

**“Time Technoplast Limited
Q3FY13 Earnings Conference Call”
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MANAGEMENT: **MR. ANIL JAIN - MANAGING DIRECTOR & CEO - TIME TECHNOPLAST**
MR. BHARAT VAGERIA - DIRECTOR(FINANCE) - TIME TECHNOPLAST
MR. SANDEEP MODI - SENIOR VICE PRESIDENT (ACCOUNTS & CORPORATE PLANNING) - TIME TECHNOPLAST

MODERATORS: **MR. BHASKAR BUKREDIWALA – ASSOCIATE DIRECTOR EQUITY RESEARCH, CRISIL**



Moderator Ladies and gentlemen, good day and welcome to the Q3 FY2013 earnings conference call of Time Technoplast Limited hosted by CRISIL Equity Research. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing '*' followed by '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr Bhaskar Bukrediwala, Associate Director, Equity Research at CRISIL Research. Thank you and over to you sir.

Bhaskar Bukrediwala Good evening everyone. On behalf of CRISIL Equity Research, I welcome you to the Q3FY13 results conference call of Time Technoplast Limited. It is a pleasure to have with us senior management of Time Technoplast represented by Mr Anil Jain, Managing Director and CEO, Mr Bharat Vageria, Director Finance, Mr Sandip Modi, Senior Vice President Accounts & Corporate Planning. During the course of the call, management will discuss the main factors that drove the operational and financial performance of the quarter and provide insights on the overall business scenario. This will be followed by the question and answer session. I would now like to hand over the call to Mr Anil Jain. Over to you sir.

Anil Jain Very good afternoon to all the participants. It is a pleasure to be back again for this conference. As you would recall, last time we promised that we would keep coming back and there was a complaint in the past that we were not probably interacting enough with our valued investors and the analysts, so I think we are now trying to make amends here. We are here to discuss the Q3 results of FY13 and, of course, together with that will be nine-month results which are already published. But let me just walk you quickly through the highlights of this performance. I think, today, we will spend more time in answering questions rather than actually making statements from my side. During the quarter, gross sales consolidated stood at 481.6 crores compared to 423 crores in the same quarter last year and the net sales were 441 crores as against 397 crores in the corresponding period last year. EBITDA in this quarter was at 77.3 crores as against 63.6 crores in the same period and the PAT at 29.1 crores as compared to 23.7 crores. If you look at the growth year on year for the quarter, the gross sales went up by 14%, the net sales was 11% up, EBITDA recorded 21% growth and at PAT level we did 23% better than the last year. EBITDA in percentage terms for the quarter was at 17.52% as against 15.98% in the corresponding period in the previous year. If we look at the numbers for the nine months, then you will find that during the nine-month period, gross sale consolidated stood at 1,386 crores as against 1,176 crores. The net sales were at 1276 crores as against 1,100 crores in the corresponding nine months in the previous year. EBITDA was at 218 crores as against 185 crores and PAT at 79.3 crores as against 71.3 crores. And if we look at nine-month results then the gross sale is up 18%, the net sale at 16%, EBITDA is up at 18% and PAT at 11%. EBITDA percentage during the nine-month period stood at 17.07% as against 16.81% in the corresponding previous last year. As you would see that there is a modest growth compared to the last year and, of course, we are now in the most exciting quarter that is Q4. So historically nine months represents about 70% or 71% of the total sales and we bring in about 28% to 30% actually in the last quarter. So I think we are well on our way to achieve what we have indicated in the beginning. We see decent growth in our businesses. Of course we are growing both in India and overseas operations. Indian growth is a little less, but then the growth overseas is higher because the base is still small. I would like to remind our valued investors that we have invested a great sum of money in the previous two years and that continued until the end of this year. But we are at the

