# “Time Technoplast Q2 & H1 FY25 Earnings Conference Call”

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**MANAGEMENT:** **MR. BHARAT KUMAR VAGERIA - MANAGING DIRECTOR, TIME TECHNOPLAST**
**MR. RAGHUPATHY THYAGARAJAN - WHOLE-TIME DIRECTOR, TIME TECHNOPLAST**
**MR. SANDIP MODI - SENIOR VP (ACCOUNTS & CORPORATE PLANNING), TIME TECHNOPLAST**
**MR. HEMANT SONI - VP (LEGAL & CORPORATE AFFAIRS), TIME TECHNOPLAST**

**MODERATOR:** **MR. ABHIJIT MUKESH PUROHIT - KAVIRAJ SECURITIES PRIVATE LIMITED**

**Moderator:** Good evening to one and all present here with us. We welcome you to the Time Technoplast Q2 & H1 FY25 Earnings Conference Call hosted by Kaviraj Private Limited.

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As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhijit Mukesh Purohit from Kaviraj Securities Private Limited. Thank you and over to you, sir.

**Abhijit Mukesh Purohit:** Thank you. Good evening, ladies and gentlemen. Kaviraj Securities Private Limited welcomes you all for Q2 H1FY25 Earnings Conference Call of Time Technoplast Limited.

Today, on the call we have with us the Management Team which is represented by Mr. Bharat Kumar Vageria – Managing Director; Mr. Raghupathy Thyagarajan – Whole-Time Director; Mr. Sandip Modi – Senior VP (Accounts & Corporate Planning) and Mr. Hemant Soni – VP (Legal and Corporate Affairs).

Now without any further delays, I hand over the call to Mr. Bharat Kumar Vageria for his "Opening Remarks" post which we will open the floor for Q&A session.

Thank you and over to you sir.

**Bharat Kumar Vageria:** Yes, good afternoon to all the participants and my colleagues. And thank you, Mr. Abhijit, for the introduction to Management. It's our pleasure to convene today to present and discuss the result for Q2 & H1 of FY2025, as well as to provide our outlook for the remainder of the fiscal year, FY25.

We are pleased to report a continued, strengthened Q2 FY25 with a year-on-year growth of 17% in volume and corresponding 15% in the revenue. There's a difference of 2% because of the prices seen in the downward trend and as the company policy to transfer the prices to the customer. This performance has been earned underpinned by robust demand in our industrial packaging segment alongside an exceptional 36% surge in our CNG composite cascade business. Additionally, our profit after tax for the Q2 has demonstrated an impressive year-on-year increase of 40%. And I remember the similar increase in the Q1 also reflecting the benefit of optimized capacity utilizations, as well as the reduction in the finance and the depreciation cost.

The demand for Type-4 Composite Cylinders for CNG cascades remains particularly strong with our current order book standing at approximately Rs. 185 crores. This momentum is complemented by substantial growth in the sale of our value-added product, including Composite Cylinders for both LPG, CNG while our core industrial packaging business continues to perform with stability. Given these favorable trends and the solid foundations we have established across our key businesses segments, we remain confident in our prospect for the remainder of the year. As in the beginning itself we have said, we'll grow around 15% and thus, we hope it will continue. In spite of, we all are aware that there were challenges quarter this year especially because rain seasons were increased substantially. And last in the month of October also rain was there. But looking to that, I think the remaining five months looks very good as far as India part is concerned.

With that, I would like to turn our attention to the detailed “Financial” and “Operational” highlights which have been communicated before in our Results:

Let us take a moment to “Review” the key takeaways together:

During Q2 FY25, I will provide you the Q2 FY24 figure also on a consolidation basis. Net sale achieved Rs. 1,372 crores as against the previous year same period was Rs. 1,195 crores.

So, there is a revenue growth of 15%. EBITDA is increased Rs. 197 crores from Rs. 167 crores. Profit after tax is increased to Rs. 98 crores as against Rs. 70 crores. We are just two runs away from the century. So, we hope we should get it in the next quarter. Compared with the corresponding quarter previous year, the net sales increased 15% and almost in India 14%, overseas little more achievement is 16%, volume increased 16%, India overseas 18%, EBITDA increased overall 18% and PAT increased by 40%.

On consolidation basis, normally, I have clarified in my past this conference call also, normally in the first half we achieve 45% of our revenue, in first quarter 22% and second quarter 24%. And balance 55% we achieve in the second and third quarter, which is 26% and around 28%. So, during the H1 FY25, net sale stood Rs. 2,602 crores as against Rs. 2,275 crores. EBITDA Rs. 372 crores as against Rs. 315 crores last year. Profit after tax 178 is against 127. So, in terms of the percentage sales increased by 14%. Almost India and overseas are same. Volume is also Indian overseas same 16%. EBITDA increased by 18%. PAT increased by 40%. H1 FY25 EBITDA margin, there is an increase in the EBITDA margins also by 40 basis point. It achieved 14.3% as against 13.9% the previous year same half, first half.

Our share of the business, yes, when we have seen the EBITDA margin improvement is there, it means percentage of the established versus value-added products is increased. Value-added products grew by 21% in H1 FY25 as compared to H1FY24. While established product grew by 13%, the share of the value-added product is now 27% of the total sale in FY25 as against 25% in FY24**.** And I again, when talking about the value-added products, company is also taking target of achieving 35% value-added product sales in the next 2 to 3 years' time. So, we are on that direction only.

