



## “Time Technoplast Limited Q4 FY-25 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, welcome to the Time Technoplast Limited Q4 and FY '25 Earnings Conference Call, hosted by Kaviraj Securities Private Limited.

Please be advised that this conference call may contain certain forward-looking statements regarding the company's performance. These statements are based on the company's beliefs, opinions and expectations as on the date of this call. However, please note that such forward-looking statements are not guarantees of future performance and are subject to inherent risks and uncertainties.

As a reminder, all participants' lines will be in 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 '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

**Abhijeet Purohit:** Thank you, Rhea. Good evening, everyone. Kaviraj Securities Private Limited welcomes you all for Q4 and FY '25 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 & Corporate Affairs).

Now without any further delays, I would hand over the call to Mr. Bharat Kumar Vageria for his opening comments, post which we open the floor for Q&A session. Thank you and over to you sir.

**Bharat Vageria:** Yes. Thank you, Abhijeet. Now good afternoon to all our valued, existing and prospective investors. And along with my colleague, and once again, thank you to Abhijeet for organizing this call.

Now I am privileged with you all today as we present our “Financial and Operational Performance” of whole year FY '25, along with it's a perspective for the current financial year, which already begin for 2026.

Now I am pleased to report that our momentum has remained strong through FY '25 as we had achieved a 13% year-on-year growth in volumes, and a 9% increase in revenue. Volume growth outpaced revenue growth due to lower raw material prices, which is available in the market as we all know that oil prices is down, which is around 5%.

However, we demonstrated strong operational resilience effectively sustaining volume while maximizing revenue potential under evolving market conditions. The CNG Composite, Cascade



segment with robust growth of around 28% has been a standout performer and a major contributor to our overall success.

This, along with the strong performance across the other composite products lead by 17% increase in composite volume. Importantly, our profit after tax grew by 25% year-on-year, reflecting the effectiveness of our diligent emphasis on capacity optimization, financial discipline, particularly managing the financing costs, and always taking efforts on reduction in the cost.

We remain encouraged by the continued strong demand for Type 4 composite cylinders reflected in the robust order book for approximately INR 185 crores. This momentum is further reinforced by notable growth in value-added offerings such as LPG, CNG, composite cylinder.

Meanwhile, our Industrial Packaging division continued to perform with a consistent streak. And in addition that we are pleased to announce approximately order book for the current financial year, on account the packaging is around INR 445 crores in domestic and international market for the current calendar year.

The results reaffirm the strength of our foundation and the remarkable progress of our diversified portfolio. As we chart our course ahead, we are inspired by the opportunity before us, confident in our capacity to accelerate sustainable, cleaner growth and create lasting value in both the current and the future financial years.

With that, we now proceed to much anticipated, detailed discussion of our financial highlights as presented in our results. I invite you to join me in reviewing the key takeaways, especially year-on-year basis, during FY '25 on a consolidation basis, company has crossed the business of revenue INR 5,462 crores as against INR 5,007 crores previous year. EBITDA, INR 790 crores as against INR 705 crores.

Profit after tax, INR 388 crores as against INR 311 crores last year. In terms of the percentage, sales increased by 9%, which is inclusive of India 8%, overseas 11%. Volume increased 13%: India 12% and overseas 15%. EBITDA increased by 12% and the PAT increased by 25%.

In FY 2025, our EBITDA margin improved to 14.5%, up from 14.1%, reflecting a 40-basis point increase year-on-year. If you recall, last time in call also I had said, when sales percentage of the composite product will increase, EBITDA margin will improve by 20 to 30 basis points. So that is because the growth in the composite product is higher than the other products growth.

Now in Q4, sale is increased INR 1,471 crores as against INR 1,405 crores last year. EBITDA INR 216 crores as against INR 197 crores, PAT INR 110 crores as against INR 92 crores. Net sales increased by 5%: India 3%, overseas 9%. Volume increased 11%: India 9%, overseas 15%. EBITDA increased 9% and PAT increased by 19%. But as I mentioned just in earlier annual that PAT has increased by 25% year-on-year, which is including Quarter 4 of this FY '25.



Now the EBITDA margin, which is rose in '25, that is 14.7% this quarter compared to 14% in the previous year, 70 basis point increase EBITDA in the Q4.

I am also pleased to share that our overseas subsidiary has delivered a robust performance both in Q4 and throughout the full fiscal year, despite ongoing global uncertainties. This strong operational performance is reflected in our volume growth outpacing revenue growth primarily due to the reduction in raw material prices.

Now share of the business:

The share of the business in established products versus value-added products. In FY '25, value-added products recorded a strong growth of 15% compared to the previous year, while our established product line grew 7%.