end of our extension cycle as we have indicated. With the commissioning of our project in Vietnam, we have completed all our overseas projects on time and we have put up the projects in India, which are also kind of completed. So overseas, we did complete Malaysia and Vietnam. In India we completed Hosur where we have taken our IBC manufacturing as an additional activity as we already had an existing unit there and we are now on our way to complete our project in Hubli and that is because lot of chemical industry actually is coming up in that area and we would like to ride on that. So, with this like I said, we just would more or less be done with our capex cycle and we would like our assets to now work for us. Our overseas projects, which have already been commissioned, are still at less than 50% of our capacity utilisation. So we have huge headroom available for growth as the demand is also very strong there and I think with this investment that we have already made, we can expect a much higher sales turnover in FY14 and the years that would follow. Our capex will now be limited only to maintenance capex, which essentially would be as a debottlenecking or some marginal investment for balancing our capacities or the products that would be completed, but then we will be using this capex for new product development, which is a part of our ongoing program, and I think the marginal addition in our capacity is just to kind of balance them out. So we are optimistic about our businesses in India and overseas. We are seeing a very strong growth in our infrastructure business as you would have noticed from the results that we have announced; that we have been able to get the order from MP government which is still a precursor, though the business is about 120 crores, which we have got the orders but going forward it has a potential to be multiplied many times over and the product has been greatly accepted. I did have some questions in respect of our RoCE and I am sure there will be more clarifications sought during this conference, but I would like to make a short statement that if we look at our RoCE, which is on a consolidated basis when coming to about 15.31%. But if you break it down to RoCE for domestic and overseas, we would find that in India we are closer to about more than 18% and overseas it is 11% because they are just start-ups and the capacity utilisation is very low. So we expect RoCE to improve both for the Indian business and also overseas and next year we would be on the other side of 20%. I think with this I am ready to take questions. My colleagues are also with me and they will be very happy to answer any questions that you might possibly have.

- Moderator** We will now begin the question and answer session. We are going to take our first question from the line of Nehal Shah from Dolat Capital, please go ahead.
- Nehal Shah** Sir, can we have details on your LPG composite cylinder project - like what is going on with respect to that particular thing?
- Anil Jain** I had thought that I would say this towards the end actually, that is good news from our standpoint. As you know, in the last conference I had mentioned about the capacity that we have created both in India and also in Bahrain. The Indian capacity we had promised that we had been in discussion with a private LPG distribution company in India, a leading one, who had immense interest, but of course for that we needed to have an approval from PESO in the form of CCOE and we had initiated that process and I am very happy to report to our investors that three-day very grueling inspection and testing regime was carried out by PESO at our factory and that was completed on 18th January, which was a team headed by Deputy Chief Controller of Explosives, two of them and one Assistant Controller, they came, they saw all the tests. Of course, they wrote very nice comments in our visitors' book, but we also know now that all the papers have been submitted to them. They wanted

us to make a joint presentation together with the potential users, which in this case happens to be Reliance, so we made a joint presentation to CCOE which has also been completed. So we are now waiting for this approval to come in with bated breath, which I expect to happen before the end of this month. In the meantime, we have finalised everything with a potential partner who was very excited about launching composite cylinders in India. They also brought their distributors and dealers to our factory to witness it and they were also very excited and we followed up by composite cylinders to their filling stations to ensure that we do not have to make any changes in the filling lines, etc. So to cut the story short, we are at the verge of getting CCOE's and PESO's approvals and our customers are more than willing to start this, the use of these cylinders. We have been given to understand that our capacity will be adequate to meet their requirements after changes in the number of subsidised cylinders that are going to be available to the consumers. They are expecting huge growth in distribution of LPG in the private sector and we are already in their expansion plan where they would like to do it through the composite cylinders. So that is the status here.

- Nehal Shah** By virtue of these approvals coming in as anticipated by you over the next month, will we able to sell it to all the HPCLs and BPCLs of the world?
- Anil Jain** Yes, for sure that can certainly be done because you already need PESO's approval, but I must confess that they are still very slow in taking decisions and they have been enquiring from PESO whether the approval is coming through and then they got to know IOCL. We had one round of discussions and also with BPCL who has been interested, but I would like to think people like Reliance or one or two other people that we are talking to when they get started, I think all marketing companies would certainly look at this product with interest. I mean they are convinced about the performance of these cylinders. There is a question of who would start first and for that we already have a department now.
- Nehal Shah** What about exports to MENA region in particular, where we were earlier focusing on?
- Anil Jain** As you know, we have already built up our capacity in Bahrain, and we would like to focus that region from Bahrain.
- Nehal Shah** So any headway with respect to that?
- Anil Jain** Yes, our plant is ready and we have already started the process of approval of our Bahrain plant and in the meantime we have participated in the tender from UAE and also Bahrain Gas is wanting large quantity of cylinders together with WOQOD that is in Qatar. I must say that Saudi Arabia is still very slow, but looking at our capacity we do not see really a problem with these three guys coming along to kind of fill that up.
- Nehal Shah** So we are anticipating approval from each of these customers and then we can start?
- Anil Jain** Customer approval is in place actually. It is just that for the product the customer approval is in place because product in Bahrain is going to be exactly the same as we have it in India. But there are certain approvals for the plant that are needed, which are currently underway, but otherwise for us it is not really a problem at all.
- Nehal Shah** What are the various sizes of cylinders we would have launched or we are planning to launch?