Now share of the India and overseas business remain constant, continue as 65% India, 35% overseas. And the EBITDA margin at the both India and overseas surpassed the 14% range. Net cash from operating activities continuously increasing and company's H1 FY25 is stood at Rs. 138 crores. Company focus on debt reduction is continue and the first half reduced by Rs. 52 crores. Total CAPEX incurred during H1 FY25 was Rs. 94 crores, which is included to be Rs. 39 crores to the regular maintenance CAPEX. Capacity expansion, re-engineering, automation, etc., and 55 crores towards value added products, mainly composite products and the other IBC.

Now, certain major events which has occurred during this quarter, even though I have given in earnings presentation clarification, because some of the people in between have also asked. I thought it is better to give clarifications on the conference call. So, most of the people who are present personally can come to know about that. And these are all the things already informed through the NSE, BSE, stock exchanges as per the required guidelines.

Now, especially as far as the QIP concerned, as the company board has approved QIP, Qualified Institution Placement, of up to Rs. 1,000 crores. And this is an enabling resolution. Object is already mentioned and this resolution is valid for one-year time. Because I have received certain questions from my investor why it is required? I am again clarifying all of you that is the enabling resolution for the next one-year time. In spite of company has own plan to become a debt free by March 26, but it's thought it is better prior to that then we can become the faster debt free company. And company, the objective is also mentioned in the QIP, major object the debt repayment, expansion plan for brownfield and new products, value added products mainly CNG, LPG and hydrogen. I have also clarified in my last conference call further that certain Indian government gas distribution companies need the same size of the cylinder that is 14.5 kg cylinders which company is under development. But it is going to take time. And further, in the present scenario, all the distributor mix of the government companies are ongoing so that the company can also understand the market size and took the necessary action to put the capacity in place. So, this is the advance we ourselves are keeping ready for that.

Now another company is also focusing, and we are all aware that day by day or month on month, the main power cost especially labor cost is increasing because companies are also focusing on the increase in the labor cost. So, the company is focusing on the automations, reengineering modifications of the existing equipment molds, to maintain the productivity and increase the productivity and reduce the cost in terms of the kg for the main power. And further, even though it is mentioned that funding the organic is okay, inorganic growth in the areas of the operations, yes, I am pleased to tell you, as on date, I don't have any acquisition plan of the company because company has own plan, organic growth and the company's own plan, as mentioned recently. Then working capital requirement because company is growing 15%, as we have decided, the company should be debt free. So, additional working capital requirement, even though companies focusing reducing the working capital cycle days which at one point of time was 120 days, which is now reduced to 100 days. So, focus is on. And first, company will achieve target to achieve the working capital cycle days of 85 to 90 days in the next two years' time.

Then another thing which I have mentioned regarding the consolidation of the subsidiaries companies, Power Build Batteries and the NED, I will just recap it for you. Company had gone into energy storage devices manufacturing long back in 2007. Presently two companies, same line of the products and manufacturing and two manufacturing places are there. But the company thought it is better to use the resources, available, man power resources, marketing resources, and to the common better efficiency and effective utilization of the resources. Company management has approved, so that overall profitability can be improved. And the overall ROCE from this company, where the company has made an investment of approximately Rs. 69 crores invested by Time Technoplast as a listed company in both the companies together. So, that is the objective for the increased margins. And another you have seen one of my subsidiary TPL Plastech with 75% subsidiary of Time Techno, which is engaged in manufacturing of packaging products only, IBC, drum, jerry cans, conical pails. But mainly that also includes the value added product IBC which Time Techno is also manufacturing. But as this company is also their own expansion plan, Time Technoplast, there's no IBC manufacturing in the Maharashtra region. And the good demand is coming, which is already mentioned, a reason for demand in that Konkan region. And it's a government long-term lease. I've already been allotment letter received. So, in the next 3-4 months' time company will plan the project cost, identify it, and then we'll do this project. It's estimated to complete next year. And just, when I'm talking on the subject, last year, the TPL Plastech subsidiary company has completed expansion project in Dahej. Overwhelming response is there. Capacity utilization is already reached to the 70%. So, looking to that overwhelming response, company thought, which is to logistic cost basis and other cost basis to put up the plant in the Konkan region. So, this can be the first mover advantage.

And another thing everybody would like to hear, because you know that last 8 to 10 months, somebody was asking, all the people must be asking me, what about the overseas sales? But as I mentioned very clearly, the company had agreed initially by way of an offer letter was received. But that offer letter was received based on the 22 and 23 EBITDA margin. But now as the company has achieved the growth of more than 15% growth in Middle East, further in the last 3-4 months, the company-management has decided to put their own plant in Saudi, which will be around 100% by subsidiary of Time Technoplast Ltd. So, it is better now in uncertainty situations to call off the sale business, because it is very clear when the company is earning more than Rs. 350 crores-Rs. 400 crores in a year and the company was estimating this realization of Rs. 150 crores net of the taxes for sale proceeds of the 50% stake. So, I have been advised by my board member not to sell this business and grow company for overseas businesses which is already evident and growth is there in the Middle East, good growth. Especially in Middle East, I can say the Saudi is good upcoming chemical zone areas. And then Saudi government is welcoming to expatriate, and they are giving good kind of benefits to the industry people. So, we thought it is better to put our own unit there in Saudi. Currently, we are servicing from our nearby countries, Bahrain and small units available in Saudi also. And this will be the 100% ownership.

Another thing also, I have clarified my notes sale of the non-core assets which efforts are continuing. You remember that I have told in the last October-November there is a targeted of

Rs. 125 crores. So, we have fulfilled our promise. And almost 50% already realized around Rs. 65 crores and for the balance Rs. 60 crores efforts are on and estimating in the next 12 months' time. These funds also will be utilized for the CAPEX plan. So, overall CAPEX if I tell you that we have a maximum range of Rs. 200 crores and if out of that we are realizing Rs. 125 crores, the net CAPEX will be very minimum.

