Management Discussion

Abhijeet Mukesh Purohit - Analyst, Kaviraj Securities Private Limited
Thank you. Good evening and festive greetings to everyone. Kaviraj Securities welcomes you all to Q2 and H1 FY27 earnings conference call of Time Technoplast Limited. We have with us the management team, which is represented by Mr. Bharatkumar Vageria, Managing Director, Mr. Ragupati Thyagarajan, Whole-Time Director Marketing, Mr. Vishal Jain, Non-Executive Director. Mr. Sandeep Modi, Senior VP Corporate Planning and Accounts. Mr. Hemanth Soni, VP Legal and Corporate Affairs. Mr. Bhawming Shah, Manager Investor Relations.

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

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Thank you very much, Abhijit. Now, first of all, I would like to convey the happy Dhanteras and Deepavali to all of you, and I hope that this new Samvat year should bring a lot of prosperity and growth for all of us. Now, in reference to address to you regarding the financial and operational performance for Q2, And first half of FY2027 and share our outlook remainder of the period of FY2027. As we all are aware that global markets continue to navigate geopolitical uncertainty during Q2 FY27. The ongoing conflict in West Asia alongside the prolonged Russia-Ukraine conflict continue to impact global energies and commodity market While supply flows have partially recovered, uncertainties surrounding shipping routes and the supply chain continue to influence the commodity prices and the freight costs.

Domestic polymer prices continue their upward trajectory, though August and September, driven by higher feedstock costs, domestic manufacturers' price revisions, and evolving global supply dynamics across the key PE and the PP grades. While this fluctuation influenced the industry cost structure, in our predominantly B2B business model, establishing pricing mechanisms enables us to pass on raw material cost variations to customers with a typical lag of 20 to 25 days, thereby mitigating input cost volatility and supporting operational stability.

India's focus on energy security, gas infrastructure expansion, and the cleaner energy adoption continue to create significant opportunity across our composite products portfolio. We are strengthening our presence in the hydrogen segment, backed by PESA approval for the design and the manufacturing of the 250-liter Type 4 composite hydrogen cylinder for public transportation. Further, we have secured an order worth INR2.5 crore from NTPC Limited for Type 4 composite hydrogen cylinder storage casket and fuel delivery system for its pioneering hydrogen-powered locomotive railway pilot project.

Additionally, we have secured a significant order worth INR83 crores from a well-established PSU for Type 4 composite CNG mobile storage casket for CNG and CGD network, reinforcing the growth- growing market acceptance for our composite solution. Our value-added products business remains a key pillar to our strategy, delivering segment growth of 29% in H1 FY27 and contributing meaningfully to overall performance. Profit after tax increased by 25% in the H1 FY27 reflecting our focus on the operational excellence, capacity optimization, cost efficiencies, and prudent financial management supporting sustainable profitability and shareholders' value creation.

Looking ahead, our composite product segment is backed by a robust order book of approximately INR200 crores, while value-added offering including IBC composite products continue to gain market acceptance Meanwhile, our industrial packaging division has maintained steady performance

with confirmed domestic and international order positions of rupees around 400 crores for the current calendar year. Their development highlights the strength of our diversified portfolio and scalable operations, positioning us to capitalize on rising global demand for the cleaner, safer, and the more sustainable energy and packaging solution.

As a part of our ongoing consolidation and automation initiative, I am pleased to share the board has approved a scheme of merger of our subsidiary, uh, TPL Plastech Limited with the Time Technoplast Limited, subject to requisite authority statutory compliances approvals. But this merger will be effective from 1st April 2026. This merger will give the benefit of managerial and technical resources, strengthens our competitiveness positions, reduce the cost, and unlock operational and financial synergies.

As we look ahead of FY27 and beyond, our focus remains on- sorry- driving sustainable growth, strengthening operational efficiency, expanding our innovation lead product portfolio creating long-term value for all stakeholders. With this, I would like to move to the detailed review of our financial and operational performance for the 2nd quarter and the first half, highlighting the key achievement and strategic development that will shape journey ahead. The key figures are during the Q2 FY27 on a consolidated basis The highlights compared with the corresponding previous year like this.

