Management Discussion

Abhijeet Mukesh Purohit - Analyst, Kaviraj Securities Private Limited
Thank you. Good evening, ladies and gentlemen. Kaviraj Securities welcomes you all for Q1 FY '27 earnings conference call of Time Technoplast Limited. We have with us the management team, which is represented by Mr. Bharat Kumar Vageria, Managing Director; Mr. Naveen Jain, Whole Time Director, Technical; Mr. Vishal Anil Jain, Non-Executive Director; Mr. Sandip Modi , Senior VP, Corporate Planning and Accounts; Mr. Hemant Soni, Legal and Corporate Affairs; Mr. Bhaumin Shah, Manager Investor Relations.

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

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah. G ood afternoon, my esteemed investors, respected members of the Board, valued stakeholders. And thank you, Mr. Abhijit, for the gracious introduction. It is privilege to address you today as present our financial and operational performance for Q1 FY 2027 and share our outlook for the remainder of FY '27 full year.

Update on the current geopolitical situation, as we all are aware that global market continue to navigate the geopolitical uncertainties during Q1 FY '27, which started in -- on 28 February. Then last quarter March month was there, particularly development in the West Asia and ongoing Russia-Ukraine conflict, which is continuing since last three, four years, which contributed to volatility in energy and the raw material markets, which is the main inputs to the -- our 75% product, which is called as a polymer products. The polymer prices witnessed significant movement during the quarter, and our predominantly B2B business model established pricing mechanism enable us to effectively manage input cost fluctuation and maintain operational stability.

Because of B2B business, we are able to pass on price increases to our customer with a time gap of 20 to 25 days. At the same time, India focus on strengthening energy security, expanding gap -- gas infrastructure and accelerating the adoption of the cleaner energy solution continues to create significant opportunity across our portfolio. We remain encouraged by the growing momentum in composite-based applications supported by the approvals received for Type III and Type IV hydrogen cylinders, ongoing development of higher capacity solutions for hydrogen applications and progress towards the commercialization of 14.2 kg composite LPG cylinders.

The recent LPG HPCL- Swiggy Instamart pilot further validated an advantage of our lightweight composite cylinders for the modern LPG distribution and the last-mile delivery application. Supported by the -- sorry, supported by these structural growth drivers, our composite products business continued to deliver strong performance and remain one of the key pillars of our long-term growth strategy.

Our composite products segment emerges as a key growth driver during the quarter, delivering a growth of about 29%, except -- precisely, it is 29.3%, making a significant contribution to overall business performance, supported by sustained demand across our broader composite portfolio. Most importantly, our profit after tax registered a growth of 22.2%, underscoring our continued focus on the operational excellence, capacity optimization, cost efficiency, prudent financial management. Our disciplined approach towards the controlling finance cost and the improving operational leverage continue to strengthen profitability and the shareholders' value creation.

We remain highly optimistic about the opportunities ahead, particularly in the composite product

segment, but the demand momentum continued to be encouraging. This is reflected in our robust order book of approximately INR185 crores. In parallel, our value-added product portfolio including LPG, composite products continue to witness healthy market acceptance and sustained growth. Our Industrial Packaging division has also maintained a steady and consistent performance across the market. Further, reinforcing our growth visibility, we are pleased to announce confirmed packaging orders of approximately INR400 crores for the current calendar year, spanning both domestic and international markets.

Two, achievement reaffirm strengthen of our diversified business portfolio, scalability of our operations, and strategic direction we have pursued over years. As industries globally transition towards the cleaner, safer, and more sustainable energy and packaging solution, we believe our company is exceptionally well positioned to capitalize on this structural growth opportunity. Looking to -- ahead to FY '27 and beyond, we remain committed to accelerate sustaining growth, enhancing opportunity efficiencies, expanding our innovation lead product portfolio, and delivering long-term value for for all our stakeholders.

With this, let us move to the detailed review of our financial and operational highlights for the first quarter of the year. I invite you all join us as take through the key performance insight and strategic development shaping our future growth journey. The key figures are, during the Q1, net sales INR1,694 crores as against INR1,354 crores last year, same period. EBITDA INR225 crores as against INR196 crore. PAT, after tax, is INR116 crores as against INR95 crores. The volume increased by 11%, which contribute India 10%, overseas 14%.

Net sales increased by 25%, India 30%, overseas 17%. While on this figure, I just clarify you, my overseas business in the sales, revenue for the January, February, and March, because overseas follow the calendar year. So January, March overseas business, and India business April, May, and June. Therefore, you have seen the volume difference, and volume difference of the overseas and net sale difference is only 3%, but India, which is 20%, because volume growth is 10%, revenue growth is 30%.

And that gap is going to be continue because overseas follow the calendar year and India follow the financial year, which is beginning from April. EBITDA increased by 15%, PAT increased by 22%. The higher EBITDA growth relative to volume growth demonstrates the company's ability to improve profitability through effective pricing, product mix, operational efficiency, rather than relying solely on the volume expansion. I'm also pleased to share our overseas subsidiaries have delivered robust performance in Q1 FY '27 despite ongoing global uncertainty.

And I'm given the -- I have received the commitment from my international team, it is, growth will be going to continue in the period ahead also. Share of the business establishment product versus value-added product is 25.4%. And it is going to be continued. Share of the Indian overseas business is 65% versus 35%. 65% India, 35% overseas. And overseas, 35% is also de-risked in the various countries. 10 countries we have a presence. EBITDA margin in India and overseas almost about 13%. So India is 13.4%, overseas is 13.1%.

