



“Time Technoplast Limited Q4 FY 2018 Results Conference
Call”

May 28, 2018



MANAGEMENT: **MR. ANIL JAIN -- MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, TIME TECHNOPLAST LIMITED**
MR. BHARAT VAGERIA -- DIRECTOR (FINANCE), TIME TECHNOPLAST LIMITED
MR. SANDIP MODI -- SENIOR VICE PRESIDENT (ACCOUNTS AND CORPORATE PLANNING), TIME TECHNOPLAST LIMITED
MR. NIKLANK JAIN -- VICE PRESIDENT (LEGAL) & COMPANY SECRETARY, TIME TECHNOPLAST LIMITED

MODERATOR: **MR. NITESH DHOOT -- EMKAY GLOBAL FINANCIAL SERVICES LIMITED**



*Time Technoplast Limited
May 28, 2018*

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Q4 FY 2018 Results Call of Time Technoplast hosted by Emkay Global Financial Services Limited.

We have with us today Mr. Anil Jain -- Managing Director and Chief Executive Officer; Mr. Bharat Vageria -- Director (Finance); Mr. Sandip Modi -- Senior Vice President (Accounts and Corporate Planning); and Mr. Niklank Jain -- Vice President (Legal) and Company Secretary.

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

I would now like to hand the conference over to Mr. Nitesh Dhoot of Emkay Global. Thank you and over to you, Sir!

Nitesh Dhoot: Thank You. Good Evening, Everyone. I would like to welcome the management and thank them for giving us this opportunity.

With this, I would like to now hand over the call to management for the opening remarks. Over to you, gentlemen!

Anil Jain: Good Evening, Friends and thank you Emkay for hosting this conference call one more time. I have with me: Bharat Vageria; Mr. Sandip Modi; and Mr. Niklank Jain and it is a pleasure for me to be together with you all. We are here to talk about our results of our Q4 of FY 2018 and the whole year.

The results were announced on 24th of May and now I would like to talk about some of the key financial and operational highlights of the quarter and the year ended FY 2018.

Let us talk about the quarter first:

During Q4 FY 2018, I am giving you the number compared to the same quarter last year. Net sales consolidated stood at Rs. 944 crores as against Rs. 812 crores. EBITDA moved up to Rs. 147 crores as against Rs. 114 crores. And PAT at Rs. 55 crores as against Rs. 43 crores. So, therefore, the net sales grew by 16%; India it was 15% and overseas 17%. Volume grew as 19%; India 18% and overseas 20%. EBITDA grew by 29% and PAT grew at 29% again. That was for the quarter.

For the whole year during FY 2018, the net sales stood at Rs. 3,105 crores as against Rs. 2,457 crores for the previous year. EBITDA was at Rs. 475 crores as against Rs. 407 crores and the net profit was at Rs. 180 crores as against Rs. 147 crores. It reminds that this year was impacted by two major events one was demonetization carryover effect into the current financial year and also the GST which adversely impacted some of our infrastructure related



*Time Technoplast Limited
May 28, 2018*

products and that we will deal with as we go into the details. So the net sale grew at 13% India at 12% and overseas 13%. But normally major our growth by the volume because the value growth is a function of the price of raw material. So the volumes grew at 16% India it was 14% and overseas 17%. EBITDA grew by 17% and PAT grew by 23%.

I would like to underline that the Pipe which is one of the fastest growing segment, could not grow in FY 2018, in fact, it was marginally lower than FY 2017 as because of the GST lots of infrastructure projects got stuck halfway through as EPC contractor could not resolve the taxation issue with the Government. Otherwise, we would have been at least Rs. 120 crores more as we have planned already and that would have made our growth additional 3 percentage point or even more. So this shortfall from Pipe was Rs. 120 crores, the growth could have been about 4.35% additional. And it would have impacted our ROCE by 0.5% on the positive side.

EBITDA margin were 15.31% as against 14.74%, so the EBITDA grew by 57 basis points net profit margin improved by 44 basis points that is 5.81% as compared to 5.34%.

Broadly about the segment-wise, we divide our business into two: established products and value-add business. The value-added product grew at 51% in FY 2018 as compared to the previous year. The share of value-added products has become 18% of the total sale as against 12% in the previous year.