Net sales, it's almost INR1,996 crore, means INR2,000 crores as against INR1,512 crores. This is the highest revenue in a quarter of this company. EBITDA is INR265 crores. This is again the highest EBITDA in a quarter. In the history of the company, as against INR224 crore last year. PAT INR146 crore, as against INR115 crore last year. This is again the highest PAT in the history of the company in a quarter. So volume, in spite of whatever I have mentioned about the geopolitical uncertainty, the company has fulfilled the guidelines and volume growth achieved 14% in the first half, and I would like to give my guidance what we have given, that 15% volume growth in all of the year.

So we are on that line only because most of the first half we always achieve the 45% of our revenue. Net sale increased by 32%. The difference between the volume growth and value growth because of the polymer input prices which is transferred back to the customer because of the industrial product, and the company has a policy to transfer the input cost to the customer. PAT is increased by- EBITDA is increased by 18% and PAT is increased by 27%. So during the H1, on a consolidated basis, turnover is all INR3,690 crores as against INR2,866 crore.

EBITDA INR490 crore as against INR420 crore last year. Profit after tax is INR262 crore as against INR211 crore last year. Volume is increased by, in the 6 months, 13%. Net sale increased by 29%. EBITDA increased by 17% and PAT increased by 25%. The higher EBITDA growth relating to volume growth demonstrates the company's ability to improve the profitability through effective pricing, product mix, operational efficiency, rather than relying solely on the volume expansion. I am also pleased to share that our overseas subsidiaries have delivered robust performance in Q2 FY27 despite ongoing global uncertainty.

Share of the business, established product 29%, value-added product 29%, so total growth is 29%. Contribution to total sales, established product 71%, value-added product 29%. The share of the India and overseas business is almost same, 64% India business, 36% overseas business. The EBITDA margin, almost India and overseas same, because India 13.4%, overseas 13%. Rate margin, India 6.8%, overseas 7.8%, because of the taxability, tax rate differences in the various countries wherever our units or operations exist.

While on the subject, I would like to inform all my valued investors who have joined recently that

company has a presence in 11 countries including India. It has a presence in MENA region. It has a presence in MENA region. We have a presence in Sharjah, Bahrain, Saudi, and Egypt where we get 11% of our consolidated revenue. Second, we have a presence in Southeast Asia- Malaysia, Indonesia, Vietnam, Thailand, and Taiwan. Where we get 18% of our consolidated revenue. Then we have a presence in USA, 5 states we have a presence where we are getting the revenue of almost 9% of our total consolidated revenue.

And as we have received the guidance from my overseas locations by the in-charge that we are still committed to continue growth of between 13 to 15% for the volume growth, revenue growth depending on the prices. And I am pleased to tell you, capacity utilization in overseas location is almost 86%. So definitely company is at least next 3 years targeting how we can get an estimating that how we can get the volume growth of 15%. In the overseas locations and in India. Now the PAT margin, as I mentioned to you, India 6.8, overseas 7.8.

Net cash from operating activities INR344 crores. Debt net of the cash reduced by INR96 crores. Total debt is net of the cash is INR36 crore. Total CapEx incurred is INR174 crores in the first half. I recall my discussion and my telephonic conversation in the last conference call. Year 2026-25, '26 and 2026-27 is a year of capital expenditure because company would like to increase the margins. And for that, I again would like to update. Last year company did the QIP at the price of INR201.12. And which was mainly for repayment of the debt and do the automation, re-engineering to reduce the- and improve the efficiency, to use the high-quality machines and molds to increase the productivity, and in so that the margins can be improved, ROC can be improved.

And further, company is in process of consolidation of the products as well as units also. Therefore, it seems that CAPEX, capital expenditure, is INR375 crore. But at the same time, it is also guidelines is there that company has identified because of this consolidation and consolidation of product around INR134 crores for non-core assets, realization of which is under process. And every quarter company is reporting how much assets have been realized. So if you will see the net of that, then the- definitely if I will realize all my non-core assets, then the net CapEx will be around 250 crores only.

And after 2027 onwards, company will need only the maintenance CapEx and expenses for brownfield, which will be only up to 250 crores maximum. And that also required because the present capacity utilization of the assets currently in India is around 83%, overseas is 86%. And company, when would like to grow for more than 15%, then therefore it is need to do the brownfield and brownfield expansion and do the new product development for the products where the company operates. So I would now draw your attention in the small way, interesting development which is here have been seen.