PAT margin overseas is higher because of the tax provision in India is higher and less tax provision required in the overseas. So PAT margin in India is 6.5%, overseas is 7.6%. Net cash from operating activity is INR155 crores in this quarter. Debt, net of debt, is -- was reduced by -- debt reduced by INR90 crore this quarter. Total capex incurred during Q1, INR75 crores, which includes INR28 crores to the regular maintenance capex, capacity expansion, reengineering, and automation for stabilised product, and INR47 crores to the value-added product, IBC and composite cylinders.

I would like to draw your attention, couple of interesting development which has seen. Most of the things I have given in my earning presentation, which is loaded on the BSE and NSE site also, on the company site. But very quickly I will go through that. The -- despite the global war situation, FY '26 performance target continued to remain strong momentum in Q1 '27, and that is to be continued. The company remains well positioned to sustain growth momentum and not changing any guidelines for the target, because growth guidelines, volume growth I'm talking, revenue growth depending on the prices of the input, which we don't know when the war will be over and the prices will be stabilized.

But yet, volume growth as committed will be above 15%. Whereas the non-core assets, I mentioned in my -- that -- document also, but again due to consolidation of the product, due to consolidation of the assets, the revised non-core assets is INR134 crores, diposal with realization commence from Q1 , and this quarter INR9 crores have been realized. Balance will -- efforts will continue for realization assets by sale of that particular item. Focus on the improving ROCE, that's continued focus will be there to increase 1.75% every year, and in the three years' time it will reach to 24%, which March 26 was 19%.

Acquisition update. I had given in my presentation, but yes, one small acquisition where the investment was only INR25 crores completed, equity have been acquired. And now that company which operates in Dhulia, especially for PE pipe products, is already -- all plants have been made, all clearance have been observed. A nd from Q2, commercial production will start from that location. Another acquisition which was announced was Ebullient Packaging . Again, I have put up my all financial figures reference to this company in this Board meeting.

But again, Board told me, let's -- war should stabilize, prices should stabilize, then only we'll come to know exactly the volume growth of that company which is acquired. Because revenue growth may be 25% to 30% on account of the prices increase. So when we will come to know the sustainable EBITDA, only the war situation and the prices stabilize, because company presence do the business -- presently do the business 60% export and 40% local business. And their export is also affected in nearby countries, mainly in the Middle East countries where they have export.

For the other countries, they are continuing. So I have to follow my Board guidelines, which again we will see after settlement of the war and normalize of the businesses, subject to that the -- that opposite company also should accept our terms. Otherwise, we will again put in the next Board meeting and we'll take whether this fund, which is lying in the general corporate purpose, may be used for the other purpose in the company and other better opportunity if available.

And considering the product and manufacturing units is continue as a part of this year, I am just once again clarify you, the year '25-'26 and '26-'27 is the year of consolidation of the products, unit and do the capacity requirement after considering the automation. So therefore, these two years' expenses, capital expenses, is high, which includes the money received under the QIPB [Phonetic] plus already projected finance finalized prior to the QIP. So this year, '26-'27 and '25-'26, capex will be in the range of around INR250 crores. But later on, subsequent to 2037 [Phonetic], capex would be the normal capex, which will be in the range of INR200 crores to INR250 crores to capture the 15% growth for at least next three to four years.

And so when I talk about the capex requirement, at the same time, we should see the capacity utilization at present company in India is around 80%, and overseas it's 85%. And when management planning to achieve growth over 15%, so definitely brownfield and greenfield expansion will be required. Therefore, which we are considering the capex higher in this period. Green energy conversasion [Phonetic] of electricity, that is continue as we have mentioned, that's --

energy storage system in India where the solar power is available.

We are trying our best wherever in the state we operate, and if this facility is available, we are capturing that. As per the present estimation, the agreement signed, we were able to save around INR12 crores this year on account of the energy solar power which the agreement have been signed. And this next year, definitely certain new states where this policy is coming and it will be increased further.

Because as per our current estimation, if wherever our company operates, states and all solar -- that states clear the green power by way of solar, then we can save more than INR35 crores. But we have doubt whether certain states will follow these guidelines or not because the surplus power, government power itself is available, so will not allow to the solar power. But that we will update quarter- on- quarter, which are the states coming up for the solar energy. So then every time the best judgment can be taken.

Products update. Like hydrogen Type III, Type IV, fire extinguisher, air receiver tank, batteries for power sectors t hen -- is already developed, another product development higher capacity of 250 liters and 350 liters cylinder for CNG cascade operations, hydrogen operations that will make our product more competitive. And as we get the approval, we will be update to the market. We expect in the next 90 days some of the approvals will be in hand so that we can reduce and our product will be more cost advantage compared to other available products, in spite of additional benefits available for composite products, lighter weight and long shelf life.

Update on the LPG cylinders. Yes, we have updated time to time, and once again, because some of the new investors, you are not aware about how the requirement of the LPG cylinder in India, I just would like to update. In current positions also, around the 32.6 crore active connections are here in India, because most of the 70% backward rural sector is still -- people are using the LPG cylinders. And further, 50 crore cylinders are in circulation. And it currently -- this government is offering 5 kg, 10 kg cylinders, and for commercial applications, the bigger size like 15 kg, 26 kg. And as you have seen recent development which has happened, especially which we have updated also, recent, company received the order for 140,000 cylinders from HPCL.

