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DDEVPLSTIK — Complete Equity Research Report

Date: 2026-06-23
Hygiene Verdict: FLAG
Summary: Strong fundamentals and high returns marred by worsening working capital cycle and a sharp FY26 cash conversion decline.

Contents

- DDEVPLSTIK — Complete Equity Research Report
- Company Overview
  - Introduction
  - Valuation Context
- Hygiene Quality Assessment
  - Hygiene Evaluation: DDev Plastiks Industries Ltd
    - 1. Valuation vs History
    - 2. Receivables/Debtors Trend vs Revenue
    - 3. Equity Dilution (Shares Outstanding Trend)
    - 4. Margin Trajectory
    - 5. Depreciation as % of Gross Block
    - 6. Interest Coverage
    - 7. CFO vs PAT Quality
    - 8. ROCE and ROE Trends
    - Overall Hygiene Verdict
    - Key Caveats / Data Gaps
- Detailed Analysis
  - 1. Promoter background and history
    - Origins and the Kkalpana Group Legacy
    - Shareholding Structure and Control
    - Governance Red Flags: The Kkalpana Overhang
    - Credit Rating Upgrade — A Partial Counterweight
    - Summary Assessment
  - 2. Business model in detail
    - Revenue decomposition by product
    - Revenue decomposition by end-market and customer
    - Geographic revenue mix
    - Revenue quality: recurring but not contracted

- Emerging vertical: Battery Energy Storage Systems (BESS)

3. Capital intensity, capex, working capital requirements
    - Capex: From maintenance-plus to a committed growth cycle
    - Working capital: structural deterioration masked by raw-material pass-through
    - How much capital to grow revenue by ₹1 Cr?
    - Cash conversion analysis
4. Competitive intensity
    - Market Share and Positioning by Segment
    - Differentiation vs. Commodity Status
    - The Backward Integration Risk
    - New Entrants: Adani and UltraTech
    - Pricing Power Evidence
    - Competitive Threats from Imports and Trade Policy
5. Industry structure, import/export dynamics
    - The Polymer Compounding Value Chain
    - Total Addressable Market: End-Market Demand
    - Import/Export Dynamics and the China+1 Realignment
    - Raw Material Sourcing and Supply Chain Structure
    - Industry Consolidation and Competitive Landscape
    - Key Structural Risks
6. Regulatory tailwinds or headwinds
    - HFFR Mandate: A Structural Tailwind with a Phased Rollout
    - Power-Sector Capex: The Broader Demand Engine
    - BESS: A New Regulatory Frontier
    - US Tariff Headwinds and Trade Policy Uncertainty
    - Macro-Policy Support
    - BIS Certification: A Barrier-to-Entry Moat
    - Summary Assessment
7. Key success factors in this business
8. Cyclicality — what drives it, structural vs temporary nature
    - Raw Material Cycles: Volume Over Price
    - Seasonality: The Monsoon Quarter
    - End-Market Cyclicality: Capex-Driven but Diversifying
    - Structural vs Temporary: The Current Cycle
    - What Would a Downturn Look Like?
9. Corporate governance concerns raised by analysts + management response
    - Ownership Structure and HoldCo Discount Dynamics
    - Related Party Transactions: Scale and Substance
    - Board Independence: Formal Compliance, Structural Gaps
    - Promoter Compensation: Modest, but the Real Extraction Risks Lie Elsewhere
    - Analyst and Market Response

Assessment
10. Management walking the talk: promises vs delivery
Guidance vs Delivery Scorecard
Capital Allocation Track Record
Overall Capital Allocation Rating: Above Average
11. How company evolved: historical vs current management focus
12. Current business challenges and street concerns
Margin pressures: mix shifts, raw materials, and geopolitics
Competitive landscape: backward integration and new entrants
Export headwinds: tariffs and freight
Working capital and cash conversion
Margin of HFFR and high-voltage products: the waiting game
What management acknowledges vs dismisses
13. Future outlook — bear/base/bull P&L and balance sheet for next 3 years
Bear Case — FY27E to FY29E
Base Case — FY27E to FY29E
Bull Case — FY27E to FY29E
Key Judgments
14. Peak revenue potential at current and future capacity
Capacity Evolution: FY24 to FY27 and Beyond
Peak Revenue Potential from Polymer Compounding
The BESS Wildcard: An Entirely Different Revenue Stream
Working Capital: The Binding Constraint at Peak Scale
15. Capacity scale-up history by year and product
Capacity Landscape: Scaling the Platform
16. Store/unit economics, SSSG vs cost inflation analysis
Per-Tonne Economics: The Appropriate Unit Lens
BESS Segment Economics: A Separate Unit Lens
Cost Inflation Sensitivity — The Manufacturing Equivalent of SSSG
Plant-Level Payback and Capacity Expansion Economics
17. Margin sustainability and one-offs
Forex and Other Income: Separating Noise from Operations
Raw Material Pass-Through: The Core Margin Anchor
One-Off Margin Distortions in the Base Period
Product Mix and Margin Composition
Operating Leverage Runway
Management Margin Guidance
Net Assessment
18. Mental model framework for understanding this business
A "Picks-and-Shovels" Tollbooth on India's Electrification Superhighway
The Dominant Lollapalooza Forces at Work

The Single Most Important Mental Model: Switching Cost Moat via Certification Lock-In
The 2-3 Variables to Track Every Quarter
What Would Break the Thesis — Permanently vs. Temporarily
Management Quality Assessment: IMPORTANT (but not Critical)
Questions for Management in a One-on-One Meeting
Forensic Risk Report
RED FLAGS
AMBER FLAGS
CLEAN SIGNALS
INFORMATION GAPS
OVERALL RISK ASSESSMENT
Search Scope & Methodology
Disclaimer

Company Overview

Introduction

Ddev Plastiks Industries Ltd (NSE: DDEVPLSTIK) is a business-to-business (B2B) manufacturer of polymer compounds, with the wires and cable industry accounting for approximately 80% of its revenue. The product portfolio comprises XLPE, Sioplas, semicon, PVC, and halogen-free flame-retardant (HFFR) compounds, along with smaller contributions from engineering plastics and antifab compounds. Key domestic customers include large listed cable producers such as Polycab, KEI, Havells, and Apar, which together represent about 20–22% of the top line. The revenue model is predominantly spot-based, operating on a cost-plus pass-through mechanism that targets stable absolute spreads per kilogram.

In FY25, the company reported revenue from operations of ₹2,603 Cr, a 7% increase over FY24, driven by ~14% volume growth, and a net profit of ₹186 Cr. The installed capacity stood at 2,33,400 MTPA with 81% utilization. Ddev Plastiks operates five manufacturing plants on both the east and west coasts of India and exports to more than 55 countries; exports contributed 18–27% of revenue in FY25, down from historical levels of ~25% due to strong domestic demand and logistics disruptions. The firm holds an estimated domestic market share of ~50% in Sioplas compounds and ~33% in XLPE compounds for the 11 kV to 66 kV range, positioning it as a niche leader in cable-grade polymer compounding in India.

Valuation Context

Hygiene Quality Assessment

Hygiene Evaluation: DDev Plastiks Industries Ltd

1. Valuation vs History

- **Verdict:** Flag
- **Reasoning:** The stock currently trades at a P/E of 14.1x on record-high trailing earnings. The company underwent a merger/demerging restructuring, making pre-FY22 financials (FY21: zero operations) incomparable. Post-restructuring, the valid track record is only 5 years (FY22-FY26). While earnings have grown, the P/E multiple is modest and near what could be the lower end of the company's brief trading history. However, the lack of a long-cycle (10-year) valuation history makes a definitive "pass" impossible. Data gap: operating history pre-FY22 is irrelevant, leaving a short valuation track record.

2. Receivables/Debtors Trend vs Revenue

- **Verdict:** Flag
- **Reasoning:** Debtor days have risen from a healthy 53 days (FY23) to 69 days (FY26) — a 30% increase. Over the same period, revenue CAGR is ~5.6%. The pace of receivables build-up is outstripping revenue growth, indicating potentially looser credit terms or collection delays. This is a negative working capital signal and warrants monitoring.

3. Equity Dilution (Shares Outstanding Trend)

- **Verdict:** Pass
- **Reasoning:** Equity capital moved from ₹9 Cr (FY22-FY23) to ₹10 Cr (FY24-FY26). This ~11% increase likely relates to a small issuance (e.g., ESOPs or conversion) and occurred without subsequent dilution. Promoter holding remains rock-solid at 74.99%. The dilution is minimal, non-recurring, and non-threatening.

4. Margin Trajectory

- **Verdict:** Pass
- **Reasoning:** OPM has structurally improved from 5-6% (FY22-23) to a stable 10-11% (FY24-26). The QoQ data shows OPM has remained range-bound (9-11%) in FY25-26, demonstrating sustainability. Maintained double-digit margins with rising input costs in Q3/Q4 FY26 is a positive sign of operational stability.

5. Depreciation as % of Gross Block

- **Verdict:** Pass
- **Reasoning:** Annual depreciation is in the range of ₹12-18 Cr vs. net fixed assets (excluding CWIP) of ₹207-304 Cr. Approximating gross block (net block + accumulated depreciation) suggests a depreciable base that consistently implies standard rates (~4-5% of gross block). This is in line with typical industrial/chemical manufacturing asset lives. No aggressive capitalization of overheads or sudden policy changes observed.

6. Interest Coverage

- **Verdict:** Pass
- **Reasoning:** Borrowings are minimal (₹46-130 Cr range), and the company is "almost debt free." Interest cost has dropped from ₹41 Cr (FY22) to just ₹21 Cr (FY25) despite rising rates in the earlier cycle, and remains covered over 10x by EBIT. FY26 EBIT (OP) of ₹287 Cr covers interest (₹29 Cr) by ~9.9x. Very low credit risk.

7. CFO vs PAT Quality

- **Verdict:** Flag
- **Reasoning:** Cumulative PAT (FY23-26) = ₹674 Cr. Cumulative CFO = ₹565 Cr. This represents a ~84% cash conversion ratio on a 4-year basis, which is acceptable. However, FY26 shows a sharp divergence: PAT is ₹202 Cr, but CFO dropped sharply to ₹85 Cr (conversion ratio of 42%). This was primarily driven by a massive ₹152 Cr build-up in "Other Assets" (likely inventory and receivables). While long-term quality is adequate, the recent single-year divergence raises a flag on near-term cash generation quality.

8. ROCE and ROE Trends

- **Verdict:** Pass
- **Reasoning:** Both metrics are robust. ROCE has remained exceptionally high (31-45% range), indicating a very efficient capital-light post-merger structure. ROE is a strong 21.8% (FY26) with a 3-year average of 25.3%. Earnings growth is easily driving higher returns. No significant decline in return ratios is visible, and they have stabilized near the current high levels.

Overall Hygiene Verdict

Flag

Key Caveats / Data Gaps

- **Short Operational History:** Pre-FY22 data reflects a shell/different entity; the pure listed operating history is limited to 5 years (FY22-FY26). Historical long-cycle analysis is not possible.
- **Working Capital Intensity:** Cash conversion cycle has worsened from 41 days (FY23) to 85 days (FY26). This aggressive build-up in receivables and inventory is a key monitorable that could consume future cash flows if not stabilized.
- **FY26 Free Cash Flow:** FCF turned negative (-₹11 Cr) in FY26 due to heavy working capital investment and capex (CWIP rose to ₹50 Cr), a notable shift from prior years' positive trend.
- **Peer Context:** No peer comparables were provided; hygiene assessment of margins/ receivables is based on absolute metrics, not relative industry positioning.

Detailed Analysis

1. Promoter background and history

Origins and the Kkalpana Group Legacy

DDev Plastiks Industries Limited emerged from the demerger of Kkalpana Industries (India) Limited (KIIL), a corporate restructuring sanctioned by the NCLT Kolkata Bench in 2021 under CA (CAA) No. 106/KB/2021. The entity's roots trace back to 1985, when the Suranna family began operations with a PVC compounds unit in Daman. For four decades, the business operated under the Kkalpana Group umbrella before the demerger created two separate listed

entities: Kkalpana Industries (focused on PVC recycling/upcycling compounds) and DDev Plastiks (focused on primary polymer compounding for the wires and cables industry).

The Chairman and Managing Director, **Mr. Narrindra Suranna**, has been associated with the business since inception. He holds a B.Com (Hons.) and LL.B from Calcutta University and maintains directorships across at least 10 companies within the broader promoter group. His son, **Mr. Ddev Surana**, serves as Whole-Time Director and CEO, representing the third generation of family management. The younger Surana completed his B.Com (Hons.) from St. Xavier's, Kolkata, an MSc in Management for Business Excellence from the University of Warwick (UK), and an MBA from Babson University (USA). He was previously a Whole-Time Director at KIIL prior to the demerger.

Mr. Narrindra Suranna has publicly addressed the separation of responsibilities between the two entities: Kkalpana Industries focuses "solely and solely on recycling" while a dedicated management team runs DDev Plastiks, though he continues to oversee both businesses (per Q4 FY24 concall).

Shareholding Structure and Control

The promoter group holds a commanding **74.99%** stake in DDev Plastiks. The immediate parent company, **Bbigplas Poly Private Limited**, directly holds 74.99% of the equity (per AR FY25 and subsequent off-market transfers). Bbigplas Poly (formerly Kalpena Polyplas Private Limited) shares its registered office at 2B, Pretoria Street, Kolkata — the same address as both Kkalpana Industries and DDev Plastiks.

Individual promoter holdings are minimal. Mr. Ddev Surana holds 752,235 equity shares (0.73%), while Mr. Narrindra Suranna holds just 15,862 shares (0.02%) (per AR FY25). On February 4-5, 2026, Bbigplas Poly acquired an additional 849,602 shares from Narrindra Suranna, Tara Devi Surana, and Ddev Surana via off-market transactions, consolidating promoter group holdings into the corporate entity while maintaining aggregate promoter holding at 74.99%.

No shares are pledged, with no disclosure of encumbrance appearing in the annual report.

Governance Red Flags: The Kkalpana Overhang

The promoter group's governance track record warrants scrutiny, primarily stemming from the legacy Kkalpana Industries entity.

In June 2017, Kkalpana Industries was named among 331 "suspected shell companies" by the Government of India. SEBI subsequently imposed trading restrictions in August 2017, though these were later revoked after the regulator found no prima facie evidence of financial

misrepresentation. The trading restrictions were lifted, but the episode remains a stain on the group's regulatory history.

The ValuePickr community has surfaced these concerns explicitly. One user noted that "corporate governance remains an area of scrutiny due to the company's historical associations with the erstwhile parent company Kkalpana Industries" (ValuePickr · @santoshbadal1111 · 2024-03-31). Another forum participant questioned why the market assigns the stock a low P/E multiple, speculating that "corporate governance issues in past highlighted in Kkalpana thread" may be a factor (ValuePickr · @rahulshares · 2025-01-20).

Post-demerger, DDev Plastiks has experienced only **one minor compliance lapse**: a ₹11,800 fine imposed by BSE and NSE for failing to provide prior intimation of a Board meeting held on February 10, 2026 (where an interim dividend was declared). The penalty was paid on March 16, 2026, and the Board attributed it to an unintentional lapse, directing the compliance team to strengthen governance processes. The Annual Secretarial Compliance Certificate for FY2026 confirmed this as the sole deviation from SEBI LODR Regulations, with no other non-compliances or actions by SEBI or stock exchanges reported.

A less visible but notable concern is the scale of related-party transactions between group entities. Kkalpana Industries sought shareholder approval for **₹97 Cr in related-party deals** with DDev Plastiks and Ddev Plastic for FY2026-27 — a figure that significantly exceeded Kkalpana's own standalone turnover of ₹40.50 Cr in FY2024-25. While DDev Plastiks has a formal Board-approved policy for related-party transactions, the sheer volume of inter-group dealings against the smaller entity's revenue base underscores the concentrated nature of promoter influence across the group structure.

Credit Rating Upgrade — A Partial Counterweight

On the positive side, CRISIL upgraded DDev Plastiks' long-term rating to **CRISIL A+/Stable** (from CRISIL A/Positive) and short-term rating to **CRISIL A1+** (from CRISIL A1) in April 2025, citing sustained improvement in scale and profitability. Total bank loan facilities rated stand at ₹759 Cr. While a rating upgrade does not directly address governance quality, it reflects an external credit assessment that the company's financial profile has strengthened materially under the current management.

Summary Assessment

The promoter group controls the company tightly (74.99%), succession is in place with the founder's son running operations as CEO, and there is zero promoter pledge risk. However, the governance scorecard is mixed. The shell-company association and concentrated related-party dealings across the Kkalpana Group remain live concerns that the market appears to discount through a below-peer P/E multiple. The post-demerger period has been clean barring one minor

procedural lapse, but the track record is short (5 years), and the ultimate test of governance will be whether the next generation — Mr. Ddev Surana — can maintain arm's-length discipline as the business scales.

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2. Business model in detail

DDev Plastiks operates as a B2B manufacturer of customised polymer compounds, occupying the critical intermediate link between base petrochemical producers and end-product manufacturers. The company's step-by-step process involves sourcing base polymers — predominantly polyethylene (PE) and polyvinyl chloride (PVC) resins, with 10–15% of requirements imported (per Q4 FY26 concall) — and subjecting them to proprietary compounding through mixing, extrusion, and pelletisation. The output is an engineered compound with specific electrical, thermal, and fire-resistance properties, delivered in pellet form to cable extruders.

The financial structure reveals a pass-through cost-plus model on a predominantly spot-pricing basis. Management confirms 75–80% of domestic orders are spot, with only indicative monthly plans provided to customers (per Q2 FY26 concall). Export orders may carry 1–3 month tenure, but the underlying principle remains raw material cost pass-through. This model insulates gross margins from commodity price swings in dollar terms, though revenue can fluctuate purely on polymer price movements — a dynamic explicitly flagged by management: "revenue is not solely tied to volume growth" (per Q1 FY25 concall).

Revenue decomposition by product

The portfolio spans five product categories with distinctly different margin profiles, as detailed in the investor presentation:

Product Category	EBITDA Margin Range	FY26 Revenue Share (Approx.)
Antifab/Filled Compounds/Masterbatches	3–5%	Minor (~10% of volume)
PVC Compounds	4–6%	~72% of revenue
Sioplas/XLPE/Semicons	8–12%	~18% of revenue (Polyethylene)
Engineering Plastic Compounds	10–15%	Niche (~1% of volume)
Halogen Free Flame Retardant (HFFR)	10–12%	Emerging (high-margin)

(Source: Investor Presentation Feb 2026 and FY26 Investor Presentation)

PE compounds — encompassing XLPE, Sioplas, and semicons — form the core of the higher-margin portfolio. XLPE compounds drive the bulk of volume growth, having expanded at an 18% CAGR over FY23–FY25 (per Q2 FY25 concall). The company commands ~50% market share in

Sioplas and ~33% in XLPE for the 11 kV to 66 kV range (per Q1 FY26 concall), and is the only Indian player offering compounds for 66 kV to 132 kV applications (AR FY25). PVC compounds, while lower-margin at 4–6% EBITDA, are volume-heavy and benefit from the surge in building wire demand — including from new cable entrants like Adani and UltraTech (per Q3 FY26 concall).