Update on the global war scenario, everybody is aware, and I also updated in my speech. Sale of the non-core assets, already I have told that 140 crore identified is H1, 18 crore is done. The planned asset monetization is expected will improve the ROCE and EBITDA. Improvement in the ROCE is definitely- it is there near-term. Automation investment- company is targeting annual ROCE of increase by 1.5 to 2%, and that benefit will come on account of the automation, machineries, molds, re-engineering, working capital optimization, Reduction in working capital, various factors are involved.

Cost, energy cost saving, then acquisition updates. In last my investor conference, I had clarified, but once again I am clarifying that Cistovers Private Limited company has already completed acquisition, and I am pleased to tell you. The business at this new company units will be commenced

from the next month because everything now, power and everything, is online and the business have been planned by the company. Then, Nibulian Packaging, company decided not to proceed considering the ongoing war situation and the expectation and achievement of the performance not as per the expectation of the, our management team.

Therefore, it is now for time being, or I can say we will review again after 2 or 3 years depending on improvement of the situation. TPL Plastic, yes, board has approved amalgamation of company. It's a 75% owned by the Time Techno only since 2006, and that company operates in packaging business only, which is mainly drum, jerrycan, and IBC. In this business already Time Technoplast parent companies exist. So this amalgamation scheme will give the benefit of the administrative and financial and the technical capabilities.

Consolidation of the products and manufacturing units, as I mentioned to you, these processes will continue. Last year, company has successfully completed 6 manufacturing locations. These are all also around 6 to 7 locations have been taken under consideration, and every quarter we will provide the update about this. Startup of a new unit. While I'm talking, I'm pleased to tell you in one of our subsidiary company, TPL Plastic, have already started manufacturing the IBC containers, IBC in region, in the area of the Butch, where they were earlier manufacturing only the plastic drums and getting good response where the potential to get the business of 100 crores in the next 3 years' time.

Wind energy conversation date process is on end because company assigned some solar purchase power expected where this year expecting benefit of 11 crore but I am expecting next year this benefit will be double because this year some benefit is coming for six months some units so instead of 11 crore next year benefit in also around 22-25 crore on account of the power sector only. product update we are ready with the hydrogen type three, type four, fire exchanger, LSAVER tank and some of the energy storage devices, OPZ batteries, power sector So product can be more competitive and company have a good opportunity and can have additional manufacturing facilities for the composite cylinder of CNG.

Update on LPG cylinder. The company has manufactured LPG cylinder for over decade and 32.3 crore active LPG connections or 50 crore cylinder in circulation. It currently offering 5, 10, 15, 20 kg cylinders and other variants has supplied government gas distribution company since 2022. Following the success of 10 kg company, the company is developing 14.2 kg variant with the public gas distribution companies, which is this all gas cylinder are 50% lighter, easier to handle than the blast proof. Considering the current geopolitical uncertainties, shortage in supply on LPG network, this development of the 14.2 kg cylinder is little delayed.

We think later first situation should normalize because the product development involves some kind of capital cost which management has decided to hold for the at least three To improve the delivery systems in the market to the end user, every gas distribution company is finding the way how they can direct timely delivery giving to the customer end user so that volume can be increased. Company is good. Repeated orders are getting from HPCL and other gas distribution company because there is authority is with that company when they give the.

First year order, they have a full authority to repeat the quantity order as per the price given by the company. And we have not seen any kind of the increase in the prices, therefore company are accepting the repeated order quantity. Yeah, I think most other updates- my request, all my existing and valued investors who are looking to the company, we have given quite earning presentation very details which almost in 47 pages, each and every product quarterly, half yearly increase

volumes, each and everything have been provided, including what are the growth drivers for EBITDA which will give the contribution and improve the ROCE.

But finally I can say in first half of the year. So it is very easy to estimate what is company projections for whole of the year. The project update, already we have given that, but shortly I will take complete- completed project of the Morai, everything.

Unidentified Speaker - Unidentified Speaker, Time Technoplast Limited
Currently,

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah, I think project completed in just first half. Greenpeace for conical project, fully automatic plant completed in this first half of the current financial year. It is just, I can say, the 140 kilometers away from Mumbai. Another intermediate containers in Gujarat, the new product including the erection installations, marketing have been started within a period of I can say this is a milestone for the company that once the company have decided to put the project, then this project have been completed in the 2 months' time, including the commercial sale from that unit.