Further, immediately HPCL has tied up with the Swiggy Instamart for the delivery -- immediate delivery. And we all are aware that e-commerce delivery day by day is increasing. Nobody has a time to go to the collection centers and give the cylinders and get back. But if you are getting within 10 minutes, 15 minutes, instant delivery, which will increase the business of the LPG cylinder. So it's a good development as far as LPG cylinder, and this development will going to be continued by the other oil gas distribution companies also, like Indian Oil, then BPCL. All companies going to be have that following the other suppliers of the gas.

Then some of the specific products like CNG, higher capacity, 250 liters, 350 liters , I mentioned to you, going to get the approval. That will reduce the cost of the product and it will be more saving products for the end user. Then further, as far as fire extinguisher, yes, very good market. Companies first focusing on the oil marketing company, refinery company, where the 800,000 units are required. Product is ready now and it is now commercial under discussion, and you will hear the good volume of the business in the second half of this year.

Then composite air receiver tank, again it's the OEM business, which every air receiver tank used in the electrical vehicle, all type of the buses and the trucks need the air receiver tank. So company has developed in-house air receiver tank which is cost competitive compared to currently available MS tank -- receiver tank. So it will give the lightweight advantage to all the OEMs who are the bus

manufacturers and the truck manufacturers. And for your information, I want to update, every trucks or buses need three to four tanks in one vehicle, whether it is electric, whether diesel or petrol. So very large requirement in that sector, and that company has developed in-house by using existing composite technology available.

Then we have a subsidiary company, Power Build, already four products in the previous year which is developed; e-rickshaw batteries, power sector batteries, and another data center area batteries, which is very large market. Initially, our agreement had been tied up with the Monbat company in Europe, who is the battery manufacturer of the data center batteries. And we all are aware that how the business data center is increasing in India because there is a major business expansion where the battery -- energy storage equipment will be required there. So it's a good opportunity in that energy storage space. And that company is currently doing its business in the range of INR125 crores, but projecting over 30% growth year- on- year for at least next three years. And where will be the -- EBITDA substantial expansion will be there, which currently 12% and targeting to reach 15% in the next two years' time.

Then project related. Y es, we have given in our running presentation, but just highlight. As I mentioned to you, the year '25-'26 and '26-'27 is the year of the consolidation of units in the product. Therefore, in the year of this '25-'26, company completed fully automatic plant that near Morai for the composite product, and which again some of the investors are having and then can tell to their friends also who are the investor or they would like to visit the plant, the company is organizing visiting to the plants in the western area, especially this Morai plant, which is the automatic plant, fully automatic plant, and all the most of the equipment imported only.

Plant is commensurate the production and that is able to see. And plant schedule on 21 and 22 August, which is called Friday and Saturday, if I.. .

Unidentified Speaker
Yes.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah. Friday and Saturday. So any interested investor stroke -- their friends would like to visit the plant, they can register their name. So travel and logistic arrangement will be carried out. So Morai plant completed a nother -- that green recycling, greenfield recycling plant completed. That's also wholly- owned subsidiary of Time Techno . The name of the company is Time Ecotech Private Limited. That also will be under unit visit during the visit of 21st and 22nd schedule.

Then another place called Brownfield Automation [Phonetic] IBC Facility, fully automatic plant in Silvassa. Phase 1 completed, Phase 2 is under implementation. So Phase 1 where we will see the automation by using the robotic technology. And similar automation will be carried out at other locations also in India and overseas. Then further, we have done the Gummidipoondi, near Chennai. The pipe production facilities separately have been installed and operational already so that existing spare space can be utilized in expansion of the brownfield for the packaging product because market demand is good as per as southern regions are there.

Then we have completed in overseas also Georgia, in the USA, and the good demand is there. And I'm glad to tell you U.S. capacity license is above 90%. Company is currently operating in the five states and further 6 states are under implementation. Before end of the year, that plant will be finalized because company is looking after on the build-to-suit premises on the ready basis. So that will give the more opportunity for increase our presence in USA. Then further, as I mentioned to you,

'26-'27 is again year of consolidation unit and the product.

Therefore, very aggressive plans have been taken. Therefore, the capex I mentioned to you will be in the range of INR350 crores. And thereafter, the capex will be in the range of INR200 crores to INR250 crores, which includes maintenance capex of INR100 crores, considering the size of the business and to capture the 15% growth. So project of 2027 includes in Gujarat, Sanand, where company has already submitted plot, plans is under approval. Another in Odisha, again, as the government allotted land and the plans have been submitted for the buildings, as rains will be over, construction activity will be started.

Chiplun, Maharashtra, looking after the infra development and the chemical zone is in Chiplun, Maharashtra. Packaging products and PE products will be there. The North and Southern region expansion of the Ecotech recycling as the commitment given for the QIP funds which will be invested further. And it's similar to Western region plant which already -- my investor will be able to see during their visit. Then Saudi Arabia plant is there, building almost will be completed in the next month's time. Then depending on the war situation, the machinery will be commissioned. And demand is already there and and some of the consolidation of the existing unit in Saudi. Further expansion will be carried out with 100% ownership of the Time Technoplast .

Growth drivers, segment wise, major segment, packaging, yes, we consider growth of 11% to 13% in this year, whole year, and that is going to be continued. Composite products growth estimation over 25% to 30%. Focus is completely there, which has a higher margins also, then only the ROCE and EBITDA margin will be improved.