Revenue decomposition by end-market and customer

The wires and cables industry is the dominant end-market, typically contributing ~80% of revenue, though FY26 investor presentation data shows 61% under a likely reclassification that splits out packaging and “others” (which may include trading). Key domestic customers include Apar, Havells, KEC, KEI, Paramount, Polycab — with the top 10 clients representing ~38% of revenue and the top 5 contributing ~22% (per Q3 FY25 concall, Investor Presentation FY26). Management targets increasing wallet share with these anchor customers (per Q3 FY26 concall). The remaining revenue base is highly fragmented across 300–500 smaller cable manufacturers (per Q4 FY24 concall), providing diversification.

The packaging sector accounts for a smaller but steady share (~6–17% depending on classification), while automotive, footwear, and FMEG (Fast-Moving Electrical Goods) form the residual. Revenue contribution by end-user, as quantified in Q1 FY26 concall, sees 84% from wires & cables/packaging and 16% from footwear, automotive, and FMEG combined.

Geographic revenue mix

Exports contribute ~24% of revenue in FY26 (Investor Presentation FY26), rebounding from a dip to ~18% in FY25 due to geopolitical disruptions and strong domestic demand. Management’s long-term target range is 20–25% of revenue from exports (per Q3 FY26 concall). The company ships to 55+ countries across the Middle East, Europe, Latin America, and Africa, with export EBITDA margins running 2–3% higher than domestic margins due to better payment terms (cash-against-documents, payment within 30–90 days) (per Q3 FY25 concall, Q4 FY24 concall). Export revenue grew 30% YoY in FY26, with volume expansion of 23% (per Q4 FY26 concall).

Revenue quality: recurring but not contracted

The business is inherently recurring — cables require continuous compound supply, and once a compound is qualified with a cable manufacturer, switching costs are non-trivial due to the need for re-approval of electrical and fire-safety certifications. However, the absence of long-term contracts means that revenue quality rests on relationship depth and technical approval moats rather than contractual lock-in. Orders flow weekly or monthly, and management explicitly notes that “an order book is not the right way of looking into this particular business” (per Q4 FY24

concall). This makes revenue forecasting challenging but also means the business is not lumpy or project-dependent.

Trading revenue — where the company buys and resells base polymers without compounding — represented ~₹327 Cr in FY25 (per Q4 FY25 concall). This is a low-margin, volume-accretive activity that exists partly to maintain scale relationships with suppliers. Its contribution to EBITDA is minimal.

Emerging vertical: Battery Energy Storage Systems (BESS)

A material new business line was announced in FY26. DDev Plastiks has entered the BESS sector with a phased roadmap targeting 5 GW of installed capacity. Management estimates 1 GW of BESS capacity will generate ₹800–900 Cr in revenue (per Q3 FY26 concall). The initial phase involves importing lithium-ion cells from China and assembling DC/AC containers for supply to government entities (SECI, SJVN, NTPC, NHPC, PGCIL) and ~30 private EPC players (L&T, Sterling & Wilson, Fourth Partner). The company plans to develop proprietary IP for Battery Management Systems (BMS) and Energy Management Systems (EMS) over time (per Q4 FY26 concall). This BESS business is positioned as a separate engine, with revenue recognition expected from H2 FY27.

This vertical diversification represents both opportunity (addressable market expansion) and risk (entry into a capital-intensive, government-tender-driven business with a different margin and working-capital profile). The transition from a pure-play compounder to an energy storage assembler will test management bandwidth and balance-sheet discipline.

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3. Capital intensity, capex, working capital requirements

The company has transitioned from a moderate-capex, negative-FCF year in FY26 to a significantly elevated capex cycle extending into FY27, driven by both core compounding expansion and a new, working-capital-intensive BESS vertical. This section evaluates the quantum, nature, and funding of the current capital programme, the trajectory of the working capital cycle, and the resultant cash conversion profile.

Capex: From maintenance-plus to a committed growth cycle

Historically, DDev Plastiks operated with relatively light capital intensity, reflected in fixed asset turnover ratios of 9.6×–11.2× through FY25. The business required modest periodic debottlenecking and product-line additions — typical for a compounder whose principal production assets are twin-screw extruders, mixers, and related material-handling systems.

This changed from FY24 onwards, when management articulated a structured ₹300 Cr multi-year capacity expansion programme, subsequently bringing BESS assembly into the plan. The table below summarises actual and planned outlays.

FY	Capex Incurred (₹ Cr)	Key Allocation
FY25	55–73[1]	Land, building, electrical backbone at new greenfield sites; 3,000 MTPA HFFR
FY26	96	30,000 MTPA combined capacity (PVC + HFFR); XLPE line commissioned Apr 2026; BESS Phase-1 initial spend
FY27 (planned)	~175	XLPE compound expansion (₹100+ Cr); BESS Phase-1 assembly plant 5 GWh (₹70+ Cr per Q4 FY26 concall; ₹150–200 Cr total Phase-1 per investor presentation)

[1] *AR FY25 reports ₹73.3 Cr; concall Q4 FY25 cites ~₹55 Cr — the AR figure likely includes CWIP/capital advances, while the concall figure reflects cash outflow on completed assets.*

Several features of this capex are noteworthy:

- **Core compounding capex**: The original ₹300 Cr programme is primarily brownfield, focused on HFFR (target 20,000 MTPA), PE compounds (25,000 MTPA), and XLPE (60,000–84,000 MTPA). Management targets 4×–5× asset turnover on fresh investments in compounding, versus 1.4×–1.5× total asset turnover on the overall investment base (per Q3 FY25 concall). This implies a revenue addition of roughly ₹4–₹5 for every ₹1 of capex in the core business, before factoring in BESS.
- **BESS capex**: The foray into battery energy storage (assembly) is a distinct and less capital-light venture. The company targets 5 GWh Phase-1 capacity, funded entirely through internal accruals, with a committed outlay of ₹150–200 Cr and a payback period of 2–3 years. Target ROCE is in the "high double digits, 25%–30% range" (Q3 FY26 concall). This is a far higher capex-to-revenue proposition than compounding: a 5 GWh assembly facility implies a per-GWh capex of ₹30–₹40 Cr, meaning even Phase-1 revenue addition (at module-level pricing) will likely produce lower asset turns than the core business for an extended ramp-up period.
- **Funding strategy**: Management has consistently stated — across multiple concalls from FY24 through FY26 — that all capex will be funded through internal accruals, with no term loans or equity dilution. The company is net cash-positive (net debt zero since Q4 FY24) with borrowings of just ₹57 Cr against cash and investments of ₹64 Cr (FY26 balance sheet). The ₹96 Cr FY26 capex and the planned ₹175 Cr FY27 capex therefore test internally generated cash flow: FY26 CFO after tax was only ₹85 Cr, already below the capex level, and FY27 will require meaningfully higher operating cash generation to avoid a cash drawdown.

Working capital: structural deterioration masked by raw-material pass-through

Working capital has been absorbing an increasing proportion of cash, driven partly by a deliberate shift in credit terms and partly by the mechanical effect of rising raw material prices on inventory and receivables.

Metric (Days)	FY22	FY23	FY24	FY25	FY26
Debtor Days	57	53	60	65	69
Inventory Days	52	37	38	42	59
Days Payable	66	49	34	35	43
Cash Conversion Cycle	**43**	**41**	**64**	**72**	**85**
Working Capital Days	**32**	**40**	**54**	**66**	**78**

The cash conversion cycle has roughly doubled over four years, from 41 days (FY23) to 85 days (FY26). Management's commentary provides partial but not complete explanation:

- **FY26 spike in inventory and receivables**: The Q4 FY26 concall attributed the increase to a "steep raw material price increase of close to 50%+" and stated that, adjusting for price, "inventory levels are comparable to the previous year." This is partially credible — polymer prices surged sharply in late FY26 amid the Strait of Hormuz disruption — but does not account for the secular uptrend since FY23, a period during which raw material prices were not in secular ascent (global PVC prices fell 25% YoY in FY25 per Nexizo data).

- **Deliberate shift away from creditor financing**: In the Q4 FY25 call, management stated it was "reducing reliance on higher creditors... to negotiate cash discounts." This is visible in the payables days decline from 66 (FY22) to 43 (FY26), consistent with a trade-off: better purchase pricing in exchange for faster supplier settlement. While this may improve gross margins marginally, it consumes working capital and reduces the natural hedge that creditors previously provided against rising debtors and inventory.

- **Export vs domestic dynamics**: The MD noted in Q3 FY25 that exports have superior working capital characteristics (cash-against-documents, realised in 30–90 days). However, exports remain a smaller portion of revenue, and domestic receivables at 69 days — while not alarming for the B2B cable industry — nonetheless represent a ~30% increase from FY23 levels, outpacing revenue CAGR of ~5.6%.

- **BESS working capital**: This will be a step-change in intensity. Management estimates a 60–75 day working capital cycle for Phase-1 (1 GW), translating to ₹200–250 Cr in working capital requirement (Q4 FY26 concall). The CFO noted that "the major working capital utilisation will be through non-fund-based limits" and that existing sanction limits

are idle and sufficient. Nonetheless, adding ₹200+ Cr of working capital to a base of ~₹670 Cr net working capital (FY26) represents a ~30% incremental load on the balance sheet.

How much capital to grow revenue by ₹1 Cr?

Using FY26 balance sheet and P&L data:

- **Gross block (fixed assets + CWIP)**: ₹304 Cr + ₹50 Cr = ₹354 Cr
- **Net working capital (trade)**: Receivables (₹554 Cr) + Inventory (₹392 Cr) – Payables (₹283 Cr) = ₹663 Cr
- **Total capital employed (approx)**: ₹354 Cr + ₹663 Cr = ₹1,017 Cr
- **FY26 Revenue**: ₹2,948 Cr
- **Implied marginal capital intensity**: For every ₹1 Cr of revenue, DDev Plastiks currently deploys ~₹0.35 Cr of total capital. This implies that growing revenue by ₹1 Cr requires roughly ₹0.25–0.30 Cr in incremental working capital plus some capex, depending on utilisation headroom.

However, this aggregate ratio masks the divergence between the core compounding business — historically light on capital (net asset turnover ~10×) — and the BESS segment, which is inherently asset- and working-capital-heavy. As BESS scales, the blended capital intensity will rise, compressing asset turnover and potentially reducing ROCE from current levels (31% in FY26) unless BESS margins compensate.

Cash conversion analysis

The cash conversion table tracks the company's ability to translate EBITDA into operating cash flow (before tax), a metric that strips out tax-timing distortions.

FY	EBITDA (₹ Cr)	CFO after tax (₹ Cr)	Cash Tax (approx, ₹ Cr)	CFO before tax (₹ Cr)	Capex (₹ Cr)
FY21	0	0	0	0	0
FY22	106	26	21	47	18
FY23	160	145	36	181	28
FY24	258	116	64	180	22
FY25	270	137	65	202	57
FY26	287	85	71	156	96

Period	Cumulative CFO (BT)	Cumulative EBITDA	Cash Conversion
3-Year (FY24–26)	₹538 Cr	₹815 Cr	**66%**
5-Year (FY22–26)	₹767 Cr	₹1,081 Cr	**71%**

Trend commentary: Cash conversion has deteriorated meaningfully in FY26. The 3-year ratio (66%) is pulled down by the FY26 single-year CFO(BT)/EBITDA of just 54% (₹156 Cr / ₹287 Cr), versus 75% in FY25 and 70% in FY24. FY23 was an outlier on the upside (113%) due to release of working capital post-demerger stabilisation.

The primary driver of the FY26 conversion decline is the working capital build — specifically, trade receivables rising from ~60 days to 69 days and inventory days spiking from 42 to 59. While management attributes the inventory jump to raw material price pass-through, the simultaneous rise in receivables and deliberate reduction in payables means the structural cash conversion of this business is now closer to the mid-60s percentage range than the 70%+ implied by the 5-year average. With FY27 planned capex of ₹175 Cr, the company will either need to reverse this working capital intensity or post significantly higher EBITDA for internal accruals to fully fund the programme without drawing on cash reserves or credit lines.

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4. Competitive intensity

The competitive landscape for DDev Plastiks is highly segmented by product category, technology barrier, and geography. The company does not face a monolithic competitor; rather, it contends with different rivals depending on the voltage class and performance requirements of the compound.

Market Share and Positioning by Segment

DDev has carved out a dominant position in specific niches while remaining a minor player in the most commoditized category. The table below summarizes management's stated market share across key product lines, drawn from multiple concall disclosures and investor presentations.

Product Segment	Claimed Market Share	Key Competitors	Commentary
Sioplas (Medium Voltage)	~50-80%	Limited domestic	Near-monopoly in higher voltage Sioplas grades.
XLPE & Semicon	~33%	Dow, Borealis, Hanwha, LG	Largest domestic player, competes with global polymer giants.
HFFR (Halogen-Free)	~15-20%	Shakun Polymers (Orbia Group)	Duopoly structure; Shakun holds the larger share.
PVC Compounds	<10% (5-6%)	Unorganised sector, KLJ Polymers	Highly fragmented, price-sensitive commodity market.

As per the FY26 investor presentation, the total Indian cable compounding market is approximately 2.5 lakh tonnes per annum, with DDev commanding roughly one-third overall (per concall Q2 FY26 and investor presentation). In Sioplas—used in medium and high-voltage

cables—the company's position is formidable, with an estimated 80% share in higher voltage grades and 50% in low-voltage Sioplas (per concall Q2 FY26). For XLPE compounds, DDev claims over 33% market share, making it the largest Indian producer, though it faces headwinds from global chemical titans who are expanding capacity (per concall Q3 FY25).

In the HFFR market, DDev is one of only two Indian producers alongside Shakun Polymers, a subsidiary of Mexico's Orbia Group. Management acknowledges that Shakun enjoys a first-mover advantage—higher HFFR share of its turnover, long-standing approvals, and a large capacity of ~20,000 tonnes per annum (per concall Q4 FY24). DDev's HFFR market share stands at an estimated 15-20% (per concall Q2 FY26).

In PVC compounds, the company is a marginal player (~5-6% share) competing against a highly fragmented unorganised sector and domestic producers like KLJ Polymers (per concall Q4 FY26, Q3 FY26). PVC is the most commoditized segment, characterised by low differentiation and intense price competition.

Differentiation vs. Commodity Status

The business spans both commodity and specialty products, creating a layered competitive profile. At the lower end, PVC compounds behave as near-commodities with limited pricing discretion. However, as voltage requirements increase and fire-safety standards tighten, the business shifts toward specialty chemicals with meaningful differentiation.

Management cites several structural moats that elevate the business above pure commodity status:

1. **Approval Cycles as Entry Barriers:** End-user cable manufacturers face "critical quality requirements and stringent approval process mandated by end users" (per concall Q1 FY26). The CEO described "proven performance and a long approval cycle" as the biggest barrier to entry—it is difficult for a new competitor, even with installed capacity, to immediately secure business (per concall Q4 FY26). The AR FY25 references "strict and drawn-out licensing requirements."

2. **Technological Moat in High-Voltage:** For products at 66 kV to 132 kV, DDev claims a unique position as the "only player in country to offer products from the range of 66 kV to 132 kV" (per investor presentation Feb 2026). Customers in this segment currently depend on imports and would prefer localisation to improve supply chain reliability and avoid paying high premiums to foreign suppliers (per concall Q1 FY26). Management asserts that specialized compounds like cross-linked HFFR are "not a cup of tea which any cable manufacturer can drink" (per concall Q4 FY24).

3. **Customisation and Lead Time:** Against global competitors like Dow and Borealis, DDev competes by offering "tailor-made solutions and flexibility" versus the "rigidity" of larger

multinationals (per concall Q3 FY26). The CEO emphasised "precision and repeatability of reaction-based compounding, consistency of quality, and capability to develop tailor-made products with a shorter lead time compared to competition" (per concall Q4 FY25).

4. **Scale and Breadth:** DDev is India's largest polymer compound manufacturer with the widest product range, covering everything from low-voltage PVC to 132 kV XLPE and HFFR. A ValuePickr post from @santoshbadal1111 (March 2024) noted that DDev's "significant market share, diverse product range, large-scale operations, and robust R&D capabilities help it maintain and expand its market position despite intense competition," though this is a forum user's assessment, not a management claim.

The Backward Integration Risk

A perennial risk for compound manufacturers is backward integration by cable-making customers. Management addresses this by acknowledging that while cable manufacturers can theoretically insource basic compound production, they cannot replicate the full breadth of proprietary formulations. "It is not possible that cable manufacturer can make all varieties of compounds, especially the ones used for the high-voltage cables like, say, 230 kV or cross-linked HFFR and all" (per concall Q4 FY24). The company mitigates this risk by "increasing their own scale, skill, and product range, which makes backward integration difficult for customers to achieve competitively" (per concall Q4 FY26).

New Entrants: Adani and UltraTech

The entry of large industrial groups like Adani and UltraTech into the wires and cables business presents a dual-edged sword. On one hand, Adani's plan to commission a 1 million-tonne PVC plant at Mundra by December 2026 could eventually reshape the domestic PVC resin market, though management dismissed near-term PVC competition: "the PVC capacity is far away. We do not see the PVC season coming up in next 1 or 2 years" (per concall Q1 FY26). UltraTech's ₹1,800 Cr capex for wires and cables creates incremental demand. DDev positions itself as a "preferred compound supplier" for these new entrants due to its proven track record (per concall Q1 FY26). The broader risk is that large, vertically integrated players could eventually develop in-house compounding capability, though this has not materialised to date.

Pricing Power Evidence

The pricing power picture is mixed. Management has consistently stated that the business operates on a cost-plus, pass-through model—one ValuePickr user (@Debojit_Kangsa_Banik, May 2024) observed that "our industry is more of passing on the raw material cost." The Q4 FY25 concall revealed that a new petrochemical producer's entry with large polyethylene capacity pressured annual discounts, forcing existing suppliers to adjust pricing strategies, which impacted DDev's procurement economics. However, the fact that DDev maintained ~10% OPM

through FY25-26 despite volatile raw material prices suggests some degree of pricing resilience, particularly in higher-margin specialty segments where competition is thinner.

Competitive Threats from Imports and Trade Policy

Global competitors like Borouge (UAE) benefit from geographic proximity and preferential duty access under the India-UAE CEPA. Management has flagged that Borouge's capacity additions at the Borouge 4 facility (100,000 MT XLPE expansion by 2027) could intensify competitive pressure for "a couple of quarters or maybe three, four quarters" until absorbed (per concall Q1 FY26). On the export side, US tariff actions—including a proposed 12.5% Section 301 duty on Indian goods—could crimp cable exports and, by extension, demand for DDev's compounds (per USTR findings, June 2026). However, Indian wire exporters led by R R Kabel are pivoting to Europe and the Middle East to offset US tariffs, which may cushion the impact.

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5. Industry structure, import/export dynamics

The Polymer Compounding Value Chain

DDev Plastiks sits at a critical intermediary stage in the wires and cables supply chain. Polymer compounding involves blending base polymers (primarily polyethylene and PVC) with additives to produce customized materials — PVC compounds, XLPE (cross-linked polyethylene), and HFFR (halogen-free flame retardant) compounds — that meet precise electrical, thermal, and fire-safety specifications for cable insulation and sheathing. The company's revenue mix is structurally linked to the capital investment cycle in power infrastructure: cables are non-discretionary inputs for generation, transmission, distribution, buildings, and renewables.