- Anil Jain** Currently, we have in our product portfolio three sizes: 24 liters that is 10 kg of LPG, then 12 liters which is 5 kg, then 5 liters which is 2 kg. But we have already completed the design for a cylinder which can actually go from 17 kg to 22 kg of LPG gas, because our partners have already indicated. Whereas the launch LPG for the domestic application, we would also like to do it for the commercial application where the size is closer to 20 kg.
- Nehal Shah** What would be the kind of pricing for each of these categories?
- Anil Jain** Probably it would not be appropriate to discuss the price that we have agreed upon. I think a customer would not appreciate it. I can say that the EBITDA margins that we will look at from this product will be more than our average EBITDA of 15 to 16.
- Nehal Shah** So may be around 18% to 20% kind of a thing.
- Anil Jain** That is right, we should be looking at that number.
- Nehal Shah** What kind of turnover and volumes are we looking at from this particular segment in particular going forward for the next two years, provided the approvals come in place?
- Anil Jain** We look at the capacity of 300,000 cylinders and if we take an average price of, let us say if we take 1,600 or thereabouts, so it will be about 40 to 50 crores from India.
- Nehal Shah** For FY14?
- Anil Jain** Yes, for FY14. May be first few months we will be slow because they will not take the entire capacity in the beginning, product has to go out in the field. But it is a little premature, but we should really, that is the potential that we can reach here.
- Nehal Shah** What is the capacity in each of our facilities in India and Bahrain?
- Anil Jain** We have 300,000 in India and 400,000 in Bahrain.
- Nehal Shah** So total is around 7 lakhs.
- Moderator** We are going to take our next question from the line of Martin Higgins from Elara Capital, please go ahead.
- Martin Higgins** My question is a quick query about acquisitions. You said that utilisation of capacity is about 50% and will that be right to assume then that going forward you would be looking earlier at organic growth or are you considering inorganic stuff as well?
- Anil Jain** Well when I said 50% of the capacity utilisation overseas it is only limited by the capacity because the market is very-very big and we have just gone to those countries with entry level investments, so we are not going to be constrained by the market size. It is a question of how quickly we are able to win over our customers and generate confidence that they can start using more and more of the plastic drums and the IBCs that we have launched. I mean this process is always slow as we are going to new territory we need various approvals from the local bodies, the UN approvals, etc. The customers also do not start with their full requirement, they gradually switch over either from their existing source or from their steel drums to the plastic drums, so that should not be a problem. Of course in India, the capacity utilisation is higher. It is closer to about 70% to 75%, so we have the

headroom available both in India and overseas. I think India could really be an area where we have to watch the market size as we have fairly large market share and though admittedly a lot of chemical companies are actually coming into India and they would require steel packaging for which we are fully equipped to service their requirement. But, like I said, in India we have the expectation of growth and the capacity is also available. Overseas, the market size exists and, therefore, it is a question of time as to how quickly we will fill that up.