The distribution between our Indian and overseas business continues to be the same so India is contributing 70% and overseas is 30%, it was more or less the same 71% and 29% in the previous year. EBITDA margin in India and overseas business are at 15.48% and 14.87% respectively.

We now have segregated our products as we do it in published results polymer products and composite products. The polymer products contribute 71% and it grew at 11% in FY 2018. The composite products contribute 29% of the total business and that grew at 16% in FY 2018. Just to give a recap, polymer products include Drums, Jerry Cans, Pipes, Turf & Matting, MOX Films. And composite products include IBCs Composite Cylinders, Batteries, Auto Products, and Steel Drums.

The ROCE has improved by 103 basis points and stands at 15.71% as against 14.68% in the previous year. Like I mentioned, the Pipe business if it had been as we have projected it would have contributed almost about 0.5% extra on the ROCE that would have been about 1.6%.

So this has been the year for us. We are pretty excited, and I am sure it same way as we have seen that the Q4 results have improved significantly as compared to the first three quarters and I think that should form the basis for the performance in the current financial year.

I would like to open the floor for the questions that you may probably have. Thank you.



*Time Technoplast Limited
May 28, 2018*

- Moderator:** Thank you. Ladies and Gentlemen, we will now begin with the Question-and-Answer Session. We take the first question from the line of Ritesh Shah from Investec Capital. Please go ahead.
- Ritesh Shah:** Sir, my first question is you have indicated, we completed Brownfield expansion for Composite Cylinders and MOX Films, you have doubled the capacity. If you could please highlight how much was the CAPEX done for the full year and specifically for these two projects, what are the current utilization levels for both these capacities separately? And how do you see the market like?
- Anil Jain:** As you know these products actually fall under our value-add business which has grown at about 51% in the last year. You are right, we actually doubled our capacity for Composite Cylinders and the MOX Films capacity which was to be doubled in the Q1 of this year, we preponed it and then actually completed that expansion towards the end of the year. So, both these capacity expansions came towards the end of the last financial year. So, therefore, they have not contributed significantly. But in so far the capacity utilization is concerned, we have about 70% in case of Cylinders as compared to the original capacity, we are also at about 65% to 70% in case of MOX Films. We are pretty optimistic about both the businesses, as we already know that in Composite Gas Cylinder there one Indian company which has been advertising it on the front pages, Go Gas that is the listed company which is going into LPG distribution, we have entered into a contract with them and they will have a sizeable requirement, I cannot give you details because down by commercial confidentiality but we are very-very optimistic about LPG business in India and they have launched LPG in Composite Gas Cylinders till now they have gone into 12 cities but they have fairly big plant to take it to different cities altogether. So, we are very optimistic about it. I think Oil marketing companies are also showing because they now can see that the Composite Cylinders are being very well accepted in the marketplace. And so for the MOX Films is concerned, yes, we started this operation in FY 2018 in the beginning and encouraged by the response that we received, we decided to double the capacity which eventually happened and we are just entering the season where the maximum sale takes place, it has taken very-very well. So we remain optimistic on both these points, please.
- Ritesh Shah:** Sir, how much was the total CAPEX for 12,000 tonnes of capacity for MOX Films?
- Anil Jain:** 12,000 capacity is Rs. 120 crores.
- Ritesh Shah:** So Rs. 120 crores for 12,000 tonnes, is it correct?
- Anil Jain:** For the value-added products.
- Bharat Vageria:** MOX Films,
- Ritesh Shah:** Sir, MOX Films.