Total Addressable Market: End-Market Demand

The Indian wires and cables sector — DDev's primary downstream — is on a multi-year capex supercycle. ICRA expects the cables & wires sector to grow at an annual rate of ~12-14% to reach ₹1,20,000 crore by FY27, supported by ₹17,000 crore of planned industry capex over FY2025-FY2030. Management guidance has been broadly consistent with these forecasts: Q1 FY25 and Q4 FY24 concalls cited an ~11% CAGR for the domestic cable and wire market from ₹80,000 crore (FY24) to ₹1,20,000 crore.

Two demand vectors underpin this growth. First, India's transmission infrastructure is expanding rapidly: the annual addition of transmission lines is projected to grow from 15,000 circuit km in FY23 to 41,000 circuit km by FY30 (a ~16% CAGR), and the government's FY27 Union Budget allocated ₹1,01,763 crore in power sector CPSU capex — an 18.6% jump over FY26. Second, the energy transition toward renewables (India targets 50% non-fossil-fuel installed capacity and

an 817 GW total power requirement by 2030) requires new grid infrastructure, directly translating into demand for medium-voltage and high-voltage cables, and by extension, XLPE compounds.

CRISIL's March 2025 and June 2026 press releases document that cable and wire manufacturer revenue grew 15-16% in FY26 and is expected to rise a further 28-30% in FY27, reflecting a mix of volume growth and raw-material-driven price hikes. This pricing pass-through is a structural feature of the compounding industry — raw-material costs (primarily polymer resins) are largely passed to customers with a lag, making top-line growth a reasonable proxy for volume growth plus input-cost inflation.

Within this end-market, DDev's immediate addressable industry — cable compounding — is estimated at approximately 2.5 lakh tonnes per annum (ltpa), of which the company claims a roughly one-third share in its FY25 Annual Report and February 2026 Investor Presentation. The global polymer compounding market is sized at $67 billion (2023), projected to reach $115 billion by 2031 at a 6.5% CAGR. The global XLPE cables market specifically was valued at approximately $35.8 billion in 2025, projected to grow to $61.4 billion by 2034.

Import/Export Dynamics and the China+1 Realignment

India's polymer compound trade flows reflect both vulnerability and opportunity. On the import side, the dominant vulnerability has historically been in PVC resin, where India imports roughly 1.5 million tonnes annually against total consumption of ~3.4 million tonnes — a gap addressed by Reliance's 1.5 million t/yr capacity expansion (targeting commissioning by 2026-27) and the Adani Group's 1 million t/yr PVC plant at Mundra (phase 1 by December 2026). For polyethylene — DDev's primary raw material — India is relatively well-supplied, with domestic producers including Reliance, IOCL, HMEL, and OPAL, supplemented by imports from SABIC, Exxon, and Dow as needed. Management stated in the Q3 FY25 concall that "no shortage of polyethylene availability" is foreseen through 2028-29 given global capacity additions.

On the export side, DDev has been a net beneficiary of the post-COVID realignment of global supply chains. While a ValuePickr user (santoshbadal1111, 2024) noted that exports accounted for ~30% of revenues, the company's own FY26 Investor Presentation shows 9MFY26 export revenues at ₹523 crore, reflecting 33% YoY growth. The Q4 FY26 concall disclosed that full-year exports grew 30%, with the MENA region delivering particularly strong growth. Management sees the Israel-Iran conflict (which escalated from February 2026) disrupting transit routes while simultaneously intensifying global demand for supply chain diversification — a dynamic they liken to the post-COVID surge in export inquiries.

The "China+1" thesis is explicitly acknowledged by management as a structural tailwind. DDev is pursuing two strategies: first, direct exports to markets where it has obtained certifications (it now has one UL-listed product for the US market with two more in the pipeline for FY26-27); second, proxy exports — supplying compound to Indian and global cable manufacturers who

then export finished cables to the US and other markets. US tariff policy has created headwinds for this proxy route: Q1 FY26 concall noted that a 50% tariff on cable imports from India and subsequent August 2025 tariff actions impacted proxy exports of approximately ₹100-150 crore. However, the Q3 FY26 concall described these uncertainties as "behind them" with recovery expected from June 2026, as DDev pivots toward supplying cable manufacturers outside India who hold US export relationships.

Raw Material Sourcing and Supply Chain Structure

DDev's cost structure is dominated by polymer resins: primarily polyethylene (LLDPE/LDPE/HDPE), polypropylene, and PVC resin. Pricing is benchmarked to Reliance Industries' published polymer price list, with a near 1:1 pass-through for polyethylene and roughly 0.5:1 for PVC. This creates a natural operating leverage dynamic — margin stability depends on volume growth and product mix rather than raw-material arbitrage.

The company's FY25 Annual Report emphasizes a diversified supplier base with long-term contracts and increased domestic procurement. India's domestic polymer capacity is on an expansion trajectory: IOCL's 650,000 tpa polyethylene plant at Paradip, Reliance's PVC complex, and the broader pipeline of 126.87 million tpa of polyolefin capacity additions planned globally (of which India accounts for over 30%). The March-June 2026 period saw India waive full customs duty on 40 petrochemical products — a temporary measure that provided a sourcing tailwind.

A strategic import substitution opportunity exists in high-voltage XLPE compounds. The Q1 FY25 concall noted that raw materials for cables up to 72 kV were "primarily met through imports." DDev has since developed a domestically manufactured WTR XLPE compound for 72 kV applications, which passed long-term testing at Germany's VDE laboratory. This places DDev ahead of the import-substitution curve at a time when global supply constraints (exacerbated by the Strait of Hormuz closure) are creating allocation issues for imported high-voltage materials.

Industry Consolidation and Competitive Landscape

The Indian polymer compounding industry remains fragmented beyond the top tier. DDev's installed capacity of 2,68,400 MTPA as of FY26, with its claimed one-third domestic market share in cable compounding, makes it the largest domestic player by volume. Peer comparison is challenging due to limited public disclosures, but available data points reveal the competitive structure:

KLJ Group operates at a similar scale with 200,000 tpa of polymer compounding capacity across Silvassa, Agra, and an upcoming Kutch facility, backed by backward integration into plasticizers. CRISIL assigns it a AA- (CE)/Stable rating — higher than DDev's A+/Stable — reflecting KLJ's diversified product mix and stronger parentage. **Shakun Polymers**, a subsidiary

of Mexico-based Orbia Group (via Alphagary), is expanding capacity from 70,000 to 100,000 tpa, targeting 80,000 tonnes at its Halol facility. It holds CRISIL A/Stable ratings. Both compete with DDev for the cable compounding wallet of customers like Polycab, KEI, and Havells.

The global competitive set includes deep-pocketed players like Borealis/Borouge International, which is expanding its XLPE and SEMICON capacity at the Borouge 4 facility in UAE. Under the India-UAE CEPA, UAE-manufactured compounds enjoy preferential duty access, creating a pricing advantage for Borouge in the Indian market. Dow, Hanwha, and other multinationals retain technology leadership in niche XLPE grades.

However, a structural shift favoring domestic compounders is underway. The combination of (a) BIS standards tightening (IS 7098 revised in 2025 with enhanced compound requirements for outer sheath testing), (b) the NBC 2016 mandate driving adoption of HFFR cables in public buildings, (c) anti-dumping probes on PVC paste resin, and (d) supply-chain disruptions from the Hormuz closure is accelerating localization. Cable manufacturers are actively seeking to diversify their compound sourcing away from import-dependent supply lines, particularly for high-voltage and fire-safety-grade compounds. DDev's investments in XLPE capacity, HFFR formulations, and UL/VDE certifications position it to capture this structural reallocation.

Key Structural Risks

While the demand outlook is robust, two structural risks merit attention. First, the entry of UltraTech Cement into the wires and cables segment announces a new, well-capitalized competitor with ₹1,800 crore of committed capex (operations targeted from December 2025). While UltraTech is a downstream cable manufacturer rather than a compounder, its presence intensifies competition for DDev's customer base and could pressure margins if UltraTech vertically integrates its compound sourcing. Second, the proposed 12.5% Section 301 tariffs on Indian imports (announced June 2026 by USTR) remain a live policy risk, with the potential to further disrupt proxy export channels even as DDev's direct US certifications are ramping up.

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6. Regulatory tailwinds or headwinds

The regulatory environment for DDev Plastiks blends clear tailwinds from fire-safety mandates and infrastructure spending with emerging headwinds from US trade policy. The net effect is moderately positive, but the path is not frictionless.

HFFR Mandate: A Structural Tailwind with a Phased Rollout

The most consequential regulatory tailwind for DDev Plastiks is the government mandate to replace conventional PVC house-wiring cables with halogen-free flame-retardant (HFFR)

compounds in public-occupancy buildings — malls, metro stations, hospitals, and schools (per AR FY25; per Q3 FY26 concall; per Investor Presentation Feb 2026). This requirement flows from the National Building Code of India (NBC 2016, Part 4 — Fire and Life Safety), which ties cable selection to building occupancy class and storey count, mapping to Indian Standards like IS 17048:2018 for HFFR/ZHFR cables. NBC compliance is "not advisory — it is verified at commissioning and affects occupancy certification." The Times of India has reported that NBC will transition to a National Building Standard by April-end, with experts raising fire-safety concerns — potentially reinforcing the mandate, not diluting it.

The HFFR market in India remains nascent. Management noted as recently as Q1 FY25 that "there are currently no government norms forcing a move from PVC to HFFR" in residential construction, and that HFFR projections were based on normal growth without regulatory support (per Q1 FY25 concall). By FY26, however, the company's investor presentation declares an explicit government mandate for public infrastructure — suggesting the regulatory window has opened since mid-2025. DDev is positioned to benefit as the country's largest listed compound manufacturer, particularly because its material is preferred by cable makers seeking BIS certification: customers "feel safe" that they "will not face any hiccup" using DDev's compounds (per Q1 FY26 concall). A ValuePickr user flagged the HFFR shift as a "structural tailwind" for the product mix (ValuePickr · @santoshbadal1111 · 2024-03-31).

Power-Sector Capex: The Broader Demand Engine

India's power sector investment plans provide a second structural tailwind. The Union Budget FY27 allocated ₹1,01,763 Cr to nine power-sector CPSUs — an 18.6% jump over FY26 revised estimates of ₹85,829 Cr — with PGCIL topping the list. This feeds directly into demand for cables, and by extension polymer compounds. ICRA expects the wires & cables sector to grow at 12–14% annually through FY2027 to reach ₹1,20,000 Cr, with industry capex of ₹17,000 Cr planned during FY2025–FY2030. The government's 500 GW renewable-energy target by 2030 (India surpassed 200 GW as of Q3 FY25), the nuclear energy mission targeting 100 GW by 2047, and the Pradhan Mantri Suryoday Yojana (rooftop solar for 10 million homes, launched January 2024) all compound demand for specialized cable compounds (per Q3 FY25, Q2 FY25 concalls).

The "Make in India" angle adds a layer of import-substitution opportunity. End-users like Power Grid and NTPC are pushing local cable manufacturers to use locally made products; Power Grid has approved DDev as a credible raw material supplier for polymer materials up to 72 kV (per Q1 FY25 concall). DDev received NTPC approval for 3.3 kV insulation during FY25 (per Q4 FY25 concall). The PLI schemes for electronics and power sectors provide indirect demand support (per AR FY25).

BESS: A New Regulatory Frontier

DDev's entry into the Battery Energy Storage System (BESS) segment — with a target of 5 GW capacity — is predicated on government policy support. The Ministry of Power has mandated 20% local content for BESS projects under the Viability Gap Funding (VGF) scheme and requires that Energy Management System (EMS) software be "Made in India." The FY27 Union Budget allocated ₹1,000 Cr in VGF for BESS (per Q3 FY26 concall). Management confirmed in Q4 FY26 that the EMS mandate exists but that Battery Management System (BMS) imports from China remain permitted, as the BMS is considered the core component (per Q4 FY26 concall). This local-content framework could benefit DDev, but the BESS business is at an early stage, and regulatory details are still evolving.

US Tariff Headwinds and Trade Policy Uncertainty

On the headwind side, US trade policy looms. The US imposed a 26% tariff on Indian telecom gear (from 0%), and Sterlite Technologies attributed a ~760 bps EBITDA margin reduction to US tariffs on fibre exports. In June 2026, USTR proposed an additional 12.5% tariff on Indian imports under Section 301 forced-labour findings, though Section 301 does not currently apply to Indian goods in finalized form. The Section 122 global baseline tariff of 10% is scheduled to sunset on July 24, 2026. Management acknowledged in Q2 FY25 that US duty structure would need to be watched — "if they put the protection duties, then our plan will have to be recalibrated." The same concall flagged that US tariffs are pushing the Indian government to implement "long-term overdue reforms," and management anticipated better trade terms with the US and lower tariffs (per Q2 FY26 concall).

Separately, the India-UAE CEPA provides preferential duty access for UAE-manufactured compounds such as those from Borouge International (which is expanding global XLPE capacity by 100,000 MT at its Borouge 4 facility in Ruwais). India also waived full customs duty on 40 petrochemical products from April 2 to June 30, 2026, as a temporary inflation-fighting measure. These steps could create periods of import intensity, though DDev's domestic scale and BIS-certification stickiness with customers partially insulate it.

Macro-Policy Support

The Reserve Bank of India's accommodative stance — including a 100 bps repo rate cut, 150 bps CRR reduction, and other liquidity infusion measures in early FY26 — and the FY26 Union Budget's ₹1 trillion income-tax relief for individuals provide a supportive macro backdrop (per Q1 FY26 concall). Government capex grew 41% YoY from January to May 2025, with a record ₹2.4 trillion outlay in March 2025 alone. The FY27 Budget proposed ₹12.2 lakh crore in capex, up 11.5%.

BIS Certification: A Barrier-to-Entry Moat

The updated BIS standard IS 7098 (Part 1): 2025 for crosslinked polyethylene insulated thermoplastic sheathed cables introduced additional compound requirements for outer-sheath testing, with a compliance deadline of December 9, 2025. Cable manufacturers prefer DDev's material for BIS certification because of "above standard" product quality that minimizes certification hiccups (per Q1 FY26 concall). Evolving safety standards are expected to raise compliance costs in the wire and cable sector, benefiting organized legacy players like DDev Plastiks.

Summary Assessment

Factor	Direction	Impact on DDev
HFFR mandate for public buildings	Tailwind	Structural demand shift; DDev's BIS preference is a moat
Power sector capex growth (₹1 trn FY27)	Tailwind	Sustains cable demand, DDev's core end-market
BESS local-content mandate (EMS, 20% VGF)	Tailwind (early)	Opens new addressable market; regulatory details still evolving
US tariffs (26% telecom, 12.5% Sec 301 proposal)	Headwind	DDev's export ambitions face duty uncertainty
UAE CEPA + temporary petrochem duty waiver	Headwind (risk)	Could intensify import competition in compounds
BIS IS 7098:2025 update	Moat	Raises compliance costs for smaller/unorganized players
RBI rate cuts + Budget tax relief	Tailwind	Supports domestic demand and consumer spending

The regulatory balance is tilted positively, anchored by the HFFR mandate's structural demand shift and massive power-sector capex. The principal risks are external: US tariff policy and the possibility of import-competition spikes from UAE or temporary duty waivers. Neither appears existential, but both warrant monitoring, particularly if DDev accelerates direct export ambitions.

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7. Key success factors in this business

The polymer compounding industry for wire and cable applications is not one where brand names on finished goods matter. It is an industrial B2B sector where the compound is the critical insulating and sheathing material that determines cable performance, safety certification, and service life. Success in this business rests on a small set of interlocking factors: quality consistency and accreditation depth, R&D-driven product range, speed and cost of capacity deployment, manufacturing logistics, and deep, trust-based customer relationships built over decades.

Quality consistency is the foundational differentiator. Cable manufacturers face zero tolerance for insulation failure — a single batch defect can lead to warranty claims, regulatory action, or certification withdrawal. DDev Plastiks leadership has consistently framed this as the company's core structural advantage: it claims a "proud record of zero rejections" and describes quality as "not amenable to outsourcing" (per Q1 FY26 and Q3 FY26 concall transcripts). Every major Indian wire and cable brand — Finolex, RR Cable, V-Guard, KEI, Havells — used DDev's PVC compound when launching their building wire businesses (per Q1 FY26 concall). The underlying logic is that cable makers, when entering a new category, revert to the compound supplier they trust most to not damage their own nascent brand. This trust-based repeat business is a genuine competitive moat that cannot be replicated through price alone.

Accreditations serve as the tangible expression of that quality. DDev holds VDE, NTPC (3.3 kV), KEMA, and UL certifications — the last being a prerequisite for export markets and one that generates reverse inquiries from major global cable producers like Prysmian, Nexans, and Elsewedy (per FY25 AR and Q3 FY25 concall). The company is the only Indian player offering products across the 66 kV to 132 kV range and developed India's first locally produced Water Tree Retardant (WTR) XLPE compound (per FY25 AR). These accreditations are not static — they require ongoing compliance and periodic renewal, which raises barriers for new entrants who must invest years in obtaining them before qualifying as a supplier to tier-1 cable makers.

R&D and product range breadth form the second pillar of competitive success. The ability to formulate 200+ SKUs across five product categories (PVC, XLPE, HFFR, Semicon, and Anti-Fibrillation compounds) means the company can serve a cable maker's full bill of materials rather than being a single-product supplier vulnerable to substitution. DDev's R&D infrastructure is supported by joint initiatives with IIT Kharagpur and the University Institute of Chemical Technology (UICT), Mumbai (per Q4 FY25 concall and investor presentation Feb 2026). In Q2 FY25, management described the R&D team as "curious and creative problem solvers dedicated to moving up the value chain." Specific technical capabilities — designing CPR-compliant compounds for European markets, developing compounds for high-humidity marshy soil applications in Kutch, and working on 132 kV and 220 kV PE compounds — demonstrate application-specific formulation expertise that generic compounders cannot easily replicate (per Q3 FY26 concall). This technical depth also allows DDev to pivot capacity from commoditizing products (e.g., anti-fibrillation compounds) to higher-margin segments (XLPE, HFFR) as older products see margin pressure (per Q1 FY25 concall).

Speed of capacity deployment provides a structural edge over integrated petrochemical competitors. As explained by management in the Q3 FY25 concall, an integrated player expanding compounding capacity must build from the cracker stage — a multi-year, multi-billion-dollar process. A pure-play compounder like DDev only needs to procure and install compounding machinery, which can be done in far shorter cycles. KLJ Group, a privately held competitor with ~200,000 tonnes per annum capacity and a CRISIL AA-/Stable rating, is also

expanding; Shakun Polymers (part of Mexico's Orbia Group) targets 80,000–100,000 tonnes via a new Halol facility. In this competitive landscape, the ability to add capacity quickly and flexibly is a meaningful advantage, particularly when end-market demand surges (e.g., from power transmission capex, BESS mandates, or fire-safety regulatory upgrades).

Manufacturing logistics — specifically the multi-plant coastal footprint — is a recurring theme in management commentary that deserves analyst attention. The company operates five plants strategically located on India's East and West coasts. Management argues this minimizes both inbound raw material freight (proximity to ports for imported resin) and outbound finished goods freight (proximity to cable manufacturing clusters). This was cited as a structural competitive advantage in the FY25 AR, the Feb 2026 investor presentation, and multiple concall transcripts. In an industry where freight can represent a material share of delivered cost, location optimization is a genuine cost-leadership lever. The Q1 FY25 concall framed this as "material next door" — an advantage over imported compounds, particularly for project-driven high-voltage cable orders with fluctuating quarterly demand that require just-in-time supply reliability.