That is the technical capability of the company considering the 40-year experience in this line of the project. Projects to be completed, balance projects are there, some status that already we have given. We will further update Q1, Q2 every time. One very good considering all situation. Again, I am giving some broad drivers of the company. Packaging segment, which cover drums, jerrycans, and pails and IBC. Company guidance between the 11 to 13%. Average you can take 12%. Composite products, which cover LPG, CNG, hydrogen, fire extinguisher, between 25 to 30%.

The pipe business, which goes for the water, sewage, drainage, power duct line, gas line, in the range of 20 to 25%. Other products, which is a very small percentage as far as business is concerned, that is moth film, auto components products, tar matting, lifestyle product, etc., 10 to 12%. So combined of all put together, considering the present base, the volume growth still not changing any guidelines. At least for minimum guidance, it's a 15% growth year-on-year, at least for next 3 years. And definitely when the volume growth is 15%, then the EBITDA growth will be more than 20% and PAT growth will be more than 25%.

EBITDA growth, I mentioned to you, main problem efficiency. Products consolidation, the units and products, main power cost reduction by using the automation, re-engineering, power cost using the solar power to the extent possible and permission of the government, finance cost already company has taken the initiative and cost is reduced, and sale of the non-core assets. Now I would like to give more time to my valued investor for their Q&A session. If anything which is not covered in my speech and not covered in that my presentation, they are free to ask.

One, my request, question should be very brief. If any detailed questions are required, then they can free to send their email to my investor department. They will send a written reply from them. Yeah, I'm leaving on now for the Q&A session.

Questions & Answers

Operator
Thank you very much. We will now begin the question and answer session. [Operator Instructions].. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Sharan Gupta from Swan Investments. Please go ahead.

Jatin - Analyst, Swan Investments
Sir, Jatin here from Swan Investments.

Shourya Shah - Analyst, Equitas Securities Private Limited
Yeah.

Jatin - Analyst, Swan Investments
Sir, I want to understand the 15% growth guidance that you have given Now when you look- when we look at our capacity completion, right, we have completed the Morai plant, we have come- we will be completing IBC by end of this fiscal year. So in terms of the growth CapEx, if I want to look for near about next 2 years, how shall one look at it?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
I tell you, in our polymer process industry or packaging industry Whenever my capacity reaches at the level of 90% and that utilization is continued for at least 6 months, then we start thinking about the expansion plan.

Unidentified Speaker - Unidentified Speaker, Time Technoplast Limited
You are asking

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
About the Morai plant. You know very well, 2 years back we have talked about the Morai plant, that initially we have a capacity of manufacturing 480 caskets. In terms of the cylinder, maybe 30,000 cylinders. I have a limited business, maximum we can do 350 to 400 crores. Now, this unit which we completed, there is a certain government process, there is a certain authority process. And I had mentioned in the beginning that the Morai plant, currently whatever new equipment has come, that all the new equipment where we can manufacture the CNG cylinders, hydrogen cylinder, we have installed everything there.

Last 3-4 months it took in the installation, trial testing, everything. Now I'm pleased to tell you All the types of formalities, everything have been completed because Indian- as per the Indian system, even though my product is approved, everything, but whenever it is coming on the new plant, then again audit takes place from junior level to the new plants. That process also have been completed, and now I will able to bring my existing equipment from the Daman location and Silvassa location to consolidate at one location in Morai.

We have already planned initially, therefore the new area which is taken almost around 1,000, 25,000 square feet area have been taken. If you really ask me, we have started quite successfully, completed this plant, and as you have seen in the first half also, we have got the revenue of the composite product itself. How much? 400 crores you got?

Aaryan Vadaria - Analyst, Aequitas Investments
430 crores total. 430

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Crores total revenue you got in the first half.

Aaryan Vadaria - Analyst, Aequitas Investments
Yes, cylinder capacity is 2,000 liters.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah, so almost we have started utilizing this expansion of this unit, but we are ready to capture the- but whatever capacity now, as we have already experienced in doing the expansion, that is going to take 6 months or 8 months time in doing the expansion. And I, I mentioned in my call also, hydrogen cylinder, we are not commercializing and selling more quantity currently. It's a, it's a R&D development is ongoing. Whenever we will be ready for the new phase of the requirement for which we are estimating, we will come to know exactly in the mid of the 2027 or end of the 2027 how the hydrogen system demand is coming in India, how the hydrogen demand cylinder is coming in India.