*Time Technoplast Limited
May 28, 2018*

- Anil Jain:** Yes, total.
- Ritesh Shah:** Sir, the total is also fine for 1.4 million tonnes for Composite Cylinders how much is the CAPEX and for MOX Films how much is the total CAPEX?
- Anil Jain:** We have invested another Rs. 65 crores about in last year for MOX Films expansion and the Composite Cylinders about Rs. 45 crores or Rs. 50 crores.
- Ritesh Shah:** Sir, did I hear it right Rs. 65 crores for MOX Films and Rs. 45 crores for...
- Anil Jain:** I said Rs. 45 crores respectively.
- Ritesh Shah:** Okay. Sir, is it possible if you could help us with competitive intensity in both these products and lastly, I had some questions on DWC Pipes, how we see the market. So sir, if you can take MOX Films and Composite Cylinders it will be very useful, sir?
- Anil Jain:** Okay. The MOX Films, of course, we have very established player in the marketplace and they continue to be the market leaders. So we came from behind and we are very clear that we do believe our product is better than the products available in the marketplace, so we have touched it slightly higher than they advise and we are still able to sell the product. I think, it is the product sells on its merits and we are expanding the market as well. So there is a competition but I guess the market is fairly large that one can actually extend the business without having to step on anybody's toes. In regard to the Cylinder most of our sale take place outside of India and the prices are quite okay, we have our competitor coming in from Norway and their cost of production is much higher than us. So, they do not put any pressure on the prices. From our side, of course, we try and put these cylinders in the market at a very reasonable price. So that the market by self itself would expand and we will be benefited because we have now expanded our capacity. DWC client you talk about it was not its price does not being tested last year because the most project that came for DWC Pipes got stuck because of GST issue. We have come off from there and I guess, this year is the one when this project will be tested in the marketplace. We have got some initial orders and frankly, our customers are looking for very established products would stand the test of time and we are able to get the decent client return on them.
- Ritesh Shah:** Sir, just two follow-up's if I may. Sir, MOX Films, how much is the volumes we did for the full year you indicated like we are the market leaders now?
- Anil Jain:** We are not the market leader and I said there is a market leader already in the market, we came from behind. It will not be appropriate on my part to give the exact numbers in terms of the tonnage, etc. But of course, we can discuss this offline.
- Ritesh Shah:** Okay. Sir, for the full year utilization level's you said 70% was it the end of the quarter or was it for the full year?



*Time Technoplast Limited
May 28, 2018*

- Anil Jain:** This was towards the end of the quarter I think more, more or less the same because we have not included, or we have not considered the new capacity that has come in because that came under the year. So the capacity utilization was as the average of the whole year.
- Ritesh Shah:** Okay. And sir, have we changed our policy on credit day for MOX Films because when we started we were not giving any credit, does it still remain the same or have we changed?
- Anil Jain:** Your questions look very pointed. Anyways, I will still answer them. No, we do not change the credit policy, it remains exactly the way it uses to be and this in confidence with the practices in the marketplace.
- Ritesh Shah:** That is very helpful. Sir, lastly on DWC Pipes, how much is our capacity, what is the market opportunity like would you like to share some numbers over here, please?
- Anil Jain:** Well, we have only 9,000 tonnes capacity for the DWC Pipes, we had ordered with us but there could not be because did it think we did about yes, so we did about Rs. 500 tonnes of thereabouts. But this year we will be testing our capacity. We have now our book for almost about 3,000 tonnes.
- Moderator:** Thank you. We take the next question is from the line of Dhananjay Mishra from Sunidhhi Securities. Please go ahead.
- Dhananjay Mishra:** Sir, just wanted to know if you could provide the product wise volume data which we use to provide like how much we have done in Composite Cylinders, MOX Films, Pipes?
- Anil Jain:** there is a bit of situation for us because we are presenting our numbers when we make public announcement and we have been probably stepping out of that format during our concalls, etc. and there were some questions from that one, so we have to return back the way we presented. So we are now giving you numbers with regard to the Plastic products and the Composite products and we can also give you an idea about our established businesses and the value-added businesses. So like I said, the value-add business grew at about 51% and the regular products grew at about 10% or thereabouts. And so Composite and Polymer product is concerned the Composite products grew at 16% and the Polymer products grew at about 11%.
- Dhananjay Mishra:** Okay. So can you provide value data at least what is the contribution from Composite Cylinder in terms of crores MOX Films?
- Anil Jain:** I mean I can give you the growth numbers, but I can give you this combined numbers for the whole business actually...
- Dhananjay Mishra:** That is there in PPT. I need not to ask you.
- Anil Jain:** I use to give that earlier on but there were questions from NSE and BSE that what we present in the conference is not consolation with that we are making it public so...