- Moderator** We are going to our next question from the line of Prakash Ramesh from Kotak Mahindra, Dubai, please go ahead.
- Prakash Ramesh** Question around different aspect: as we go through consolidation in our company in terms of we are through with the investment phase and we are looking at now increasing capacity utilisation and improving our equity ratios. Just trying to get a question into our existing long-term debt and your assessment of what kind of time we will move between now and the next two to three years to be able to bring this down substantially?
- Anil Jain** As you remember, we discussed this aspect in last conference as well. I think we kept up with the promise then we said as the capacity utilisation goes up, we would try and restrict our debts both in India and overseas.
- Prakash Ramesh** If you could give me the current debt numbers as on 31st?
- Management** As on 31st December 2012, long-term debt is 500 crores and working capital debt is at 280 crores, total is at 780 crores.
- Prakash Ramesh** Any of the long-term debt is foreign currency denominated?
- Management** No, because whatever foreign currency loan we have that is fully hedged.
- Anil Jain** Not only in terms of repayment of the loan, but even in the terms of interest cost.
- Management** Yeah. In the interest cost, it is fully entire hedge - means for company's point of view, it is a rupee loan only.
- Anil Jain** I will take your question about as to how things are going to pan out in future. Of course, as the capacity utilisation goes up, we would have the working capital requirement ticking in, but the long-term loans they have a tenure and they are being repaid simultaneously, so I think our overall objective right now is to keep the debts at the same level, let our turnover increase, so that we would have better ratios available to us. So that is how we are planning. I think the real question is how do we see growth of sales in the next year. We are fully prepared to go at more than 20% at least for the next two years, which is going to be divided in two parts. The local sales will go up by about 15% and overseas we can expect about 25% growth or even higher than that; so the average growth will be in excess of 20%. So as we grow and if we are able to keep our debts under the same level then we would appreciate that things would look much better. Does it answer your question?
- Prakash Ramesh** It does. I am just checking also your capex for the quarter, if you could give us a number please?

- Anil Jain** Yeah, we promised last time when I was speaking to you and you did mention that you must really indicate, it was for the first six months we got about 100 crores and at the end of this quarter, it is about 129 crores, so about 29 crores have been added.
- Prakash Ramesh** So, it is 29 crores for the quarter?
- Anil Jain** Yes.
- Prakash Ramesh** You anticipate maintenance capex to be somewhere in this 25 to 30 crores range?
- Anil Jain** That is what we discussed last time, we certainly expect that and to be honest with you it is just about the maintenance, but does it also include some capacity expansion or balancing of the capacity etc. But you are right, this is the number that we have targeted for the next three years.
- Prakash Ramesh** Just a follow-up question from the last concall and to just to get my numbers clear: we are at about 1,000 crores turnover presently and with all the investments we have made in our overseas subsidiaries, the potential of those investments is to get us to the 2,500 crores to 3,000 crores mark?
- Anil Jain** Yes it could be even better than that but yes I think that is a good number to work on.
- Moderator** We are going to take our next question from the line of Pankaj Bobade from ENAM Direct, please go ahead.
- Pankaj Bobade** Just wanted to get a colour of what is the current capacity, both in domestic market and overseas, and how are we going to ramp it up going forward?
- Anil Jain** Our business is a little tricky in that sense to give the exact numbers. In some companies they can talk about capacity in polymer processing capability, etc., but because we have a variety of products some are counted in numbers, some are counted in tonnage and so it is a little bit difficult for me to answer exactly the capacity that we have. But like I said, our capacity utilisation in India is about 70% and overseas it is just about 50 or slightly lower than 50%. So if you would like to extrapolate and reach us to what is the number that we can expect, if you look at our turnover, currently 23% is actually coming in from overseas and the balance is coming in from India. So you can imagine these nine months, so you can take it to the year and then you will know that it is almost 77% is the turnover from India where we have 70% capacity utilisation. So quite honestly, we do not have the tonnage capacity per se because the products are different.
- Pankaj Bobade** I wanted to know what are the new capacities coming up, which countries and how are they panning up going forward?
- Anil Jain** As you know, we expanded our capacity in different countries overseas. We have started in China, Taiwan, Malaysia, Indonesia, Thailand, Vietnam, and South Korea. On the other side we have Sharjah, Saudi Arabia, and Egypt. So this is what is industrial packaging mostly, besides of course India. And then we have our operations in Poland and Romania. If we talk about the capacity in Asia with the completion of our Vietnam project, we have now got all the capacities in place and we are not really looking for any immediate expansion until such time we see our capacities being utilised in excess of 70% that would take us through in FY14 and probably in FY15 as well. So we are kind of fully taken care of up until then, so we are not asking for any capacity expansion. And likewise in

India, if you look at growth of 15%, so we have adequate capacity and we still have businesses which have not started contributing like composite cylinders and our capacity utilisation for shelter is also available for which we have got major projects. So honestly to be able to reach those numbers that we indicated we do need any capacity expansion at this stage.