Notably, the contribution of value-added contribution for total sales increased to 27%, up from 26% in FY '24, reflecting our continued focus on the innovation and high-margins offering. Again, when I am talking about the value-added products, I mentioned in my last call also that this value-added products is going to be 35% in the next further 2 years' time because growth is higher.

Now share of the India and overseas business is almost 2/3<sup>rd</sup>, 1/3<sup>rd</sup>. In terms of the percentage, I can say India business, 66%, overseas business is 34% as against last year, 67%-33%, almost same. But EBITDA margin in Indian business is around 14.6%, overseas 14.2%. But because of the taxation effect where the overseas taxation rates, overall rate is less, therefore, the PAT margin, India is 6.8%, overseas is 7.7%.

Net cash from operating activity stood around INR 344 crores. In whole of the year, as committed, efforts of the company for reduction of debt will continue. So this year, debt is reduced by INR 98 crores and net of the cash reduced by INR 122 crores. Total CAPEX, always I have mentioned it will be less than INR 200 crores.

Now in 2025 is INR 195 crores, which includes INR 81 crores towards the regular maintenance CAPEX, reengineering, automation for established products and INR 115 crores towards the value-added products, mainly for IBC and composite products and IBC products in overseas, and India both put together, composite products in India only.

Now certain highlights that I will share with you, it was already given in the earnings presentation, but I am thought I should repeat it again. Some of the dividend, the Board of Directors has recommended dividend INR 2.50 per share, which is 250% as against INR 2 last year.

Now focus on ROCE:

I recall my call when we had said last 3 years, ROCE targeted for this year was 18%, which company has achieved 18.1% because 3 years back, we have said 14%, 16% 18%, 20%. 4 years back, we have said. So year-on-year, we are fulfilling our commitment and achieving the targeted ROCE. ROCE, which is for '26, targeting 20%.

Then sale on the noncore assets, efforts are continuing. At 2 years back, it was INR 125 crores, which is now reduced to INR 51 crores. We will do our best effort basis to dispose of these assets in the current financial year, which is noncore assets and company in the present future not estimating any use of these assets. This is included some of the non-small projects, which is R&D have been done by the company, some the land matters, which is not required for the expansion.

Now I am giving my brief about the QIP, which in the last year, it was there:

The Board and the shareholders have all given approvals, appointed merchant bankers also for arranging of the QIP INR 1,000 crores, and this is valid till November 2025. But till date, nothing has been raised. Approvals are in hand. As per the need base, it will be done in the period ahead.

Now I am pleased to share with you, cost reduction measures which is done by the company for the cost reduction and administrative benefit. Like one of the subsidiary company, we had an NED Energy Limited and Power Build Batteries Private Limited, a step-down subsidiary, which is now merged because both the companies were in same sector energy storage devices.

So there is a kind consolidations of the team: administrative team, marketing that will give the savings. And the business is going to be growth faster there, because the expansion plan, which I will cover in my other further year, 2 major product, which was undertaken for the development, which is now almost 90% work has been completed, and one battery is already launched and one battery about to launch in the current financial year only.

Another development, looking to the next expansion of the company and the future green industry, Type-III hydrogen cylinder for drone applications, already company got approvals and company has some quantity made it and given to some drone manufacturers for the internal trial.

Then another recognition, Type-IV composite cylinders for hydrogen cylinder already we have approval, which we will launch in the next year after completion of the greenfield expansion of the CNG, which is undergoing and which we are expecting to start in this financial year.

In the second half, a commercial will take place because we recall that the project was to be started now Q1, but it is a little delayed because of the approvals and some international disturbance. So finally, trials have been taken.

We are expecting to do the shipment of the consignment, and the production should start in the Q3 of this year. So next 6 months is available of the expansion for the composite products. And



this incoming expansion will take care of the hydrogen cylinders development and the commercial applications also next year.

In addition to that, the expansion will take care of the onboard application to the automotive sector for the CNG cylinders, because the company currently, we have a 60 liters and 156 liter CNG cylinder, but another 250 and 350 size is also on the way for getting the approval, which will further cost effectively, and the large volume can carry while transporting the gas.

Then consolidation of the products and manufacturing unit, that process is continue for the cost reduction and increase in the margins, and we offer product at a competitive price in the market.

Green energy conversion of electricity unit consumed to the solar power, that is also going to continue. As we have mentioned, almost around yearly 18 crores units we do consumption in India, and our focus is government policy allowed at all the states, then we will be able to save around INR 25 crores to INR 30 crores on account of using the solar connected power, buying from the outside parties instead of using the government power.

But currently, now I can say that till now, almost 4-5 crores units we have signed the agreement, for which benefit we are expected in the second half of this year, because every company to whom we signed the contract, they take 6 months is the moratorium time to commercialization and supply of the power from the solar projects.

Now as I mentioned about the benefit of the merging of the company, NED Energies, Power Build, now launch of the E-Rickshaw batteries, which is developed by Power Build Batteries Private Limited is already done. Commercial sale is starting from the Q2 of this year.