*Time Technoplast Limited
May 28, 2018*

- Dhananjay Mishra:** So are we planning to change our segmental reporting...
- Anil Jain:** We will probably do it towards the end of this year so that it is more in line with what we discuss on the conference. But I guess like most other companies we will talking about Plastic and Composite, as we have done it this time around. But I can give the growth, so you can probably extrapolate numbers. The growth of our Cylinder business has been almost 80% or 90% and MOX Films there was no comparison earlier on, so we did significantly very well. In IBC business we have grown it about 16% or thereabouts, PE Pipe was kind of stagnant rather the negative growth of 0.84% like early about GST and then the packaging business grew at about 10.11%.
- Dhananjay Mishra:** Okay. Composite cylinders 90%, you said?
- Anil Jain:** Correct.
- Dhananjay Mishra:** Sorry.
- Anil Jain:** Yes, that is about that.
- Dhananjay Mishra:** Okay. And MOX Films I mean you had given Rs. 75 crores kind of indications so that did we reach there?
- Anil Jain:** Yes, just about that actually. Maybe slightly less there.
- Dhananjay Mishra:** And sir, this GST related issue which you discussed in the last concall also with contractor, so are they still in talks with them and how much of the order is related to GST related issue and how much is like Rs. 190 crores we have mentioned in terms of pipe orders, so overall...
- Anil Jain:** So that part is over actually. This came in with the GST and because the project got stuck our order booking was still strong, even today we have order booking in excess of Rs. 180 crores or Rs. 190 crores. So order booking was not a problem, the **dispatch 20.43** did not come because our customers who are the EPC contractors could not sort out the GST situation with the Government department for them they were doing projects. But things have settled down in many places, the Government foreclosed the contracts and re-**upload** it under the new GST format and these orders got finalized and we got our orders too. So things are absolutely back to normal and I guess we will to only make up last year but we will also showing a growth on top of it. So we remain pretty positive on our Pipe business both on the Solid Pipes and also for Corrugated ones.
- Dhananjay Mishra:** So can we do about 300 plus?
- Anil Jain:** No, definitely more than that actually. I think, it will be closer to about Rs. 400 crores, if not more



*Time Technoplast Limited
May 28, 2018*

Dhananjay Mishra: Yes, lastly, about this composite cylinder clients which is the issue we had. So we were supposed to file a counterclaim of about \$15 million, so what is the status about that?

Anil Jain: Well, it was a benefit of our stakeholders. This is a company based out of UK, it is trading company owned by an Indian. And they claim themselves to be the manufacturer of Composite Cylinders, but he doesn't even have factory or a know-how. So he has bought some cylinders from us. I think, the gentlemen has a track record of now making claims on the pattern that he does business with. We have confirmed that we have followed exactly the specification. I guess this problem came because his Bangladesh got delayed because of the Government situating there. he was looking for some kind of escape goat they were not follow that. Answering your question we have filed the content proceedings against this company and the gentlemen this matter came up on 25th of May with a vacation judge and he has given undertaking that he will not say anything derogatory about the company or its product and all those things that we have put on his website and all he has withdrawn them and taken it off and the matter is now slated for 5th of.. They have made a claim of Rs. 20 crores for the deformation and of course, we are in the process of filing an additional claim of. So we have a claim of \$15 million were not full filling the contract because we have placed the order for 750,000 cylinders I think he only about 60,000 and so we made the claim on him, he found a way to kind of divert the attention. But I am sure, we have a very strong case to make our claims.

Moderator: Thank you. We take the next question is from the line of Baidik Sarkar from Unifi Capital. Please go ahead.

Baidik Sarkar: A couple of questions, you know given the ramp-up crude, is there a threat to our pricing, also pricing environment and if there is will be in a position to maintain our margins.

