tells you something about the quality of that revenue. The driver here is the richer business mix with the high-margin consumables forming a larger share of our sales. I will come back to this when I talk about our compounding model because it is the single most important feature of True Colors.

Our growth this half year has been driven by volume. In sublimation paper, volume more than doubled to 9.97 crore meters, up from 4.92 crore meters in H1 FY '26. Paper revenue grew 79% to INR 51.81 crore. And paper is now our largest revenue line at 28% of the total. Our expanded coating capacity of 2 crore meters a month is already running at optimum utilization. Three years ago, we had 30 lakh meters a month of capacity only.

In INKIA, ink volume grew 22% to 689 tons, and we are now supplying more than 150 tons a month to our customers. To put that in context, our average was about 58 tons a month in FY '24. This growth comes directly from our expanding installed base.

In digital printing fabrics, volume rose 7% to 99.71 lakh meters, while revenue grew 25% to INR 49.12 crore on the better product mix.

In machines, we installed 56 units in this half against 68 a year ago. As we have said before, machine sales are lumpy by nature and should be judged over a longer cycle. Our active installed base has grown 11% over the year to 956 machines, and that is the number that drives our recurring revenue.

I want to spend a moment on how our business works because it explains these results and why we are confident about the future. True Colors is India's only fully integrated digital textile printing ecosystem company. We sell and install machines from 5 to 6 global OEM partners. We supply the ink and sublimation paper those machines consume every day, and we run our own large-scale printing operations.

The machine is just a starting point. Once the machine is installed, the warranty on the printhead, spare parts, and electronics is tied to the use of the ink that is supplied by True Colors. Beyond the warranty, digital printing is a make-to-order business. Customer designs are approved on specific color profile, and changing the ink, that change the colors. So customers stay with us and they place orders with us every day or every week. Our 60+ service engineers across India, India's main textile cluster, deepen that relation over the life of the machine. So this is why every installation add to a growing base of recurring revenue.

In H1 FY '27, ink and paper contributed 56.2% of our revenue, which is up from 48.7% a year ago. Recurring revenue is now the largest part of our business, and it carries better margin than the machine sale. As the installed base grow, this share will continue to rise, and so will our profitability. That is the compounding at work.

Last year I spoke openly about the pressure on our operating cash flow. It came from two things: we moved from our purchasing to domestic MSME suppliers who must be paid within 45 days, and the larger share of ink and machine business came with the advance payment terms.

I am glad to report that this has turned around. We generated operating cash flow of INR 27.16 crore in H1 FY '27 against an outflow of INR 10.90 crore in the same period last year. Trade receivables were broadly stable at INR 116.03 crore, even at revenue grew by more than 20%. Cash and bank balance stood at INR 21.64 crore at the end of September, up from INR 1.27 crore in March.

We have a clear way of growing this business. First, we build a strong base of customers by distributing a product. Then once we have the skill, we integrate backward and make that product ourselves. This is how we keep more of the value and protect our margins. Sorry.

We have done exactly this in the sublimation paper. We started coating paper in 2018 at 50 lakh meters a month. Today we have 2 crore meters a month. It is fully utilized. We are now doing the same in ink. For years we have imported and distributed inks, and India still source almost of all its digital printing ink from China and Japan and Europe. Having built a base of more than 150 tons a month, we are setting up our own ink manufacturing under the INKIA brand. Phase-1 with capacity of 150 tons a month is planned by the end of FY '27 at the CapEx of around INR 40-45 crore. The project qualifies for the 35% subsidy under the Viksit Gujarat Industrial Policy 2026. Phase-2 takes capacity to 500 tons a month in FY '28, and over the longer

term, we plan to reach 1,000 tons a month across sublimation, reactive, dispersed pigment, and adjacent applications.

Our partnerships with ITACA of Spain added premium pigment ink, and commercial supplies begin this half. Ink is among the highest margin products we sell, so this move is essential to improving our profitability.

Alongside this, we are going in new direction. We have started exporting ink and printed fabric to the UAE market as well. Alongside this, we are selectively extending our digital printing platform into commercial label and packaging applications, while textile remains our core and priority. The entry is asset-light through machine distribution with the same underlying technology and ink capability that is creating the potential for a larger installed base and recurring consumable opportunity.

This brings me to one of the most important strategic announcements of this half. We have entered into 50/50 joint venture with Swastik Strategic Ventures LLP to establish an integrated manufacturing platform for specialized lower GSM-coated media that is used into digital printing. The new company will be called True Colors Advanced Materials Private Limited.

Let me explain why this strategy is important. Over the years, our sublimation paper business has taken us progressively deeper into science of digital printing media. Today, we procure base paper and convert it through our coating technology into application-ready sublimation media. In a layman's word, a sublimation paper.

However, much of the specialized low GSM requirement being import dependent, as the market has moved from higher GSM toward increasingly lighter substrate, we believe the next opportunity is not simply to add more coating capacity but to gain greater control over the substrate itself. India currently remains significantly dependent on import of this lower GSM sublimation media because manufacturing constraint, high performance substrate at very low GSM requires specialized process capability and skill.

So our joint venture is designed to address this gap through backward integration from pulp to base paper substrate to functional coating at a single integrated capacity. The objective is to manufacture application-ready digital printing media with the greater control over GSM consistency, coating performance, and the product development.

The proposed facility at Bardoli, Gujarat is being planned for approximately 8 to 10 crore meter of coated media per month. It will make GSM grade around 29 GSM and progressively addressing the lower GSM category where India remains import dependent. The estimated project cost is approximately INR 320-340 crore. The current funding structure, approximately 25% equity and 75% project debt, with the debt raised at the joint venture level. Commercial

production is currently targeted for the second half of FY '29. The project will also come under the Viksit Gujarat Industrial Policy 2026.

So the next thing is, why a partner? A question that a lot of you might have. Let me address it upfront. True Colors brings the technology and process know-how of sublimation paper business along with our market understanding and customer relationship. Swastik brings a proven record of project execution and the financial strength of project of this scale need. An equal partnership shares the capital and the risk and protect our core balance sheet during the build.

We are moving first. There is very little of this capacity in India today, and we already have the customer who will use it. So that gives us a real head start in capturing this import substitute opportunity.