I am pleased to tell you, in the last one month we had some overseas Exhibition in UK and Switzerland,

Unidentified Speaker - Unidentified Speaker, Time Technoplast Limited
Very

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Good in Delhi also last last week only response as far as hydrogen cylinder is coming tremendous good response everybody want to develop hydrogen cylinder for their company for this I will not name the company because I am restricted I cannot I have signed some non-disclosure agreement but very big international players have seen my plant and they are appreciating. They have seen first time in India fully automatic plant where we are manufacturing composite sea engine hydrogen cylinder with the robotic technology, minimum manpower.

Now, as far as business is concerned, I mentioned to you this year we are estimating business of around 800 to 900 crores of this testing. But if you ask me 3 years down the line, we are estimating business of 2,500 crores. And if you ask me 5 years down the line, definitely 4,000 crore for composite products. Therefore, you have seen, I am showing my guidance growth will be 25%. And now how the CapEx and like everything depends. I've invested INR1 for my composite products, I can get a revenue of 4 times.

That is the- Wow. If I want revenue of INR5,000 crore, then definitely I will need INR1,250 crore my CapEx plan, including the existing CapEx. So the timing will decide, but whenever our experience goes behind, definitely my expansion cost will be lower because whatever trial and error cost have gone, that will not be repeated, right?

Jatin - Analyst, Swan Investments
Yeah. So is it safe to assume that whatever CapEx that you will be completing by FY27, that will help the company to grow by almost 15% on the volume for under 2 years?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yes, of course, minimum. That is the minimum I am taking. That is the minimum.

Jatin - Analyst, Swan Investments
Okay, 15% growth is minimum, and of which composite will be the major driver that will see a value addition ticking up?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
But I, I, at the packaging growth, I can consider- I am- we are considering 12% average because we know whatever chemical companies are growing, considering the present situation, I don't- maybe, um, packaging company may grow 15-20%. If this war settles, our Asia will increase. In spite of this

ongoing war situation in West Asia, we have grown 13% in my overseas location. Why? My business is down 25% in Middle East, but that shortfall is compensated by my other overseas location. Far

Ragupati Thyagarajan - Whole Time Director - Marketing, Time Technoplast Limited
Eastern USA.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Far Eastern USA. So that is the benefit we are getting because one is- I tell you in other way, If you have 4 family members are there, every member cannot earn the same money. One is earning big, one is earning small, but father is getting the overall benefit. He will see how much money is coming in my home. You got it?

Jatin - Analyst, Swan Investments
Yeah. And so second, on the cost-saving initiatives that you have taken, right, on your presentation you have mentioned that you will be doing 11 crores of cost-saving coming from solar. And then we are looking at the consolidation of our unit also. So yeah, if you can help us in understanding, if we do a consolidation and if everything gets completed by end of financial year, what will be the incremental saving that one can get it? And at least,

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
At least I can tell you one thing, when I will cross the bridge, I will come to know. But company, when do the investment, any CapEx investment, any automation We consider the payback period is less than 4 years. It is a simple calculation. So wherever we are doing automation, re-engineering, even in power sector, power purchase agreement, my payback period is less than 1.5 years, but I am doing the investment. So if you ask me in terms of the conversion of the EBITDA improvement, I can tell you, you will see the EBITDA improvement which is currently 13.3% or something is there.

1% EBITDA benefit you will see on account of the power and manpower sector only in the, in, in the year 2027-28.

Jatin - Analyst, Swan Investments
It's

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
The minimum I am telling you, can be more, but just rough estimation.

Jatin - Analyst, Swan Investments
Okay. And in terms of consolidation?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
In terms of the consolidation, I will get some kind of the liquid money further because non-core assets will go away. Some- I have seen whatever consolidation have been done recently also, I am getting productivity increase by almost 7.5 to 10% when I do the consolidation process. Productivity itself increase.

Abhijeet Mukesh Purohit - Analyst, Kaviraj Securities Private Limited
Okay.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
So, but overall, 1 and 1.5%, like 5%, I can consider on EBITDA margin improvement on account of the

consolidations also. That is additional benefit other than the financial benefit for liquidation of the non-core assets.