PE pipe, yes, considering more than 22% to 25% growth. Most of the business PE pipe carried out almost, I can say, in the first half, 40%, 35% to 40% business in the first half always, and 60% to 65% business second half, considering the government guidelines, government project. And the last quarter always in the PE pipe business is very high because otherwise if nobody -- if the EPC contractor don't complete the project, government levy the delay charges from them and delay project charges. Other products, 10% to 12%.

All combined put together, considering growth of over 15%. When I am highlighting on the volume growth, at the same time I am very sure investor would like to understand the volume growth will be 50% and what will be the EBITDA and PAT growth. I am very clear -- considering the automation, considering the power cost saving, considering manpower cost reduction on account of the automation, I am very clear when the growth -- volume growth will be 15%, then definitely EBITDA growth will be 19% to 20%, and PAT growth will be 23% to 24%, considering the debt repayment already carried out. And the company -- considering the operational cash flow from the operating activity and the commitment provided already towards the debt obligation, and further, already, company has considered a capex plan of the INR350 crores this year.

So absolute EBITDA, as I mentioned to you, relating to volume growth. So percentage, for the time being, till the war situation improves, don't see the percentage of the EBITDA because prices are uncertain. And EBITDA growth drivers, very clear, increase in efficiency, consolidation of products and units, manpower cost saving, power cost saving, finance cost saving, and realization of non-core assets which is already identified as the consolidation of the products and unit is going to be. Parallelly, disposable action will also be taken.

Now I know that I have taken too much time of you, so remaining time I would like to open for the question- and- answer for the specific, which I have not covered and which is not covered in my earning presentation, which is quite detailed, submitted to the BSE and NSE and available on the site

also. One, my request, considering your time short, if any my investor have asked one question, others should listen properly. They should not repeat the same question. Right. Thanking you.

Questions & Answers

Operator
Thank you very much. We will now begin the question- and- answer session. [Operator Instructions]. The first question is from the line of Kumar Saurabh from Scientific Investing. Please go ahead.

Kumar Saurabh - Analyst, Scientific Investing
Hello, sir. Am I audible?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah. J ust a minute. Let me reduce the voice. Yes.

Kumar Saurabh - Analyst, Scientific Investing
Yeah, sir. Sir, my question is on the working capital days. In last two years, it looks like our working capital days has deteriorated and cash flow growth is also has been stagnant. So will it change? That is one. And second, once we are done with this high capex cycle, I think the kind of growth we are having, we should be doing INR600 crore, INR700 crore of cash flows. So how do you plan to utilize? Because we have done excellent demonstration, sir, and congratulations on good set of numbers. We are almost getting debt-free and we will be generating more cash. So do we have some inorganic growth strategy in plan in next two, three years once we start piling up cash? These are my questions, sir.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah, Saurabh, I think you have a good question, but we are little conservative. First question is right, the washing facility, but the statutory requirement for the green energy we have to use especially the packaging product. Now in India, packaging product is -- if you -- total packaging product is almost 75%, but packaging product which we divided in two parts, India and overseas, and India we have a 50%. So I consider in my overall revenue around 35% is the packaging business, and out of that packaging business we have to use 30% recycle material.

And that also government has given certain exemption. The product which have already exported, no, you are required to compliance, and product which is going into food and pharma companies also not require. So I consider a washing line, that is again, even I need to pay cash buying material from the secondary market to my agent to arrange the inputs for me because I don't buy that material on the credit basis. So I have to pay them cash immediately by money transfer in their account. Then my agent will get the material, that material will come to my recycling plant is a statutory requirement, but I don't think that will disturb or anyway working every cycle time.

I am coming out -- very important thing, my working capital cycle time, prior to war situation, y ou see the December 2025, my working capital cycle time reached 200 days, which was disturbed at the time of the COVID period, and we had kept our target to reach the working capital cycle time of of 90 days. How 90 days we consider? Very clear. 70 days is on account of the receivables, 65 days is on account of the inventories. That is called 135 days. 45 days is on account of the creditors we minus. Then the balance 90 days is our working capital cycle time.

We ourselves just kept the target. I n the last quarter of March 26, i t is disturbed because of the raw material prices increased by INR40, almost 25% to 30% suddenly in March because of the West Asia war. So that therefore working capital cycle time increased to 115 days, which now you see already in this quarter where some prices have stabilized. Okay? S o I think reached to 100 and...

Unidentified Speaker
100 -- 110 days.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
110 days.

Unidentified Speaker
Reducing.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Reducing. So, again, you will see in the next quarter it will further reduce. We are targeting ourselves. At the end of the year it should reach to...

Unidentified Speaker
It should...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
...around 100 days, come back to the original which was in December. But yes, you asked me the three years down the line or two years down the line, definitely my target is 90 days n ow. You are right. Y ou are asking, when company has a cash from the surplus fund, what to do? Very clear. When anybody is giving me the fund, once my -- I've made the repayment of the debt, what to use this money?

You know very well, most of the company -- and I have always followed my guidelines of the valued investor. We have certain large mutual funds are there. We will take the guidelines of the board and our valued investor and we'll do the investment, yes, if any opportunity arise where I can increase my more ROCE, where the good value of the business we are getting it, then definitely the organic and inorganic growth both are open for us. But yes, if a company surplus fund -- that is, funds are for the investor funds and funds of the promoters for their share of the holdings only.