Pankaj Bobade So will it be safe to assume that whatever capacities we had planned, capacity expansion the green field ones, they are in place and now it is just a question of ramping it up?

Anil Jain You are absolutely right, that is the position that we have all the capacities in place.

Pankaj Bobade All trial runs and everything has been done, I mean the product has been tried and tested successfully?

Anil Jain Absolutely, most of these expansions are distal packaging which is our oldest business and we have been keen to know both the market and product very well, so we have tested them. In most cases the customers also have been giving samples and the trial and testing is going on there at their end, but that is a mere formality. Of course we know that after you have put the capacity on the ground, it still takes time to get the customers' approval and orders thereof, but that process is more of when and not, why or whether or not we will not be able to do it.

Pankaj Bobade What about the UN approval for the industrial packaging business?

Anil Jain We have got UN approval in all locations. Malaysia and Vietnam are underway. In fact Malaysia we have got for a couple of products already. Vietnam are underway now. This is a three-month or slightly more than three-month process, but we will be completing this process also by June-end.

Pankaj Bobade You talked about the composite cylinder business, so when are we going to fire our domestic operations and what is the order book for the Bahrain operations?

Anil Jain As far as Indian operations are concerned, the factory is fully operational. That is when PESO comes for inspection. So we have produced cylinders, we have tested them internally then submitted the samples to our customers and also to PESO and PESO has come and has declared that complete manufacturing process including testing, etc., so therefore it is fully operational.

Pankaj Bobade Has it contributed to sales this quarter?

Anil Jain No, it was very little. In fact, if you ask me we have sent a couple of containers to South Africa and Chile and some to Brazil, but not significant, Croatia or some place.

Pankaj Bobade What about the Bahrain operations?

Anil Jain We are still in the process of getting the capacity in place, but we are in the process of getting the approvals.

Pankaj Bobade That still has not contributed to the sales?

Anil Jain That has not contributed anything.

Pankaj Bobade When do we expect both these facilities to contribute to sales?

Management	It will be in the financial year 2013-14. As mentioned, that the total capacity of 7 lakh cylinders which company can do the business of 90 crores to 100 crores, in the initial time the customers will take in their field with a trial testing and everything but month after month that business should contribute to the increased sales.
Anil Jain	So we are actually expecting some business about 30 to 40 crores in FY13-14 and then we will ramp up from thereon. But then it also depends if Qatar or Bahrain would like to have it quickly enough then probably it can be even better, but that would be safe to assume that 30 to 40 crores is what we should expect in 13-14.
Pankaj Bobade	30-40 crores, 90-100 crores?
Anil Jain	90-100 crores is the total potential.
Pankaj Bobade	So we are expecting 30-40 crores in FY14?
Anil Jain	Yes.
Moderator	We are going to take our next question from the line of Sanjeev Zarbade from Kotak Securities, please go ahead.
Sanjeev Zarbade	It was on this 120 crores order that we have received, how much could this quarter contribute in FY14 and what kind of profitability we can look at in this order?
Anil Jain	The current value of order is about 120 crores and that just came in. We have to prepare ourselves because it will require some civil work also at site and mobilisation took a while. Out of 120 crores, I think we should do about 25 crores in the current financial year and then we not only will have to complete the balance because it is on a timeline, so the balance will actually happen in FY14 for sure, but we are not going to be stuck with this number of 120, we expect as we complete 25 to 30 crores that we are planning in Q4 then we should actually get more orders. If you recall recently when we started talking to the government, we had looked at the number of about more than 1,000 crores actually. But we both agreed, Government of Madhya Pradesh and we both agreed that we should go in a phased manner because I did not want to take an order for long term which would have taken us a year or year and a half or even two years at a fixed price. So we said let us get this one in place and then as they get acquainted we will talk about the price and the price escalation formula. So what we see clearly is about 25 crores should happen in Q4 this year and the balance will happen in the next year and any additional order that will come in will also fill in.
Sanjeev Zarbade	This order is fixed price?
Anil Jain	This is a fixed price, that is the reason why we did not want to bite more than we can chew actually. As you mentioned about the profitability, of course EBITDA margins in this business will not be very high, but I think the turnover in this one is very favourable. So we will be happy to have EBITDA margin closer to about 12% or thereabouts.
Sanjeev Zarbade	In our subsidiary revenues on a sequential basis, basically the revenues are lower that is on a quarter on quarter basis, so I will just tell you how I have arrived. I have subtracted - the

consolidated minus the standalone revenues, so that is around 153 crores compared to 175 crores in Q2, so any slowdown?