Supply-chain reliability, tested during COVID-19, demonstrated the value of a domestic compounder to global cable manufacturers. When international shipping was disrupted, DDev's ability to serve as a reliable local supplier allowed global customers to avoid production stoppages (per Q1 FY26 concall). This "diversified supply chain" argument has only strengthened in a world of Strait of Hormuz disruptions (Mar 2026 polymer supply shock), US Section 301 tariffs, and India-UAE CEPA duty rate shifts.

A ValuePickr user (santoshbadal1111 · Mar 2024) considered the key success factors to include robust R&D, a diverse high-margin product mix, marquee client relationships, operational efficiency and economies of scale, and prudent financial management with low debt. This community view aligns substantially with management's own framing.

Relative to peers, DDev's competitive positioning appears strongest on product range breadth, accreditation depth, and installed capacity — at 2,68,400 MTPA post-expansion (per FY26 concall), it remains the largest listed polymer compounder in India. On R&D-pipeline metrics (132 kV/220 kV development, WTR XLPE first-mover, BESS certification pathway), the company is pushing into niches that command premium margins over commodity PVC compounding. However, the key monitorable is whether scale advantages translate into sustainable pricing power — management concedes the industry is fundamentally a raw-material-cost pass-through model, and the OPM trend of 9-11% over FY25-FY26, while stable, does not yet demonstrate expansion beyond this band. The success of the HFFR, high-voltage XLPE, and BESS verticals will ultimately determine whether the company can break out of its current trading range on margins and valuation multiples.

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8. Cyclicality — what drives it, structural vs temporary nature

DDev Plastiks operates in a business with distinct cyclicality, but the nature of its cycles is best understood by separating raw material pass-through mechanics, seasonal demand cadences, and structural end-market drivers.

Raw Material Cycles: Volume Over Price

Polymer compounds constitute 65–70% of DDev's cost of goods sold, making raw material price volatility the single largest cyclical factor. However, the company's pricing model largely insulates per-kg margins. Management stated explicitly that polymer prices are "mainly driven by demand supply" domestically, delinked from crude oil, and that "our prices policies are transparent. We change our prices every week" (per Q4 FY24 concall). This weekly pass-through mechanism means that revenue tonnage — not raw material prices — drives absolute gross profit.

This was clearly demonstrated in FY26. The Israel-Iran conflict from late February 2026 caused over 50% raw material inflation during the fiscal year, with polymer prices surging to multi-year highs globally as the Strait of Hormuz closure triggered a petrochemical shockwave (per Q4 FY26 concall, per ChemOrbis). Despite this, DDev's full-year OPM held at ~10%, within its established post-FY24 band of 10–11%. Management noted that "had there been no such situation we would have grown by almost 10% this year" in volume terms (per FY26 Investor Presentation) — underscoring that demand disruption, not raw material inflation itself, was the real cyclical headwind.

Historical evidence corroborates this pass-through resilience. During the Red Sea crisis and Iran-Israel tensions in FY25, shipping cost spikes impacted EBITDA margins by only ~0.5% (per Q1 FY25 concall). A one-off raw material discount from HMEL's new capacity entry in a prior Q4 also dissipated without structural damage to margins (per Q3 FY26 concall). The core risk from raw materials is therefore not margin erosion but working capital swelling — raw material price spikes inflate inventory values and receivables, pushing the cash conversion cycle from 41 days (FY23) to 85 days (FY26).

Seasonality: The Monsoon Quarter

The business exhibits predictable intra-year seasonality tied to the monsoon. Cable laying activity — particularly for power and distribution cables (XLPE/Sioplas/semicon compounds) — requires dry open spaces, making Q2 (July–September) historically the lowest volume quarter. Management repeatedly flagged Q2 as "generally the lowest as compared to any other quarters," with Q3 and Q4 expected to see seasonal demand pickups post-monsoon (per Q1 FY26, Q2 FY26 concalls).

Quarterly sales data supports this pattern:

Quarter	FY25 Sales (₹ Cr)	FY26 Sales (₹ Cr)
Q1 (Jun)	625	769
Q2 (Sep)	580	680
Q3 (Dec)	661	733
Q4 (Mar)	737	766

Q2 consistently represents the seasonal trough, with Q4 the peak as year-end project completions accelerate. However, this pattern is not rigid. In Q1 FY25, management noted that demand remained "equally strong" compared to a typical Q4, defying the traditional Q1 slowdown (per Q4 FY25 concall). This suggests that when the underlying capex cycle is sufficiently strong, seasonal effects can be partially overwhelmed.

End-Market Cyclicality: Capex-Driven but Diversifying

DDev supplies ~80% of its output to the wire and cable industry, making its demand a derived function of power infrastructure, real estate, and industrial capex. These are inherently cyclical sectors. The company explicitly ties its growth to "investments in power transmission and distribution," "capex rising across industries such as Auto, Steel, Oil and Gas, and Power," and the real estate cycle (per FY26 Investor Presentation).

Government power sector capex provides a significant floor. Aggregate plan outlay of all nine CPSUs under the power ministry was budgeted at ₹1,01,763 Cr for FY27, 18.6% higher than FY26 (per T&D India). CRISIL expects cables and wires sector revenue to rise 15–16% in FY26 and 28–30% in FY27, partly price-driven but underpinned by sustained volume demand (per CRISIL Ratings).

However, management has acknowledged that a severe capex downturn would impact volumes. The historical track record is limited — DDev's post-demerger operating history spans only FY22–FY26, a period of near-uninterrupted infrastructure push. We lack a full-cycle dataset to assess how deep a downturn could be. The closest proxy was the US tariff shock in August 2025, which reduced deemed exports from Indian cable manufacturers and temporarily impacted HFFR volumes (per Q2 FY26 concall, FY26 Investor Presentation). DDev's FY26 revenue still grew 13%, suggesting domestic demand buffers absorbed the export headwind.

Structural vs Temporary: The Current Cycle

Management and investor presentations characterize current demand growth as "largely structural in nature," propelled by renewable energy integration, electrification, urbanization, and

data center buildouts (per Q4 FY26 concall, FY26 Investor Presentation). Several datapoints support this framing:

- **Power T&D capex** is on a multiyear trajectory. PGCIL alone leads ₹1 trillion in annual CPSU outlays through FY27.
- **Renewable energy** — solar, wind, and BESS (battery energy storage) — represents a new demand vertical. DDev entered the BESS sector with a 5 GW capacity target (per ScanX Trade). Private capex from Adani, Tata, JSW, and Reliance in solar installations adds a private-sector layer beyond government spending (per Q4 FY26 concall).
- **Real estate** is described by management as being in a "multiyear up cycle" expected to grow to ₹1 lakh Cr by 2030 (per Q3 FY25 concall).
- **HFFR compounds** benefit from tightening fire-safety regulations under NBC 2016 and IS 17048:2018 standards, a regulatory tailwind independent of the capex cycle.
- **Import substitution**: Reliance and Adani's combined 2.5 MTPA PVC capacity additions (by 2026–2028) will reduce India's import dependence. As domestic resin availability expands, domestic compounders gain a structural pricing and availability advantage.

The temporary headwinds — Strait of Hormuz disruption, US tariffs, freight rate spikes — are geopolitical in nature. Management categorized them as events that "temporarily softened market demand through necessary selling price increases" (per Q4 FY26 concall). With raw material prices beginning to stabilize from April 2026, these shocks appear transitory.

What Would a Downturn Look Like?

Given the limited operating history, a downturn must be modelled from first principles. The most likely scenario: a 12–18 month infrastructure capex pause driven by fiscal consolidation or political transition. DDev's volumes would contract, with Q2 seasonal weakness amplified. Working capital would reverse — inventory destocking and tighter credit terms would temporarily boost cash flow even as earnings fell. Margins would likely hold at 8–10%, as the weekly pass-through mechanism remains intact even in weak demand environments, and management has demonstrated the ability to flex export/domestic allocation to optimize profitability (per Q4 FY25 concall).

The structural demand case — anchored to India's power deficit, renewable targets, and urbanization — would need to be stress-tested through such a cycle. The fact that DDev's customer base (KEI, Havells, Polycab) directly serves these end-markets, and the industry is projected to grow at ~2x India's GDP, provides confidence but not certainty. The thin post-demerger record remains a critical gap: we have seen this business only in a rising tide.

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9. Corporate governance concerns raised by analysts + management response

Ownership Structure and HoldCo Discount Dynamics

The defining corporate governance feature of DDev Plastiks is its origin: the company was created out of a 2021 NCLT-approved demerger scheme (CA (CAA) No. 106/KB/2021) from Kkalpana Industries (India) Limited (KIIL), a listed entity whose legacy — fair or not — colours perception across the market.

Promoter stake is tightly held at 74.99% (per Q4 FY26) through what is effectively a family-controlled pyramid. The holding vehicle, Bbigplas Poly Private Limited, on February 4–5, 2026, acquired 849,602 shares from the individual promoters (Narrindra Suranna, Tara Devi Surana, and Ddev Surana) in off-market transactions, consolidating its direct holding to 77,600,455 shares — 74.99% of total equity. The overall promoter group holding remained unchanged at 74.99%. Bbigplas Poly shares its registered address (2B Pretoria Street, Kolkata) with Kkalpana Industries and Ddev Plastiks, confirming a deeply interwoven promoter entity structure.

The tight promoter holding creates a genuine float constraint — only ~25% of shares are available for public trading — and elevates the risk of a persistent holdco discount. Markets routinely penalise entities structurally tied to legacy companies with governance red flags, especially when the demerged entity's equity is illiquid and tightly controlled. This is not an abstract concern: Kkalpana Industries was among the 331 "suspected shell companies" flagged by the government in June 2017, triggering temporary SEBI trading restrictions. SEBI subsequently revoked those restrictions after finding no "prima facie" evidence of financial misrepresentation, but the episode left a permanent scar on the Group's market reputation.

Related Party Transactions: Scale and Substance

The company's Related Party Transactions (RPTs) framework is a live concern. As disclosed in the AR FY25, material RPTs exist with Kkalpana Industries (India) Limited — a fellow subsidiary. The approved limits are significant:

RPT Category	Approved Limit (FY25)
Sales/Purchase of Goods	₹300 Cr
Royalty/Branding Fee	₹1/kg (max ₹20 Cr)
Lease Rent	₹3.60 Cr

The quantum of the RPT envelope — up to ₹300 Cr in bilateral trade — represents approximately 12% of DDEV Plastiks' standalone revenue base (~₹2,603 Cr in FY25). While management argues these transactions occur at arm's length, the opacity introduced by having

a functionally dormant related entity (Kkalpana Industries reported turnover of merely ₹40.50 Cr in FY24-25, per Whalesbook data) that simultaneously engages in ₹97 Cr of related-party dealings with Ddev Plastiks for FY26-27 raises questions about economic substance. A separate shareholder approval process was initiated for the ₹97 Cr related party transactions (voting ran April 8 to May 7, 2026), suggesting materiality thresholds were breached.

The royalty arrangement at ₹1 per kg is notable for its bluntness — a per-unit levy rather than profit-linked percentage — though at ₹20 Cr maximum, it represents less than 1% of revenue and is modest in absolute terms. The lease rent of ₹3.60 Cr annually is similarly immaterial.

Board Independence: Formal Compliance, Structural Gaps

The board structure presents a compliance challenge. Mr. Narrindra Suranna — the driving promoter figure — holds 10 active directorships across multiple Group entities including Kkalpana Industries (India) Limited and Ddev Plastic Limited, with 29 years in corporate governance per public profiles. His re-appointment as Managing Director of Kkalpana Industries effective August 1, 2022, means executive bandwidth is split across at least two listed entities — precisely the issue an analyst raised in the Q4 FY24 concall, noting Kkalpana's revenues had "fallen off the cliff" despite sector tailwinds. Management's response was unhelpful: "we can discuss separately on Kkalpana… we are focusing only on Ddev Industries today." This deliberate refusal to answer a legitimate governance question about the bifurcation of management attention is a red flag.

The Annual Secretarial Compliance Certificate for FY2026 recorded only one deviation: late intimation of an interim dividend declared February 10, 2026 — for which BSE and NSE levied an aggregate ₹11,800 penalty (paid March 16, 2026). The board attributed this to an "unintentional lapse" and directed the compliance team to strengthen internal governance processes. While the quantum is de minimis and the incident is a first-time offence, it sits awkwardly against a backdrop of prior regulatory scrutiny. As a ValuePickr user noted (ValuePickr · @rahulshares · January 2025), "Believe it has had corporate governance issues in past highlighted in Kalpana thread." Separately, the company had to file a revised Annual Report on September 22, 2025, after noting "some inadvertent errors" in the original FY25 filing submitted August 28, 2025. Two disclosure lapses within one fiscal year erodes confidence in the robustness of internal financial reporting controls.

Promoter Compensation: Modest, but the Real Extraction Risks Lie Elsewhere

DDev Plastiks' disclosed promoter compensation is unusually restrained. The CEO (Mr. Ddev Surana) drew a salary of ₹42.50 Lakhs in FY25 (proposed ₹49.50 Lakhs for FY26). The CEO-

to-median-employee ratio stood at 15.32:1 — a fraction of the industry norm. These numbers, taken at face value, suggest promoter compensation is not a material governance concern.

However, the genuine extraction risks are located elsewhere: in the opacity of inter-entity pricing within the Group, the royalty mechanism, and the escrow account overhang.

The escrow shares — 644,360 equity shares still lodged from the demerger, pending claims by physical shareholders of KIIL — represent an unresolved legacy liability. While the number is small (~0.06% of outstanding equity), it signals incomplete post-restructuring clean-up that should have been resolved years ago.

Analyst and Market Response

The dividend policy drew direct analyst fire in the Q3 FY26 concall, where Mr. Saket Kapoor questioned why the board declared only ₹0.50 per share interim dividend (₹5 Cr total payout) against 9M EPS of ~₹14. The CFO's response — that it was "benchmarked to a similar percentage announced in a prior period" — is technically accurate but ignores the structural reality: a company generating ₹202 Cr in annual net profit with negligible capex and low debt should arguably return more to minority shareholders, particularly when 75% of equity sits with the promoter group.

The single covering broker (IDBI Capital) maintained a Buy rating with target price ₹370 post-Q4 FY26 results, but subsequently cut the target to ₹320 after FY26 statutory EPS of ₹19.50 missed estimates by 4.4%. The stock traded at 13.1x TTM P/E — well below the wider chemicals industry (Nifty Chemicals at 46.9x) and slightly below comparable polymer compounders (Bhansali Engineering at ~13.6x, Plastiblends at ~11.7x). The multiple compression partly reflects market wariness about governance discounts attaching to demerger-origin stories.

The CRISIL rating upgrade in April 2025 to CRISIL A+/Stable (long-term) and CRISIL A1+ (short-term) from CRISIL A/Positive is a positive external validation, but credit ratings primarily assess default probability, not governance quality.

Assessment

DDev Plastiks' governance profile is a mixed bag. On formal compliance metrics — audit qualifications (none), fraud reporting (none), SEBI penalties (one de minimis fine), and disclosed compensation (modest) — the company passes basic filters. The deeper structural concerns — promoter Group entanglements, material RPTs with a near-defunct related entity, management refusal to address legitimate questions about split attention across listed entities, and the post-demerger escrow overhang — are the factors that explain a persistent governance discount. Two voluntary disclosure corrections within one fiscal year (revised AR filing and late dividend

intimation) suggest that internal compliance processes remain a work-in-progress rather than a fully institutionalised strength.

For an investor, the governance calculus hinges on whether the 13x P/E multiple adequately compensates for these risks. The promoter's economic interest is aligned with minority shareholders (74.99% "skin in the game"), but the Group structure creates opportunities for value leakage that disclosure alone cannot fully police.

10. Management walking the talk: promises vs delivery

The capital allocation record at DDev Plastiks reveals a management team that has largely delivered on its stated commitments while maintaining financial conservatism, though the brief 5-year track record requires investors to extrapolate from a limited dataset.

Guidance vs Delivery Scorecard

The table below tracks management's quantified promises from past concalls against audited outcomes. The record is a near-clean sweep of "Met" or "Exceeded" entries, with no meaningful misses on committed targets.

Metric	Guidance / Promise	Source	Actual Outcome	Verdict
Revenue (FY25)	₹2,550–2,600 Cr (implied from 12-13% growth)	Q1 FY25 concall	₹2,603 Cr	**Met**
Revenue (FY26)	12-13% growth (~₹2,915-2,940 Cr)	Q1 FY26 concall	₹2,948 Cr (13% YoY)	**Met**
Volume (FY25)	~185,000 MT	Q3 FY25 concall	189,374 MT (14% YoY)	**Exceeded**
Volume (FY26)	210,000–220,000 MT	Q2 FY26 concall	~200,000 MT (9M at ~150k MT; Q4 implied ~50k)	**Slight miss** on FY26 volume, but revenue met through better mix
EBITDA/kg	₹15/kg and above	Multiple FY25 calls	₹15.2 blended FY25	**Met**
EBITDA Margin	10-12% range sustained	Q1 FY25 concall	11.0% FY25; 10.9% FY26	**Met**
Net Debt-Free	Achieve by FY24-end; maintain thereafter	Q1 FY25 concall	Became net debt-free Q4 FY24; maintained through FY26	**Met**
Capex Plan (XLPE+HFFR)	45,000 MT new capacity by FY27	Q3 FY25 concall	XLPE 48,000 MT commissioned Apr 2026; HFFR 5,000 MT added	**On track / Met**
Credit Rating		Q4 FY25 concall	CRISIL upgraded to A+/Stable (Apr 2025)	**Met**

Metric	Guidance / Promise	Source	Actual Outcome	Verdict
	Implicit target: investment-grade upgrade			
₹5,000 Cr by FY30	Long-term aspiration	Q2 FY25 concall, AR FY25	FY26 revenue ₹2,948 Cr; requires ~11% CAGR from here	**On track**
Cash Flow to Capex	Fund all capex through internal accruals	Q1 FY26 concall	FY26 capex ₹110 Cr+; FCF turned negative (-₹11 Cr), but net debt-free status maintained	**Partial flag** (see capital allocation section)

The only notable deviation is the FY26 volume shortfall (implied ~200,000 MT vs 210,000-220,000 MT guided), though this was offset by richer product mix that kept revenue and margin guidance intact. Management acknowledged the miss implicitly in the Q4 FY26 concall, noting they "managed to perform and match the projections" despite global uncertainties.

Capital Allocation Track Record

Debt Management and Balance Sheet Discipline

The single most impressive capital allocation decision has been the aggressive deleveraging of the post-merger balance sheet. Borrowings fell from ₹130 Cr (FY22) to ₹46 Cr (FY25), and the company became net debt-free in Q4 FY24 — a commitment made and then repeatedly reaffirmed and maintained through FY26. Finance costs collapsed from ₹41 Cr (FY22) to ₹21 Cr (FY25), freeing up ~₹20 Cr annually for reinvestment or distribution. A ValuePickr user in the master thread noted that promoter share purchases at ₹175 alongside debt reduction signalled "confidence in execution" (ValuePickr · @santoshbadal1111 · 2024-03-31).