Now another thing which we have already updated to site on the NSE and BSE, because company has to new sustainability through these government regulations, the company has formed a Time Ecotech Private Limited, which is 100% subsidiary of Time Technoplast Limited, because we consume almost around 2 lakh tonnes of the polymer, India and overseas put together, which includes around 150,000 tonnes material in India.

So we will be required to use some material with the reprocessed, refurbished material to control the quality, and we should get the required quality material. So company management has decided to go on a captive consumption plant, which has taken the initiative. And Phase 1, it is decided to put up the plant in the Western region of India, where the large consumption is there. And slowly in the next 3, 4 years' time, this plant will be set up across the East, West, North, South, with the investment of INR 120 crores in the next 3 to 4 years' time.

As in India also, we do manufacturing of the steel drum in one of our joint venture company and the Time Technoplast. Similarly, because the steel drum requirement in the Middle East is there, so we thought we should capture the business to market because when customers need steel drum, plastic drum, it's a one-stop shop for them.

So company management has decided to put up the steel drum plant in the Middle East region to cater the Middle East customers to whom already company is catering the polymer drums. And just when I am on the steel drum and plastic drum, I am glad to tell you in the last 35 years, you go back to 40 years back, everything was under steel drum. But in more than 60% market have been converted from steel to plastic, but it took 35 years. Some of the products there still the steel drum required, because plastic drum they cannot use. So that is going to be continue almost 15% of the total requirement continue steel drum.

Now I would like to open the floor to answer specific questions. If anything I have left in my...

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

**Jatin Damania:** Good evening, sir. Thank you for the opportunity. First of all, congratulations on the great set of numbers and putting your words into action by achieving the guidance. Sir, I wanted to understand that in FY '25, the majority of our growth was driven by the CNG Cascade business. Now with the Type-III hydrogen approval is in place, Type-IV, which will come into commercial operation in second half of FY '26, what type of growth one can assume in the Cascade business and the value-added products for '26 and '27?

**Bharat Vageria:** Just I will tell you this way. As far as I think this year, composite products which LPG, CNG both put together is around INR 625 crores, right?

**Jatin Damania:** Yes.

**Bharat Vageria:** In '25. Yes. Now, especially I mentioned in my discussion that we are estimating composite product growth of 30% as against the other products business, 10% to 12%, because the base is very small for composite product is concerned. And in my call also I have mentioned, current, which is 27% of my total revenue is composite product, which I am expecting 35% in the next 3 years' time, because even though company is growing at a CAGR of 15%.

So if you ask me in terms of the value, if you ask me 3 years down the line, the composite business 3 years down the line can be INR 1,500 crores, which includes LPG, CNG and hydrogen put together. Hydrogen, we are ahead in all the terms. We have the approvals for drone applications. We have approvals for the normal applications in automotive sectors. But this product what we have done, Jatin bhai, I will tell you and clarify.

When my CNG expansion is coming up, where we are investing INR 125 crores, which almost INR 80- 85 crores have been done, equipment is going to arrive in this current financial year and the separate plant will be ready.

In the second half, we will launch the commercial production of the CNG from my expansion capacity. I just recall our talk, and I am clarifying that my existing capacity of CNG is 480 cascades; in terms of the cylinder is 30,000 cylinders, which is going to be increased by 36,000

cylinders; in terms of the cascade, 600 cascades. So the total will be 1,080 cascades, where the revenue op can be generated around INR 800 crores as against current revenue of INR 350 crores, so there's enough potential.

And on the same equipments, we are importing certain additional equipment for the small way commercialization of the hydrogen cylinder. So that we will start our marketing in the Year '26, '27, because it is too early to say. We have a very high-level discussion with some of the hydrogen gas distribution company, who are in existing also and the big company like Adani and Reliance, they are all coming in the hydrogen plant.

You just have seen it 1 month back, I think, 1 or 45 days back, Reliance has announced they are investing INR 65,000 crores, and they are putting up 500 plants in Telangana. So they are also working out and they are also planning in a very big way investment.

So I think hydrogen cylinder, yes, it is again because of the capacity is higher, this compressing pressure is very around 170 bar pressure. They can take more rolling kilometers can use when the hydrogen cylinder is there. But yes, as a first mover advantage, we are keeping ourselves ready. But for that, another expansion will be required, that we will see after 1, 2 years or 3 years. But currently, as far as CNG itself is concerned, as per the current policy of the government, which is announced in 2020, 8,100 stations they have allotted.

Again, compressed biogas requirement is there, then mobile refilling unit market. So almost INR 28,000 crore composite products market is already there. So we will first try to achieve, and we are ourselves keeping targeting the 5 years down the line, we are estimating business of INR 2,500 crores from the composite products because 30% growth we are achieving.