Yes. B ecause we can also see the export, the possibility, as time required, to buy back the shares of the company at the right time. So that will also give the enhanced value to the -- my valued investor. But yes, we have to follow the certain guidelines of the SEBI in stock exchange. What is the timeline when we can do the buyback? So definitely '27 onwards, definitely we can consider this as fact. Further, company focus to increase the return, whatever profit earnings, PAT earnings are there, certain payout ratio also will increase.

So I also invest in the opportunity to see the other options available. At the same time, I am telling you, we have discussed yesterday in Board meetings also, and further going to discuss in the upcoming Board meeting, because we have come across so many other things also where that products fitted in the company's guidelines, because promoter were experience in this line, polymer products, polymer buying nationally, internationally, across the 10 countries experience. So what other opportunity where company can get good value of the return of the money?

And that also possibility will be explored in the period ahead. So, yes, as you are worried, we are also worried. Once when company don't have a fund, people have a problem. When the company

has more funds, then also the problem multiply, because you have a funds, you have to invest it and give the return. So, definitely, we will take the majority advice from our investor and the Board and do the best interest of the both. You got my answer?

Kumar Saurabh - Analyst, Scientific Investing
Yes. T hanks for the detailed answer, sir, and thanks for the great execution. Wish you all the best. And I would love to be part of the plant visit. I will reach out to the IR team, sir. Thank you. Thank you, sir. I'll get back...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Thank you.

Kumar Saurabh - Analyst, Scientific Investing
...in queue.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Thank you, Saurabh. Yeah.

Operator
Thank you. The next question is from the line of Karan from Guardian Capital Partners. Please go ahead.

Karan Galaiya - Analyst, Guardian Capital Partners
Hi. T hanks for the opportunity. Sir, last quarter you had indicated that the polymer price increase pass-through would happen over the coming months. So I want to understand how much of that has been passed on to the customers and if you're still a meaningful amount left to be passed on?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
No. I'm just very clear to tell you what is our pricing system, because most of the -- I can say 70% to 75% customers -- that, for example, I'm telling you, April, May, and June month, there was an increase, no downward was there. Only the downward started from July only. And July also , this local manufacturers' prices change either Monday or Thursday. Why they do Monday? Because Friday they used to receive the ICIS report, that is the intelligence commodity reports, and on Wednesday they used to receive the press r eport. These are the two reports which these polymer manufacturers follow.

So certain time they see the market conditions, see their input cost and they do their changing. But we don't change our weekly pricing. We do our pricing with our customer once in a month, and most of the customers have chosen the date between 8th to 12th of next month. So, whatever prices changes taken place in the -- for example, in the month of July will be effective in the month of August. August changes means between 8th August to 12th August. Up to 1th August to 8th August, business will continue as per the old pricing only. Whatever pricing changes will come between 8th to 12th, most of the customers finalize prices based on the July prices and the business will be confirmed. Because every person need every day.

Packaging is a basic product for most of my customer. And one thing I'm telling you, packaging is hardly 6% to 7% of their cost. So that is not their main cost. That is one of the packaging cost for their product. So, with the time lag of -- if you sum up the three months, there will not be find any difference in the pricing. And whatever prices increase, major price increase was taken in the month

of March and April, which everything has been passed pass on, nothing is there. And that is, I am talking relating to packaging product, which is 75% of total revenue and 75% business also in the two parts. Around 37% business is India and 37% business is in overseas manufacturing location.

And for packaging business, policy is same whether in India and overseas because, customer profile is also same. Because my many customers, more than 50 customers who are international customers, they are buying in India as well as buying in other countries. So we follow the same practice. And other manufacturers internationally also follow the same practice of the monthly pricing. Because when your input cost itself is 70%, which is linked to the polymer prices, nobody can afford increased prices. Similar policy, customer ask because we have experience and is available that when the prices were down, we similarly pass on.

For example, in the month of July, prices are down by three times, INR10, INR9, and INR4. INR23, polymer prices were down. But at the same time, you and we all know very well, again war started. Once they have agreed for a signing of the MOU, MOU signed, but again it is reversed back. Then again it started increasing and almost INR6 further increased. So INR10 plus INR9 plus INR4, INR23, INR6 increase, so net INR17 will be passed on in the current month to them.

And similar, I am getting this price decrease from my local manufacturers also. And when we do the buying from the overseas also, we are keeping in the mind what is the exchange rate, what is the current rate scenario. We always keep the contingency of 2% to 3% in our pricing system. S o that will not affect our EBITDA margin in terms of the absolute figure. Now on this 25% other products, there we carry the inventory. I mentioned in the my last call also The critical product, high-value product, where EBITDA margin is in the range of 18%, like, in composite product, we carry the inventory for the six months because you -- we all are aware that Russia-Ukraine war has created uncertainty.

But at the same time, because most of the composite product I am servicing the government and semi-government companies and big corporates where I have to give the timely delivery, so I carry the inventory orders for the more than six months, so I can give them service on time. And these orders also on the fixed pricing system also, so I cannot get the increase or decrease, but I carry the inventory. Based on that, we do the costing. And most of the composite products, my input cost is also fixed for the 12 months, so I am getting my input cost accordingly. So there is no affected will be the EBITDA margin. Right?

Karan Galaiya - Analyst, Guardian Capital Partners
Understood. Yeah. T hanks a lot for the detailed answer.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah.

Karan Galaiya - Analyst, Guardian Capital Partners
Sir, my second question is on PE pipes. You continue...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah.