Capex: Timely, On-Budget, and Internally Funded

The company has executed a ₹350 Cr+ capex program over FY24-FY26 without raising equity or adding net debt. Key installations — 48,000 MT XLPE (April 2026), 30,000 MT PVC compounding (Oct-Dec 2025), 8,000 MT cumulative HFFR — were delivered on or ahead of schedule, all funded through operating cash flows. The PVC compounding capacity was notably added *after* Adani Group and UltraTech Cement announced their respective cable forays (UltraTech's ₹1,800 Cr capex announced February 2025; Adani PVC plant first phase expected December 2026), positioning DDev to capture volume from these new entrants.

The FY26 free cash flow turning negative (-₹11 Cr) is a flag, but it reflects the peak year of the capex cycle and was telegraphed in advance. The larger concern is the simultaneous deterioration in the cash conversion cycle to 85 days — working capital consumed ₹152 Cr in "Other Assets" during FY26. This is not a broken promise, but it diverges from the earlier narrative of improving working capital discipline.

Product Mix Shift: Anti-Fibrillation to High-Margin Compounds

A structural reallocation of capacity away from commoditized anti-fibrillation rope compounds (capacity reduced from 50,000 MT to 20,500 MT) toward higher-margin XLPE, HFFR, and PVC compounds was disclosed in Q1 FY25 and executed mechanically through FY26. This reallocation is the primary driver behind OPM expansion from 5-6% (FY22-23) to a sustained 10-11% (FY24-26). The strategy has demonstrably worked: EBITDA/kg held at ₹15+ despite raw material volatility, including the Iran conflict-driven polymer price spike in Q4 FY26.

Dividend and Shareholder Returns

Dividend payout is modest but consistent — ~9-10% of profits over FY24-FY26, a final dividend of ₹1.25/share proposed for FY26. Management rebuffed a bonus share suggestion in Q2 FY25, stating "we have no thought process on this at this moment." For a company still investing for growth, retaining 90% of earnings is appropriate.

Related-Party Transactions and Governance Nuances

The FY26 off-market transfer of 8.5 lakh shares from promoter individuals (Narrindra Suranna, Tara Devi Surana, Ddev Surana) to Bbigplas Poly Private Limited — an entity sharing the same Kolkata registered address as the promoter group — introduced a new layer to the promoter holding structure. While overall promoter holding remained flat at 74.99%, the transaction reorganized ownership without a public market exit. Kkalpana Industries (a group entity) simultaneously sought shareholder approval for ₹97 Cr in related-party deals with DDev Plastiks for FY2026-27 — an amount exceeding Kkalpana's own FY25 turnover of ₹40.5 Cr. These transactions have been disclosed and voted upon, but they warrant ongoing scrutiny. Separately, the ₹11,800 BSE/NSE fine for a board meeting intimation delay (February 2026) is trivial in quantum but was the company's only instance of non-compliance in FY26, which management attributed to an "unintentional lapse" and reportedly addressed with compliance team strengthening.

M&A: The 2021 Amalgamation

The foundational capital allocation decision was the 2021 NCLT-approved amalgamation of Alkom Speciality Compounds into DDev Plastiks, which created the current listed entity. The post-merger financials tell a success story: PAT grew from ₹27 Cr (FY20) to ₹185 Cr (FY25), a 46% CAGR. However, with no disclosed acquisition price or pre-merger financials for the absorbed entity, the "price paid vs value created" equation cannot be independently assessed. The merged entity's ROCE of 31-45% suggests the transaction was value-accretive, but the opacity limits conviction.

Overall Capital Allocation Rating: Above Average

Management scores highly on deleveraging, internally-funded capacity expansion timed to industry tailwinds, product mix transformation, and consistency between guidance and delivery. The 11% revenue CAGR required to hit ₹5,000 Cr by FY30 is realistic against the 14% CAGR posted over FY21-FY26 and the ICRA-estimated 12-14% annual growth in cables and wires through FY2027. The primary demerits are the recent working capital build (cash conversion cycle at 85 days), the opacity around related-party structures, and the inability to fully assess the 2021 merger's value creation due to data gaps. The track record is strong but short — five years of operations post-restructuring does not constitute a full cycle test.

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11. How company evolved: historical vs current management focus

The transformation of DDev Plastiks Industries from a basic PVC compounder to a specialty polymer solutions provider and now an aspiring energy transition player is the defining narrative of this company. The company was incorporated in 1985 with a single factory in Daman, manufacturing PVC compounds for the nascent Indian cable industry (per Investor Presentation Feb 2026). For nearly three decades, it remained a part of the broader Kkalpana Group, quietly serving as a behind-the-scenes compound supplier to major cable manufacturers — Finolex, RR Cable, V-Guard, KEI, and Havells all launched their building wire products using compounds from DDev or its predecessor entities (per Q1 FY26 concall).

The first major structural shift came in 2022. Management deliberately split the business into two separate entities: DDev Plastiks would focus on polymer compounding while Kkalpana Industries would concentrate on recycling and upcycling. As CEO Ddev Surana explained it: "We created two different modules and two different verticals... To focus on two different business" (per Q4 FY24 concall). This demerger, sanctioned by the NCLT Kolkata Bench in mid-2021, was not a cosmetic restructuring — it created a pure-play compounding entity with a sharpened strategic focus.

The product evolution trajectory since the demerger tells a clear story of moving up the value chain. Management has methodically ascended the voltage ladder: from 1.1 kV to 11 kV, then 33 kV, 66 kV, and 72 kV compounds. Work has commenced on 132 kV products, with 220 kV targeted for FY29 (per Q1 FY25 concall, AR FY25). This is coupled with a deliberate product mix shift. Around 30,000 tons of capacity was redirected from anti-fibrillation compounds — a commoditized, low-margin product — to high-margin XLPE products (per Q1 FY25 concall). The engineering plastics capacity was drastically reduced from 14,500 tons to just 2,400 tons, with

management indicating they would only operate at 50-60% utilization unless niche, higher-margin products could be secured (per Q3 FY25 concall).

The financial impact is visible in the numbers. EBITDA margins expanded from 5% five years ago to 11% today, driven by this deliberate premiumization (per Q1 FY26 concall). The company is now actively adding PVC compound capacity — a business it had previously de-emphasized — and commissioning Sioplas (5,000 MT added in Q2 FY26), HFFR, and XLPE lines at its newer Surangi plant (per Q2 FY26 concall).

In 2025, the company achieved an NSE listing, enhancing liquidity and institutional visibility (per Q4 FY25 concall). More significantly, late FY26 saw management pivot beyond its core polymer compounding identity. The company announced a strategic entry into Battery Energy Storage Systems (BESS), describing it as a "transformative opportunity in India's renewable energy ecosystem" (per Q4 FY26 concall). The initial target is 5 GW of BESS capacity, positioning the company as a "power and transmission solutions provider" rather than merely a compound manufacturer (per Q3 FY26 concall).

This BESS foray marks a material departure from the company's historical trajectory. For a business whose revenues have grown at a 9% CAGR from FY20-FY24 and which guided for 12-15% CAGR over the next five years (per Q1 FY25 concall), entering capital-intensive energy storage manufacturing represents a fundamentally different risk profile. Unlike the polymer compounding business — where DDev is India's largest listed manufacturer with over four decades of operating history and deep customer relationships — BESS is an entirely new vertical with different competitive dynamics, technology requirements, and capital allocation demands.

The company has articulated a credible organic evolution story: basic compounder → specialty compounder (XLPE, HFFR, high-voltage) → broader energy transition solutions provider. The demerger created focus. The product mix shift demonstrably improved margins. The voltage ladder climb from 1.1 kV towards 220 kV is logical and defensible. However, the BESS pivot introduces execution risk on a scale the company has not previously attempted. Whether this aspired transition from niche compounder to integrated energy solutions company proves value-accretive or a distraction remains the central forward-looking question — and one that will require several quarters of evidence before any verdict is possible.

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12. Current business challenges and street concerns

Several street concerns have coalesced around DDev Plastiks, cutting across margin sustainability, competitive intensity, export headwinds, and working capital pressure.

Management has engaged directly with most of these issues across multiple earnings calls, acknowledging some risks while pushing back on others.

Margin pressures: mix shifts, raw materials, and geopolitics

The single most persistent street concern is the trajectory of margins. OPM has settled at ~10% in FY26 after touching 11% in FY24, and quarterly OPM has oscillated between 8% and 14% over the last eight quarters. The Q4 FY26 print showed a sequential profit improvement, but as one research note observed, the "profit peak masks margin erosion concerns" (per MarketsMojo, DDev Plastiks Q4 FY26 analysis). Full-year FY26 saw PAT grow 9% to ₹202 Cr on revenue of ₹2,948 Cr (up 13% YoY) — solid absolute numbers, but a deceleration from the prior year's momentum.

Management traces margin dilution to three factors. First, a deliberate product mix shift toward lower-margin PVC and fill compounds, coupled with a decline in higher-margin export revenue from ~25% to ~18% of mix (per Q3 FY25 concall). The CFO acknowledged that PVC carries lower margins but argued that specialty PVC products are mitigating the hit, and scale is being added to serve new large customers (per Q2 FY26 concall). Second, raw material cost pass-through mechanically compresses OPM% even when absolute EBITDA per tonne improves — as happened in Q1 FY26, when EBITDA/tonne rose from ~₹14,000 to ~₹15,300 YoY but OPM% was offset by a higher ASP base (per Q1 FY26 concall). Third, the Israel-Iran conflict that escalated in February 2026 disrupted raw material availability, spiked input costs, and dampened demand sentiment (per Q4 FY26 concall and FY26 investor presentation). Volumes that were tracking toward ~10% growth settled at 7%.

The margin structure of the business has drawn skepticism from the analyst community. As one analyst noted, gross margins of 10–15% make this effectively an inventory management game, where a sharp raw material price drop within the one-month holding period could inflict inventory losses (per Q3 FY25 concall). A ValuePickr user flagged a similar concern: raw material price volatility, being a crude oil derivative, threatens gross margins (ValuePickr · @santoshbadal1111 · 2024-03-31).

Competitive landscape: backward integration and new entrants

The spectre of cable manufacturers backward integrating into compound production has been a recurring theme in every concall since FY24. The risk is not theoretical — large customers such as Polycab and KEI Industries have the scale and technical capability to evaluate in-house compounding. One analyst pointedly asked in Q1 FY25 why DDev's revenue was flat when Polycab was reporting 20–25% growth, implying potential loss of business or customer backward integration (per Q1 FY25 concall).

Management's response has been consistent: backward integration is feasible for commodity-grade PVC compounds but technically challenging for specialised XLPE and HFFR grades, which require proprietary know-how, complex formulations, and lengthy customer approvals. As MD Rajesh Kothari stated: "Many people have gone for backward integration... Those are still buying large quantities from us" (per Q3 FY26 concall). The 132 kV XLPE product — positioned as a key moat-widening launch — remains delayed because customers themselves are too capacity-constrained to allocate machine time for type trials (per Q4 FY25, Q2 FY26 concalls). Trials are now expected sometime in CY2026, with revenue not anticipated before FY27–FY28.

Meanwhile, the competitive landscape is intensifying from the supply side. KLJ Group, a privately held compounder, has 200,000 MT capacity and is adding more at Kutch (per KLJ Group website). Shakun Polymers (an Orbia Group subsidiary) is expanding to 80,000–100,000 tonnes at Halol (per Wire & Cable India, June 2026). The India-UAE CEPA, which grants preferential duty access to UAE-manufactured compounds from the Borouge 4 facility (100,000 MT XLPE expansion by Borouge International), is a specific concern raised by Ambit Asset Management on the Q1 FY26 concall.

Export headwinds: tariffs and freight

US tariffs have evolved from a theoretical risk to a realised headwind. The HFFR business, which was expected to contribute meaningfully to margins, has been directly impacted because a portion of DDev's HFFR output was effectively a "deemed export" — compounds supplied to domestic cable manufacturers whose finished goods were exported to the US. The 26% tariff on Indian telecom gear and the proposed 12.5% Section 301 penalty tariff have squeezed this channel (per USTR press release, June 2026). Management acknowledged the tariff impact as a factor behind subdued HFFR demand in the February 2026 investor presentation.

Beyond tariffs, freight disruptions have been a multi-quarter challenge. The Israel-Iran conflict and Strait of Hormuz closure pushed polymer prices to multi-year highs and forced management to redirect export volumes into the lower-margin domestic market (per Q1 FY26 concall). The CEO noted in Q4 FY25 that export logistics uncertainty had rendered long-distance markets less remunerative, and regaining the ~25% export revenue share would "take a bit of time."

Working capital and cash conversion

The balance sheet is raising its own concerns. The cash conversion cycle has stretched from 41 days (FY23) to 85 days (FY26), driven by debtor days rising to 69 and inventory days to 59. FY26 free cash flow turned negative at -₹11 Cr, a sharp reversal from ₹80 Cr in FY25. When an analyst asked in the Q4 FY26 concall whether a perceived cut in government infrastructure spending could further pressure working capital, management pushed back, arguing that demand has diversified to private solar installations and that no impact from reduced government spending is visible. However, the widening working capital cycle — debtors rising

faster than revenue — remains a tangible monitorable that the company has not yet convincingly addressed beyond asserting demand resilience.

Margin of HFFR and high-voltage products: the waiting game

A disappointment for many analysts is the slow ramp-up of HFFR. Volumes in FY25 were just 3,200 MT — barely 1.7% of total volumes — and management acknowledged that the margin uplift from this supposedly high-value product was not yet visible in EBITDA/kg (per Q4 FY25 concall). Approval cycles with customers take 6–12 months, and in the building wire segment, customers remain satisfied with cheaper PVC cables with flame-retardant properties (per Q3 FY25 concall). The National Building Code's fire-safety mandates that should drive HFFR adoption exist on paper, but enforcement at the occupancy certification stage remains inconsistent, and the NBC is itself being replaced by a National Building Standard — a transition that experts warn could dilute fire safety provisions (per [Times of India, 2025]).

What management acknowledges vs dismisses

Management has been forthcoming on: (a) the margin dilution from product mix shifts toward PVC; (b) the disruption caused by geopolitical conflicts on exports and raw material costs; (c) the slow approval cycles for HFFR and delayed 132 kV trials; and (d) the near-term margin impact of US tariffs on HFFR demand. They have pushed back on backward integration as a structural threat, arguing that the technical complexity of specialised compounds creates a durable moat. They have also dismissed concerns around BESS margin pressure from new entrants, citing a 3–5 year demand-supply gap (per Q3 FY26 concall), and rejected the idea that government spending cuts are hurting demand.

The overarching challenge, however, is that many of these headwinds — freight costs, tariff uncertainty, delayed product approvals, and raw material volatility — are largely exogenous. The company's ability to navigate them has been adequate but not commanding, and the compression in cash flow generation in FY26 suggests the cumulative weight of these challenges is now showing up in the financials.

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13. Future outlook — bear/base/bull P&L and balance sheet for next 3 years

The future for DDev Plastiks rests on two distinct engines: a legacy polymer compounding business with a clear (if modest) margin profile, and a nascent foray into Battery Energy Storage Systems (BESS) that management projects will be transformative but that carries substantial execution and market risk. The base polymer business benefits from structural tailwinds —

India's power sector CPSU capex is budgeted at ₹1,01,763 Cr for FY27, 18.6% higher than FY26 (per Union Budget FY27), driving cable demand and, by extension, polymer compound volumes. Regulatory tailwinds from fire-safety norms under NBC 2016 and IS 17048:2018 support HFFR compound adoption (per CablePriceIndia). On the supply side, Reliance and Adani's combined PVC capacity additions (potentially 2.5 MTPA by 2028) should structurally reduce India's import dependence and improve domestic raw material availability over the medium term (per Argus Media, Business Standard).

Headwinds are equally real. The polymer compounding industry is facing margin compression from global petrochemical overcapacity — ICRA noted in February 2026 that margin recovery in commodity polymers remains elusive (per ICRA Petrochemicals Report). Competitor capacity expansions are aggressive: KLJ Group already has 200,000 TPA capacity, Shakun Polymers (Orbia Group) is targeting 100,000 MTPA, and Borouge International is doubling its global XLPE and SEMICON capacity for power-cable applications by end-2027 (per Borealis Group, Borouge International). US tariff policy is another risk: USTR has proposed a 12.5% additional duty on Indian imports under Section 301, which could indirectly crimp cable exports and the compound demand chain (per USTR, June 2026). Meanwhile, domestic competition is intensifying with UltraTech Cement's ₹1,800 Cr entry into wires and cables, potentially disrupting existing customer-supplier relationships.

The BESS vertical is a high-risk, high-reward call option. Management targets 5 GW capacity in under three years, projecting each GW at ₹800-900 Cr revenue (per FY26 Investor Presentation). But FY27 initial BESS revenue is guided at just ₹200-250 Cr with near-breakeven EBITDA (per Q4 FY26 concall). Margins start at 6-8% — not yet accretive — and industry track records in this capital-intensive space are limited. The government's mandate for 20% local content and indigenous EMS software in VGF-backed BESS projects (per Ministry of Power, December 2025) could be a barrier or a moat depending on execution. The whole venture will be funded via internal accruals — FY27 polymer compounding capex alone is ₹175 Cr, so BESS capex adds to a rising investment load that has already pushed free cash flow negative in FY26 (-₹11 Cr per screener.in).

Bear Case — FY27E to FY29E

Assumptions: Volume growth stalls at 5% in FY27 as cable customer capex slows and competition bites, then recovers modestly. EBITDA margin compresses to 9% (raw material cost pass-through lag, mix deterioration, and customer pricing pressure). BESS revenue is negligible across the forecast — ₹100 Cr in FY27, ₹200 Cr in FY28, ₹300 Cr in FY29 — and the segment never breaks even (EBITDA margin zero). Capex remains high as committed (₹175 Cr in FY27, ₹150 Cr thereafter). Working capital intensity remains elevated: Debtor Days 70, Inventory Days 65, Payable Days 35, reflecting continued loosening of terms to retain market share. Equity dilution is zero; no dividend payout change.

Balance Sheet: Net worth grows from retained earnings but is eroded by BESS cash burn. Net debt-free status is maintained but cash reserves decline as capex outpaces cash generation. Gross Debt rises modestly to fund the gap.

₹ Crores	FY26A	FY27E Bear	FY28E Bear	FY29E Bear
P&L				
Revenue	2,948	3,095	3,250	3,412
Growth %	13%	5%	5%	5%
EBITDA	287	279	292	307
Margin %	9.7%	9.0%	9.0%	9.0%
Depreciation	18	22	25	28
EBIT	269	256	267	279
Other Income	34	20	20	20
Interest	29	20	25	25
PBT	274	256	262	274
Tax (26%)	72	67	68	71
PAT	202	190	194	203
EPS (₹)	19.5	18.3	18.7	19.6
Balance Sheet				
Equity Capital	10	10	10	10
Reserves	1,003	1,193	1,387	1,590
Gross Debt	57	100	100	100
Net Fixed Assets	304	460	585	710
Debtors (% Sales)	69 d	70 d	70 d	70 d
Inventory (% Sales)	59 d	65 d	65 d	65 d
Payables (% Sales)	43 d	35 d	35 d	35 d
Net Working Capital	748	857	900	945
Cash / Net Debt	(78)	(130)	(197)	(264)

Base Case — FY27E to FY29E

Assumptions: Management's polymer compounding FY27 guidance of 13% revenue growth is met (per Q4 FY26 concall). Beyond FY27, volume growth moderates to 12% and 10% as the base effect builds. EBITDA margin stabilises at 10.5% — within management's 10-12% long-term guided band (per Q4 FY25, Q1 FY26 concalls) but below the FY26 9.7% level on a blended basis including a slightly loss-making BESS ramp. BESS revenue contribution tracks management's stated floor: ₹225 Cr in FY27, ₹800 Cr in FY28, ₹1,400 Cr in FY29 (per FY28 target of ~1 GWh and ramp to ~1.8 GWh). BESS EBITDA margins improve from 2% in FY27 to

8% in FY29 as scale benefits accrue (per guidance of 6-8% initially, 10%+ at 1 GWh scale). Total capex of ₹175 Cr (FY27), ₹200 Cr (FY28), ₹250 Cr (FY29) — funded from accruals, maintaining zero net debt. Working capital metrics partially normalise: Debtor Days 65, Inventory Days 55, Payable Days 40 (management's stated focus on WC discipline per Q4 FY26 concall, but not fully back to FY23 levels).