Now I have covered most of the things, but if any other things I have left, I am keeping open the floor for the questions, if any, which I have not covered. Thank you.

**Moderator:** Thank you. We will begin the question and answer session. The first question is from the line of Jatin Damania from Swan Investments. Please go ahead.

**Jatin Damania:** Just want to understand regarding our business now when we indicated that we are not going ahead with the sale of the UAE or the Middle East plant, how someone look at the overall growth in the Middle East when we have decided in the past that we wanted to sell it. So, when you compare with our past six numbers, how should one look at the fortune of the Middle East operation? And secondly on the non-core assets, in last quarter we have tried to dispose around Rs. 90 crores. Now we have increased it to Rs. 125 crores and as per our press release, we indicated that Rs. 65 crores we have already achieved it or we have received it but as per the cash flow it indicates only Rs. 30 crores which has come to the business. So, is it safe to assume that Rs. 90-95 crores will probably come in the second half? And third, on the capacity utilization across the product mix if you can help us to understand the future of your driver?

**Bharat Kumar Vageria:** You have four questions. First, you told me about the UAE business. You know that overseas, we do manufacture the packaging product only. That is called Jerry can, IBC, and drum. Now, I have clarified in the past also. Overseas business, if I consider 100% revenue, we normally get 30% revenue in the MENA region, which is inclusive of the four countries, that is Sharja, Bahrain, Saudi and Egypt. I've told Middle East revenue in the terms of the rupees is 350 crores. And the Rs. 350 crores revenue, if I will sell out, that was out of the revenue figure was around Rs. 175 crores. So, we had agreed to sell by getting 50% or 100% valuation was $50 million and 50% valuation was $25 million which if I will take my EBITDA of 22 and 23 average, we were selling at the time of the multiplier between 7.5 around. But as this current year is concerned 24, we are already one quarter away from closing of this year. So, we have told very clearly we should get the EBITDA multiplier not 22, but of 23 and 24 average. Yes, and this was agreed in between us. And further, looking to the present growth, we have asked very simple questions because it took eight months' time in continuing this deal. But again, delay is, we are holding our decision about the expansion plan of the Saudi and other expansion plans of Middle East. So, we thought when the company is growing we should not agree because Rs. 150 crores this company is getting, it is equivalent to, I can say, the 4 or 5 months profit of the company as a whole organization. That is the point we considered. And I have been clearly advised by a board member not to sell this business. You grow yourself. When the international business, we have reviewed for next 2-3 years' time and be sustainable, and if the good growth is coming around 15%, so there is no need for sales. That is the guidance given by my board. Accordingly, we have conveyed this message. One thing, again I am clarifying you, as a company site, we have not incurred any, because if the succession-based transaction was there, so as a company, we have not incurred any kind of the expenses for sale of this investment. This was the, whoever agencies were there, also was very clear, if transaction goes through, then only you will get the fee. Otherwise, everything, we are back to the home.

Now second you have asked non-core assets. I think you have heard about the March only. But in the month of last Q3 of 24, around November or December, I have said my non-core assets was Rs. 125 crores. By March Rs. 30 crores was already realized. The balance Rs. 90 crores is shown in the balance sheet for the realizable value for the24-25. So, out of that Rs 90 crores, again, we have realized around Rs 30 crores. So, it's around Rs. 60 crores is pending. And that's also I mentioned to you. We are focusing that in the next 12 months' time. Third, you have asked about the capacity. The capacity utilization, as the 15% company is growing and company management decided to do the only brownfield expansion wherever required, looking to each of the product capacity. For example, you have seen we have a shortage of the capacity of CNG expansion. So, definitely the expansion is going on in some kind of the IBC, need-based expansion is doing in India and overseas put together. But I am pleased to tell you, the overall capacity utilization, if you ask me, India and overseas put together, is around 82%. And overseas utilization is more, 87%. And India utilization is around 80%. So, consolidation basis, it is 82%. And that is as the company utilization increasing and the value of the product sales is increasing. Therefore, you have seen the EBITDA is increasing on quarter-on-quarter by 20 to 30 basis point, which is evident from the margins. So, I think I have answered all the 4.

**Jatin Damania:** Yes sir, thank you for the detailed answer. Just a follow up question on your first answer. When we indicated that we are not going with the middle east, so is it fair to assume that the target growth for the entire overseas is 15% or it is only the middle east?

**Bharat Kumar Vageria:** You are right. If I am getting 100% revenue from overseas, we have a 3 continents I can say. One is the middle east where we get 30% of revenue. Around 50% revenue we get from the Southeast Asia which covers Thailand, Malaysia, Indonesia, Vietnam, and Taiwan. And another 20% revenue we get from the USA part where we have a presence in three cities. But as company management decided to expand further in USA, US countries growing. Now, the last two years situation is improving. And further it will strengthen as Trump has recently taken as the President of the USA. So, I think very aggressive. So, considering, I'm very clear from my International Director, International President who look after this business. He is targeting to grow 15% overseas, across the countries, everywhere. So, he can give me consolidation(24:42)growth. India is also, we are quite confident for the 2 to 3 years' time. Because one another thing, I think everybody's evident there. The oil prices have gone down in the range of $70 to $75, which at one point of time, it was $85 to $90. So, it is good. When the polymer prices are down, companies take the strength and the benefit pass on to the customers. And it gives good conversion from metal to the polymer and composite product take place faster. That is the better advantage of conversion and this thing. And another thing, it is seen that in the last one year or next one year also, one or two years good new capacities of polymers are also coming. I am glad to tell you, anybody in the processing process industry, next three years, good for the polymer processing and composite product company, because the capacity and there is a demand gap between the demand and the supply. So, it means the buyers' market, you can ask your discounts, whatever things you want, and the faster conversion will be there.