Jatin - Analyst, Swan Investments
So that means 13% margin can go to 15.5% in next year? Of

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Course, of course you can. Yes, let me- I will ask you again. Maybe I- we are also remain here, and I hope you also will be remain with us in '28-'29. You'll able to see that.

Jatin - Analyst, Swan Investments
Sure, sir. That's all from my side. It was good to hear that. Thank you. All the best, and wish you and your team a happy Diwali and prosperous summer 2023.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Thank you, Jatin bhai. Thank you very much. And you always motivate us to achieve our targets. I know that always most of the questions you ask, which is somebody is keeping in the mind.

Jatin - Analyst, Swan Investments
Sure, sure. Thank you, sir. Thank you for the appreciation. Thank

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
You, Jatin bhai.

Operator
Yeah, thank you. The next question is from the line of Shourya Shah. From Equitas Securities Private Limited. Please go ahead.

Shourya Shah - Analyst, Equitas Securities Private Limited
Yeah, thank you for taking up my question. So congrats for a good performance, first of all. My question was with respect to composites business. So obviously you mentioned in detail that we have launched various SKUs across LPG and hydrogen cylinders and acceptance is improving. But if you could go into more detail in terms of what is leading to such exceptional level of growth because I've been looking at your numbers. I can see that you've been delivering double-digit growth in the composites business for last many, many quarters.

So if you could go into more details as if it's domestic or is it exports which is driving the growth, what kind of measures that the company is taking that is leading to such level of growth in this business, whether it be LPG cylinders, hydrogen, oxygen cylinders, etc.? If you could explain a bit on that.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah, one thing I am telling you as far as composite products, why I talk about the composite products only, because composite products inclusive of the cylinder. Now cylinder inclusive of the LPG, inclusive of the CNG, inclusive the hydrogen, inclusive the oxygen. We are ready for all 4 products. And, and as far as why I am sure for getting the growth of 25 to 30%, because markets itself is very big. The current scenario, you know, the LPG supply is said to be the shortage of the LPG supply because of the ongoing war situation.

If this would have not there, then LPG supply would have normal, gas station would have become

the faster, and supply will be there. Then I tell you, the company developed some of the other product in composite, which is like air receiver tank, fire extinguisher. In addition to that, I am telling you one thing. Currently, company has not supplied as a cylinder to the automotive industry, which is a very big market, because of the limited capacity available. Now the expansion has been done, every cylinder is there.

Okay, now I just hand over my colleague director, Mr. Raghupathy, who look after the marketing. He will tell you how we are sure about growing. Thank you, sir.

Ragupati Thyagarajan - Whole Time Director - Marketing, Time Technoplast Limited
Let me further clarify to you, as Bharat already explained to you, though there is a severe shortage of LPG cylinder- LPG supply in India given the current scenario of the West Asia conflict, what has also happened is that the supply of new connections for LPG in steel cylinders has been suspended for many months. And all the OMCs, whether it is Indian Oil Corporation, Bharat Petroleum, and HPCL, they have taken a consolidated decision to offer LPG new connection only in composite cylinders. So you'll be happy to know that even on the current shortage situation, our LPG cylinders continues to go to new homes, right, for those new connections.

And there are no new connections offering by in, in the steel cylinders. So that definitely continues to give us the growth, though the overall LPG situation in the, in this current scenario is tight, but our business continues to grow. So that's definitely, on, on, on, on the basis of the growth that we have already explained to you. Likewise, in the CNG sector, where our caskets have been a good success, we continue to deliver the growth. The order bookings in hand, as Bharat has already explained to you, confirms to you that the- on- there is an ongoing demand for the caskets.

There are more and more newer outlets are getting opened up. There is a huge amount of pressure onto the CNG and CGD companies to expand the growth of their network, especially from a focus of expanding the PNG network. So for all the PNG networks, they have to spread their presence far and wide, and that's where the CNG supply, wherever the pipelines are not there, continues to expand through the use of the CNG caskets that we make. It is very well established for all the CGD companies, the Type 4 caskets gives you a better optimal utilization of their investments, and that is how this continues to grow.

There are equal amount of promising signs coming up for the hydrogen cylinders also. We recently took part in an MNRE exhibition. There are focused initiatives which are also being propelled by the government, right, under the Ministry of Renewable Resources, etc. There are investments that are being made for green methanol and for, you know, green steel, etc. There's a lot of projects that are really coming up. There are multiple projects that are coming up for, for the use of hydrogen in trucks and buses also.