Anil Jain: I mean you are right this is cause of concern, the Polymer prices had moved up a little bit but they are now I think, in my previous communication I have been mentioning that the prices of Polymer are not directly related to the crude prices because the new generation Polymers are being produced, through gas route and the gas most of the countries is something that they cannot have another use for since they are flaring it up, they convert it into Polymers. So, it is mostly demand and supply play. I think the times are reasonably stable. But confirms is, of course, the exchange rate because we are importing this raw material and their landed cost goes up but we have a system of passing it on to our customers. In lag of one quarter so but if you see over a period of time that gets averaged out. Now answering your question, we do not see the impact of the Polymer price on our margins. But I would like to put in the word of caution that the margin of Q4 at **15 and 0.51%** 25.40 thereabout EBITDA margin probably has seen a situation where we could ask for a higher price from customers and we had carried the inventory at the lower price. So we will get normalized, I think it will be fair to expect EBITDA margins in and around 15%. That is something that we had in the past and I guess with result we will be able to maintain.



Baidik Sarkar: Thanks, that is helpful. So moving our outlook for MOX Films, you know FY 2018 even though I understand, we did not have the entire capacities at our disposal, what is the outlook for this year look like given that you know we have created our brand new channel. What you think is realistic volume growth aspiration we can aim at?

Anil Jain: You are absolutely right, actually we started in FY 2018 beginning with a total capacity of about 6,000 tonnes but that was a nameplate capacity as a matter of fact in MOX Films you have different thicknesses, 17, 19, 120, 150, 200, and 300. So you have to keep changing the thicknesses and the different colors, etc. so the nameplate capacity was 6,000 tonnes but because we have to make the complete offering to our customers the capital utilization was low. But now, we have expanded our capacity, so it has moved up from 6,000 to 12,000 tonnes and therefore uptime will more because we do not carry out so many difference changes on our lines but of course, ideally would be if we have more lines, so that he can dedicate one line each color on thicknesses and will take time for us to reach there. I think, talking about the future of this product, well we are pretty excited about it, we have gone in the marketplace, right now we have more than 300 distributors or sub-distributors all across the country. What we have done very diligently is that we have expanded the market actually and have gone into the geographies where this project was not available in the formal time and on the other hand rather than having a standard product we have started making products out of the MOX Films such as raincoats or car covers, or scooter cover, so we convert that product into MOX Films into a product and sell it so that the market will expand. And if we continue to work in this direction, I do not see any problem on with regard to the capacity being utilized. This year we have now the full 12,000 tonnes capacity available, we expect significant improvement in that business, yes.

Baidik Sarkar: Sure, sir. And just to understand the base of Pipes business, what was your revenue in FY 2017 in Pipes business?

Anil Jain: FY 2017 was Rs. 235 crores. you are talking about Pipe ranges, right?

Baidik Sarkar: That is right. I mean just the Pipe segment which you said was about I mean

Anil Jain: This was Rs. 335 crores, we did Rs. 230 in FY 2018 and we were expecting it to be about Rs. 360 crores.

Baidik Sarkar: Okay, as against you did about Rs. 230 crores, right?

Anil Jain: That is right. We has a negative impact about Rs 120 but in this year like I said in the beginning, we not only make it up, but we will be actually internally, we have set out a target of growth over our last year's target.

Baidik Sarkar: And in your packaging business is it fair to assume that you will grow at about mid-single-digits that is a fairly...