**Moderator:** Thank you. The next question is from the line of Anushka Rai from Trade Brains. Please go ahead.

**Anushka Rai:** Sir, I wanted to ask you about the value added product. In the presentation I read that the company is focusing on increasing the share from its value added product in terms of revenue and margin. So, I just wanted to understand what are the plans for expansion in the pipeline and also I also read that in the QIP that it is mentioned that the company is going to allocate some amount for this. So, what percentage of the QIP can be expected to be put in this segment?

**Bharat Kumar Vageria:** In fact, if you go to the objective of the QIP, I will tell you if the company is going to incur Rs. 100 for the expansion, I think you can consider almost 50% for value-added product, because then only that percentage can be the higher and leads to the 35% of the total revenue. And as I mentioned previously also, company will also do the brownfield expansion for existing products. But the major expansion in India and overseas put together in the value-added product, as value-added product which covered, you have seen in my earning presentation slide. What are the products covered under the value-added products, It's clearly mentioned, value-added products are the Composite, LPG, Oxygen, CNG, and the Mox film, and the IBC. One other product we have not read here, but very huge potential, that is hydrogen cylinders. And that is the futures will be in the hydrogen cylinders after the CNG. So, company is focusing on business also. Company has already got the approval for hydrogen cylinders. And further, I'm glad to tell you, another application is also coming up, which government is also focusing on the application of cylinder in the drone. The government is focusing on using more drone by the agriculture use also, and for surveillance. So, currently, what I understand, most of the drone companies, I think 20-25 companies are in India, who just is engaged in manufacturing of the drone. And as I understand drone value, per drone value, ranging from Rs. 5,00,000 to Rs. 30,000,00. And many agriculturists now started using for the fertilizer, seed growing, the drone they are using. And currently they use the batteries. So, when they will use this cylinder, then they can go the fly on the high and further they can fly the more hours, four times capacity more than the present batteries they use it. So, the new application is coming and very soon you will hear application for the drone application of our products. I will update as we get the final approval for this very huge opportunity in that line of the business. Because internationally I understand it's a $40 billion business as far as drones are concerned globally. But India has a good opportunity. So, we'll see how we'll grab that opportunity available. So, company, you are right. If I will incur Rs. 100, 50% will go for value-added product and 50% for the brownfield expansion of the existing because value-added product, we are estimating growth of 30% year-on-year for at least next three years' time. And the value-added existing products, the packaging, we are considering growth of 10% to 12%. So, combined of both is averaging around 15% growth we are projecting.

**Anushka Rai:** And sir I also wanted to ask you one more thing which is about your CAPEX. So, what is the CAPEX plan for the H2 and FY26 and also what kind of growth are you expecting in terms of volume and value in this period?

**Bharat Kumar Vageria:** In fact, I can tell you the volume growth because value you have seen recently as I mentioned the 16% volume growth and revenue growth is 14% because of the price differences, revenue. But when we estimate our business, when I'm telling you the 15% growth, that is the volume growth. But the volume growth is depending on the pricing of each of the product, composite products, and the polymer prices, which is linked with the demand supply. Now, you are asking me, CAPEX. You have seen in the last track record of the 5 or 7 years, the company was doing expenditure in the range of around 180 crores to 200 crores. This year, including the value-added product sales, we had projected around Rs. 180 crores to 200 crores. And in the first half, around Rs. 95 crores incurred. And in the balance of overall estimation in the beginning of the year we had given, it will be around Rs. 175 crores – Rs. 180 crores. And if you ask me the net CAPEX after the reduction of the non-core assets, it will be in the range of around Rs. 125 crores to Rs. 130 crores. That already in the beginning of the year, I have given my projections. So, I think looking to the first half, 95 Cr, maximum CAPEX in whole of the year will be in the range of Rs. 180 crores to Rs. 200 crores. And out of that, whatever proceeds will come from the sale of the non-core assets will be netted off from this.

**Moderator:** Thank you. The next question is from the line of Kush Bafna from Bafna Brothers Finance and Property Agent. Please go ahead.

**Kush Bafna:** Many congratulations on your excellent performance and also continuous debt reduction. I just had a small question sir from my side about the trade receivables which are being shown in the book. Any estimate as to when that comes little down or this is how the company maintains in general, business conditions?