**Jatin Damania:**

Thank you for the detailed answer. Secondly, in terms of the costing, now we have already achieved the respective ROCE and probably we are targeting for 20% for FY '26. One thing you alluded in your opening remarks that near about 74 million units or 7.4 crores of the unit you will be tying up for the solar. So this savings of INR 25 crores, INR 30 crores is after the transformation of 75% of the electric consumption or it is pertaining to the 7.4 crores units only?

**Bharat Vageria:**

I cannot take this in account of ROCE, which is not yet materialized. My requirement is 18 crore units. Currently, government policy only has come in the 5 states where I can buy solar power. That is, for example, Karnataka, Tamil Nadu, Maharashtra, Gujarat and Uttarakhand, other states that too our team is studying.

I have considered benefit in the second half of the year only on 4.5 crore units, maybe INR 8 crores to INR 10 crores. But that is a very small thing when we are talking PAT of INR 350 crores or INR 400 crores. That can be the bonus for that.

I can't account for that, which is not in my hand. But yes, we have heard all the government, most of the governments are coming out with a similar policy. And therefore, I am considering what benefit occurs if the solar policy is applicable all the state, and every statement will provide



this opportunity for reduction in the power cost. So that may come in 1- or 2-years' time. But as far as concerned, on account of the power, I have taken a benefit of hardly, I can say, INR 8 crores to INR 10 crores.

**Jatin Damania:** Sure, sir. And what are the other cost benefits available for us in this year?

**Bharat Vageria:** Other benefits mean additional benefit, for example, you have seen my EBITDA margin whole of the year is 14.5%, okay? I mentioned already accounted that 20 to 30 basis point improvement will be there on account of the composition of the changes in the product, composite product where the margins are high, growth is 30% like that. And this is going to be continued till we achieve our target of 15.5% in the 3 years' time.

**Jatin Damania:** Sure, sir.

**Bharat Vageria:** And other thing I mentioned, when the actual picture will come next year, because we are focusing automation and consolidation process, which will give a saving in the labor. I need some capital investment, but based on the trial and experience basis, we are doing small investment in automation. If one item succeed, then we take the second item. Second item succeed; we take the third item. But that is a regular process, and that is going to be continue to make our product competitive and offer additional advantage to the customer to get the more business.

**Jatin Damania:** Sure, sir. And sir, in terms of the Time Ecotech, you indicated that you will be spending about INR 120 crores over a period of next 2, 3 years.

**Bharat Vageria:** 3 to 4 years.

**Jatin Damania:** Yes, 3 to 4 years and probably we are setting up one more subsidiary in Middle East, for the steel drum manufacturing. So can you help us understanding the Middle East market, how big the Middle East market in terms of steel drum and what sorts of capacity we will be putting it and the CAPEX that we will be doing there?

**Bharat Vageria:** I tell you, this everything is accounted considering my growth of 15% year-on-year, right? You asked me as far as India is concerned, number one, that Time Ecotech Private Limited. Now that is the statutory requirement. I have to do it. That will give me the benefit also, by the way I will have to make some collection centers at the different region. I will buy the polymer drums, because these guidelines of the government is applicable to the packaging company. And the packaging company, again, there is a certain exemption given to the manufacturer.

If I am supplying my product for the food packaging, if I am doing the export and I am supplying my pharma those are exempted. The packaging product where I am supplying to the other uses, I require to use 30% the reprocessed material, means I have to make an arrangement for buying from the EPR registered company, which I have certain contracts already I have done, I am

doing it. But I thought to get the better quality, because I will not able to get the required quantity from the market.

And we would like to go our own captive consumption and would like to put our automatic line where less manpower. I will definitely whatever investment we are doing in this equipment in terms of the saving, I will save my raw material cost. So I will not have any additional cost on account of putting this investment.

And at the same time, we will be able to maintain our margin, we will able to comply the regulations with the government. And it is our moral duties also because we are the largest producer of polymer drums in India. So we will have to do it.

And most of the customers are also pressurizing us. So that will give benefit by way of getting more business from the reputed multinational customers, because many multinational customers ask, sir, are you complying government guidelines for the reusability of your materials? We told them, yes, we are doing it, and we are going to put our own plant, because small manufacturer is not able to match this requirement, which is international and multinational customers need that.

Now second, you asked me about the steel drum. And another, there is no problem as far as the investment part is concerned. We have adequate internal accruals available, which will take care of the small investment of INR 25 crores or INR 30 crores in a year, for as far as India. You know that we have kept the non-disposable assets of INR 51 crores.

If I sell that this year, I will do the invaluable usable assets of that. In addition to that, you asked me about the steel drum plant in the Middle East. Yes, there, we are doing investment in the range of around INR 30 crores. But one thing I am telling you, the steel drum and polymer drum is a difference. In the steel drum business, if I invest INR 1, we get the 5x revenue. In polymer drums and polymer business, we invest INR , we get the 2.5x revenue.