Let me now bring all this together for you. When these projects are complete, True Colors will own every link in the digital textile print value chain. We will sell and service the machine. We will make the ink. We will coat sublimation paper in our own plant. Through the joint venture, we will make the coated paper starting from pulp, and we will continue to print fabric at scale ourselves. No other company in India offered this.

So each link strategy strengthens the other. Every machine that we install creates a customer for our ink and paper. Making those products ourselves improves our margin and secure supply. Secure supply lets us serve more customers, which brings more machine sales. The installed base grows, recurring revenue grows with it, and profit grows faster still.

So the market gives us plenty of room to run. The global digital textile printing market is expected to nearly double from USD 3.89 billion in 2025 to USD 7.63 billion by 2030. Yet digital printing makes up only 8P to 9% of textile printing in India against 80% to 95% in Europe.

Fast fashion sustainability demand from global brands, government support, and the economy of small runs are also pushing Indian manufacturers towards digital printing. Digital printing uses about 70% less water, 55% less energy than the conventional method. We estimate that we already account for 16% to 18% of India's digital fabric printing volume, and we are built to grow with this shift.

So to sum up, H1 FY '27 has been a very strong half. We delivered on our growth guidance. Our profit grew twice as fast as our revenue, and our cash flow have turned positive. Our recurring business is now the largest part of the company and continue to grow. At the same time, we are laying the foundation for the next phase. In-house manufacturing begins this year. And the paper joint venture will complete our ecosystem. With the compounding install base, a rising share of consumables, and two backward integration projects underway, we are confident that this strong performance will continue in the period ahead.

With that, I will hand it over to the moderator for questions.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.

Keshav Garg: Sir, I wanted to understand, are there any plans to raise equity?

Satish Panchani: So, if you see historically, we have almost funded our projects individually through combination of internal accrual and project debt, right? So, currently what we are looking is at the opportunity that is in front of us as a pool at the company level. So, eventually the mix could include internal accrual, project-level debt, strategic JV capital that what we did, and if it creates a long-term shareholder value, then equity, yes. So we have not restricted ourselves to one funding route right now.

Keshav Garg: And this new paper JV that we are doing, how much CAPEX will it entail and what will be our share and how much debt will be taken on, on that JV?

Satish Panchani: So, as I mentioned in my opening remarks, CAPEX is approximately INR 320 crore to INR 340 crore. The JV is 50-50. 25% is the equity and 75% is the project debt. So if we see for the fund from our end, it will be the 50% of the 25% that will come as equity.

Keshav Garg: Now, sir, also wanted to understand that our receivables are really an area of concern. Now, if we see from FY '24, then our revenue has basically doubled, but our receivable has gone 5x. And even last year, basically every year the receivable is doubling. In FY '24, receivable doubled. In FY '25, it doubled. In FY '26, it doubled. And in H1 FY '27 also, instead of coming down, it is marginally increased only.

And sir, if we again look at our receivables over 6 months as on 31st March, it increased from INR 2 crore in FY '25 to INR 25 crore in FY '26. So, are we able to collect this money, or we are just selling left, right, center, and collections are lagging behind?

Satish Panchani: So, answer to that question I have already given in the last year call, that the receivable, the pressure, or whatever the cash flow negative that we have seen in last financial year, If you see, the revenue was around INR 151 crore and the receivable around INR 111 crore, okay.

By the beginning of April, because of that MSME rules and everything, the payment cycle was little bit stretched. But by the end of April and beginning of May, we have got in control of that receivable, okay. So that receivable was INR 92 crore at that time.

Now if we compare that with our revenue from INR 151 crore that jumped to the INR 183 crore this year, and the receivable just increased from INR 111 crore to INR 116 crore. So that clearly shows that the receivables are in your control. However, if we compare it for last 2 or 3 years

ago, the cycle of the payment was around 60 to 90 days, which is now around the 90 to 120 days payment cycle, and which is the normal as per the industry norms.

Keshav Garg: No, sir, they are some promoter group companies PD Print, Inkia Inks Private Limited, this I believe is being merged, but True Color Print, Eddy Impex, TJet Technology, Fabcure, ST, all these companies, are they in the same line of business, or what exactly is the business of these companies? And if they are in the same line of business, then how do the management decide that which order is to go to which entity?

Satish Panchani: So, they are not in the same line of business. If you see True Colors Print, earlier it was a separate partnership company which is being slump sale into True Colors Limited. So it is not there. PD Print is no longer working. And, if we talk about the Fabcurate Private Limited, it is a B2C online store, just like a store nearby our house that we go and shop 1 meter, 2 meter, or let's say a piece of a garment. So what they are doing, it is not in line with True Colors' core business where we supply the machines and the consumable along with that.

Keshav Garg: So for FY '27, what is the expectation for top line and EBITDA margin?

Satish Panchani: So we earlier gave the guideline of around 20% to 22% in the growth of the top line, and we will stick to that guideline only.

Keshav Garg: And sir, margins?

Satish Panchani: So yes, you have already seen the margins are improving results. Our profitability is growing faster than the revenue. So with what we have achieved in this financial year, in half year, that we will try to achieve in the next H2 as well.

Keshav Garg: Last question, sir. In this Paper 4A, what is the IRR on this project?

Satish Panchani: So generally, when we select or evaluate any of the project, we are generally looking for the IRR of around 3 to 3.5 years. But with the current, scenario, we can achieve it more earlier as well.

Keshav Garg: Great, sir. And I hope whenever you raise equity, at least you will raise it at a price which is higher than the IPO price and not lower than the IPO price.

Satish Panchani: Will keep in mind. Thank you so much for the feedback.

Moderator: Next question is from the line of Vishal Prasad from Raj Mahal Capital. Please go ahead.

Vishal Prasad: So, you have said that when a printhead needs replacing, that is the point at which you start a conversation with the customer about an upgrade. How does that upgrade work? Do you upgrade the existing machine, or do you sell the customer a new machine altogether?

Satish Panchani: So, normally, it's an upgrade on the printhead, because what happened if the machine has, let's say, 24 printheads running inside a single machine, sometimes it happens that it is a problem with the 4, 5, or 6 printheads only. It's not happened that every printhead goes damaged or stop working from the same day, right?

So, generally, it happens that you change the printhead and machine is working. Sometimes it happens customer want to upgrade in terms of category or in terms of production. To just give you an idea, if say, let's say some customer is printing 2,000 meters per day. And he wants to jump to the 10,000 meters a day, so it is upgrade. Okay.