**Bharat Kumar Vageria:** No, it's okay. I think it is going to be down as you know that especially normally I talk about the when working capital days I am talking which is 100 days. So, what happened always working capital cycle time as we know the working is the inventory days, then receivable days and the minus the creditors. So, if I'm getting more credit, I'll give more credit to the debtors. But always one principle is very clear over company. If anybody would like to have more credit more than 30 days' time, I'll have to simply add 1% cost of the credit to them. And that is the advantage to the company, because if I'm paying cost of the funding around 9%. So, if I'm taking 12%, so it is benefit to the company. But at the same time, normally average receivables you have seen 73 days. It's the combination of the various products. With some products, we give the credit of 60 days. Some products, we give the 90 days. But maximum credit, we give 90 days. For some of the products, which the industry itself is giving, I have also to follow the industrial norms. But certain products, we give 45 days' credit. So, it's the average working out around 73 days. But if maximum, whatever efforts we'll do, we can go down to 70 days, not less than that, in the combination of that. Because in our nature of the product, we sell that we supply the products, then our customer consider the credit period after receiving the material at their site for acceptance by their site. Because if you take this especially, for example, PE pipe product, we supply the material, customer received after 10 days, then it will be received from their site. Then further from their site, they receive, their inform to their head office. And then their head office will consider the days. If I am giving the credit of 40 days the actual credit period will be 60 days. So, I'm considering 15 days is acceptance and the transit period in receipt of the consignments. So, if we do best efforts, it cannot go less than 70 days. I have to consider. But yes, what we can do, as we are keeping our target of 90 days periods, what we can balance out, we can reduce the inventory level by 5 to 7 days further. And that efforts are continued because in the current scenario, our certain products, which we are depending on the imports, but yes, we are developing. We have certain understanding with the local manufacturers to develop this product in the next two years' time. I don't want to mention the name of the polymer manufacturer because they are the large company and the confidentiality agreement signed between us to develop that product based on the government also like Make in India. But I'm sure in the two years' time, this working capital cycle time 90 days based on the inventory level go down from 70 to 60, debtor from 73 to 70, and the creditors to increase to 50 days. That's where we will be able to maintain 90 days' time. There is still availability of 10 days to improve working business cycle time.

**Moderator:** Thank you. The next question is from the line of Priyank Parekh from Abakkus Asset Managers LLP. Please go ahead.

**Priyank Parekh:** Sir, my question is more of a clarificatory in the nature, so, I think we have the CNG cascades capacity of 480 cascades per annum. Is it right sir?

**Bharat Kumar Vageria:** Yes, you are right. About the cylinder, you can say 30,000 cylinder.

**Priyank Parekh:** Currently, in this quarter, if I say we have manufactured 135 cascades in terms of volume and if I just do 135 x 4, it will give me a number around 540. So, I just wanted to understand when we have capacity of 480 cascades per annum, why this excess production? So, what is my gap in understanding?

**Bharat Kumar Vageria:** You see that in the first half, how much sales was there? In the first quarter, it was 95 cascades. Second quarter 135. You put both put together is how much? 230. So, number of the cascades I tell you the cascades is the two types of the cascades because number of the cascades have been mentioned it is not relating to 60 cylinder cascades because certain cascades size where we use the 40 cylinder, certain cascades where we use the 60 cylinder depending the capacity of the each cylinder. So, number of the cascades does not multiply directly. The number of the cascades if I will sell the mini cascade and that 60-passenger bus and mini bus and the big bus is the difference. You just don't see the number of the cascades you see the revenue part. So, in terms of the revenue, you can work out very well the maximum revenue from 480 cascades, if 90% utilization considering the holidays, the revenue can be of around Rs. 350 crores revenue can be generated from CNG business whether I sell mini cascades or I sell the large, big cascades. But yes, as the expansion, if you attended my last call and Sunil Bhai and your Aman know very well that the capacity of 600 cylinder around FY26 is coming in the Q4, it is complete. So, next year definitely the projections will be the higher.

**Priyank Parekh:** And that FY26 is coming on which time period you see it?

**Bharat Kumar Vageria:** I think Q4 it is coming already. My trial and test is going. It is delayed by 6 months. I mention in my last call also, it is delayed because of the elections, because of the Russia-Ukraine war because of the Red Sea problems, European problems, multiple problems were there. It is otherwise the project would be on the stream line by this time, but it is delayed by almost 4 to 5 months.

**Moderator:** Thank you. The next question is from the line of Dolly Choudhary from Niveshaay. Please go ahead.

**Dolly Choudhary:** I had two questions. So, first of all, in our presentation, we have mentioned that in CNG cylinders our per year opportunity size is approximately Rs. 2,200 crores. And I believe in our, this year we can go around Rs. 350 crores to Rs. 400 crores, so I wanted to understand as we are the only player, how's the remaining demand is being fulfilled?

**Bharat Kumar Vageria:** No, no, I'm telling you, every customer gives us some delivery schedule timing, in fact. You know that, if you go through my presentations, large business potential is there as far as CNG cylinder is concerned. If you have gone through the policy of 2020, that as far as composite product, CNG business, potential is Rs. 28,000 crores for the different application with CNG cascades, mobile refilling units, compressed biogas plants. You must have seen today, Economic Times, which is reliance has declared Rs. 65,000 crore investment in compressed biogas plant in Andhra Pradesh. So, that is also where the cylinder can be used. CNG for Intra-City Bus. But what we are projecting, it's a 8-year policy. So, we are projecting the composite business, cylinder business, can be of Rs. 2,200 crores yearly business it is possible in the next three years' time, looking at the policy of this government. So, in that direction, only we are working. So, we are also targeting, in the next five years' time, this composite product, which is currently Rs. 350 crores can be reached to over Rs. 2,000 crores in the 5 years' time and around Rs. 1,500 crores in the next 3 years' time, we are also projecting in this business. In this business, we have not used the existing cascades, which is metal cascades, because CNG cylinders are available for more than 30 years in India. This policy is for the new stations. You know that Indian government has allocated in 29 district, 8,000 new stations are under construction and allotment have been given to various gas distribution companies, which include government and private gas distribution companies. Very good potential, CNG, and later on future also, it will go on the hydrogen also.

**Dolly Choudhary:** And next question I had regarding the value added products and the development that we have presented. So, I wanted to understand what can be the, like where are we on this composite fire extinguisher and the hydrogen cylinder? Like what is the update on that and what can be the opportunity size for it going forward?