Yes, EBITDA margin is less in the steel drum business, but the gaining is high. As far as ROCE is concerned, we will not compromise on the ROCE, because currently in the Middle East, one government company, the largest government company, I will not name it, largest company in government steel drum manufacturing is there. The same company is having plants in the Middle East. And the Middle East, many of our existing customers, who need the steel drums. So we don't want to allow our customers to go on the other shop for the other requirements. Therefore, we thought we are there, and current our business in Middle East is concerned, in overseas revenue, which I mentioned to you, 34% revenue from overseas. Now in terms of the overall revenue of the company is around INR 5,500 crores, we get almost 30% revenue from my Middle East region.

**Jatin Damania:**

Alright.

**Bharat Vageria:**

Almost around INR 550 crores revenue we get from the overseas Middle East market.



**Jatin Damania:** And sir, last question, now since we are doing this, we have a couple of approvals, CNG cascades' part CAPEX is left. So in FY '25, we did a CAPEX of INR 195 crores and our gross debt stood at near about INR 646 crores. So what will be the CAPEX that we will be spending in FY '26? And any guidance on the reduction of the debt further in FY '26?

**Bharat Vageria:** In fact, internally target based on my all projects considered, there will be the maintenance CAPEX for the automation reengineering continue, and that covers around INR 80 crores to INR 85 crores. That is already covered. INR 122 crores is inclusive brownfield expansion, new products, CNG, LPG development product, all covered in that. I am not revising my guidelines of up to INR 200 crores of the CAPEX. That will continue at least till I am achieving the growth of 15%, and I have to achieve the composite product growth of 30% for at least next 3 years.

**Jatin Damania:** And sir, on the debt?

**Bharat Vageria:** On the debt, as we continue, as I mentioned to you, 2 years' time the line, I have kept to become a company debt-free. I mentioned in my last call also, and that effort will still continue. And that will not compromise the growth of the company.

And the payout ratio, considering the payout ratio to maintain the 15%, which this year also we have maintained and increased the dividend. Last year, PAT was around INR 310 crores, dividend was INR 2. This year, the dividend increased to INR 2.50. So to maintain the dividend, payout will continue. Even in the period. PAT will increase further on account of the any windfall profit, then we will increase the dividend part also.

**Jatin Damania:** Sure sir. Thank you sir. That's all from my side, and all the best.

**Moderator:** Thank you. Next question is from the line of Manish Ostwal from Nirmal Bang Securities Private Limited. Please go ahead.

**Manish Ostwal:** Thank you for the opportunity, sir. First question on the IOC order update sir. We were anticipating in the 4th quarter, this order is about to come. So can you update what is the reason of delay and when we anticipate the order to come?

**Bharat Vageria:** Manish ji, it is like this, in government organization always March-April there are a lot of transfer of people, and new people thinks differently. This is process delay and order is expected, but it is taking time because in every PSU, in March, April, May, people get transferred and the new person that comes in thinks differently.

The new Chairman has taken over. He is studying the overall markets. Our meetings are going to be continued, because there was a development started, which is 14.2 kg cylinder, which is equivalent to a steel cylinder. So, after the person settles after 2 months, it will come back. But at the same time, another government company also we are in touch. The India 3 gas distribution companies are there: IOCL, BPCL, HPCL, so remaining 2 also discussions have started already.



- Manish Ostwal:** Okay, sir second, last year also we had a Board resolution for capital raise, and this time also. So any equity capital raise plan, can you update us in terms of time line for that?
- Bharat Vageria:** No. Just now I told you few moments ago, that we have board approval, shareholders' approval everything is there, but the money is not ready, because market situation, we are waiting.
- Second thing is we have approval valid till November 2025 already. So at present we don't have any immediate plan nor do we have any meeting in place for this. We are waiting that a bigger expansion, bigger volume, any capital expansion, any acquisition than we can raise immediately. But as on today, till now, nothing is there. Regarding debt, in the next 20 days I can raise and be debt free. But the management decision is a prudent decision, because when you are getting the cost of the fund at 9%, so when ROCE we have to give at 20%, so by raising equity we cannot give.
- Manish Ostwal:** Yes, sir. And secondly, your comments, you said debt-free over 2 years, your INR 200 crores of CAPEX annual, so yearly we are generating operating cash flow of INR 400 crores. So basically...
- Bharat Vageria:** For INR 600 crores we become debt free in 2 years' time, including CAPEX also. Cash flow permits it, there is no worry in that regard. If we hold INR 200 crores of CAPEX, hold tax, it will be net cash flow positive only. Incremental 15% working capital also if you put, then also debt free you will be in 2 years.
- Manish Ostwal:** And this 35%...
- Bharat Vageria:** '25-'26 and '26-'27. By March '27 you ask what happened.
- Manish Ostwal:** Okay, sir. And lastly sir, this value-added mix of 35%, that will be achieved by F '27, right sir?
- Bharat Vageria:** See today it is 27%, 15% overall the company will grow. Composite product will grow by 30%. For 35% target, it will reach between '27-'28.
- Manish Ostwal:** Okay, sir. Thank you.
- Moderator:** Thank you. Next question is from the line of Vikas Kasturi from Focus Capital. Please go ahead.
- Vikas Kasturi:** Good evening, sir. First of all, a very big congratulations to the entire management of Time Technoplast. You have really done wonders in the last few years, sir, and heartfelt congratulations to you.
- Sir, I had 3 questions. The first question is could you please elaborate the receivables days for value-added products versus established, because we see a trend of the receivable days going down and the share of value-added products going up. So could you please elaborate on that?
- The second thing is, sir, what is this noncore asset which is up for sale?