₹ Crores	FY26A	FY27E Base	FY28E Base	FY29E Base
P&L				
Polymer Revenue	2,948	3,331	3,731	4,104
BESS Revenue	-	225	800	1,400
Total Revenue	**2,948**	**3,556**	**4,531**	**5,504**
Growth %	13%	21%	27%	21%
EBITDA	287	323	444	560
Margin %	9.7%	9.1%	9.8%	10.2%
Depreciation	18	24	30	36
EBIT	269	299	414	524
Other Income	34	20	15	15
Interest	29	20	20	20
PBT	274	299	409	519
Tax (26%)	72	78	106	135
PAT	202	222	303	384
EPS (₹)	19.5	21.4	29.3	37.1
Balance Sheet				
Equity Capital	10	10	10	10
Reserves	1,003	1,225	1,528	1,912
Gross Debt	57	0	0	0
Net Fixed Assets	304	460	630	840
Debtors (% Sales)	69 d	65 d	65 d	65 d
Inventory (% Sales)	59 d	55 d	55 d	55 d
Payables (% Sales)	43 d	40 d	40 d	40 d
Net Working Capital	748	822	1,047	1,272
Cash / Net Debt	(78)	45	107	168

Bull Case — FY27E to FY29E

Assumptions: Strong execution across both verticals. Polymer compounding volumes grow 15% in FY27 and sustain 14% CAGR thereafter, riding India's capex super-cycle and market-share gains from smaller competitors. HFFR revenue contribution scales to ₹300 Cr by FY28 as

NBC fire-safety norms tighten and adoption accelerates (per Q1 FY26 concall target). EBITDA margin expands to 11.5% on favourable product mix (higher-margin XLPE and HFFR) and stable raw material prices as domestic PVC capacity comes online. BESS execution exceeds internal targets: revenue reaches ₹350 Cr in FY27, ₹1,000 Cr in FY28, and ₹1,900 Cr in FY29 (~2.2 GWh), with EBITDA margins hitting 8% in FY28 and 11% in FY29 on operating leverage. Capex rises to ₹300 Cr annually in FY28-29, but fully funded with zero debt. Working capital efficiency improves markedly: Debtor Days 60, Inventory Days 45, Payable Days 42, reflecting the shift to domestic supply chains and stronger bargaining power with cable majors.

₹ Crores	FY26A	FY27E Bull	FY28E Bull	FY29E Bull
P&L				
Polymer Revenue	2,948	3,390	3,865	4,406
BESS Revenue	-	350	1,000	1,900
Total Revenue	**2,948**	**3,740**	**4,865**	**6,306**
Growth %	13%	27%	30%	30%
EBITDA	287	370	520	700
Margin %	9.7%	9.9%	10.7%	11.1%
Depreciation	18	24	32	40
EBIT	269	346	488	660
Other Income	34	25	20	20
Interest	29	20	20	20
PBT	274	351	488	660
Tax (26%)	72	91	127	172
PAT	202	260	361	489
EPS (₹)	19.5	25.1	34.9	47.2
Balance Sheet				
Equity Capital	10	10	10	10
Reserves	1,003	1,263	1,624	2,113
Gross Debt	57	0	0	0
Net Fixed Assets	304	460	700	980
Debtors (% Sales)	69 d	60 d	60 d	60 d
Inventory (% Sales)	59 d	45 d	45 d	45 d
Payables (% Sales)	43 d	42 d	42 d	42 d
Net Working Capital	748	777	1,011	1,311
Cash / Net Debt	(78)	196	334	540

Key Judgments

Across the three scenarios, the most critical variable is the **BESS ramp**. In the bear case, it is essentially a writedown of management's ambitious vision. In the base case, it contributes meaningfully but dilutes blended margins until FY29. Only in the bull case does BESS become accretive and justify the narrative of a "second engine." This is a binary outcome, not a gradual path — management has no BESS track record, and the first meaningful revenue point (H2 FY27) will be a critical proof point.

The second key judgment is **margin resilience in the core polymer business**. Management has consistently guided 10-12% EBITDA margins through multiple cycles. The bear case assumes 9% — below the guided range — driven by competitive intensity from KLJ, Shakun (Orbia), and global players adding capacity. The bull case assumes 11.5%, requiring product-mix tailwinds (HFFR, 132 kV XLPE) to materialise faster than history suggests. The base case at 10.5% is a reasonable middle ground that mirrors actual FY24-26 performance.

Working capital assumptions are directly tied to competitive dynamics. In the bear case, DDev loosens terms to defend market share — consistent with the already-rising debtor days from 53 (FY23) to 69 (FY26). In the bull case, the shift to domestic raw-material supply chains and a stronger product portfolio (HFFR, high-voltage XLPE) improve bargaining power. The base case assumes some improvement but not a full reversion to FY23 efficiency.

Finally, **the ₹5,000 Cr polymer compounding revenue target by FY30** is achievable only in the base and bull cases. In the base case, it requires an ~11.5% CAGR from FY26 to FY30; in the bull case, it is exceeded ahead of schedule. In the bear case, the company reaches only ~₹3,900 Cr by FY30 — a miss that would likely trigger a significant derating.

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14. Peak revenue potential at current and future capacity

Capacity Evolution: FY24 to FY27 and Beyond

DDev Plastiks has been on an aggressive capacity expansion trajectory. At the start of FY24, installed capacity stood at 2,37,000 MTPA (per Q4 FY24 concall). This rose to 2,33,400 MTPA in FY25, then jumped to 2,68,400 MTPA by end-FY26 (per Feb 2026 investor presentation). A game-changing greenfield XLPE facility at Bhiwadi, Rajasthan — adding 48,000 MTPA — was commissioned in late April 2026 and will begin contributing from Q1 FY27 (per Q4 FY26 concall). This takes total capacity beyond 3,15,000 MTPA. The table below maps the expansion journey:

Period	Installed Capacity (MTPA)	Key Additions
Q4 FY24	2,37,000	Baseline (post-demerger ramp-up)
FY25	2,33,400	Debottlenecking & minor additions
FY26 (end)	2,68,400	25,000 MT PVC, 5,000 MT HFFR, XLPE lines added
Q1 FY27	~3,16,400	48,000 MT Bhiwadi XLPE commissioned
FY27 (target)	~3,41,400+	HFFR to 20,000 MT (+10,000), PE compound +25,000 MT

Management has articulated a three-year capacity addition plan of over 1,30,000 tons spanning HFFR (15,000+), PVC (25,000–35,000), and XLPE (60,000–84,000 MT) (per Q1 FY26 concall). By FY27, with the Bhiwadi ramp-up, total capacity is set to comfortably exceed 3,40,000 MTPA.

Peak Revenue Potential from Polymer Compounding

To translate capacity into revenue, the realised price per ton is the critical multiplier. In 9M FY25, average revenue per ton was approximately ₹1,37,000 (per Q3 FY25 concall). Using this as a baseline — cognisant that mix shifts toward higher-value XLPE and HFFR compounds can lift realisations — we can derive peak revenue scenarios:

Current capacity (2,68,400 MTPA): - At 100% utilisation: ~₹3,680 Cr - At 95% (sustainable debottlenecked peak per management, Q1 FY25 concall): ~₹3,490 Cr - At FY26 actual utilisation of ~81%: ~₹2,948 Cr (matching screener.in FY26 sales of ₹2,948 Cr)

Post-Bhiwadi capacity (~3,16,400 MTPA): - At 90% utilisation (XLPE lines typically ramp to 80–85% in year two per Q4 FY25 concall; mix-adjusted): ~₹3,900 Cr - At full 95% utilisation: ~₹4,120 Cr

Full FY27 target capacity (~3,41,400 MTPA): - At 90% utilisation: ~₹4,200 Cr - At full utilisation: ~₹4,680 Cr

The standalone XLPE expansion at Bhiwadi alone is projected to add approximately ₹500 Cr in revenue (per FY26 investor presentation), with full utilisation expected by FY28 (per Q4 FY26 concall). This aligns well with the calculated peak scenarios above.

The BESS Wildcard: An Entirely Different Revenue Stream

DDev has entered the Battery Energy Storage Systems (BESS) assembly business, with Phase-1 capacity of 5 GWh targeting commissioning by FY30. Management has indicated that 1 GWh of BESS capacity equates to ₹800–₹900 Cr of revenue potential (per Q3 FY26 concall). If achieved, a fully-utilised 5 GWh BESS facility could add ~₹4,000–₹4,500 Cr to the revenue base — effectively doubling the company's topline relative to the polymer compounding business.

The combined peak revenue scenario — polymer compounding at full tilt (~₹4,500–₹4,700 Cr) plus 5 GWh BESS (~₹4,000–₹4,500 Cr) — implies a potential top line of ₹8,500–₹9,200 Cr by FY30. This aligns with management's articulated target of ₹4,500–₹5,000 Cr from compounding alone by FY30, with BESS as a separate growth vector (per Q4 FY25 concall). A note of caution: the BESS business is yet to establish a track record, the first capacities will only commission progressively toward FY30, and the stated revenue-per-GW figure is a management estimate at current price assumptions — which can be volatile given battery chemistry and supply chain dependencies.

Working Capital: The Binding Constraint at Peak Scale

This is where the peak revenue analysis gets real. DDev's working capital intensity has been deteriorating: the cash conversion cycle has stretched from 41 days (FY23) to 85 days (FY26), driven by rising debtor days (53 → 69 days) and inventory days (37 → 59 days). As capacity scales, so does the absolute working capital requirement.

Quantifying the incremental WC need: - FY26 revenue of ₹2,948 Cr with 85 days working capital implies gross working capital of approximately ₹686 Cr. - At peak compounding revenue of ~₹4,700 Cr, assuming the same 85-day cash conversion cycle, gross WC would rise to ~₹1,095 Cr — an incremental requirement of ~₹409 Cr. - If BESS contributes an additional ~₹4,000 Cr with even a conservative 60-day cycle (project-based, potentially milestone-linked), that adds another ~₹660 Cr. - Total incremental WC at peak scale: potentially ₹1,000–₹1,100 Cr over FY26 levels.

Can the current balance sheet support this?

As of FY26, the company had reserves of ₹1,003 Cr and gross borrowings of just ₹57 Cr — a debt-to-equity ratio of 0.06x, essentially debt-free. This is a strength, but the asset side tells a cautionary tale: "Other Assets" (which include receivables and inventory) already stand at ₹1,069 Cr, and free cash flow turned negative (-₹11 Cr) in FY26 precisely because of working capital absorption. A further ₹1,000 Cr of WC buildup would require:

1. **Internal accruals**: FY26 PAT was ₹202 Cr. Even at 20% CAGR, the company might generate cumulative PAT of ~₹1,250–₹1,400 Cr over FY27–FY30. But a portion will be consumed by capex (CWIP already at ₹50 Cr and set to rise with BESS investments) and dividends.
2. **Debt**: The company has significant headroom — net debt is virtually zero, and CRISIL has upgraded the rating to A+/Stable with ₹759 Cr of rated bank facilities. Moderate working capital debt of ₹300–₹500 Cr at 8–9% interest is well within capacity.
3. **Equity**: Unlikely at current promoter holding levels (74.99%) and modest institutional appetite (FIIs + DIIs < 2%). Minor dilution via QIP is possible but not material enough to fund a ₹1,000 Cr gap.

Bottom line on the constraint: The polymer compounding business alone — at ~₹4,700 Cr revenue — would require incremental WC of ~₹400 Cr, which the balance sheet can absorb through a combination of internal accruals and modest debt without stress. Cover ratios would remain comfortable (interest coverage is currently ~10x). The BESS-scale scenario is where the constraint genuinely bites: assembly of 5 GWh of battery systems is a working-capital-intensive activity (procurement of cells, modules, etc.), and even milestone-based billing cannot entirely offset the cash cycle. If DDev pursues BESS aggressively, it will almost certainly need to raise significant debt or bring in a strategic partner. The FY26 FCF turning negative — even at sub-₹3,000 Cr revenue — is an early warning that the current cash generation engine is insufficient to self-fund both WC expansion and capex simultaneously at the envisioned scale.

Prudent investors should view the polymer compounding peak revenue target as achievable within the existing financial framework, while the BESS-driven ₹8,500+ Cr scenario remains aspirational and contingent on a step-change in capital structure.

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15. Capacity scale-up history by year and product

Capacity Landscape: Scaling the Platform

DDev Plastiks has entered a decisive capacity expansion phase, transforming its manufacturing footprint from a steady-state base to a significantly larger platform. The trajectory reveals a company that is not merely adding tonnes but is strategically reallocating capital towards higher-margin, future-facing compounds.

FY21–FY25: Realignment Over Raw Addition

The period from FY21 through FY25 was characterized less by aggressive headline expansion and more by a strategic rebalancing of the asset base. Total installed capacity saw a marginal consolidation from 2,37,000 MT in FY21 to 2,33,400 MT by FY25-end, masking significant internal shifts (per Investor Presentation Feb 2026).

A key strategic move was the deliberate cannibalization of lower-value product lines to release productive assets for the core cable-compound franchise. Specifically, anti-fibrillation compound capacity was slashed from 50,000 MTPA to approximately 20,500 MTPA, and the engineering plastics line was reduced from 14,500 MTPA to just 2,400 MTPA, with the freed-up infrastructure repurposed for XLPE production (per Q1 FY25 concall). This explains why the aggregate number remained flat despite new investments.

Within this period, the growth engine was the high-margin HFFR (Halogen-Free Flame Retardant) segment. HFFR capacity was built from zero in FY22 to 2,000 MT in FY23, and then

scaled to 5,000 MT by FY24. A further 5,000-tonne HFFR line was commissioned during FY25, doubling capacity in this nascent but strategically critical category (per Q3 FY25 concall).

FY26: The Breakout Year

FY26 represents the inflexion point, with total installed capacity jumping from 2,33,400 MT to 2,68,400 MT — an addition of ~35,000 tonnes of mostly high-value output.

- **PVC Compound Expansion:** This was the workhorse of the FY26 build-out. Capacity surged by 25,000 MT, from a stable base of 44,000 MT to 69,000 MT. This was executed in phases: an initial 5,000 MT was added in East India during Q1, with the balance commissioned progressively, with full commercial operations from H2 FY26 (per Q1 FY26 concall). The expansion targets the growing demand from PVC-insulated wire and cable applications.

- **HFFR Scale-Up:** Another 5,000 MT was added, taking total HFFR capacity to 10,000 MTPA. With machines ordered and lines operational, the company met its near-term HFFR target, positioning itself to capture the demand shift driven by NBC 2016 fire-safety norms.

- **XLPE/Sioplas/Semicons:** In-line additions of 5,000 MT at existing facilities brought this segment's total to 1,66,500 MT by the close of FY26.

The total capex for this 35,000-tonne FY26 brownfield expansion across PVC and HFFR was approximately ₹50 Cr, funded entirely through internal accruals. This translates to a capital cost of roughly ₹1.43 Cr per 1,000 tonnes of capacity, a highly capital-efficient metric characteristic of compounding businesses that are assembly-and-mixing operations rather than continuous-process chemical plants (per Q3 FY26 concall).

FY27 and Beyond: The XLPE Greenfield Leap

The most transformative element of the scale-up is the Bhiwadi greenfield project in Rajasthan. This dedicated XLPE compounding facility, with a nameplate capacity of 48,000 MTPA, commenced commercial operations in late April 2026 (per Q4 FY26 concall). Its addition takes the company's total installed capacity to approximately 3,15,000 MT.

Management committed ₹80 Cr in capex for this facility. This implies a capital intensity of roughly ₹1.67 Cr per 1,000 tonnes — slightly above the FY26 brownfield cost but still competitive, reflecting the greenfield nature requiring land, building, and electrical infrastructure before machine installation.

Notably, of the total 3,15,000 MT capacity, approximately 80,000 tonnes — over 25% of the installed base — came online in the final four months of FY26 alone. This concentration of

commissioning risk (ramp-up, customer qualification, working capital absorption) is a key operational variable for FY27.

Summary Capacity Table

Product Segment	FY21	FY23	FY25	FY26	FY27 (Planned)
XLPE/Sioplas/Semicons	1,28,500	1,42,500	1,61,500	1,66,500	~2,14,500
PVC Compounds	44,000	44,000	44,000	69,000	69,000+
HFFR	0	2,000	5,000	10,000	10,000+
Antifibrillation	50,000	36,000	20,500	20,500	20,500
Engineering Products	14,500	14,500	2,400	2,400	2,400
Total Installed Capacity	~2,37,000	~2,39,000	~2,33,400	~2,68,400	~3,15,000+

Source: Investor Presentations, Concall transcripts. All figures in MTPA. FY27 reflects capacity post-Bhiwadi commissioning in late April 2026.

Data Gaps and Caveats

- **Fungibility and Utilization:** Management acknowledges that certain assets are fungible between product lines (e.g., engineering plastic lines shifted to XLPE). Consequently, segmental capacity figures should be interpreted as indicative allocation rather than rigid physical constraints.
- **Historical Pre-FY21 Data:** As DDev Plastiks is the resulting entity from the Kkalpana demerger, pre-FY21 installed capacity figures are not directly comparable in corporate structure, though the underlying manufacturing assets were part of the former entity.
- **Cost Precision:** While management has disclosed aggregate capex for specific expansions (₹50 Cr for FY26 PVC/HFFR; ₹80 Cr for Bhiwandi XLPE), a granular, product-level cost-per-tonne breakdown beyond these stated figures is not available, particularly for pre-FY25 additions.

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16. Store/unit economics, SSSG vs cost inflation analysis

Per-Tonne Economics: The Appropriate Unit Lens

As a B2B polymer compound manufacturer, DDev Plastiks is not a store/unit retail business. The relevant analytical framework is per-tonne manufacturing economics — revenue per metric tonne, EBITDA per metric tonne, and capacity utilization dynamics. Management explicitly reports these metrics in investor presentations, enabling a meaningful unit-level analysis.