There are many investments that have been made where Hydrogen plants are being invested- are being put up across India, at least about 6 to 7 locations. So all these locations will definitely invite the use of hydrogen cylinders. We are in good discussions with most of them. These projects take a little longer gestation period in terms of coming online, but our discussions are very much on. We are developing- required developments are taking place, and we are confident that we should be able to do that.

Our composite cylinders for SCBA and oxygen, they are continuing to do well. They are the new development that have got very good acceptance. I think almost all the imports have been stopped. Our business continues. Overall, I think the growth story that I was explaining, Bharatav 20 to 25%

growth year-on-year, we continue to achieve because of these attributes that I just explained to

Shourya Shah - Analyst, Equitas Securities Private Limited
You. Yeah. So if you basically had to assign, let's say, 2 or 3 reasons as to what led- what has led to this growth, so would you say that identifying the specific type of cylinders which would possibly have some good amount of demand going ahead, is that- is identification of those products a key benefit that the company possesses and also uh, the, the amount of reach and the amount of channel network, all of that that the company possesses, that is what has led to such good growth of composites.

So would you say that these 2-3 reasons are what has led to the strong growth of the composites business, right?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah, yeah, you are correct. And once again, I would like to reclaim again, we are the only company in India who is in Type 4 composite cylinder, which is approved by the PESO and very well accepted in the market. Since the last 3 years. And hydrogen also, we are the first company in India who has a Type 4 and Type 3 composite cylinder, which is under the- we already developed and accepted by the customer product. So we are very sure. Therefore, I have mentioned in my call, we are not changing any guidance for growth over 25 to 30% in composite product because market is there and our technology accepted, product is very well accepted.

And customers are there. It's a question of the time, but normal time as need for the development, trial testing, approval of the respective authority, that is not in our hand. Otherwise, we are ready for- to do the R&D for any composite product where we have a technology available. Good?

Shourya Shah - Analyst, Equitas Securities Private Limited
Sure, yeah, that's all from my side. Best of luck.

Operator
Thank you. The next question comes from the line of Aaryan Vadaria from Equitas Investments. Please go ahead.

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

Aaryan Vadaria - Analyst, Aequitas Investments
Yes, sir. Just 2 questions from mine. Number one is that we have mentioned in our financials that we have INR220 crore of QIP proceeds pending for the acquisition, which did not go through So just wondering what is the plan for the management on this, because if it is not utilized, then it can put a drag on our ROC, right? So that is the first question. Second question is that on the PE pipes business, in terms of, you know, the JALJUAN mission and that. So we are hearing a lot of commentaries on ground that the traction is not what it was expected to be.

Plus you had also earlier mentioned that since you were not getting the cost estimation and contract, you were also kind of holding back your supply. So sir, any update there?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah, fine, I got your point. Now point number 1, you know that the- there is a separate agency who is monitoring the QIP fund. Now the INR220 crore is pending as reported because, uh, first off First

point is automation, these new products where we have identified INR75 crores expenses is on plant by plant, product-wise. Our orders are on. I mentioned to you on March 27th that will be adjusted and that will be utilized where the saving will come from the next year. As I mentioned in my recent person who had asked me the query, I told we will able to get 1% EBITDA saving on that account.

Number 2, P-pipe business. I fully agree. You know the government conditions always. You have a government- IBI, we don't deal directly with the government. We supply the pipe to the EPC contractor, and EPC contractor executes the order based on their tender price. So when this West Asia crisis has compulsed them to increase the prices of the polymer, if 2%, 5% are there, then EPC contractor would have absorbed. But The price increase was almost 30 to 40% from the basic price. And then I- most of the- I take the contracts on the price variation basis, but government don't give the price variation basis to the APC contractor.

So in fact, from our side, not from my side, maybe other contractors and other manufacturers, what they do, I don't know. But as far as my company policy, when my margins are in the range of 10 to 12%, I cannot take the increased prices of 30 or 40% prices. Therefore, each and every order I cause a variation clause. Initially, in the first quarter, there was a problem of the money payment to by government to the APC contractor. That have been improved, which I have seen also. Later on, in the rainy season, yes, little business was slow as far as July August September is concerned.