And the third thing is, sir, any plans of setting up a division or a strategic business unit within Time Technoplast to focus on composite and fast-growing products like hydrogen, CNG, oxygen, et cetera, sir? So these are my questions.

**Bharat Vageria:** Okay. I think your first question, receivables remarks, overall consolidated receivables in the range of around 69 days, okay? Hello?

**Vikas Kasturi:** Yes sir. Yes, sir.

**Bharat Vageria:** 69 days is a composition of both. But specifically, you asked me around the CNG composite products. Normally, because this product, what the period needed, because when these products leave our place, it takes 15 days' time, arrival of the customer place, then they accept it. Normally, we give 45 to 60 days' time as far as composite product credit period are concerned, because most of the all reputed companies, government companies who pay over time. So we take in our credit terms around 60 days' time as far as composite product is concerned.

As far as packaging products is concerned, we have to follow the industry norms, which is the Government company, Balmer Lawrie and there are so many other companies are there, 75 days. So combinedly, I can say the 70-day period we take in our receivable times.

And when we are talking about 69 days, you know very well our business whole in the second and third quarter, we used to get 55% revenue. So exactly this average comes at the whole of the year. But if I will take separately for December and January to March revenue, then it will come down to 65 days. Because it's a normal trend, always we do in the first half, 45% business and 55% in the second half. Again, if I divide in the quarterly, then I do 22% business in the first quarter, around 24% business in 2nd Quarter, standard trend. This particular year has changed a little, because the prices have gone down in the second half in the value terms.

Otherwise, normal 44% in the first half, 22%, 24%. Another in Q3, Q4, it's a total we get around 56%, which is 26% and 30%. So that is our normal trend. But again, yes, you are right. If you ask me in other words, I can say this is less receivables period in terms of the composite products.

And the return period is higher in the other products, which inclusive of the PE pipe business, where I have to give credit more, where the supplier takes time, because it's a bigger pipe, takes time in the transit period also. And it is from this debtor working out from the date of the invoice when customer count from the receipt of the acceptance of the material. And within the industry norms only as far as the receivables are concerned.

Second point, you have asked about?

**Vikas Kasturi:** Noncore assets, sir.

**Bharat Vageria:** Noncore assets. I mentioned 2 years back, I recall, I think, end of the October, November '23, I decided we have met the assessment list, INR 125 crores. What are the items, yes.

**Vikas Kasturi:** Yes, sir.

**Bharat Vageria:** Inclusive of some land parcel, which we have bought for my expansion plan. But looking to the current scenario, we got the new allotment, some other areas, change in the management plan. So they have been identified for sale. So currently, which is in terms of the INR 52 crores, which is lying, I can tell you around INR 20 crores value on account of the land and building, which is identified for sale.

And another plant and small, small project, because we have an R&D team, who do the development of the product. But when the final call comes, we do not want to go ahead with a small project, because as a policy, we took the decision, any single product where my revenue is less than INR 40 crores, company management is not going to continue. That we will give to the other people, who would like to grow for smaller businesses and smaller growth.

Another assets also we have policy decision, one factory, we should have a minimum revenue of INR 40 crores. If any factory where revenue is less than INR 40 crores, we will dispose that and we will consolidate with our nearby locations.

So these are the small assets, which are a small project, which, for example, another DWC line, we have in PE pipe business, which is called plain pipe, DWC pipe - Double Wall Corrugated pipes. So as a management policy, because of the price realization, people are not maintaining the quality in the standard, because we are the quality cautious as far as product is concerned.

In each of the products, we maintain our quality standard. So we observed, so we have taken the DWC pipe business, and put up the line for 9,000 tonnes capacity all over India. The 3 lines were there.