**Bharat Kumar Vageria:** In fact, in value terms, opportunity is very huge. We have not yet summarized that all. You know that first thing is the composite fire extinguisher. Current fire extinguishers, you know that metal, everybody has a compulsory. Even now, I have seen many societies are keeping, many government authorities have to keep, every industry has to keep it. But it is just formalities, because everywhere you will see the fire extinguishers made from the metal, which is very heavy and it is not very usable friendly. Light fire extinguisher, I tell you, the fire extinguisher which we are developing the weight will be 20% of the existing weight of the cylinder. Yes, the price will be higher. But you know that in India, people are willing to price, subject to the item can be used. You must have seen today nowadays, the buyers of the Apple phone are more than the other Samsung phone. Similarly, you see the prices are higher, but people are more buyer. So, these items which we are developing is a very high-value items, but yes, it's usable. And it has an advantage. There is my colleague Director, Mr. Raghupathy, who will explain more about the fire extinguisher.

**Raghupathy Thyagarajan:** See, as Bharat was also explaining, typically the fire extinguishers are made of metal, and they are normally installed at a place and very rarely in use. Though the cylinder is, extinguishers are not used, they undergo a lot of corrosion and deterioration on the cylinder. And when the need comes in, you have to ensure that these cylinders are actually in working condition. On many, many places, they may observe that the cylinders are non-functional and they don't even work because of the fact they continue to corrode. The advantage of the composite cylinders would be that they will not rust or corrode, and that's a big advantage that we'll have. In some of the new trains that have been rolled out by the Government of India, such as the Vande Bharat, etc., if you go through the documents there, in the tender documents, they have mandated the use of composite fire extinguishers in those new age trains. So, it's a clear acknowledgement as well of the technology that is available and we are moving in that direction. The demand is enormous, there is no doubt about it. Likewise, hydrogen, I would put it, the story is very well validated and most of the geographies, most of the countries, any geography, they are all proceeding on this. We are also in a position to see there are enough initiatives being taken both by the government as well as by the private sectors to venture into hydrogen, multiple hydrogen generating plants have already put in place. So, there is a lot of interest that is being generated in the high pressure cylinders that are being manufactured by us. So, we are very hopeful that you know all these new initiatives in this new technology items are going to be a good opportunity for the company to grow.

**Dolly Choudhary:** Just a follow up question, I want to know if there are other players also in India who are working on this composite fire extinguisher. If it's compulsory in Vande Bharat, maybe there must be other players also who are working on this?

**Raghupathy Thyagarajan:** Yes, there would be some initiative that will be taken. I mean, since we have taken the lead, we are there much ahead of the others. So, in any industry, you will have some people or the other who will follow us. There is no doubt about it.

**Bharat Kumar Vageria:** But one thing why we are going under this development, because we are already working on the composite products since last four years. So, one experience what we have. You know that in composite product, initially we started from the LPG cylinder. Then we expanded to the CNG cylinder. Then we have expanded to the oxygen. Now we expanded to hydrogen. So, at least somebody has to pass on the basics, whichever there is, took time in the five years. So, always you know the first-mover advantage and the experience and R&D which we have.

**Moderator:** Thank you. The next question is from the line of Heet Vora from Guardian Capital Partners. Please go ahead.

**Heet Vora:** I had one question on the CNG composite cylinder. So, in the AR, we have written that we've already gotten an approval from Tata Motors while I know that we are going to look at Automated applications only once the new capacity comes in. But any sort of RFQs that we've received from maybe Tata motors for the CNG cylinders?

**Bharat Kumar Vageria:** I'll just clarify you. Today, we have an approval for automobile industry for the size of 60 liters. For the gas industry, 156 liters. Now, as I mentioned, I think if you attended my last call, we have capacity limitations because currently whatever we are producing we are selling as a complete cascades where we use the CNG cylinder and selling then the cascades to the gas distribution company. Now, definitely, because you know the automotive industry, already we have approval. And currently, automotive industry is using the cylinders which is made from the metal only. So, we have started working with them. We know that it's an 8 to 12 months project when working with the automotive line. So, already my team have started working with them, getting the drawings, do the development because every vehicle's capacity is different. Then we need to do the development of the tool for each and every model and each and every manufacturer. So, our team has started talking with them. And when expansion will come in the Q4 of this FY25, thereafter, we will take each of the OEM and supply them. Approval we have already. Approval-wise, there is no problem. We have a current limitation and instead of selling the only cylinder to them, better to use the value-added product and sell as a cascades to the gas distribution company. There is a priority on that.

**Heet Vora:** Sir, actually my question was, have the plant audit been done by these OEMs?

**Bharat Kumar Vageria:** Of course OEM, we are the Category-1 supplier. We are having a green channel with all OEMs because certain OEM products we have done, for example, Tata. We are already working diesel fuel tanks. We have worked out. And we are supplying from my Pantnagar factory. You know that Tata Magic and that vehicle, they are using that fuel tank of the gas, this diesel fuel tank. We are supplying. For composite product, air-receiver tank, we have worked for 30 liters with them. Now 20 liters under development. Certain composite products which are not of the commodity nature, especially we have a relationship with Tata, Ashok Leyland. So, we do some of the automatic components, which are not of the commodity, specific customized product, we already deal with them. So, in fact, people have started talking with them. We are in process of getting their design, drawing approvals, then we will do the development, submit them, then the PESO approval will be required. And when you go in automotive industry, then Automotive Research Institute, which is in Pune, their approval will also be required. So, we'll do the right time so that all get the approvals, and we will introduce that in the automotive industries also. But there are many other things, many composite products. By using the same line, we can work out for the automotive industry.