Anil Jain

Now I understand your question. I think the only culprit here is our battery business and will be interesting to talk about this one. As you know in FY13, we are actually seeing a turnover going to about 140 crores or so which is significantly lower than the potential that the numbers that we have reached in the past. That is because we are operating in telecom battery business and it is not in the pink of health. The sector itself is very guarded not offering products to the customers who are not able to pay on time. So we decided to take a hit on our sales, but what we did was we decided to move away from telecom to other than telecom businesses which are UPS, inverter, solar batteries, railways, defense and other things. And I am very happy to tell you that this year we should be able to do 30% other than telecom business and next year it will be going up to 50% and this is how this will start coming back. So I think other than that the subsidiary businesses have been growing. Of course, the overseas business will grow much faster, the projects are in place and customer acceptance has come in. I must also add at the same time that we have been able to qualify as strategic partners for industrial packaging with some of the biggest multinationals who are the largest buyers of industrial packaging product worldwide, namely, BASF, Dow Chemicals, Huntsman, Purac and several of these companies. We are present in different countries. They have chosen us to be their strategic partners because we are present in almost all the countries that they are present in Asia, so I think that will also help us do our business overseas.

Sanjeev Zarbade

Another question is on the financial side: this tax rate of around 23% would that continue in Q4, or for Q4 we may take some higher tax?

Bharat Vageria

Our effective tax rate will be in the range of 23% to 24%, so in overseas there are low tax rates.

Anil Jain

In overseas there are different rates - for 24% somewhere 18%, as India is 33%. So consolidated will be in this range only because considering that current corporate tax rate is 33% as in India, that will increase then the average will increase, otherwise considering the present tax structure, it will be same only, remain stable around.

Sanjeev Zarbade

Lastly, another question on the cylinder manufacturing front. Once we have the approval from Nagpur, the OMC side, what formalities or anything that they have to complete before they can probably come out with the tender or is there something like there is only one company in India they cannot probably come out with a tender, they would want more competitors, players?

Anil Jain

Let me talk about overseas actually vis-à-vis the composite cylinder. If you remember, three years ago they had quoted a tender for 100,000 cylinders and at that time there was no manufacturer in India and there was only one manufacturer that they had kind of tied up Ragasco from Norway and at that time the price at which they were buying was about Rs 2,800 a cylinder, so overseas has gone through this exercise of evaluating composite cylinders in terms of the technical superiority, their filling, handling and other aspects. So we fall exactly in the same dimension and capacity, but I do not see that to be a problem admittedly though we have not gone through that exercise ourselves, but if they would like to go through that exercise, this cylinder comes no different than with regards to what we were doing earlier. But whether or not they would do it, there is still a question mark, though there is a lot of interest but essentially they would wait for some other guy to

come in and if Reliance comes in which we see happening, then it is a matter of time that they would also get very excited and come along. PESO's approval is the only one that they require, in terms of the statutory approvals. The rest is their internal acceptance which will mean the cylinder should be able to go on the filling line and fit in without too much of changes because they would like to fill the steel cylinder and the composite cylinder on the same line and not stay on different ones. Like I said, they did that exercise in the case of Ragasco, so we are on the same dimension and everything is just a mere formality.