Already, I have exited one line 12 months back. Now another 2 lines available, we don't want to go in business, and we have put up this words. Our discussion is on, which we are going to materialize in the current financial year. We are ourselves keeping the target to maximize and sell off these noncore assets.

**Vikas Kasturi:** And third question was about setting up...

**Bharat Vageria:** Third one. What you said, third one?

**Vikas Kasturi:** Sir, setting up a strategic business unit for fast-growing products like CNG, LPG, hydrogen oxygen.

**Bharat Vageria:** Yes, you are right. I mentioned to you in the last year as my expansion is coming out, one separate unit nearby Vapi area, which is ongoing construction, I am going to get possession of land and building by July in hand, because already construction is ongoing. If you any time you would like to visit my Daman and Silvassa area, you will able to see that unit. And that expansion is coming.

So this specific unit nearby Vapi will have an entire composite, CNG and hydrogen product. LPG will not merge there, because of the space limitation. I have adequate space available for my LPG, which is currently ongoing. If I change that location, then I need so many approvals and its time-taking process, and we can't afford that. So for CNG and hydrogen and oxygen, we will continue with the new premises which is going to be ready in the next 4, 5 months' time.

If you ask me the separate company, not now. We can talk about 3 years down the line when the sizable business of more than INR 2,500 crores business, we will have as against current business of INR 500 crores, we can think the separate company. Otherwise, one way, we are consolidating our companies in operations. Another opening of the INR 500 crores for a separate company, it is not advisable on the financial decision also.

**Vikas Kasturi:** Wish you all the best, sir. Thank you very much.

**Moderator:** Thank you. Next question is from the line of Prakash Kapadia from Spark PMS. Please go ahead.

**Prakash Kapadia:** Yes. A couple of questions from my end. On the e-battery business for the rickshaws, you said you should start at, I think, the 2nd Quarter onwards. So this year, what sales are we expecting? And is this an OEM-driven business or a government tendering business, which we participate in?

**Bharat Vageria:** I just recall. As far as e-rickshaw is concerned, we have developed it. We are going to give in the secondary market, not an existing OEM, because OEM requirement is very big. The small base trial projects have been taken. As far as currently is concerned, we are estimating business of only INR 30 crores with my existing and the minimum investment, minimum R&D development, which we are already invested, not investing.

It's a small investment of INR 4 crores, INR 5 crores, we have developed this e-rickshaw batteries, and it's a low maintenance batteries. It is not a lithium-ion battery, I am clarifying you, because if you go lithium-ion batteries, it takes INR 7 lakhs, INR 8 lakhs. I am talking e-rickshaw batteries where the prices are in the range of INR 9,000 to INR 10,000 per battery.

And I recall my discussion, I have mentioned in my last call also, the total currently e-rickshaw in the market is 15 lakhs. For e-rickshaw, if I consider the 4 batteries, 1 rickshaw, the battery market itself is INR 6,000 crores. And every year, 4 lakhs e-rickshaws are new selling in the market.

So another of around INR 1,000 crores business is there. So the total market is very big. But yes, there are some existing players, but we have very clear, we have done some internal trial and testing by having our own rickshaw and our super quality batteries, where we can command a premium, but we are offering to at the same price. And in the first year, yes, if expansion required, we will do next year, because life of the battery is considered 1.5 to 2 years only.

And another thing I am glad to tell you, 4 batteries in a day can run 150 kilometers, that trial internally we have taken as against other manufacturers' battery can take 120 kilometers in a day. So they are getting 20% better performance.

**Prakash Kapadia:** Understood. And on the composite cylinder, you mentioned discussions are still on. So I think last call, you had alluded the design was approved. And once the design approves, we will get some sense on order book execution and accordingly we will plan our CAPEX.

So any sense of this coming through because that clearly, I think, is linked to the fundraise event also. So how do we get a sense of composite cylinder approval or CAPEX or because everything seems unsure as of now.

**Bharat Vageria:** Yes, yes. My colleague, Mr. Raghupathy is here. I think he is regularly having touch with the gas distribution company team, and why there is a change, a little delay is there, he will explain to you overall where we stand on that.

**R. Thyagarajan:** The initial introduction of the LPG composite cylinders with the OMCs has been with regard to a specific size called as the 10 kg size. And that exercise has been done by introducing close to about 2.5 million to 3 million cylinders. And that's a process which is still continuing in smaller quantities, et cetera. Those supplies we continue to make.

There is an additional order that is expected on the same size, which is currently stuck up at the higher levels as Bharat was mentioning to you. There has been some change of heads, et cetera, as a result of which the traditional approach are also taking some time. But at the same time, before the new management took office, there has been discussions right from the ministry level, and including all the 3 OMCs with regard to the introduction of 14.2 kg.

So that also needs definitely a nod from the senior levels also. So that's an additional project which is going to go, and that number will definitely far outstrip the current supply level of 10 kg. So these are all a part of the composite cylinder market for LPG cylinders per se, which is definitely going to go up in the coming years.