Second thing is if customers is printing a polyester fabric and now he is planning to go in the field of the viscose or cotton printing as well, so that is an upgrade. So upgrade and the replacement of the printhead, that is the two separate parts because replacement of the printhead, it is not all together. So if it is a 4-head machine or 24-head machine or 36-head machine, the damaged printhead is being replaced and that is it.

Vishal Prasad: So upgrade is, I mean, they need to buy a new machine which will give more throughput, is it?

Satish Panchani: Right.

Vishal Prasad: So now, this large CAPEX that we are doing in the paper unit, so from which stage will you manufacture paper? From basic raw material like wood or at a later stage of the value chain?

Satish Panchani: So basic raw material will be pulp. And from pulp, we will be able to create the base paper, which is the ultra-low GSM paper. And with that ultra-low GSM paper, it will be an inline coating on that base paper, and the final output will be the 29 GSM sublimation paper.

Vishal Prasad: So if I look at the company, your success so far has come from printing machines, ink and fabrics where you know the customer and the technology. Making a paper from wood and pulp is a different business with different expertise and sourcing risks locally as well as internationally.

What do you know about the business today that gives you confidence that you can run it better than the current incumbents in India as well as internationally? Because if you look at this industry, people face a lot of challenges in terms of sourcing, in terms of margins, and all those things. So why are we getting into something that we don't understand or we have not done it?

Satish Panchani: So when we talk about the paper backward integration, or let's say, the expansion into industry, we need to understand that how the industry operate right now in India. We are able to get the base paper and we coat that base paper using our chemical. So the base paper in India that we can able to get is almost 32 GSM to 34 GSM base paper, and then we coat that paper to 38 GSM paper.

So this is the technology constraint in India that we are not able to get the paper of the same GS or the lower GSM which is compared to our neighbor China, right? So China, is supplying around 29 GSM coated paper, and if you see the volume, then it is somewhere around 70% to 75% of the paper that India needs is being imported.

So technology constraint is there, supply constraint is there, base paper availability is an issue to make the ultra-low GSM specialized paper which can withhold the coating chemistry is the challenge right now across the industry, okay. So, that is the first reason that is moving us to in the direction of making the sublimation base paper.

And if you see our business historically, we started with a 50 lakh meter in 2018, shifted in 2021, it was around 30 lakh meter and now we are at 2 crore meter. So, if we want to move ahead from 2 crore meters for the next phase of expansion, we thought that it is always better to have the control over the technology, control over the base media, so that you can prepare the product, the quality product that is not only, like it is not only benchmark as per the Indian standard but as per the global standard. And through that technology only we will be able to make that paper. So that is the reason of going into this direction.

The second thing is, that you rightly said that, okay, we are talking about the expertise, and that's why we know the limitation that, okay, we have the deeper knowledge of the coating chemistry, the paper substrate, but we do know the manufacturing, and that's why we took the institutional approach. There are the project consultants working on the project.

We have chosen the best technology of the best machine so that we can get the output which is, which is desired for this particular project, and that will help us to get the right approach. So rather than going in the direction to choosing the technology on ourselves and putting that confidence on our shoulder, we have already taken the institutional approach and we are working in that way.

Vishal Prasad: So, is it really difficult to import the papers from somewhere else rather than importing pulp and putting up a paper plant?

Satish Panchani: So, you know that paper is a logistic-heavy product, right? So import the paper also again come with the dollar fluctuation and the supply limitation is there. India currently, India was almost using almost 3 crore, 4 crore meter paper 10 to 12 years back. Right now our consumption is around 20 crore meter a month. So we are importing almost, almost 15 crore meter of paper every month from, from our neighbor. And if we are seeing this ecosystem which is expanding from, let's say 7%-8% into, into next 5 years, if it expands up to 15%-20%, then India's requirement of sublimation paper may be almost double, right? So at that time, India will still be import dependent on these things.

So by doing this, what we are trying to do is we are making the consumable infrastructure ready for the next phase of expansion in India for the digital textile printing. So through ink, INKIA, we are manufacturing, we are going to manufacture ink. Through this JV, we are going to manufacture the sublimation media, which is again a specialized paper, not the commodity one. So that is how we will complete the ecosystem and make it ready for next phase of expansion in India for digital textile printing. That is what the idea is.

Vishal Prasad: Okay, so until FY '25 H1, we earned 7% to 9% margin selling machines, imported ink, as well as the replacement parts, and the margin stayed in the range after you added sublimation paper. Now it rose significantly once you started the fabric and job work business. So is the fabric and job work business a 25% EBITDA margin business?

Satish Panchani: So if you see our measure, our higher margin product are our consumable and our printing system as well. When we talk about the machine, machine is the moderate margin business, or I can say the low margin business. Our business model is more like selling a razor and then make money from the blades, or either supplying a printer just like HP do. They put a printer and then they are making money out of ink.

So our majority, our profitability that is coming from our consumable business. And that is why if you see the last year, the percentage of the consumable compared to our machine was lower. This year in H1, you can see the consumable percentage goes higher, and that makes the improvement into the PAT level.

Vishal Prasad: So can you provide a range of margin that we have in consumables?

Satish Panchani: So at the consolidated, what we do is we keep the margin at the consolidated level because sometimes it is a product mix. Sometimes it is very difficult to judge the margin on the base of a single quarter or a single half-yearly result because it is, one is a product mix and second it is quite dependent on the type of the product that we are selling with the volume that we are doing. And that is why we try to keep it at the consolidated level only.

Vishal Prasad: So, is it possible for you to rank the business of, let's say, highest is ink, then it is consumables, then it is let's say fabrics, and last is the machines. Is that the case?

Satish Panchani: Yes. So more or less it is a consumable, ink, paper, and printing. They are working in the almost the same margin range, and then machine is the lowest margin product in our portfolio.

Vishal Prasad: In one of the calls you had mentioned that it is extremely difficult to replace an incumbent ink supplier because the color is almost impossible to match, and fabric made with one supplier's ink has to stay with the brand.

Before INKIA, you used to source ink from China and Japan, and you still do. So with INKIA replacing part of it, how was INKIA able to match the color of inks you sourced from China and Japan? And if you were able to match, then others could also do so, right?

Satish Panchani: So basically, the ink manufacturing capability that INKIA have is starting from the formulation. So it is not more or less like mixing A plus B and making the ink out of it. So INKIA can produce. As INKIA has the formulation capability, it can produce any kind of ink that the machine is required or already running on the machine.