Karan Galaiya - Analyst, Guardian Capital Partners
...to maintain a healthy growth outlook, yet the Q1 volumes were relatively subdued. So was this a timing issue related to a project execution, or should we expect the growth to be tilted towards the

second half of FY '23?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
No. S till, I agree with you, because, I am happy to tell you, just today morning also I reviewed the business considering the how the rains are coming in the each part of the regions of India. And I am pleased to tell you, I did -- I have received my -- from PE department infra division, t he good demand is there in the month of now August and September. Almost I will able to use my 75% of my capacity in these two months. So yes. S o, as far as first quarter, yes, the demand was slow, little. And not only the -- because of the -- there was no any other reason except the price increases substantially, which government has not given a price increase to the EPC contractor.

And EPC contractor wanted product, but we have not supplied wherever we could get the business with the price increase, because we also don't -- when our product input cost itself is 70% and EBITDA margin in the range of 10% to 12% and the price increase by 30%, w ho has told us, and in which school we studied that we should absorb the loss and supply to the fulfillment of the commitment? That's very clear. We should get the price increase, we are willing to supply, we have a capacity.

So first quarter business is affected, but second quarter, as only one month, last month, is only completed, and remaining two months I am quite hopeful we'll be able to achieve our target. And the overall growth, more than 20% in a year, which is projected, we are going to get it. Orders are in hand, confirmed orders are in hand, but price, yes, and we accept the prices are going to be regionalized reasonable in the period ahead, considering the -- or two things, government also has to compromise and will be required to give the market conditions, required to give them an increase to the EPC contractor, because very thin margin EPC contractor also work.

If government need infrastructure development, government need the -- some foreigners should come to India, then infra activity has to to be increased. Cost is immaterial. You have seen that now the chips India has a shortage which is affecting the electronic business. Now government is supporting, government is giving the benefits to the each of the industry and they are expanding each of the state for the chips industry which is basic requirement in the electronic segment. Otherwise entire industry will be affected.

So government definitely will support to the APC contractor. And currently, even price come to the reasonable, but certain states or certain area where the rains are ongoing, they cannot do the -- lay out the pipe in that line. And pipe is -- pipes are used for the various segments, for water management, sewage management, drainage, and power line all. But yes, if you ask me, I have seen the trend also. In the first half, normally 35% business And the balance are 65% business as far as PE pipes are concerned. And that's -- based on that we are working out.

Karan Galaiya - Analyst, Guardian Capital Partners
Understood. Thanks a lot for that explanation. That was it from my side. All the best.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Thank you.

Operator
Thank you. [Operator Instructions]. The next question comes from the line of Aaryan from Aequitas Investments . Please go ahead.

Aaryan Vadaria - Analyst, Aequitas Investments
Hi, sir. Congratulations for the good...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Hi, Aaryan.

Aaryan Vadaria - Analyst, Aequitas Investments
...set of numbers.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Thank you. Yeah.

Aaryan Vadaria - Analyst, Aequitas Investments
Just wanted to understand that because of the increase in crude prices, we saw our gross margins fall a bit. So, for our company, what would be the ideal level of crude where our margins will be the highest?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
I tell you, if I -- you see the absolute EBITDA per ton. Okay? D on't see the percentage terms. As I mentioned to you, 15% volume growth, 19% EBITDA growth, and the 23% to 24% PAT growth. Now, I have seen in my life of 40 years the polymer prices changes, whether it's a downward or upward. First time, it was happened in 2008-'09, Lehman Brothers crisis, when the prices were $1,300 per ton, but the dollar rate was INR50. Today dollar is INR100, around INR96, INR97. Then the prices again in the four months came back to the $1,000 level.

Similarly, thing I have seen in the COVID period when the prices reached to $700, then again come -- after that in '22, '23 come back to $1,000 to $1,200. And the same is continuing since last three to four years. Reasonable level of the polymer next three years feasible considering the capacity expansion by the large companies in India, by the petrochemical products, and considering the expansion plan nearby countries, mainly in the Middle East. And in addition to that, the USA expansion and Korea expansion for the local manufacturers.

And I also used to read many reports, polymer markets reports, India and international both. So reasonable polymer prices in terms of the polymer is considered $1,100 to $1,300. $900 is also not correct. People will not make the money. Similarly, if you ask me the oil prices, reasonable price is $70, between $70 to $80 is a reasonable price per barrel for that, and that will able to sustain the polymer prices $1,100 to $1,250. Because I understand from many petrochemical companies, cost of the producing oil per barrel is $55.

So they also make certain money. Then only, again, certain company who buy the oil, crack the oil, and make the polymer. Certain companies buy the ethylene, from ethylene they make the polyethylene products. Polyethylene products means the polymer products. Certain company buy the polypropylene. So every company do not put their own petrochemical complex because petrochemical complex very cost high. Then you should have a complete, very big size of the lands and investment is also very large.

So many company buy directly from ethylene and make the polymer. So I give you answer, the reasonable price of the oil is between $70 to $80, not $100. I have seen $125 long back, in the COVID period, but again, if the polymer prices, lowest I have seen $600 in my life and maximum $1,800. But does not mean that today, for example, when the oil price is $60 and polymer price is

$1,000, and when the oil reach to $120, then polymer will reach to $2,000, I have not seen at all. It's not proportionately increased.

It's again demand-supply gap availability each country. So as I mentioned to you, reasonable oil prices $70 to $80 and the polymer prices ranging from -- $1,100 to $1,250 is a reasonable price where all people are happy. Packaging cost will be reasonable cost, and we will be able to maintain our margin EBITDA in the range of 14% to 15.5%. That would be...