You know how the rains have affected business. But looking to the last 10 years, 15 years background, pipe business always in the first half do only 40% of the business, 35 to 40%. Balance 60 to 65% business always in the second half of the year. Now I am pleased to tell you, all the manufacturers are waiting. Now one by one, each of the state are clearing their- revising their prices. because they weighted per one month and two month, now prices continue at the escalation last six month, and government want to project on time, so every state has considered and provide the price increases, so now situation at the second half is change, therefore you will see, each and every state is not incentive and subsidy if you complete project on time.

So every state, for each of the project, for water department, maybe for gas department, maybe telephone department, they are revising their prices. And that revised pricing they are giving to the manufacturer, and EPC contractor also getting their money on time. If they don't pay to EPC contractor on time, then EPC contractor hold their job. And it is also the central and state government policy system. If they don't pay the EPC contractor, but many time the product which we supply is a material product, it's not a labor or a service.

And always government policy to pay on time when the material cost is involved in that. So if every EPC contractor want you supply pipe first, I will start the exhibition later on because they get the money faster when the material is reached on the site. So there is certainly improvement is there, and you will see in the next 6 months' time, because you know every day every infrastructure minister, maybe that road construction minister, everything, they are increasing their CAPEX planning. They are increasing because they want to welcoming the foreigners.

They want expatriates to come here and put the plant Easy for business, easy of doing the business, and that only can bring the foreign investors in India to, to, to do the CapEx in India. So I think, I am very sure the projections which we have given to you for PPI business growth of between 20 to 25%, we are in that line.

Aaryan Vadaria - Analyst, Aequitas Investments
That's it from my end, sir. Happy Diwali to you and your team. Thank you.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah, yeah, same, same to you and your team. Thank you.

Operator
Thank you. The next question comes from the line of Aditya Sahu from 3P Investment Managers. Please go ahead.

Aditya Sahu - Analyst, 3P Investment Managers
Hello, Bharat sir. Uh, thank you for this opportunity. I just, I just had one question. If we had any inventory gain in the quarter?

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Inventory gain or loss comes when you change the inventory system. I never change. If the prices are lower, I don't buy more because I have a policy. We have a- we follow the certain policy. If I am carrying inventory of 65 to 70 days, that will continue whether prices are up. I see what is my requirement. Most of the products are industry. So I, in fact, you know that most of the- I can say the 60% products are local-based manufacturers who- to whom I can buy as per my need-based. I know, but yes, all local manufacturers do not produce every grade every day.

They have a certain cycle time. So I buy inventory in there. I tell you, 10 years back or 8 years back, I have to carry the inventory of more than 90 days to import the raw material, now don't carry because local manufacturing started, so my reduced inventory level to 65 days. so I have no any inventory loss something, and no any inventory loss in the last quarter also, this quarter also, because well, we are not changing any g Yes, there may be small, less than half percent benefit, or maybe in terms of the value, maybe foreign exchange, for example, which suddenly went to 97.

But when we also- that change every month. What is the exchange rate of the previous month? Based on that, I book my rate. So in a quarter, in one month maybe gain, in one month maybe loss. But if you see the overall quarter, we have a foreign exchange very tight policy. Whatever costing have been taken to manage the foreign exchange cost within that range only. So there is no any- I mean, because we don't change the policy.

Aditya Sahu - Analyst, 3P Investment Managers
Okay, okay. Thank you, sir. Thank

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
You. Yeah, thank you, Aditya. And tell, Prashant Jain, and to Mr. Rahman, wish you happy Dhanteras and Diwali.

Aditya Sahu - Analyst, 3P Investment Managers
Same to you, sir. Same to you.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Yeah, thank you very much.

Operator
Thank you. Due to time constraints, we will take that as the last question. I now hand the conference over to Mr. Bharat Vageria for closing comments.

Bharat Kumar Vageria - Managing Director, Time Technoplast Limited
Okay, thank you very much. I know time is short. Most of the people has taken tomorrow Saturday, thereafter Diwali holidays are there, so I will not take much time. Thank you very much and, uh, to listening us, the management commentary. Once again, I assure you on behalf of the company Whatever guidance given as company, we will surpass that guidance and fulfill our commitment as given, right? Thank you very much to all.

Operator
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.