So, that capability was already being built of, I guess, three to four years of R&D into it and it is running since last, almost 3,000 tons. 2,500 to 3,000 tons of ink is already being supplied into the market. So, color consistency and everything is already there.

So this kind of ability that INKIA have into the formulation that help us not only to replace the ink with the True Colors as it was already imported as a white labeled product with True Colors, but can also serve as OEM to other importers or distributors of India. And along with that, it can also be capitalized in form of the adjacent application as well.

Vishal Prasad: So my point is, let's say, I am the manufacturer and I am using a certain ink, and you have mentioned that that ink which I'm using, it cannot be replaced because it is extremely difficult to match, right?

Satish Panchani: Right.

Vishal Prasad: So if a manufacturer is using certain color, it has to use that color, and that is the basis of your business in ink, that once they start using your ink, they will not be able to replace you. So my question to you is—

Satish Panchani: Yes. So it is not only about the color of the ink, it is also related to the warranty of the spare part, the warranty of the printhead, the service that our team is offering. And again, it is not a regular product like a desktop printer that is being used for 24 hours throughout its lifetime. This is the daily basis you are using this printer. Media is changing every day, and that is why you need a service support.

So printhead warranty, spare part availability, the color consistency, the service availability, everything is tied up with the supply of the ink. So to change the ink, it will change the color, and the color will affect the printing quality. That is the one part. And the remaining, the other part is also this, that the service and warranty are also tied up with the ink supply.

Vishal Prasad: Correct. So this ink, which you also mentioned, that once we change the ink from some other supplier, let’s say, you were importing from China before, correct?

Satish Panchani: Right.

Vishal Prasad: So now the guy who is buying the Chinese ink from you, INKIA came into picture, and you are trying to supply the same ink to the same manufacturer. And now since once you replace the ink from China with your ink, there will be some difference in terms of shade or something else. So my question to you is how you manage to move the manufacturers from Chinese ink to INKIA for the same set of clothing?

Satish Panchani: So, first of all, that we have the capability that we can match the color. Almost 100% matching is available with our ink. Number one, we have that capability that we can replicate any kind of ink or any kind of colors, as per the requirement.

The second thing is, in India, currently, the manufacturing is not done in India. Almost 99% of India's requirement of digital printing ink is being imported. So through INKIA, we have just started reaching out that requirements from India only or Indian manufacturing ink only. Initially, when this ink was imported from China, it is 100% white labeled product. If True Colors is importing, it is by the name of True Colors. If X company is importing, then it is by name of the X company. Okay. And there is the OEM supplier. So INKIA's roles come into the picture.

Now INKIA can formulate the same color for True Colors' requirement. If True Colors has some, let's say, Shan color with this shade, then INKIA can match that color. And as it was already a white labeled product from China, so that product is replaced by the Indian manufacturer. The bottle remains same with the True Colors' name, right? And the same happened with the other importer or other distributor as well.

Vishal Prasad: So anyone having money with them, available with them, and since you mentioned that you have the capability to copy the color, that capability can be developed by others as well. And if I have a lot of money and I want to get into ink manufacturing in India and I want to copy whatever is being imported from Japan and China, so is it that easy to copy it or it is extremely difficult to do that?

Satish Panchani: So, sir, you know that textile industry is almost a 5 to 6 decades old and mature industry in India, right? India is already printing somewhere around 2,500 to 2,700 crore meters, and we are using the dyes from Indian manufacturers only since last 3 to 4 decades. So, India is not dependent on import of dyes to print the conventional printing.

So all the manufacturers who are into conventional printing technology, they have already tried and tested that they can also try to make the ink for the digital textile printing application as well. But to make the dyes and to make the inks, that both are the different technology. Because dyes, in dyes industry or in conventional printing industry, you don't need to pass your ink or your chemistry from any media. It is a direct-to-surface technology.

But when you talk about the digital textile printing, every printhead that is inside your printer, Epson printer, let's say your desktop printer, it contains around 1,400 to 1,500 nozzles, and

your ink chemistry should pass through that nozzle. So particle size matter. The consistency of that product matter. There are so many chemistry parameter which is working in it. So, answer to your question in a simple word, it is not easy, first of all to, produce the ink for the digital textile printing application or digital printing application.

Second thing, now once you have the ink, you must have the knowledge of application as well, right? Because when you are applying to the different media, how the media will react is not only dependent on the type of the ink, it also depends on the machine, the printhead, the lifetime of the machine that you are running. So, these are the parameters that comes into the picture. So, I will say it is not easy to produce this kind of ink because it is a different technology altogether.

Vishal Prasad: And how would you rank the quality of Chinese, Japanese, and INKIA Inks? And how significant is the quality difference between Japanese and Chinese?

Satish Panchani: So, number one is, you can produce the type of ink that you required as per your application and as per your requirement. Let's say the Japanese ink, or let's say some European ink manufacturer who manufacture ink, so that kind of ink can also be manufactured in India or in China as well. But when the price-sensitive market, you mostly trying to compete with the Chinese supplier, you try to make the quality with the Chinese players.

But when we are talking about the adjacent application, let's say we are printing a label, let's say we are printing a media like film. So at that time, it depends on the requirement of the customer. If somebody wants to match the ink with the Japanese level, it can be matched because it is all about the concentration of the chemicals that you are using and putting, and that comes with the cost. So if somebody is ready to pay the higher amount for that, that kind of ink can also be developed.

Vishal Prasad: So what is the price difference between Chinese ink and Indian ink?

Moderator: I am so sorry to Interrupt, Vishal. You may please rejoin the queue for more questions. Next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, firstly, if I look at our ink revenue, sir, the revenue is lagging the volume growth as well as machine installations during H1 as well as H2 of FY '26. So, why is that? And sir, even with pigment prices have increased, and we have seen all pigment and ink companies doing well, our realizations have not gone up. So if you can help us understand on that.

And sir, a sub-question would be what kind of margin do we make in trading or white labeling ink right now? And with in-house production capacity, how much margin improvement can we expect on the ink business?

Satish Panchani: So first thing, your question is regarding to the volumetric growth is that, but we are not able to communicate perfectly in terms of the revenue growth. So it is basically due to the global price correction into the ink prices. So globally price are coming down for the ink as the volume is rising.