The table below captures the evolution of per-tonne unit economics over the available history:

Metric (₹/Tonne)	FY21	FY22	FY23	FY24	FY25	FY26
Revenue Per Tonne	1,19,980	1,62,102	1,74,344	1,45,556	1,37,318	1,45,136
EBITDA Per Tonne	5,819	9,309	12,931	16,878	15,137	15,768
EBITDA/Revenue Margin	4.8%	5.7%	7.4%	11.6%	11.0%	10.9%

(per Investor Presentation FY26; per Investor Presentation Feb 2026)

Several observations emerge from this data:

Per-tonne profitability has structurally improved. EBITDA per tonne expanded from ₹5,819 in FY21 to ₹15,768 in FY26 — a ~2.7x increase. Importantly, this improvement occurred despite a decline in revenue per tonne from the FY23 peak of ₹1,74,344 to ₹1,45,136 in FY26, a drop of ~17%. The divergence between revenue per tonne (down) and EBITDA per tonne (up) indicates that raw material pricing — not value addition — drives the revenue-per-tonne line, and the company has successfully expanded its conversion spread.

A "pass-through" business model with value-added tailwinds. As noted by ValuePickr user @Debojit_Kangsa_Banik (May 2024), "our industry is more of passing on the raw material cost. That is why if you see the turnover has come down with the reduction in raw material prices." The revenue per tonne figure is heavily influenced by underlying polymer resin prices. In FY23, elevated polymer prices inflated the revenue-per-tonne metric; subsequent price normalization explains the compression in FY25. Yet EBITDA per tonne rose — a function of product mix enrichment toward higher-margin XLPE and HFFR compounds, which management has guided will contribute 10-15% of revenue over time.

Q4 FY26 shows margin stasis, not expansion. In the most recent quarter, annualized EBITDA per tonne stood at ~₹15,768, essentially flat vs FY25's ₹15,137 when considering full-year volumes. The OPM has plateaued at ~10-11% for six consecutive quarters (Q3 FY25 to Q4 FY26), suggesting that the mix-shift tailwind may be approaching a near-term ceiling and incremental margin gains now depend on operating leverage and cost control.

BESS Segment Economics: A Separate Unit Lens

DDev Plastiks has announced entry into the Battery Energy Storage System (BESS) segment with a target of 5 GW capacity. This is a distinct business line with its own unit economics:

- **Target ROCE:** 25-30%
- **Payback Period:** 2-3 years

(per Investor Presentation FY26)

These are attractive headline metrics, though they remain aspirational — no BESS revenue has been booked yet, and the competitive landscape (including the government's 20% local-content mandate for VGF BESS projects) adds execution uncertainty. The absence of any commercial track record here means these numbers should be treated as management projections, not demonstrated economics.

Cost Inflation Sensitivity — The Manufacturing Equivalent of SSSG

For a manufacturer, the SSSG (same-store sales growth) analogue is **volume growth coupled with product mix improvement** — i.e., the ability to grow gross profit per tonne by enriching the product basket toward higher-margin categories (XLPE, HFFR) while maintaining or increasing volumes.

Cost inflation exposure in polymer compounding:

Cost Component	Estimated Share of Opex	Inflationary Nature
Raw Materials (PVC, PE resins, fillers, plasticizers)	~75-80%	Pass-through; tied to crude/petrochemical cycles
Power & Utilities	~4-6%	Directly inflationary; tied to grid tariffs
Employee Costs	~5-7%	Inflationary; ~7-8% annual wage inflation typical
Logistics & Freight	~3-5%	Diesel-linked inflation
Other Manufacturing Overheads	~3-5%	Partially fixed, partially variable

Raw material costs dominate the cost structure (~75-80%) but are largely passed through with a lag. The genuinely inflationary cost components — power, labour, and logistics — represent approximately 12-18% of total opex. These costs rise irrespective of volume growth.

The volume/EBITDA sensitivity math:

Assume inflationary costs (labour + utilities + logistics) represent ~15% of opex and rise at 6-8% annually. For a company with ₹2,661 Cr in total expenses (FY26), this implies ~₹40-53 Cr of costs subject to inflation. With FY26 EBITDA at ₹287 Cr, a 6% inflation on these cost heads would erode EBITDA by ₹24-32 Cr, or ~8-11% of current EBITDA, **before accounting for any volume growth or raw material pass-through**.

To offset this purely through volume — holding per-tonne EBITDA constant at ₹15,768 — the company would need to sell an additional ~1,500-2,000 tonnes, representing roughly 0.7-1.0% incremental volume on top of whatever growth is needed to maintain absolute EBITDA.

Key sensitivity: If revenue growth slows and management fails to improve the product mix (i.e., stall on XLPE/HFFR enrichment), per-tonne EBITDA would face dual pressure — rising non-raw-material costs and a weakening conversion spread. The FY26 data already shows this dynamic emerging: EBITDA per tonne rose only ~4% YoY despite a ~13% revenue increase, implying that incremental volume came at lower marginal profitability.

Plant-Level Payback and Capacity Expansion Economics

DDev Plastiks' latest installed capacity stands at 2,68,400 MTPA, up from 2,61,500 MTPA in FY25 (per ScanX Trade report on FY26 results). The company has commissioned new XLPE compound capacity, a product category that commands a premium over standard PVC compounds.

Given the capital-light nature of compounding (FY26 net fixed assets of ₹304 Cr supporting ~2,60,000+ tonnes of capacity), the gross block per tonne of capacity is approximately ₹1,500-2,000. At ₹15,768 EBITDA per tonne, the pre-tax payback on new capacity is approximately 1.5-2.5 years — consistent with the BESS segment guidance of 2-3 years and broadly in line with the industry's asset-turn characteristics.

However, FY26 capex intensity increased meaningfully: cash from investing rose to -₹41 Cr, and CWIP jumped from ₹1 Cr to ₹50 Cr. Free cash flow turned negative at -₹11 Cr. If unit economics remain strong, this capex should translate to future volume growth — but the aggressive build in working capital (cash conversion cycle now 85 days, up from 41 days in FY23) partially offsets this. The combination of rising capex and swelling working capital means the effective "payback" on growth is being stretched, even if per-tonne EBITDA optics appear stable.

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17. Margin sustainability and one-offs

Forex and Other Income: Separating Noise from Operations

Management treats a significant portion of "Other Income" as operational — primarily forex gains arising from the time lag between export booking rates and spot rates. In Q1 FY25, the CFO explicitly stated that "other income is considered an integral part of unit profitability" (per Q1 FY25 concall). In Q2 FY26, Other Income of ₹10.8 Cr comprised interest income and exchange differences (per Q2 FY26 concall). This creates a structural overstatement of reported EBITDA margins, which include Other Income per company presentations.

The magnitude is material. Across FY24, FY25, and FY26, Other Income ranged between ₹17–34 Cr (screener.in data), representing 6.8% to 12.4% of PBT. The Q4 FY26 spike to ₹12 Cr

(from ₹4 Cr in Q3) was largely an M2M gain on debtors (~₹10 Cr), offset by a corresponding ₹11 Cr in other expenses on forward contracts and imports — a net ~₹1 Cr impact (per Q4 FY26 concall). Stripping out Other Income entirely from EBITDA would reduce the headline ~11% EBITDA margin toward a 9.5–10.2% range, a more conservative but cleaner measure of compounding business profitability.

Raw Material Pass-Through: The Core Margin Anchor

The company operates a cost-plus pricing model, passing through Reliance's published polymer price changes to customers. Management has repeatedly described the lag as "instant" for new orders, with a maximum lag of 7–15 days for minor price hikes (per Q4 FY26 concall, Q3 FY25 concall). This mechanism insulates absolute EBITDA per kg from raw material price swings, allowing margins in rupee-per-kg terms to remain stable even as revenue fluctuates with polymer prices.

Empirical evidence supports this: EBITDA/kg has stayed within a tight ₹14,500–₹15,600/MT band from Q2 FY24 through Q3 FY26 (per Q4 FY25, Q1 FY26 concalls), even as quarterly revenue ranged from ₹554 Cr to ₹737 Cr. The one exception was Q1 FY25, where EBITDA/kg dipped to ₹13,900 due to elevated freight costs on export shipments (per Q2 FY25 concall). Management guided a maintainable range of ₹14,500–₹16,000 per metric ton (per Q4 FY25 concall).

The March 2026 supply disruption from the Strait of Hormuz conflict tested this model. Cargoes booked at lower prices did not arrive, forcing spot purchases at elevated prices, which compressed profitability temporarily. Management expects April margins to improve as lower-cost inventory arrives (per Q4 FY26 concall). This episode demonstrates that while the pass-through model works for routine price movements, sudden supply shocks and logistics failures can cause temporary margin hits.

One-Off Margin Distortions in the Base Period

The 14% EBITDA margin in Q4 FY24 was inflated by an exceptional annual volume-based supplier rebate linked to the entry of a new competitor (HMEL). This "bonanza" was a one-time pooling of annual discounts into the March quarter. From FY25 onward, rebates have been accounted for on a quarterly basis, smoothing out the Q4 spike (per Q4 FY24, Q3 FY25 concalls). The 11% margin in Q4 FY25 was described by management as "a more normal number" (per Q4 FY25 concall).

Similarly, the Q2 FY26 employee cost spike to ~₹13.3 Cr was a one-off from annual bonuses and arrears, with the H1 average representing the normalized run rate (per Q2 FY26 concall).

Product Mix and Margin Composition

Product mix is the primary driver of margin evolution. The company's strategic shift from low-margin commodity PVC and anti-fibrillation compounds toward XLPE, semicon, and HFFR products doubled EBITDA/kg from ~₹7.5/kg to ~₹15/kg over two years (per Q4 FY24 concall). HFFR compounds carry margins in the "high teens" (per kg) while specialty PVC for house wiring yields "better than average margins" (per Q3 FY26 concall, Q4 FY25 concall).

However, the volume-weighted reality moderates this narrative. In Q2 FY26, gross profit per kg fell ~6% YoY to ₹24.5/kg due to a greater mix of PVC products as XLPE volumes were impacted by monsoon and export slowdowns (per Q2 FY26 concall). The CFO noted that blended margins will not "change dramatically" because lower-end volume growth balances high-end product introductions (per Q1 FY26 concall). The margin function is thus defensive — new products protect existing EBITDA levels rather than dramatically expanding them.

Operating Leverage Runway

Management indicated consolidation plans: "we are already expanding on multiple fronts... even we are planning to consolidate few of the units into a bigger unit" (per Q3 FY26 concall). Fixed asset turnover has room to improve as the installed capacity of 2,68,400 MTPA (FY26) is utilised more fully. However, capacity utilisation data is not disclosed, making quantification difficult.

The R&D spend is minimal at ₹1.45 Cr or 0.06% of turnover (per AR FY25), raising questions about how sustainable a "high value-add" positioning truly is without corresponding investment in formulation IP.

Management Margin Guidance

Management guided FY27 EBITDA margins of "approximately 11%" for the polymer compounding business, citing elevated raw material price volatility (per Q4 FY26 concall). This is consistent with historical stability — the annual OPM has held at 10–11% for three consecutive years (FY24: 11%, FY25: 10%, FY26: 10% per screener.in). The BESS foray is guided at an initial 5–8% EBITDA margin, with potential improvement through scale and selective backward integration (per FY26 investor presentation). Even at 7%, BESS would be dilutive to the blended group margin.

Net Assessment

Core margins appear structurally stable at ₹14,500–₹16,000/MT EBITDA/kg, anchored by a functioning raw material pass-through mechanism. Reported EBITDA margins of ~11% include ~1–1.5 percentage points of Other Income, making ~9.5–10% a truer operational run rate. The main margin risk is product mix deterioration (rapid PVC volume growth without proportionate

XLPE/HFFR scaling) rather than input cost volatility, and a sudden supply-chain shock (as witnessed in March 2026) that the pass-through model cannot fully absorb in real time.

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18. Mental model framework for understanding this business

A "Picks-and-Shovels" Tollbooth on India's Electrification Superhighway

The most clarifying mental model for DDev Plastiks is that of a **precision ingredient supplier sitting at a chokepoint between global chemical giants and India's cable manufacturing boom.** It is not a cable company. It is not a commodity polymer producer. It is a sophisticated, B2B converter whose value is created at the molecular level — in the precise, repeatable chemical reaction that transforms base resins into specialized compounds that cables cannot function without.

Think of it as a **"picks-and-shovels" play on India's electrification superhighway, with a tollbooth built on trust.** Every cable that carries power from a solar farm, through a building riser, or across a transmission grid requires polymer compounds — for insulation, sheathing, and fire safety. DDev does not win on price alone; it wins because its compounds carry a *de facto* certification. As management put it, "Every product gives you an indirect monopoly. It is the kind of trust somebody would have on the product" (per Q1 FY26 concall). A cable manufacturer cannot simply switch suppliers — doing so means re-certifying entire product lines with BIS, NTPC, or Powergrid, a process that can take 6-24 months and requires shutting down production lines for mandatory type-testing (per Q4 FY25 concall). This creates **high switching costs and a structural stickiness** that transcends commodity pricing cycles.

The Dominant Lollapalooza Forces at Work

Charlie Munger would recognize multiple reinforcing tendencies converging here:

1. **The Electrification Mega-Trend (Government Tailwind + Social Proof):** India's power transmission and distribution capex is scaling at a staggering pace. The aggregate plan outlay of nine power-sector CPSUs is budgeted at ₹1,01,763 Cr for FY27, an 18.6% jump year-on-year (per Business Standard). ICRA expects the cables & wires sector to grow ~12-14% annually through FY27 (per ICRA). Every kilometre of cable laid requires polymer compounds. The entry of new, well-capitalized players like Adani Group (commissioning a 1 MTPA PVC plant by December 2026 per Business Standard) and UltraTech Cement (entering wires & cables with ₹1,800 Cr capex per Hindu BusinessLine) does not threaten DDev — it expands the total addressable market for compounds. New

cable manufacturers need compound suppliers, and DDev is the incumbent with 2,68,400 MTPA of installed capacity and a zero-rejection track record (per Q4 FY26 concall).

2. **Import Substitution and the Localization Forcing Function:** The Israel-Iran conflict and Strait of Hormuz closure in early 2026 exposed the fragility of global polymer supply chains. The disruption triggered force majeure declarations and multi-year price highs (per ChemOrbis). This geopolitical shock accelerates the "Make in India" localization trend that DDev's management explicitly identified as a structural tailwind (per Q4 FY26 concall). When import supply becomes unreliable, domestic cable manufacturers turn to the local compounder with proven capacity and certification.

3. **The Precision Moats and Patience Barrier:** The business is fundamentally about "the precision of that reaction and repeatability of that reaction" (per Q4 FY25 concall). This is not a technology that can be replicated by reading a patent. It is embedded in tacit knowledge, R&D collaborations with IITs, and decadal relationships. The 132 kV compound is ready but uncommercialized because high-demand cable makers refuse to halt production for the mandatory type-tests — a stunning illustration of how even a superior product faces adoption friction that protects incumbents (per Q4 FY25 concall).

4. **The Flywheel of Trust → Approvals → Volume → Trust:** DDev's "zero rejections to death" record (per Q4 FY26 concall) is not marketing rhetoric; it is a compounding economic engine. Every successful long-term test (e.g., the two-year 220 kV validation per Investor Presentation Feb 2026) de-risks future customer adoption and raises barriers further. This flywheel means that the gap between DDev and a new entrant does not narrow with time — it widens.

The Single Most Important Mental Model: Switching Cost Moat via Certification Lock-In

If you forget everything else, remember this: **DDev's economic profit is protected not by patents or raw material control, but by the sheer pain and time cost its customers would incur to re-certify with an alternative supplier.** This is a classic "boring" industrial moat — invisible to screens, deeply real in practice. It is reinforced by:

- **Regulatory tailwinds:** NBC 2016 fire safety mandates and BIS standards increasingly require specialized HFFR and XLPE compounds (per CablePriceIndia).
- **Product complexity migration:** Moving from 1.1 kV PVC to 132 kV/220 kV XLPE and HFFR increases the technical barrier exponentially.
- **Customer concentration dynamics:** While top customers like Polycab or KEI might theoretically backward-integrate, DDev's management has argued — credibly, based on decades of evidence — that the breadth of DDev's product basket (spanning dozens of

compound specifications) makes full in-sourcing uneconomical for any single cable maker. A ValuePickr user noted this in 2024, quoting management: "our industry is more of passing on the raw material cost" (ValuePickr · @Debojit_Kangsa_Banik · May 2024) — a model where scale and product diversity create a niche that single-customer captive units cannot economically replicate.

The 2-3 Variables to Track Every Quarter

1. **Volume Growth vs. Realisation per Tonne:** Revenue can be misleading because raw material pass-through inflates or deflates top-line. Disaggregate sales into volume (tonnes shipped) and realizations. FY26 revenue grew 13% YoY, but how much was volume vs. polymer price inflation driven by the Hormuz disruption? A sustained volume growth dip below double digits would signal competitive or demand-side issues.

2. **EBITDA per Tonne (not OPM%):** Management has repeatedly guided that absolute EBITDA/tonne is controllable despite raw material volatility (per Q4 FY25 concall). This metric isolates the "value-add" from commodity pass-through. Track it quarterly. A decline below ₹22,000-23,000/tonne (implied from FY26 data) without a clear mix-shift explanation would be a yellow flag.

3. **Receivables Days and Cash Conversion Cycle:** The single most concerning financial trend is the CCC expansion from 41 days (FY23) to 85 days (FY26). The FY26 CFO/PAT conversion ratio collapsed to 42% due to a ₹152 Cr build-up in "Other Assets" (likely receivables and inventory). This must stabilize. If debtor days breach 75+, it signals either aggressive credit extension to win volume or collection issues with major customers.

What Would Break the Thesis — Permanently vs. Temporarily

Permanently breaks the thesis: - **A major customer successfully backward-integrating at scale and cancelling orders permanently.** If Polycab or KEI were to build in-house compounding capacity covering 50%+ of their requirements and publicly state they are reducing third-party purchases, the certification moat would be breached and the precedent would invite others. This has not happened in decades, but it remains the existential tail risk. - **A fundamental technological shift in cable insulation — e.g., a breakthrough in solid-state or superconducting materials that obsoletes polymer compounds altogether.** This is not a near-term risk but is the "Kodak moment" for any materials business. - **A major quality failure or safety incident traced to DDev's compounds.** The "zero rejections" moat is binary — one catastrophic failure (e.g., a fire traced to HFFR compound failure) would shatter the trust

premium overnight and trigger mass re-certifications *away* from DDev. This is unlikely given the track record, but the downside is existential.

Temporarily disrupts (but does not break) the thesis: - **Raw material price spikes or supply disruptions (like the Hormuz closure).** History shows DDev passes these through; margins compress temporarily but recover. - **A cyclical slowdown in government infrastructure capex** — this would compress volume growth for 2-4 quarters but not structurally impair the electrification trend. - **US/global tariff actions on Indian cable exports.** DDev's direct export exposure is modest, and domestic demand can offset. The USTR proposed 12.5% additional tariffs on Indian imports in June 2026 (per [Economic Times]), but this impacts cable exporters (DDev's customers' customers), not DDev directly.

Management Quality Assessment: IMPORTANT (but not Critical)

Rationale: This business does not demand an exceptional capital allocator to survive. The underlying structural tailwinds (electrification, localization, regulation-driven demand for HFFR/XLPE) are powerful enough that a mediocre operator could still grow, albeit suboptimally. The switching-cost moat provides a buffer against management missteps — customers will not abandon a certified supplier overnight even if service deteriorates marginally.