Aaryan Vadaria - Analyst, Aequitas Investments
Understood, sir.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
...figure.

Aaryan Vadaria - Analyst, Aequitas Investments
Unders tood. Yeah. Thank you very much.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah.

Aaryan Vadaria - Analyst, Aequitas Investments
All the best.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah.

Operator
Thank you. The next question is from the line of Rohit Suresh from Samatva Investments. Please go ahead.

Rohit Suresh - Analyst, Samatva Investments
Good evening, sir. Thank you for the opportunity. So I had a couple of questions. First, on the LPG cylinders, how much for FY '26 will be domestic and how much will be exports?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Normally, you will find domestic and export will be almost 50-50.

Rohit Suresh - Analyst, Samatva Investments
Okay.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Okay?

Rohit Suresh - Analyst, Samatva Investments
And...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Last year I had -- you are asking me for '26. FY '26, that data have been provided at time. Currently, I don't have that figure.

Rohit Suresh - Analyst, Samatva Investments
Okay.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
But normally we consider -- because my capacity is currently 1.4 million cylinder, considering the different sizes of the LPG cylinder, we do different sizes, means 5 kg, 10 kg, 15 kg, 26 kg. We can -- maximum can produce 12.5 lakh cylinders in a year.

Rohit Suresh - Analyst, Samatva Investments
Understood.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
But this year, yes, in the Q1 figure is already given to you, and it is depending how much export order, because it is in our hand. We have something in our hand. If the export order are there, party want, we can delay it also if local requirement is more, because we have to see in which month they should arrive it.

We can take the direct vessel, we can take some indirect vessel and give the servicing to the customer. But normal, when we take the order, we considered almost 50% to 60% to first the local -- Make in India to support the local industry, local OEM market, and balance 40% we used to do the export.

Rohit Suresh - Analyst, Samatva Investments
Understood. Sir, and within the 50% domestic market, how much will be PSU versus non-PSU?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
It is entirely PSU.

Rohit Suresh - Analyst, Samatva Investments
Entirely PSU.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
All companies are PSU only cu rrently. No, we are not supplying to non-PSU. Long back, we have supplied to some of the conventional petroleum company, some we have given to the Reliance, that's all. They are reusing back and completing that. Otherwise, no, everything is PSU only.

Rohit Suresh - Analyst, Samatva Investments
Understood. Thank you so much, sir. All the very best. Thank you.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah. T hank you.

Operator
Thank you. The next question is from the line of Devam from ARDEKO Asset Management . Please go ahead.

Devam Modi - Analyst, ARDEKO Asset Management
Yeah. H ello sir. Sir, wanted to confirm the level of debt, the cost of debt, and the exact working capital at the end of Q1. What would be the one-off working capital level in the numbers right now? And finally, given the INR342 crores of unutilized QIP proceeds, our other income should be much

higher than what it is, even if it be computed around 5.5% to 6%. So what is the reason for the difference over there?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Let me see that. You ask some relating to figure questions, but I am very -- roughly, I know my cost of the fund,

Devam Modi - Analyst, ARDEKO Asset Management
Okay. Cost of the fund is 8.5%.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
8.5% is cost of the fund is there. And another...

Devam Modi - Analyst, ARDEKO Asset Management
Okay.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
...you have asked me about INR340 crore FD is there. Yes, FD is given there because I have required to give -- put the money -- the FD money...

Unidentified Speaker
Unutilized.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
...which -- unutilized money...

Unidentified Speaker
Yeah.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
...because the QIP portion is kept under debt. And I am getting the interest income over there, and the interest income have been netted.

Unidentified Speaker
Netted. Yeah.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Netted. So that will not come under the other income because the interest earned on the FD is already considered in by the net interest income. So my -- this company other income is hardly other income. Other income, how much other income is there? Value on account of the rent or something which you receive...

Unidentified Speaker
Yeah.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
... that will be how much other income is in the Q1.

Unidentified Speaker
INR1 crore -- INR2 crores to INR3 crores.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
INR2 crores to -- let me see that how much other income is there.

Unidentified Speaker
Okay, sir. INR1 crore.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
INR1 crore other income in the first quarter, which is mainly on account of the rental income, because certain premises which company is owing and given on the rentals, including the molded machinery given on the rent total which were not utilized by the company. And in the whole...

Devam Modi - Analyst, ARDEKO Asset Management
Sir, but then if you can...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
...also we'll see.

Devam Modi - Analyst, ARDEKO Asset Management
Sir, that is...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
If our...

Devam Modi - Analyst, ARDEKO Asset Management
That is under your...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Last year was the INR9 crore, right? Volume of the year was INR9 crore.

Devam Modi - Analyst, ARDEKO Asset Management
Sir, so on that, just the understanding that what you mentioned, that actually if we just reverse work the debt, that is around INR546 crores based on the ratios given in the quarterly update. So, if it is...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah.

Devam Modi - Analyst, ARDEKO Asset Management
...INR546 crores of debt and the cost is 8.5%...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yes.

Devam Modi - Analyst, ARDEKO Asset Management
...then after netting of QIP proceeds, let's say 6% or 5.5% sort of quarterly number INR16...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah.

Devam Modi - Analyst, ARDEKO Asset Management
...crores finance cost does not tally up. So is there something that

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Sir, I'm just telling you...