As I already mentioned that earlier back in 2013, the world's volume, if you see, it was somewhere around 100 crore meters or 200 crore meters the world was printing. Currently, with over the course of time, the volume increase in India, volume increase across the world, and with the rising in the volume, it's raised the production as well. And because of that, the price is corrected globally. So its average realization is being down, and due to that you see the volumetric growth is there, but it is not directly, proportionately reflecting into the number. So that is the reason for this.

Now what you mentioned is the pigment prices is rising across the world, but why not the prices of the ink? Because earlier pigment is the more saturated and volume-based market. It was already running in India throughout since many years. This is the new technology. The people are having the margin inside the business, then the volume was very low.

So now its volume is increasing, the price is getting corrected, and the average realization per meter, that is the target of the entire industry, the entire world, that the average realization per meter, once it comes of digital printing nearer to conventional printing, the chances of getting converted from conventional to digital will grow more, right? So, this is just because of the average price realization and price correction globally.

But what, as a company, we more focus towards the increasing the installation base, which proportionately increase the volume that we need to sell in terms of meter, which proportionally increase the volume that required to print this fabric in terms of ink and in terms of the paper. So over the course of time, it is the pool of this volume will bring the recurring revenue into your system. So that is whole idea behind this.

About the margin, so, different than the regular business, our ink distribution margin are always higher compared to the manufacturing margin, because this is more like a D2C business, related to service, related to the performance of the company, performance of the machine. So that is why our margin profile are always better in terms when we talk about the distribution.

But beyond the margins, manufacturing, what they offer us is the formulation control. So the same capability we can extend to the white label supply, and we can also go in beyond textile as well. So that is the idea behind the having the control over the formulation, the R&D and the manufacturing of the ink. So it will work like a digital ink chemistry platform for us.

Madhur Rathi: So there would be no margin improvement with in-house manufacturing?

Satish Panchani: So there can be margin improvements into the manufacturing because right now you are importing inks from other, right? Or you are supplying as an OE, you are working as an OEM, so you are already having that margin into the system, which will bring into our margin after the merger of INKIA.

Madhur Rathi: Sir, can it be like 5%-10% margin improvement? So if we are making X margin currently on our trading of ink, will it be higher by 5%, 10%? If you can just give a quantification.

Satish Panchani: So, currently, I will not put a number onto it, but directionally, once you are manufacturing, it will improve the margin. But we will put it into the reported numbers once INKIA's merger is being done.

Madhur Rathi: And sir, second question was on our paper segment. Sir, firstly, what led to this volume and revenue growth during this H1? And sir, why are we moving towards manufacturing base paper, which is a commodity business? And sir, no company in paper industry makes ROCE that True Colors makes on their printing, the digital printing services as a service business. So, if you can help us understand that, why are we moving into this direction versus focusing on increasing our machine-based, install-based, service-based versus moving into commodity business?

Satish Panchani: The commodity paper, first of all, it's when we talk about the paper business, what things comes into the mind is the craft paper or the tissue paper, the industry that working alongside the Chinese suppliers, right? So, this what we talk about the specialty paper, that is a 29 GSM-based sublimation coated paper. So this is not the paper that any of the paper industry in India is currently producing or having the capability to produce, number one.

Number two is we are not seeing ourselves as entering into the base paper industry. See, tomorrow you are buying a machine from me, right? So once you buy the machine, I need to provide you the ink and the paper to print on that machine. So currently, what till historically, if we see, we have enlarged our capacity. We moved from 15 lakh meter to 30 lakh, then we extended to 1 crore meter, and currently we are producing 2 crore meter paper.

So that base paper that India can produce is limited to 32 GSM. That is the lowest that we can produce in our mills. So now, rather than if I go in the direction that I am selling more machine, right? So more machine means more consumable requirement, and the more consumable requirement means I need to extend my coating facility. Whatever I am doing right now, 2 crore meter, I need to extend it to 4 crore, then I need to extend it to 6 crore, then I need to extend it to 8 crore meter so that I can fulfill the requirement of our ecosystem's pool, or maybe I can sell outside our ecosystem to India's needs. Okay.

So in doing this, to get the base paper which is required for this kind of application is the constraint. So the capacity or the capability to produce the right quality paper is not right now

available with us in India. So that is the capacity constraint, that is the quality constraint that we can feel in the future. So that is the reason that we are going in the direction that our base raw material becoming a pulp, and the final product that we are producing is the sublimation-coated media or the sublimation-coated paper.

So that will be a 29 GSM paper which is currently being imported from China. Percentage I have already mentioned, it is 70% paper is already being imported from China. And if India is moving in the direction from right now currently printing around 230-240 crore meter annually to, let's say, 500 crore meter in next few years, then the requirement will still be import dependent because we don't have the manufacturing capability.

So it is not going towards the base paper direction or towards the commodity paper direction. It is more towards the ecosystem's requirement of the sublimation paper along with the ink, right? So, that's why it is not the quantity one, this is the specialized paper and more towards related only towards our ecosystem.

So we are not competing with any of the Indian paper mills or globally any of the paper mills. We are not trying to produce the craft paper or the tissue paper or the paper that is being used for printing, writing, printing paper. This is for our core application and requirement for our own ecosystem. So it is more to like a backward integration only.

Madhur Rathi: And sir, you mentioned that this will be under Viksit Gujarat policy. So, will we get capital subsidy on this CapEx as well?

Satish Panchani: Yes, so this CapEx is under Viksit Gujarat policy, which has been declared in 2026. So it is around 25% of the CapEx , total capital subsidy is there. And in our ink manufacturing plant, it is 35% of the capital subsidy is there.

Madhur Rathi: That was from mine.

Moderator: Next question is from the line of Darshil Zaveri from Crown Capital. Please go ahead.

Darshil Zaveri: Sir, just wanted to understand that our margins have improved significantly. So, these are sustainable, right? Like, I think you said in H2 you want to maintain that, but whatever has driven these margins, they are not one-off, right, sir?

Satish Panchani: So the whatever margin that you are seeing now, it is because of the product mix. So once the consumable business goes up, every time you will see the margin in this direction. In the past, if you see, the margins were better when the consumable percentage was higher. So because we are making margins on the consumable, not making much margin on the machine business, so if let's say in the next H2 if the machine business goes, let's say, beyond certain limit and the more number of machines are installed, it will create a base or it will create a pool for the

upcoming years. But in the same year, it will pull the margin down, okay? Because we are making margins on the consumables. So that is why you are seeing that difference.