**Prakash Kapadia:** And is it fair to say, by second half, we should get visibility and CAPEX should start for that particular project?

**Bharat Vageria:** Yes, yes, surely. Another thing I mentioned, we are under development with the nearby countries also. We are not depending only in India business. We have submitted our sample in Saudi, Oman, Kuwait. Our process is on with getting the approval from that country also for the different sizes as per the requirement of that country. And we have already started our continuous supplying in the Taiwan country, where already we got the approvals and our business is continuing.

**Prakash Kapadia:** Okay. And assuming this approval comes, it should be about a 6-month process to get the CAPEX and everything.





- Bharat Vageria:** I have mentioned last call also, once we get the approval, 10 kg will continue, which is present cylinder; 14.2 kg will take 4 to 6 months' time in development, we are ready. Design approval is there. That is not in question at all. What was my point, the design which we are developing, that should be acceptable to all the government 3 gas distribution company, because we don't want to develop the design for each and every company, HPCL, BPCL, all differently.
- That's the internal discussion, they will take it, because it's all the 3 are the government-owned companies, right? We will inform you when the big CAPEX will be required, you know very well. When the QIP will come, you can understand very well. If there is any development at the time of the QIP only will be done.
- Prakash Kapadia:** Right, right. And lastly, sir, post the approval from PESO, when can monetization be expected from the defense side? I know it's a long process. It's a good product we have developed. So where are we in that stage? Meaning, typically, what sense are you getting? Is it 1 year from now? Is it earlier, later?
- Bharat Vageria:** For which oxygen or what?
- Prakash Kapadia:** The hydrogen for the drone applications, the PESO which has approved the product.
- Bharat Vageria:** Okay. I think...
- R. Thyagarajan:** The defense application that you mentioned is with regard to drone aspect. Is that right that you are relating to?
- Prakash Kapadia:** Yes, yes.
- R. Thyagarajan:** Yes, the initial small test modules have already been supplied. They are currently being supplied to DRDO. They are under testing right now for some aerospace requirements, et cetera. They will take their time about 4 to 5 months, I think, for validating the whole concept. And then subsequently, they should be in a position to really take over.
- There are some preliminary trials that have also been taken with regard to the use of these cylinders for hydrogen, for drone applications as well parallelly. And that requires a parallel arrangement of the cells that are required, the fuel cells also that currently is not available here in India. We have imported some of them to take the proof of concept. So that exercise is also going on. By the second of this year, we will have some ideas as to where is this development headed for. But there are definitely good potential for some of these emerging technologies that are there.
- Prakash Kapadia:** Understood. Thank you.
- Bharat Vageria:** Thank you, Prakash.



**Moderator:** Thank you. We are taking the last question from the line of Shivam Dave from Prodigy Investment. Please go ahead.

**Shivam Dave:** I wanted some color on what was volume growth in CNG and LPG cascade this quarter?

**Bharat Vageria:** No, this current quarter?

**Shivam Dave:** Yes, for Q4.

**Bharat Vageria:** Q4. Q4 as far as concerned, Q4 where is composite products, CNG? You did the business of INR 165 crores, no? Yes, the total business is INR 165 crores composite products.

**Shivam Dave:** Okay. And I had another question. What is the pricing differential for a normal LPG cascade that is --

**Bharat Vageria:** Okay. No, no, no. I am telling you the cascade for LPG, we are not manufacturing. We are manufacturing cascade with CNG cylinder only. And if you want comparison, that we have given in our presentation part also it is available, we have mentioned.

**R. Thyagarajan:** No, they will give you a rough idea as such. A typical type 1 or a steel cylinder cascade for CNG would be in the region of about INR 20 lakhs or so, which is about 4,500 water liter capacity.

**Bharat Vageria:** Yes.

**R. Thyagarajan:** And it actually sits on a typical, let's say, 18 to 20 feet truck. On the same truck, we are able to accommodate a cascade of about 9,500 water liter capacity, which will cost them close to about INR 80 lakhs to INR 100 lakhs.

**Bharat Vageria:** INR 80 lakhs to INR 100 lakhs.

**R. Thyagarajan:** So because of the fact that they are double in terms of the volume that they can carry, there's a very quick payback and that's..,

**Bharat Vageria:** Payback period is less than 12 months, Shivam.

**Shivam Dave:** Okay. So the payback is somewhere around that...

**Bharat Vageria:** Yes, yes, less than 12 months, yes.

**Shivam Dave:** Okay. That's it from my side. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question of the day. I now hand the conference over to management for closing remarks.



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**Bharat Vageria:** Yes. Thank you very much to listening us very carefully. And thank you very much for you all having your patience and attending our conference call. Thank you once again, Abhijeet.

**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.