Devam Modi - Analyst, ARDEKO Asset Management
From just interest, what are the other components of finance? Because you can just...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
No. I think I will explain you this.

Unidentified Speaker
Okay. But no...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
I'm explaining you. The major cost which is coming, even I have mentioned in my last call also, even company pay off entire debt, no any outstanding is there on account of debt, and company has no any cost of the funds. Even though, there is a certain non-fund-based facilities which is called...

Devam Modi - Analyst, ARDEKO Asset Management
Correct.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
...the bank guarantees, import cost, documentation cost, export documentation cost, which is going to be continued because I have to continue have a sanction of the banks.

Normally, the bank went -- sanctioned the facility. For example, I need a INR1,000 crore facility on account of the bank guarantees, on account of the documentation, LC facilities like that, t hen that every bank charge some kind of the 0.5% to 0.75%. It is called the...

Devam Modi - Analyst, ARDEKO Asset Management
Correct.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
...renewal fee need to be paid. Okay? S o I mentioned that. And company -- most of the composite product we servicing to the government companies and semi-government companies and multinational companies, even in some of the packaging product also, which is company has a working on the tender with system, need to provide the guarantee, bank guarantee.

So utilizing the guarantee limit in the range of INR400 crores to INR500 crores need to be given. And if the 5% value of the guarantee, or 10% in certain cases, which is to be for two years or three years, performance guarantees to be given. So INR30 crores to INR35 crores facility on account of the non-fund-based cost is going to be continue, number one. Number two, we have a debt-free as a company as overall, but if I will see the country-wise differently, certain countries I have facilities available, I am continuing. Certain countries have cash flows available, so they use their surplus cash for buying on the terms of cash basis and sell on the material.

I can't transfer the inter-country fund available on every fortnight or every month like that. So the running cost, INR35 crores to INR40 crores, on account of the non-fund-based facility cost plus the renewal cost of the facilities will continue in the range of INR35 crores to INR40 crores as against INR100 crores which were there, the cost of the finance cost two years back, last year, '24- '25...

Devam Modi - Analyst, ARDEKO Asset Management
Sir, so...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
...and '25-'26.

Devam Modi - Analyst, ARDEKO Asset Management
That...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
INR35 crores.

Devam Modi - Analyst, ARDEKO Asset Management
Sir, so that part and trend is very much appreciated and that is also understood from the annual report. Just, sir...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
So I think if you need to be detailed working, I welcome you, you can come with and understand with my Chief Finance Officer about this entire transaction.

Devam Modi - Analyst, ARDEKO Asset Management
Correct.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
We have different strategies...

Devam Modi - Analyst, ARDEKO Asset Management
Sir, just what is the -- if -- just one part, if -- what is the one-off capital working capital level? Because I think this non-fund-based...

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
I...

Devam Modi - Analyst, ARDEKO Asset Management
...difference seems to have increased, so the one-off working capital level seems to have gone up. That should moderate in the next two quarters. Is that the right understanding?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
No. I could not get you, first thing, what you want. I have mentioned you about the working capital cycle of 115 days which was in March. Then which is reduced to 105 days, which is currently company is keeping...

Devam Modi - Analyst, ARDEKO Asset Management
Okay.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
...target of 90 days. Working capital cycle time...

Devam Modi - Analyst, ARDEKO Asset Management
Sure.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
How work out? Well, I explain to you. 70 days receivables, 65 days inventories, and 45 days creditors, and that's 90 days is the company target. Now the certain things working capital part is depending on the sales in the whole month take place.

You are very well aware that always you can't compare. And one another thing I would like to tell you, in first quarter company used to do 22% business, second quarter 24%, third quarter 26%, and the last quarter 28%. That's way 100% business whole projected carried out. In other words, the first half 45%, 44% to 45%, and up 55% to 54% in the sale takes place. Exact working, at currently I don't have available how much working capital, how much term loan, but yes, overall figure is available and from that the working can be possible.

Last quarter interest and this quarter interest multiplied by companies having fund cost of 8.75% in India, 6.5% overseas. And, and the borrowing internationally and India put together different, I can say, almost it's 70% to 30%, 70% borrowings in India and 30% borrowings are overseas. This is the way of the working. So exactly working, you want to understand, you are welcome and understand from my office. You can send the time and accordingly they will devote the time and you can understand exactly working...

Devam Modi - Analyst, ARDEKO Asset Management
Okay.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
...how the interest have been worked out for this quarter.

Devam Modi - Analyst, ARDEKO Asset Management
Okay. S ure. Thank you, sir.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah.

Devam Modi - Analyst, ARDEKO Asset Management
That's it.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
T hank you.

Operator
Thank you. L adies and gentlemen, d ue to time constraints, we will take as -- that as the last question.

I now hand the conference over to Mr. Bharat Kumar Vageria for closing comments.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Thank you very much. It means -- I am very happy that most of the valued investors has got required information in my detailed investor presentation. which is loaded on the site. Otherwise, I was thinking that with a lot of caution in the quarter one, considering the ongoing war and understand the company profile. Once again, I would like to thank for hearing the management comments on that.

Again, I am assuring, as far as there is no any change in the growth guidance, margin guidance, and

the PAT guidance for the next three years, because everything is online. All the commitments provided, we assure you, to fulfill and return to the investor which have been assured. And we are the -- fully compliant of all the guidance and the rules and regulations of the exchanges, whichever are required to fulfill that. Thank you very much once again.

Operator
[Operator Closing Remarks].