Darshil Zaveri: Fair enough, sir. And sir, just wanted to know in terms of Receivables, what is the things that we can do to better it? It has improved a bit, but it is still significant number of days, right, sir? So, what are the things that can we do, some kind of bill discounting or some other ways of getting the margin? Because once our money gets stuck, it impacts us, right? So how do you look at that, sir?

Satish Panchani: It is a very nice observation and a nice suggestion that you have provided. Going forward, working capital and the receivable is always the matter of focus for us. It was been a focus, and that is why you have also seen the improvement over there as well.

The one thing that I would also like to mention is Quarter 2 is a much larger volume compared to Quarter 1. So that is why if we the number is still like 116, because majority of the business that we have generated is Quarter 2. So normal payment cycle runs around 90 to 120 days, and right now if it is under the control.

But going forward, once we are talking about the manufacturing capability, like what manufacturing, today we are into distribution, tomorrow we will do the manufacturing of ink, from 2 years from now we will be manufacturing of the paper as well, right? Sublimation paper.

So, whatever you suggested, the number one is the bill discounting, that kind of stuff can be there, channel financing can be there, or either it can work as a distribution model as well. So as a team, we are working in that direction, we are putting our thoughts, we are checking the numbers, and we will see that as per your suggestion, we will explore the number of options as well.

Darshil Zaveri: That's great to know, sir. And sir, just wanted to know in terms of Sports, like I think you said, Middle East is also somewhere we are growing, sir. So what are the other areas thatwe want to explore? And are the margins better out there than compared to India, or how do you say that, sir?

Satish Panchani: So, if we see till date, or let's say till before 2 years, we were not manufacturing inks, we were importing inks from China. Right now we are currently presenting ourselves as a manufacturer. So, if we see the world's map for digital textile printing ink, or let's say digital printing ink, entire world is depending on our neighbor, that is China.

So, our opportunity lies across the globe, but currently as we do not have the manufacturing facility with us, we are only producing 80 tons per month and we are moving in the direction of making 150 tons per month. So, over the course of time, that can be a global opportunity for us as a manufacturer to explore all the direction.

Like if you see our last year journey, we have put so many remarks by participating into exhibition into Brazil. We are participating into America. We have participated in exhibition into UAE and some of the other countries as well. So, we are trying to push ourselves. We are trying to showcase the world our capability, and people across the globe also have the other option compared to China to source it, right?

So, all across the world where the digital printing happens, either on the textile or either on the other media, people required ink, and current dependency of people for ink is on China only. So that can be a market, and yes, margin profile can always be, maybe a better margin profile with the export and the product mix.

Darshil Zaveri: Yes, that's great to know. And just last one question, sir. If we have the data point, how many receivables are greater than 180 days?

Satish Panchani: I just need to check the database once, and I will ask Abhishek to get back to you with that number as well.

Darshil Zaveri: Yes, that is it from my side.

Moderator: Next question is from the line of Naveen, individual investor. Please go ahead.

Naveen: My first question was on the paper JV. Wanted to know, we are proposing around 8 to 10 crore of meters per capacity. So, what are the expected manufacturing cost and EBITDA per meter that we are penciling in? And will we manufacture only the base paper or the coated paper, the entire capacity?

Satish Panchani: So, number one is, it is a total coated paper capacity. It is starting from the pulp. Pulp works as the raw material. It makes the base paper and coat it on the same line. So it is more towards the integrated plant, which can produce the sublimation paper around 8 to 10 crore meters. So that is what about the project is, okay?

And the EBITDA margins that you want to know, it is totally, it is depend on the many parameters. So right now, our core focus is towards the execution of the plant. It depends on the product mix that we are producing. It depends on the utilization of the plant, but as I mentioned that that is currently a constraint in the ecosystem, and that is what we are trying to match.

Naveen: And how competitive will it be against imported base paper?

Satish Panchani: So if you see that at the level of the scale and from the raw material point of view, it is competitive as compared to the Chinese product. Second thing, apart from, if we don't even consider the import duties and the logistic that is being governed, the fluctuation of the prices are there. So, that adds the additional leverages into it.

And what facility we are trying to build currently is to make the sublimation paper which can be globally competitive, not only in India. So that once we, as I mentioned, that there are two backward integrations will gonna happen. The one is the ink as a consumable. Second is the paper as a consumable.

So, our intention will not be limited to the supply into India only. So it will be a global distribution of these products. And for that, we need to be competitive with China. And that is what we are considering. We are looking all the factors before jumping into it and making the plant accordingly, the scale accordingly, the product, the machines we are planning. So everything in accordance with that, we can compete with the Chinese product as well. So what we are doing with the ink, that we can do with the paper as well.

Naveen: My second question is regarding the installed base of machines of around 956. How much of this is sublimation and how much of this is reactive? And how this mix has changed over the years?

Satish Panchani: So currently, if you see, it is 70-75% is the sublimation, 25-30% is the reactive. And over the years, people are expanding in both the direction. And every year, the capacity of the polyester has also increased in the proportionate way, and the direct printing is also increasing in the proportionate way. But the way that India is expanding, it may happen this ratio goes to 60-40, after maybe it is just the assumption that that ratio may be 60-40 within next 4 to 5 years, the way that viscose fabric is expanding, the way that cotton demand is increasing.

Naveen: And for adoption of direct printing, is cost one of the factors which is sort of preventing the increased adoption?

Satish Panchani: In the direct printing, when we talk about the cotton or viscose which is being printed directly, it needs a pre- and post-treatment. So to make a pre- and post-treatment, you need the complete infrastructure just like the mill. So you need to have the stenter in-house to coat the fabric, then you print the fabric, and then for the color fixation, you use some steaming application. Then after it, washing, washing. After washing, it is a finishing. So it is a complete setup that you require to print fabric directly. And in order to print fabric directly, the number of steps increase, the cost increase proportionately.

While in sublimation, it is just printing on the paper and transferring onto fabric. So it is a one time that paper comes in contact with the machine, and that is why it is easy, it is fast, it is more convenient. Pollution is not there, no water required, and it can be start with the lowest production capacity of, let's say, 1,000 meters or 1,500 meters as well.

So, while printing fabric directly in even a digital printing, it needs a complete set of requirements. So initial CapEx is also required, and then cost of the direct printing is also higher compared to sublimation printing.