However, management quality is rated **IMPORTANT** (not "Moderate") for three reasons:

1. **The innovation treadmill is real.** Management must consistently anticipate commoditization at the lower end (1.1 kV PVC) and reinvest in R&D and capacity for higher-value products (HFFR, 132 kV/220 kV XLPE). A complacent team that milks the existing franchise would see margins erode over 5-7 years as the product mix shifts downward. The CEO's explicit articulation of this dynamic — "definitely, we are moving up the value chain to prove our niche segments" (per Q1 FY25 concall) — suggests awareness, but execution must be verified.

2. **The BESS foray is a management judgment call.** Entering battery energy storage as "a calibrated expansion into a structurally growing, policy-supported and scalable clean-energy segment" (per Investor Presentation Feb 2026) is logical adjacency, but it introduces a different business model (assembly-led, project-based) with different working capital dynamics. Management's ability to ring-fence capital allocation, avoid cross-subsidization, and maintain returns discipline will determine whether BESS is value-accretive or a distraction. The claim of using only "idle bank limits" is reassuring but unproven at scale.

3. **The governance overhang from the promoter group is non-trivial.** The Suranna family's legacy entity, Kkalpana Industries, was flagged among 331 "suspected shell

companies" in 2017, though SEBI later revoked trading restrictions after finding no prima facie evidence of financial misrepresentation (per ET CFO). The February 2026 off-market transfer of 849,602 shares from individual promoters to Bbigplas Poly Private Limited — a promoter-group entity sharing the same Kolkata registered address (per Whalesbook) — may be innocuous family restructuring, but it warrants scrutiny. The ₹11,800 fine for late board meeting intimation in February 2026 (per ScanX Trade) is trivial in magnitude but suggests compliance processes are not yet institutional-grade for a ₹2,862 Cr market-cap company. The promoter holding at 74.99% leaves thin public float and raises the risk of related-party transactions (as seen with Kkalpana Industries seeking shareholder approval for ₹97 Cr in RPT deals with Ddev entities per Whalesbook).

Questions for Management in a One-on-One Meeting

Theme 1: The BESS Adjacency — Economics and Capital Allocation 1. What is the projected incremental working capital requirement for the BESS segment at the targeted 5 GW capacity, and what return on capital employed (ROCE) do you underwrite for this business at steady-state? How does this compare to the core polymer compounding ROCE of 31%? 2. You mentioned using "idle bank limits" for BESS funding. Can you provide the exact quantum of these idle limits, their tenure, and the weighted average cost? Is there any cross-collateralization with the core polymer assets? 3. The BESS assembly model is described as "capital-efficient." What is the specific gross margin and EBITDA margin profile you expect for BESS, and how does it differ from the polymer segment's ~10% OPM? Will this segment be structurally lower-margin but higher-turn, or genuinely margin-accretive?

Theme 2: Working Capital and Cash Conversion 4. The cash conversion cycle has deteriorated from 41 days (FY23) to 85 days (FY26), and FY26 CFO/PAT conversion dropped to 42%. Can you walk us through the specific drivers — is this a structural shift due to product mix (longer-credit exports or BESS), or a temporary phenomenon? What is your target CCC for FY27 and FY28? 5. Your borrowing costs involve an acknowledged inefficiency — borrowing to invest in FDs to keep bank limits "alive" (per Q2 FY26 concall). What is the annualized cost of this arbitrage drag, and why haven't you renegotiated limit structures instead?

Theme 3: Competitive Moat and Backward Integration Risk 6. You've stated that major customers backward-integrating is a "theoretical risk for decades without materializing" (per Q1 FY25 concall). But have any of your top-5 customers initiated even pilot-scale in-house compounding in the last 2 years? If Polycab or KEI were to start, what percentage of your revenue would be at risk within 3 years? 7. The 132 kV compound is ready but uncommercialized because customers won't halt production for type-testing. What is the specific timeline to resolve this bottleneck? Is there a contractual or commercial incentive you can offer to accelerate testing?

Theme 4: Governance and Related-Party Clarity 8. In February 2026, 849,602 shares were transferred from individual promoters to Bbigplas Poly Private Limited. What was the commercial rationale for this restructuring? Does Bbigplas have any operations, assets, or debt beyond holding DDev shares? 9. Kkalpana Industries sought shareholder approval for ₹97 Cr in RPT deals with Ddev entities for FY27 — a figure that exceeds Kkalpana's own FY25 turnover of ~₹40 Cr (per public filings). What is the nature of these transactions, and how does DDev's audit committee ensure they are at arm's length? 10. Can you commit to reducing promoter pledge levels (if any) and to a specific timeline for increasing public float to meet the MPS (Minimum Public Shareholding) norm of 25%, given that promoter holding has remained at 74.99%?

Forensic Risk Report

RED FLAGS

Predecessor Entity Flagged Among "Suspected Shell Companies" by Government

> *Search origin: `[legal_criminal · fraud]` — entity searched: Kkalpana Industries (India) Limited; `[regulatory · sebi order]` — entity searched: DDev Plastiks Industries Limited (via predecessor)*

In June 2017, the Ministry of Corporate Affairs identified Kkalpana Industries (India) Limited — the predecessor entity from which DDev Plastiks was demerged — among a list of 331 "suspected shell companies." In August 2017, SEBI imposed trading restrictions on all 331 entities. The regulator revoked these restrictions against Kkalpana Industries on July 31, 2018, after finding no "prima facie evidence of misrepresentation of financials" by the firm (Source: Economic Times, Aug 1, 2018). Crucially, SEBI's revocation order stated that restrictions were lifted because the regulator could not confirm the allegations — not because the company was affirmatively cleared through a forensic audit. The SEBI order (link) remains a matter of public record. For an entity now trading as DDev Plastiks, the permanent reputational scar from being on a government "suspected shell" list — however resolved — is a material governance red flag that informs the persistent holdco discount.

Cheque Dishonour Criminal Proceeding (CRR 2301 of 2024) — Calcutta High Court

> *Search origin: `[legal_criminal · court case]` — entity searched: DDev Plastiks Industries Limited; `[legal_criminal · court case]` — entity searched: DDEVPLSTIK*

Ddev Plastiks Industries Limited is the complainant/opposite party in Criminal Revisional Jurisdiction case CRR 2301 of 2024 before the Calcutta High Court — *Pravin Kumar Agarwal & Ors. vs. Ddev Plastiks Industries Limited* (Judgment PDF). The case originated from a cheque dishonour complaint under Section 138 of the Negotiable Instruments Act. The complainant (DDev Plastiks) had supplied goods to an accused company, resulting in an outstanding debt and dishonoured cheques. Accused directors (Nos. 2, 4, 5) petitioned for quashing of proceedings, arguing vicarious liability under Section 141 NI Act and abuse of process. The judgment was delivered on May 8, 2026 by Justice Uday Kumar. The existence of an active criminal proceeding where the company is pursuing cheque bounce claims — while legally routine — indicates credit risk in its customer portfolio and potential collection issues, consistent with the Stage 1 finding of rising debtor days (69 days in FY26).

Material Related Party Transactions with Near-Defunct Fellow Subsidiary

> *Search origin: `[accounting_governance · related party transaction]` — entity searched: Kkalpana Industries / Ddev Plastiks; corroborated by Stage 2 Governance Section*

Kkalpana Industries (India) Limited — a fellow subsidiary with turnover of merely ₹40.50 Crore in FY24-25 — sought and obtained shareholder approval (99.06% votes in favour) for material related party transactions with Ddev Plastiks Industries Limited worth up to ₹50 crores (sales), ₹30 crores (purchases), and ₹2 crores (services) for FY2026-27 (Source: ScanX, May 2026). This is in addition to the ₹300 Cr bilateral trade envelope already approved under the RPT framework. The economic substance question is acute: a functionally dormant entity engaging in bilateral trade multiples of its own standalone revenue with the demerged operating company. The opacity of pricing in these inter-entity transactions — combined with the royalty arrangement (₹1 per kg) and lease rent — creates genuine risk of value leakage from the listed entity to the unlisted promoter Group structure, beyond what standalone disclosure can police.

AMBER FLAGS

Two Voluntary Disclosure Corrections Within One Fiscal Year

> *Search origin: `[regulatory · sebi penalty]` — entity searched: DDev Plastiks Industries Limited; `[accounting_governance · audit trail]` — entity searched: Ddev Plastiks Industries Limited*

(A) On September 22, 2025, the company submitted a Revised Annual Report for FY2024-25 to BSE and NSE after noticing "some inadvertent errors/omissions" in the original filing of August 28, 2025 (BSE Filing). (B) On February 10, 2026, the company failed to provide prior intimation of a Board meeting where an interim dividend was declared, resulting in aggregate ₹11,800 fines from BSE and NSE, paid March 16, 2026. The board attributed this to an "unintentional lapse" (Source: ScanX, May 26, 2026). While individually minor, two voluntary corrections within one fiscal year erode confidence in internal financial reporting controls and suggest compliance infrastructure remains a work-in-progress rather than an institutionalized strength.

Management Refusal to Address Legitimate Governance Question on Split Attention

> *Search origin: Stage 2 Governance Section — Q4 FY24 earnings call transcript*

During the Q4 FY24 concall, an analyst raised a legitimate concern about the bifurcation of promoter management attention across listed entities, noting Kkalpana Industries' revenues had "fallen off the cliff" despite sector tailwinds, while Narrindra Suranna holds executive roles across at least two listed companies (10 directorships total). Management's response — "we can discuss separately on Kkalpana… we are focusing only on Ddev Industries today" — is a deliberate refusal to engage on a material governance question. Promoter bandwidth risk is real when the key executive figure splits time across multiple entities, at least one of which appears to be in structural decline.

Inter-se Promoter Share Consolidation Without Clear Strategic Rationale

> *Search origin: `[accounting_governance · share price manipulation]` — entity searched: Ddev Plastiks Industries Limited; `[promoter_personal · family feud]` — entity searched: Narrindra Suranna, Tara Devi Surana, Ddev Surana*; also Stage 2 Governance Section*

On February 4-5, 2026, Bbigplas Poly Private Limited (the promoter holding vehicle) acquired 849,602 shares at ₹380 per share from three individual promoters — Narrindra Suranna, Tara Devi Surana, and Ddev Surana — via off-market inter-se transfers, consolidating its holding to 74.99% (Source: Whalesbook, Feb 6, 2026). While described as "strategic promoter group share consolidation," the transaction raises questions: why are individual family members selling down to a corporate entity at this specific juncture? While no evidence of family dispute was found across multiple search combinations (`[promoter_personal · dispute in family]`, `[promoter_personal · family feud]`, `[promoter_personal · family split]`), the transaction pattern warrants monitoring for any underlying family succession or restructuring dynamics that could affect governance stability.

Unresolved Demerger Escrow Shares — Legacy Liability

> *Search origin: Stage 2 Governance Section;* `[regulatory · nclt]` *— entity searched: DDev Plastiks Industries Limited / Kkalpana Industries*

The NCLT Kolkata Bench sanctioned the Scheme of Arrangement between Kkalpana Industries and Ddev Plastiks Industries in March 2022. However, 644,360 equity shares remain lodged in escrow from the demerger, pending claims by physical shareholders of KIIL. While representing only ~0.06% of outstanding equity, this unresolved legacy liability — persisting years after the demerger was sanctioned — signals incomplete post-restructuring clean-up and potential for future shareholder litigation or claims.

Declining Cash Conversion Quality (FY26 Divergence)

> *Search origin: Stage 1 Hygiene — CFO vs PAT Quality*

Cumulative PAT (FY23-26) of ₹674 Cr vs. CFO of ₹565 Cr gives an ~84% long-term cash conversion ratio — acceptable. However, FY26 shows a sharp single-year divergence: PAT of ₹202 Cr but CFO of only ₹85 Cr (42% conversion ratio), driven by a ₹152 Cr build-up in "Other Assets" (likely inventory and receivables). This is corroborated by debtor days rising from 53 (FY23) to 69 (FY26). While not a red flag given the overall 4-year cash quality, the FY26 divergence combined with negative free cash flow (-₹11 Cr) warrants monitoring as a potential early indicator of working capital stress or aggressive revenue recognition.

CLEAN SIGNALS

- **No SEBI debarment or serious regulatory action**: The company is not on any SEBI debarred entities list. The only regulatory penalty is a de minimis ₹11,800 fine for late board meeting intimation — a first-time, minor procedural lapse.
- **No money laundering, ED, CBI, SFIO, or financial crime investigations**: Comprehensive searches across 20+ financial crime keywords returned no findings against DDev Plastiks Industries Limited or its promoters. (Note: the "DPIL" acronym is shared with Diamond Power Infrastructure Ltd — a completely different entity with major ED/CBI cases. All such results pertain to that unrelated entity.)
- **Clean audit opinions**: The Independent Auditor's Report for FY2025 expresses an unmodified opinion with no qualifications, adverse opinions, or emphasis of matter paragraphs.

- **Zero promoter share encumbrance**: Promoters disclosed no share pledges or encumbrances during FY26, confirmed by exchange filing on April 4, 2026.
- **Strong credit rating**: CRISIL upgraded ratings to CRISIL A+/Stable (long-term) and CRISIL A1+ (short-term) in April 2025, reflecting improving financial profile and low leverage.
- **Modest disclosed promoter compensation**: CEO Ddev Surana drew ₹42.50 Lakhs in FY25 (proposed ₹49.50 Lakhs for FY26) — unusually restrained for an entity of this scale.
- **No promoter arrests, convictions, or personal legal issues**: Comprehensive searches on all three key promoters (Narrindra Suranna, Ddev Surana, Tara Devi Surana) across keywords including "arrest," "convicted," "jail," "sexual harassment," "bribe," "corruption" returned no adverse findings.
- **No labour unrest, strikes, lockouts, or environmental violations**: Broad operational searches returned clean — no worker protests, no pollution notices, active GST registration in good standing.
- **Active sustainability reporting**: Company voluntarily submitted Business Responsibility and Sustainability Report (BRSR) for FY2024-25, with solar power capacity expansion to 1.7 MW.

INFORMATION GAPS

- **No ValuePickr coverage found**: The community_flags theme scan returned no community discussions — limiting crowd-sourced governance insights typically available for small-cap stocks.
- **No subsidiary structure identified**: The company appears to operate as a single-entity structure without material subsidiaries, simplifying governance but limiting cross-verification points.
- **Escrow shares status detail unavailable**: Specific searches for "escrow shares pending claim" from the NCLT demerger returned no updated public filings — the current status of the 644,360 escrow shares remains unclear beyond the original scheme documentation.
- **BESS diversification financial details absent**: The board's May 2026 approval to amend the MoA/AoA for entry into the Battery Energy Storage Systems (BESS) sector was noted, but no capex commitment, timeline, or funding plan was disclosed — this strategic pivot's financial impact is currently unquantifiable.
- **Limited sell-side coverage**: Only one broker (IDBI Capital) actively covers the stock — the thin analyst coverage means less external scrutiny of governance practices compared to large-cap peers.
- **No police FIRs or local language media coverage found**: Searches in English-language sources may miss regional Bengali media that could surface local operational or promoter-related issues in the Kolkata area.

OVERALL RISK ASSESSMENT

- **Risk Rating**: ELEVATED
- **Reasoning**: The rating is driven by two structural governance risks that cannot be mitigated through disclosure alone: (1) the predecessor entity's "suspected shell company" tag — though resolved in the company's favour — permanently stigmatizes the promoter Group and partly explains the persistent governance discount embedded in the 13x P/E multiple; and (2) material related party transactions with a near-defunct fellow subsidiary (Kkalpana Industries, turnover ₹40.50 Cr) at a scale (₹300 Cr envelope) that raises legitimate questions about economic substance and potential value leakage. These are compounded by working capital deterioration (debtor days rising to 69, CFO/PAT conversion collapsing to 42% in FY26, FCF turning negative) and two voluntary disclosure corrections within one fiscal year — indicators that internal controls and cash generation quality require active monitoring. On the positive side, the absence of any financial crime investigations, zero promoter share pledges, clean audit opinions, strong credit ratings, and modest disclosed compensation provide a floor. The ELEVATED rating reflects that while no "smoking gun" exists, the governance structure creates opportunities for value erosion that a 13x P/E multiple may not fully compensate for, particularly as the business enters a capital-intensive BESS diversification phase.
- **Key monitoring items**:

- **RPT quantum and pricing transparency**: Track the actual utilization of the ₹300 Cr related party envelope vs. approved limits in quarterly RPT disclosures; any material uptick in royalty payments or trading volumes with Kkalpana Industries.
- **Debtor days and cash conversion**: Monitor quarterly debtor days trajectory (currently 69 days) and CFO/PAT ratio — a second consecutive year of sub-60% cash conversion would be a material negative signal.
- **BESS capex and funding**: The board's entry into BESS represents a strategic pivot — track the capex commitment, funding mix (debt vs. internal accruals), and whether the diversification dilutes returns from the core compounding franchise.
- **Escrow shares resolution**: Any update on the 644,360 pending escrow shares — whether claims are settled or lapse to the IEPF — is a governance hygiene indicator.
- **Promoter inter-se transfers**: Any further share consolidation among promoter family members or between promoter entities and Bbigplas Poly — watch for patterns that could signal succession planning or family restructuring.

Search Scope & Methodology

The following theme × entity combinations were searched. Each finding in the report above is tagged with its `[theme · keyword]` origin so you can trace it back to this table.

Theme	Description	Entities Searched	Keywords (sample)	Outcome
`legal_criminal`	Legal proceedings, criminal cases, and law enforcement actions	DDev Plastiks Industries Limited DDEVPLSTIK DPIL Ddev Plastiks Industries Ltd DDEV Plastics	`fraud`, `FIR`, `arrested`, `convicted`, `chargesheet` ... (+16 more)	Findings present
`regulatory`	SEBI, NCLT, competition commission, and regulatory orders	DDev Plastiks Industries Limited DDEVPLSTIK DPIL Ddev Plastiks Industries Ltd DDEV Plastics	`sebi order`, `sebi investigates`, `sebi debarred`, `sebi penalty`, `nclt` ... (+14 more)	Findings present
`financial_crime`	Money laundering, hawala, ED raids, CBI, and financial crime investigations	DDev Plastiks Industries Limited DDEVPLSTIK DPIL Ddev Plastiks Industries Ltd DDEV Plastics	`money laundering`, `hawala`, `hundi`, `shell company`, `benami` ... (+16 more)	Findings present
`accounting_governance`	Audit issues, accounting manipulation, related party transactions, shareholder concerns	DDev Plastiks Industries Limited DDEVPLSTIK DPIL Ddev Plastiks Industries Ltd DDEV Plastics	`qualified opinion`, `adverse opinion`, `emphasis of matter`, `auditor resignation`, `auditor change` ... (+42 more)	Findings present
`operational_industry`	Labour issues, bans, industry regulatory changes, import threats, raw material pricing	DDev Plastiks Industries Limited DDEVPLSTIK DPIL Ddev Plastiks Industries Ltd DDEV Plastics	`strike`, `lockout`, `labour issues`, `labour unrest`, `union trouble` ... (+42 more)	Findings present
`promoter_personal`				

Theme	Description	Entities Searched	Keywords (sample)	Outcome
	Promoter personal conduct, family disputes, political ties, lifestyle red flags	Narrindra Suranna Ddev Surana Tara Devi Surana	`dispute in family`, `family feud`, `family split`, `sexual harassment`, `politician` ... (+11 more)	Findings present
`community_flags`	Community-raised red flags from ValuePickr forum (governance, promoter conduct, accounting concerns)	—		Findings present

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