- Moderator** We are going to take our next question from the line of Chetan Vadia from JHP Securities, please go ahead.
- Chetan Vadia** I just wanted to know how much percentage of total revenue is from the industrial packaging segment.
- Anil Jain** As you know, most of our overseas units are industrial packaging which is included in here, so it is right now 62% from industrial packaging.
- Chetan Vadia** Earlier you provided your comments on the composite cylinders and the outlook per se, so can you just briefly touch upon the areas of the business like the automotive component, life style, healthcare, material handling and the infrastructure products, what outlook do you see for this business in FY14?
- Anil Jain** Let me give you the percentage and then I will come to the outlook on this business. As I mentioned, industrial packaging is about 62%, lifestyle business is still 11% on a consolidated basis, auto is about 8%, infra is about 18% and others are actually around 2%, which is very small. Let us talk about automatic business which is my personal favorite; well because we have got some very interesting niche products in that segment, anti-split flaps and fuel tanks. I am very happy to tell you that plastic fuel tanks are now catching on, and we have now finalised a contract for supply of 10 liter fuel tanks for Tata small trucks at Dharwad and we are expecting the demand of more than 200,000 to 250,000. That is the reason why we are putting up a unit in Hubli, which will be both industrial packaging and also for the plastic fuel tanks, but that does not stop there. We have also finalised the design and other features for a 90, 120, and 150 liter fuel tank with Tata again. We have taken up projects for Mahindra & Mahindra and lastly we have entered into MoU with Chrysler, so that will be the largest fuel tank manufactured in this part of the world that is about 400 liter PFT which they will not only buy for their operations in India, but they also will take it from here to Thailand until such time we roughly get the same capacity there. So we see Tata, Ashok Leyland, Eicher and then Chrysler. So fuel tank business is catching up. On the start of it we also have deaeration tank as we call them radiator tank. So earlier we used to supply to Ashok Leyland, now we have our products for Tata and also something which can be sold in the open market and those products have just got approvals with large potential. So deaeration tank and plastic fuel tanks will grow, we have not really put numbers to it just now because as you these PFT projects take anywhere between two and three years to materialise. Of course we have been working on this for quite a while and we can now see that getting commercialised. So you are not putting the numbers just like that, but I am talking about the potential that it has. We are favourably placed and that area is based on our experience in the past. Lifestyle business continues to grow. This includes our business overseas as well. As you know we have AstroTurf brand, which we are now manufacturing in Romania and also in Poland and

on top of it we do some astute of business in Thailand as well. Indian operations are mostly for the Indian market. I am very happy to tell you that our product was accepted by IKEA last year and they came back end of the calendar year projecting the demand because they more or less took away our entire capacity in Poland and right now we are working overtime to develop our capacity in Poland as they would take that capacity also starting from May 2013. We are pretty excited about our lifestyle business overseas. Of course, in India we continue to grow but the consumer footsteps were low in the last year but we still continue to grow as there is a potential and we have the capacity available. Talking about infra business which is where we see our battery business falling in. That is going to grow, because we will now come out of telecom and we have other than telecom business, we see a good growth in there. Towards PE pipes, which we did about 80 crores last year, this year we should reach about 120 to 125 crores and the next year we should reach 160 crores or even upward of that as there are good demands. We are entering or will be entering FY14 with an order book of about 70 crores. So doing 140-150 crores or even higher should not be a problem because we did not have this kind of order book last year. Also, our shelter business is a part of it where I just mentioned, we are carrying forward 100 crores order book and of course we expect new orders to materialise even before we complete this existing one. So that is the business which is going to grow. So again in all segments, we are growing. Of course, you did ask me about material handling business, which continues to be still a very small business is a part of our joint venture. That was because we had also the capacity constraint. They were operating out of our manufacturing facility in Silvassa. In the meantime, we have set up a separate facility for them in Thalassery which has become operational from December. So they now can take this business forward and we expect that to grow to about 60-80 crores in next year vis-à-vis about 30 crores this year. So if you look at all our segments we see good growth potential. The question is when we are projecting the numbers we have been conservative but we should really do better than that.

- Chetan Wadia** In the automotive segment, you touched upon the tanks. What about the anti-spray flaps?
- Anil Jain** Anti-spray by legislation. So commercial vehicles have not been seeing much of a growth; we remain 40-50 crores business, which continues to be there, but of course, in the meantime we have got order for export of this one to Chrysler and also Toyota. They are kicking up just from India and bringing it to their plants in Thailand and some of these will even go back to Japan. So, I hope that business will grow, but it is a stable business with decent margins, so we are not complaining too much about that.
- Chetan Wadia** Sir my next question is on some data points. You said there is 780 crores of debt in the books. What is the cost of debt?
- Anil Jain** Effective cost, overall is 11% total and India cost is 12% and overseas is 7%.
- Chetan Wadia** What is the cash?
- Anil Jain** Cash and bank balance at the end of 31st December is near about 65 crores.
- Chetan Wadia** Can you share the inventory level numbers for current quarter and comparisons QoQ and YoY?
- Anil Jain** Inventory level is around 62 days.
- Chetan Wadia** Inventory to sales is 68 days. Inventory sales is 70 days, and the working capacity is 80 days.