Naveen: The cost of machine is also significantly higher.

Satish Panchani: Cost of machine is significantly higher. Yes, because the media changes, right? There are so many different kind of fabrics, so many blended fabrics are there with the different GSM, with the different characteristics. To handle that kind of fabric, it required the different mechanism of in and out, and that mechanism costs the money. And the capacity to put the ink on the fabric, that also goes down. So that is why the price of the machine remains higher compared to the sublimation.

Naveen: And my last question is, out of the total ink which True Colors sells, how much of the ink is sourced currently from INKIA? And once our capacity comes in, how will this mix change?

Satish Panchani: So generally, what INKIA is currently producing, around 80 tons per month, if we see in the perspective of True Colors, at the peak month it required around 140 to 150 tons or more than that ink in the peak season time, okay. If you see the averaging consumption in last 6 months, we have reported is 115 tons.

So currently for INKIA, the major, the first priority is the work as an OEM and supplying outside our ecosystem so that we can gather the base of the customer, they start using our ink, they start placing order repeatedly or a repeat order. And once we have the capacity of, let's say, 150 ton or 200 or 500 ton, then we can easily replace our own ecosystem. So that is not a big task.

So generally, if we see last year total INKIA's production, almost 35% to 40% of ink was being used into True Colors' ecosystem and rest of the ink was supplied to the other distributor in India. So going forward, as I mentioned, that once we will be reaching at, let's say, 250 to 500 tons, it is possible that 100% of the True Colors' consumption is being manufactured here only.

Naveen: And does INKIA have the capability to manufacture both sublimation and reactive?

Satish Panchani: Yes, it has the capability to produce any kind of ink, yes.

Moderator: Next question is from the line of Rohan, an individual investor. Please go ahead.

Rohan: Sir, firstly, I was trying to understand the margin profile across segments like the machine segment firstly, and secondly, on the consumable cost, right? A broad EBITDA margin guideline on that?

Satish Panchani: So, the machine, it is more like a thin margin product for us. As I mentioned that our major revenue driver we see, the profitable driver we see is the consumable, because machine is the one-time installation. The day the customer buy the machine, the recurring business starts with the supply of the ink, with the supply of spare part, and the supply of the paper. So the

profitability that we look in the direction is from the consumable business, and the machine is a very thin margin product. But it is on the broad level.

So, at the consolidated level, if we see, we have reported this time the margin around 17%, but last year, when we put the margin number of around 15% EBITDA margin, so broadly, it is a range that is around, let's say, 14%-15% to let's say up to 18%, and in that range we get the EBITDA margin. Either it is a consumable or a printing business.

Rohan: So, basically just to understand, because our consumable business, recurring business will keep on growing, right? So some broad numbers do you have on what percentage like, say, the distribution of machinery, the distribution part is, say, 8% to 10% EBITDA, and so our consumable is, let's say, 25%. Some broad numbers do you have?

Satish Panchani: So, right now, what data we have proposed is at the consolidated level. But we will see over the course of time if it is feasible, if it is advisable, then we will share that number with you as well.

Rohan: Yes, because that would be very helpful.

Satish Panchani: But you just need to understand that in machine, we are working on a very thin margin. It is roughly around 5% of the gross margin. Then the rest of the business or the profitability, that is coming from the consumables.

Rohan: Because consumables I think are so profitable, like it must be at least 35% profitable margin.

Satish Panchani: So that is what we have reported on the consolidated level.

Rohan: Secondly, where do you see this mix going forward, right? This consumable, I guess, H1 it was 50-50. So, do you see this mix going up to 40-60, say, in FY '28? And what is the vision like? Because the recurring aspect of the business is made for us. So where do you see that mix growing exactly?

Satish Panchani: So that is what the total idea behind, right? Currently what we are serving is to the ecosystem of our own installation base. If you see, our own installation base is of, let's say, 1,000 machines, and it can print around, let's say, 50 crore meters a year. That is the ecosystem of your True Colors ecosystem, and for that you are trying to generate the consumable by yourself. Earlier you was importing the ink, and now you are manufacturing ink. Earlier you was just buying the base paper and coat on that, and trying to supply to your own ecosystem, and that is how you grew.

So that is the fundamental of the business that more focus towards the recurring revenue, increasing the installation base. And that will increase the pool of the meter that India can print through our machine. And through this manufacturing facility, that what we are proposing

ahead, when we are talking about moving from 150 ton to 1,000 ton in the future, when we are talking about making a paper of 2 crore to 10 crore meter, so, that will not only serve the True Colors' ecosystem, but it will help the entire India's ecosystem to grow in that direction. So, we are trying to get the consumable infrastructure ready for upcoming growth of India as well, not limited to our ecosystem.

Rohan: And sir, just one clarity. So I'm new to the company. So just currently, are we manufacturing any ink in-house, or this will come live only by FY '27 end?

Satish Panchani: So currently what we are manufacturing is through INKIA Inks Private Limited, which merger is being proposed and accepted by BSE, and it is under the NCLT process. So, once the merger is being happened, that 80 tons of capacity will be added into True Colors along with the new facility that we are putting of 150 tons.

Rohan: And that 150 tons will start by FY '27 end, right?

Satish Panchani: Yes, true.

Rohan: And this 80 tons, this is a promoter entity with INKIA?

Satish Panchani: Yes, the INKIA Inks Private Limited basically was earlier, when it formed, it was owned 50% by our 4 directors individually, not under name of the True Colors, and the 50% is our other partners are there. So, once at that time, INKIA was producing around 3 tons, it was under the R&D part was going on.

Actually, it is a long story. It was started back in 2017, which are R&D, and then we formed the INKIA Inks Private Limited to get the chemical capability. Then the application comes into the picture, and once it gets at the stage where we can now scale it, we merge it into True Colors.

Rohan: What is the valuation which you are proposing for the NCLT?

Satish Panchani: So at that time considering the projected PAT numbers that was achieved into last financial year, around Rs. 4 crore PAT was achieved in last financial year at the revenue of Rs. 24 crore. And based on that PAT, it was given a multiplication of 15 and, valued at Rs. 60 crore at the share price of Rs. 240. So it was completely a share transfer which will be done at the current price whenever the NCLT approval is there.

Rohan: At the current price, or at 240? I think 240 is higher than the current.