**Moderator:** Thank you. The next question is from the line of Devam from Adrigo. Please go ahead.

**Devam:** Sir, firstly, we have seen typically in the past that there is a propensity that we have higher revenues in H2. So, can we expect that based on the way our current business, order books and everything is placed, that H2 should be higher revenue than H1 for us, given the client mix and their programs and everything?

**Bharat Kumar Vageria:** It's always happen. As I mentioned you, in Q1 we get business of 22%, Q2 24%, both put together 45%-46%. So, it's the first up, you will see 45%; in last 10 years progress, you can see that. And the second up, always we get 55%. Then again in Q3 26%, and Q4 28%. It's a trend of the industry. Last Q4, always turnover is high. You see the last Q4 turnover, Q3, it is easily comparable.

**Devam:** Sure, sir, a couple of questions on the expansions. One is TPL Plastech, we have announced an expansion. So, what kind of total CAPEX and asset terms do we expect over there? And also at the overall, that is at the Time Techno overall total CAPEX, how much do we expect for entire FY25 and 26? And in general, what are the guiding rules that you would consider for an expansion in terms of asset turns and margins to consider it in a particular product or technology type?

**Bharat Kumar Vageria:** You are right, I think you've right question. As far as you asked me, the overall CAPEX as a consolidation basis, India, overseas put together is in the range of Rs. 160 crores to Rs. 180 crores, maximum Rs. 200 crores. Now out of the Rs. 200 crores also you will see around Rs. 70 crores to Rs. 80 crores on account of the maintenance CAPEX automation re-engineering to maintain the capacity and to maintain the capacity and the tool developments. Balance Rs. 120 crores expansion where we will edit the capacity in value added products or the existing product capacity. Now, specifically, this year I mentioned, out of Rs. 180 crores to Rs. 90 crores, we have already non-core assets sale business will be there. So, net of that, the CAPEX will be hardly Rs. 140 crores to Rs. 150 crores. Then 25-26 yes, the same in the range of Rs. 150 crores to Rs. 180 crores, considering the expansion line in India and overseas. And somebody has asked me just in this call itself, how you distribute, I'm very clear. In our business, value added product, when we invest Rs. 1 we get more than three times of our revenue. But when we do the investment in the other existing product line, brownfield expansion, normally we see the three times of the revenue we should get it in the value added product. And the other products we get in the range of 2 to 2.5 times. But we have seen, whenever we do the automation re-engineering product, we consider the payback period and payback period should be less than four years whether by way of a reduction in the power cost, reducing the labor cost, etc., So, many other areas also I am working. I would like to tell you we are working on power cost reductions also. As you know that the government is also focusing on the use of the solar power. Just a bulk figure, which I remember I would like to tell you. In a year in India, we used 15 crores units of the power. So, you know that certain government's policies come out in Karnataka, Tamil Nadu, Maharashtra, Gujarat. You can buy up to 75% to 80% of your power requirement from the solar manufacturing companies. So, already, we have already signed an agreement. We have done the equity investment. And we are going to save almost Rs. 3 a unit. So, if I just remember, around Rs. 4 crore units which we have a requirement in Gujarat, Maharashtra, Tamil Nadu, and Karnataka we have signed. So, the company will be able to save next year at least Rs. 12 crores on account of the power, power cost itself. Because otherwise, my power cost itself is more than Rs. 110 crores something we are paying annually. Now, the similar policy we are expecting in the other states also, like in Telangana, in Uttarakhand, in Himachal, everywhere we are expecting, because one, our team is completely following the government Ministry Department and other local departments, wherever policy is coming, immediately we are tying up and try to save these costs because the major cost as far as power is concerned. In our business, two other major costs other than the raw material, is the power and the main power. So, we work hard on that how we can reduce these costs by increasing the productivity and by increasing doing the automations, so we will be able to get the more productivity and increase the percentage and offer our products competitive pricing to the customer. That is the main objective of the company

**Participant:** I had also asked regarding the TPL Plastech expansion and what kind of expansion?

**Bharat Kumar Vageria:** TPL Plastech is just expansion in the Konkan region because Time Technoplast does not manufacture IBC in the Maharashtra Konkan region. Currently, their customers are servicing from the Union Territory area, Daman and Silvassa, and Dahej area. So, too much logistic cost is involved. But especially in this Konkan area, too much chemical bond is coming up in Maharashtra government and many new units are coming up that region, which is already mentioned in note, you must have seen, see the solar, PV chemicals, fruit, juice industry, semiconductor, many new units are coming and because of the near to the Nhava Sheva port and the reason chemical zone is coming up. So, TPL Plastech exact investment will be worked out but roughly I can say it will be in value around Rs. 20 crores to Rs. 25 crores including the cost of the land and buildings and equipment and so that if company will do Rs. 25 crore investment then definitely it can generate the revenue of around Rs. 75 crores to Rs. 80 crores.

**Participant:** And this would be falling in the category of value-added products only, right?

**Bharat Kumar Vageria:** Value-added products, yes.

**Participant:** And sir, a couple of bookkeeping questions. One is your depreciation is lower. What would be the main reason? Would this be related to the non-core asset disposal or why would the depreciation year-on-year be lower from Rs. 46 crores to Rs. 42 crores?

**Bharat Kumar Vageria:** No. Depreciation is in the range of Rs. 150 crores to Rs. 160 crores and again, it is lower because certain assets which is already depreciated we are 94 company, for almost 30 years have gone, many assets already written off, no need to again write off that depreciation. That may be the difference.