- Anil Jain** In fact Chetan, recall that we had discussed and in the last discussion, that company is trying to improve the working capital cycle time being intervening with targeting to reduce between 75 to 80 days as against 83 to 84 days. I think in the current scenario, we will have to accept that in the current market conditions, we will be able to maintain at least working capital cycle time, net working capital cycle time between 80 to 82 days. Even in the last conference call we discussed that that is the area which we are working very hard to bring our working capital cycle down. In the last quarter I think, this continues in this quarter itself, we are seeing that our customers are delaying the payment a little bit. We are very, very vigilant about that, so that improvement we had anticipated probably it will not be coming through. I think we will have to defer to next year, but we maintain the same despite the unfavorable cash flow situation that the entire issue facing, I mean I am talking about my user industry.
- Chetan Wadia** Your personal opinion, the outlook for the crude levels for the next six months at least.
- Anil Jain** Well, if actually I could know whether the crude is going to go up, I would actually be making more money actually trading in crude. What we expect is, if you are asking this question, the context of polymer prices then I can clarify to you that we do not expect the polymer prices to go any further. They in any case are delinked from the price of crude, that we have experienced in parts at least in three years. Because most of these new capacities that have come up are gas based and they are the ones who determine the prices of polymer, mostly by demand and supply situation. This is fairly well balanced, there are enough capacities still available despite the fact that very large capacities got wound off because of Iran being isolated, otherwise we would have been in this year and the next year in a huge surplus situation. But because of the marked trade and marked growth Iran is not able to bring these polymers into these markets, but still we find that the demand for price fail and we would expect the prices also to remain stable. So crude prices will not necessarily affect the price of polymers.
- Chetan Wadia:** I will take that.
- Moderator:** We are going to take the next question from the line of Ashwani Agarwal from Ashmore India. Please go ahead.
- Ashwani Agarwal** Good results overall, and the company seems to be on track. One quick question, taking up of this MP government order, does it raise concerns of delayed payments or an extended working capital cycle, it seems to have hit Sintex very hard. I know slightly different segment, but I just want to figure out how you are protecting yourself against delayed payments here.
- Anil Jain:** Ashwani, you are absolutely right about it, actually. We also were very concerned when we took this project. You are right, up until Sintex had to face lot of difficulties in timely payments. What we did was we learnt from their experiences and we not only have got orders but we actually have signed a contract, a written contract with these people. We have insisted upon 25% of the down payment which is never been done by them in the past. So, we get 25% down payment along with the order. Then the balance is on completion. So, what we are trying to do is, we are regulating at these are individual units, it is not some big project actually. So, if we find that in some point in time our payments get delayed, right, we would like our exposure to be limited, at any point in time to the total advances we have received from them. So will not take up the additional shelter until I get paid for

the ones which have been completed already. So for example, if I got from one district 200 shelters to be prepared, and I have got the money from them, I will offer them 20 at a time, complete that and then wait for the payment and as they make the payment to me, sorry, 40, because that is 25,000 advance payment, so I can go up to 50, and then when I see the advance, the payment coming in, the balance one, I can then start taking the rest. So, I do not expect that we will allow our working capital cycle to get extended because of this project, but you were right in cautioning us that such projects are prone to payments getting held up, so one has to be very, very careful right from the beginning.

Moderator: As there are no further questions from participants, I would now like to hand over the floor back to Mr Bhaskar for closing comments. Over to you sir.

Bhaskar Bukrediwalla: Thank you all for attending this conference call. On behalf of CRISIL Equity Research I thank the management of Time Technoplast Limited for the conference call. Thanks once again and very good evening to all.

Moderator: On behalf of CRISIL Equity Research, that concludes this conference call. Thank you for joining us, you may now disconnect your lines. Thank you.