Satish Panchani: At the current price at the time of the approval.

Rohan: But sir, our stock is trading at 8x PE and we are giving the promoter entity 15 PE, generally it is a discount, you know.

Satish Panchani: Right, very true. So yes, when this merger was happened or the merger was announced, at that time our stock was around 20-21x at that time, and the IPO value was 19x at. So considering the shareholders' interest into it, we mark it to 15 only at that time.

Rohan: And sir, by when do you feel this merger will go through? At what stage we are exactly right now? And because it takes some time, and FY '27 for this entity, what are the projections? Will it be similar, Rs. 4-5 crore PAT, or it will be a bit higher?

Satish Panchani: So, for the merger, we got the approval from the BSE before 3 to 4 months. Then we applied for the NCLT and the process of the NCLT is going on. So merger may happen maybe before the end of the year depending on the communication and depending on the approval. However, the merger document clearly says that whenever the merger happen, the consolidated balance sheet will be considered from April 2026. So it will be consolidated either this year or maybe the next year whenever it will get.

Rohan: What are the estimate FY '27 numbers for this entity?

Satish Panchani: For which entity?

Rohan: For this INKIA, what are the FY '27 numbers estimated? Is it Rs. 24 crores revenue and Rs. 4 crores PAT or will it be slightly higher?

Satish Panchani: So, let the approval come from the merger. Right now to put the numbers onto it will be little bit earlier. So once the merger is there, we will report that number into the consolidated balance sheet.

Moderator: Next question is from the line of Kaushal Aggarwal from Veera Bharat Opportunities Fund. Please go ahead.

Kaushal Aggarwal: I am looking at the verticals. Machine revenue has been declining on a year-on-year basis by 18% to 19%, whereas the paper revenue has increased around 18% on year-on-year basis. And we, we all understand that paper consumption is typically connected with the machine utilization. So how do we reconcile the slow machine sales on it, like, in the paper--

Satish Panchani: No, it is not more about the consumption, it is more about the manufacturing capacity. So last year in FY '26 or before in FY '25, we were having the capacity to produce 1 crore meter a month. So total our capacity was 12 crore meter, though our consumable base, the customer that using our machine, the customer that are using our ink was around 24-25 crore, but our manufacturing capacity was limited to 10 crore, and which we have extended from 1 crore meter to 2 crore meter in last financial year.

But the machine has been started in the early quarter of last year, and we have produced around maybe 2 crore meter paper in that particular year using new machines, and that is being

utilized since last six months. So that is why we already had the customer base ready with us. We are lagging out of the capacity that we can manufacture. We match the capacity with the requirement, and that is why you see that number.

Kaushal Aggarwal: What I am trying to understand is, if we are lagging behind the sale of machinery, the number of machinery, and which papers are connected directly with our machines, how does it impact our sales run rate on the machines? And how do we plan to improve the sale of machines to match with the papers number?

Satish Panchani: No, currently, if you see, the number of machines that we have installed having the capacity of, let's say, around 50 crore meter, it can print at the 100% efficiency, for example. If we consider, let's say, 70% is coming from the sublimation and the 30% is the direct printing, then the pool of that machine is already there of around 30 crore meter to 35 crore meter. And if we say that throughout the year machine runs at the 70%, or let's say 75% efficiency, then the requirement of the paper in our ecosystem is roughly around 22 to 25 crore meters. And that is what the requirement is being matched right now with the current capacity. And this is what we are talking about our ecosystem only, not India's ecosystem.

Kaushal Aggarwal: One thing that I understand about the JV, the other partner, the Swastik Strategic Ventures LLP, if I am correct, the firm has been, and our other LLP has been established in last month of October only. So, can you give us some info about what their background, the partners there, the 2-3 partners that are there, what their background is, what they are bringing into this JV, their experience in the matter of experience, right?

Satish Panchani: Right. So they are basically a Surat-based group. Mainly their business is textile and the infrastructure and the construction business is what they were doing. And the JV is formed more towards the, let's say, the vision that we share, we can share together, the mindset, the frequency, the tuning that we have, the trust on each other that we can put and the long-term horizon that we are thinking that, okay, starting with the 10 crore capacity and making up to, let's say, double down the capacity over the years. That is how we are building the infrastructure.

And it will also help us in the direction of operationally perform the day-to-day basis operation because as a True Colors, our main focus after this manufacturing start working, our main focus is towards the market development, the selling our ecosystem. And the JV partners will be more aligned towards the operational activity and getting the performance out of the plant. So this is how it is being divided. In terms of the capital, it will be the 50-50. In terms of the risk sharing, it will be a 50-50. And that is how we have decided this JV structure.

Kaushal Aggarwal: So you have mentioned they are also the textile business. Does their business, it is somewhat similar to ours? Or it's--

Satish Panchani: No, they are into weaving.

Kaushal Aggarwal: Sorry.

Satish Panchani: Weave the fabric.

Kaushal Aggarwal: One last thing, that, INKIA merger is still in the progress, like you said in the last query. I just want to understand, can you give us the numbers of actual numbers of INKIA, also standalone numbers of INKIA, what exactly they have done in the H1?

Satish Panchani: So right now I am not sure that I am in a position right now to share that number or not. I will get the confirmation from the regulated authorities, and if they allow, or if our internal team get convinced over it, I will definitely share that number with you. So you can get back to Abhishek regarding to that requirement, and if it allows us, then we will definitely share. Okay?

Kaushal Aggarwal: Definitely. One last little thing. I think I missed on the starting call. The JV requires 50-50, and Rs. 40 crores should be on equity. Do we plan to raise something through, or it is going to be funded through internal accrual only?

Satish Panchani: So as I mentioned now that can be done through the internal accrual right now, that can be done through the bank debt. And so, we are also open in the direction of the equity as well. So depending on the time, depending on the situation right now, it is we are open for all the options. We are not limiting ourselves to any individual. However, looking at the profitability that we are generating, it is also possible to do it from the internal accrual.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to Mr. Satish Panchani for closing comments. Over to you, sir.

Satish Panchani: So, I thank you, thank you everyone for your questions and for the time that you have given us today. So we remain confident of sustaining this strong performance and we look forward to updating you on your progress. If you have any further question, please reach out to us or to our investor relations advisor, TIL Advisors. And thank you so much. Have a good day ahead.

Moderator: Thank you very much, sir. On behalf of TIL Advisors, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.