**Participant:** Okay, I mean because there was a sharp year-on-year drop of almost 10%.

**Bharat Kumar Vageria:** Yes, because you know that 25 years company some essence already know You know we considered the life of the building, 25 years, life of the plant and machinery is 20 years, life of the mold and machine, life of the molds and tools 10 years So, definitely it is going to be reducing the system.

**Participant:** Fair enough and finally sir what will be the current borrowing rates for debt for us and incremental debt, how much would we be borrowing it?

**Bharat Kumar Vageria:** I can provide you the range because the company is rated and a AA rated company. And so the rate of their interest is in the range of we are considering, if you ask me the range, 8.25% to 9% is the range we are keeping ourselves in India. And similarly in overseas it is in the range of 6% to 7%.

**Moderator:** Thank you. The last question is from the line of Ankur Savariya, an individual investor. Please go ahead.

**Ankur Savariya:** Last 1-2 years the market has supported you very well.

**Bharat Kumar Vageria:** That is right. All we can do is do our work. Don't expect anything in return. I believe in that.

**Ankur Savariya:** We are trying to sell off this business, now the company policy has changed and now we are not looking forward to selling any business overseas or we are still looking into it?

**Bharat Kumar Vageria:** No, if I tell you the truth, I will immediately say that I have no interest in anyone. Because when I have my own plan of debt free, my own expansion plan, today I am putting two new units in America, I am putting two units in the middle east, and I am doing over 15% growth of the company, even in this much market uncertainty, I don't need anything. I am not short of financial resource or man power resources. All are available.

**Ankur Savariya:** So, our revenue target for the next two years, for financial year 26 will be somewhere about Rs. 6,000 crores in that case.

**Bharat Kumar Vageria:** If you calculate the turnover of Rs. 5000 crores, 15% growth is 30% growth, 30% 5,000 crores growth is 6,500 crores. Arithmetic calculation.

**Ankur Savariya:** Any update on the LPG orders because last time because last time it was only enhanced for one month because of the elections. Any enhancement news after that?

**Bharat Kumar Vageria:** No boss, our product is not linked to the elections. We are not depending on the elections. We have no direct business with the government. And the gas distribution companies, LPG they have a regular business. They don't have anything to do with elections. For example, if IOCL, BPCL, or HPCL they want to buy cylinder, they can't restrict them from tender. It's their business operations. So, it doesn't make any difference from elections.

**Ankur Savariya:** Last time, if I recollect correctly, our LPG order, after it got finished, there was a slight enhancement.

**Bharat Kumar Vageria:** I have also updated you in the last quarter that we will continue the 10 kg cylinder but the large volume means 50 lakhs, 60 lakhs cylinder order they have asked us to develop a cylinder of 14.5 kg. I mean, we and Supreme are involved together we are developing a cylinder of 14.5 kg now they will develop the tool, the drawing design has been submitted, this is not done immediate, it is a six-month project. The drawing, design will be approved. We'll make the product, submit it, and get the money approved. But during that intervening period, the 10-kilogram project will continue. Secondly, I am glad to tell you that along with IOCL, IOCL has given us permission since March to do distributor meet. All their distributors will go to cities to meet distributors and create awareness. So, already, as of today, it's been done in 14 cities. HPCL, BPCL has also allowed they have to give permission because we are meeting their customers and dealers. And we are creating awareness for their dealers and distributors in this city so that in future demand can be created. So, this awareness happened. On the contrary, we got six months' time. time. In those six months, all over India, basis of HPCL, BPCL, IOCL distributors will be met and awareness will be created about what are the advantages of Cylinder, because normally, what do people think? And this is a plastic cylinder and a metal cylinder. But the plastic cylinder is light, it is explosion proof, it has light weight, it has easy gas visibility. To explain all this, if we explain to the distributor, then the distributor will tell the dealer, the dealer will tellthe consumer, then it will be used in mass media. Then it will be used slowly slowly .

**Ankur Savariya:** Any update on orders of oxygen cylinder?

**Bharat Kumar Vageria:** Oxygen cylinder, yes, we have order. We were not executing it because we didn't have a line. But we have executed something in this quarter. Already I had orders of 5000 oxygen cylinders. But supply is running. And as I said a while ago, we are going to get cylinder approval for Type-3 drone application on this line which is a very, very huge market. But the hydrogen cylinder is Type-3. You will get news very soon about its approval. And we are going to supply for drone applications also. It's all new, it is like that we are looking out, we are in composite product. In composite product, there is LPG, CNG, hydrogen, drone applications, air receiver tank, and in the automotive sector, there is more. Like there is fireextinguisher. We will use our knowledge of the composite product manufacturing and explore the possibilities in the industries where these items can be used.

**Ankur Savariya:** Absolutely. It is very useful for a lot of high-rise buildings as well.

**Bharat Kumar Vageria:** The point is straight. Where the iron needed is100 kg in an item, if the composite product works in 40 kg, then the weight reduces by 60%. The weight reduces by 60 percent, which increases the efficiency of the item. It becomes easy in handling.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

**Bharat Kumar Vageria:** Yes, thank you very much, all valued existing and prospective investors to listen peacefully and I tried my best to provide you clarification. If any person later on comes, any query, clarification, they ask, we have an Investor Relationship Agency that is, Orient Capital is there. We have provided number of the company Investor Relationship Manager, Mr. Himanshu, number is also mentioned. In addition to that, you can ask Mr. Purohit at Kaviraj Securities, they are also aware about the updating time-to-time who are arranging this conference call. So, thank you once again to all the participants. Thank you.

**Moderator:** Thank you. On behalf of Kaviraj Securities Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.