*Time Technoplast Limited
May 28, 2018*

- Anil Jain:** No, we will be closer to about 10%.
- Baidik Sarkar:** Okay. And in your MOX business would an Rs. 100 crores assumption be out of line?
- Anil Jain:** No, I guess you would be joining me in that expectation.
- Moderator:** Thank you. We take the next question is from the line of Kunal Mehta from Vallum Capital. Please go ahead.
- Kunal Mehta:** Sir, I just had a few questions from my side. Just wanted to understand your view on the volume growth this year for both the domestic operations the international operations especially in the packaging side of the business that is question number one. And secondly, just wanted to understand that last quarter we had set out a target for this year FY 2019 of 1 million Cylinders this year. So just wanted to understand the dynamics of the economics of revenue and profitability potential on that number 1 million Cylinders?
- Anil Jain:** definitely not impossible because we did not even have the capacity actually, our capacity expansion happened towards the end of FY 2018 so that's...
- Kunal Mehta:** So I am just saying 1 million Cylinders for FY 2019.
- Anil Jain:** 2019, yes, that is right I think we will be working towards that actually. I mean it will be a bit early to get that indication were very strong and if we do not reach that number I mean we are trying very best to be somewhere very close to those numbers. The demand is picking up, we are exploring it. But we are also very optimistic about the domestic market as well where some of the Indian players also start putting Composite in the marketplace I am sure you must have been seeing it in the thrust of the media that is actually happening. So for the volume and the value growth for India and overseas, industrial packaging, we have the value growth of 12.26% and the volume growth is about 14.34% that is about the difference of 2% and overseas which is about 13.54% and 16.64% respectively.
- Kunal Mehta:** Yes, sir. I just wanted your targets for FY 2019 volume growth, if you can just...
- Anil Jain:** For industrial growth like I said industrial packaging business, so we are looking at about the packaging business is growing at about 12% to 13%.
- Kunal Mehta:** Okay, in totality considering both domestic and international operations?
- Anil Jain:** Any grow faster actually we are looking at about 16% to 18% in the overseas business packaging. So the aggregate will be somewhere around 14% to 15%.
- Kunal Mehta:** Okay, sir. And sir, just wanted to clarify that IBC this year we are expecting to ramp it up significantly after adding capacities at three more locations. So are we looking at a number of around Rs. 350 crores - Rs. 400 crores of IBC's in FY 2019?



*Time Technoplast Limited
May 28, 2018*

- Bharat Vageria:** We are already there actually.
- Anil Jain:** Yes, you are right Kunal, I think we will go as expansion 16% to 18% and we will go IBC in India and overseas both put together because overseas expanded have been completed last year.
- Moderator:** Thank you. We take the next question is from the line of Jitendra Upadhyay from Bonanza Portfolio. Please go ahead.
- Jitendra Upadhyay:** Sir, my first question, your inventory has been gone up around 17% as compared to last year. Sir, would it come down from here as your MOX Films it is seasonal somewhere around April to May.
- Anil Jain:** I think, the reason for inventory build-up was because yearend effect but of course that was there the last year as well. But on top of it is basically because of the Pipes since we had the contracts in place and we had made the material but then our customers got into a situation with regard to GST which has now been sorted. So we had hard inventory. But it has now been brought back to normal and is getting back to normal and I guess, you will see the inventories being in the same range as we have been seeing in the previous years.
- Bharat Vageria:** In addition to that I would like to add while this MOX Cylinders we have generated the stock also captures the market which is a seasonal market. So it is a combination of both.
- Anil Jain:** You know MOX is a seasonal business actually because most of the MOX Film is sold during the monsoon and we have to carry the inventory with us. Now, in the previous year's we did not much of a MOX business but in FY 2018 we are expecting it to be sizeable business, we have to carry the inventory, which actually is now getting liquidated as the season started up or just about to begin. So to that effect you will see a phenomenon that you would see in the future in the next year's as well.
- Jitendra Upadhyay:** Okay. Second one sir, can you please share the MOX Films volume and data for this quarter?
- Anil Jain:** It is a part of our value-add business and we have said that the business has grown at about 51%. We will be happy to share the exact numbers offline with you. But we are expecting a sizeable growth in MOX business in the current financial year for the reason that we now have a capacity and we will be able to catch the season as well. We have a project completed our project.
- Jitendra Upadhyay:** So do we have export also MOX Films?
- Anil Jain:** Yes, we have started exploring it. So what we are trying to do is, our customers in Europe that we are supplying it to, we have now started the USA in a small way. But our emphasis is that we have our overseas operations in 10 countries and we are trying to tap our marketing teams there in those countries to take this product also in the marketplace. So Indonesia, Malaysia,



*Time Technoplast Limited
May 28, 2018*

and Thailand are showing very good, very positive results and I guess they will help in marketing this product in future.

Jitendra Upadhyay: And sir, one more question last question, sir may I know per kg price of MOX Films in India out of the country?

Anil Jain: That is a very difficult question. But the market indications that we have I think it is somewhere around Rs. 230 a kg or thereabouts in the marketplace that of course, it depends upon the different application, size, and colors. That is what we see in the competition.

Moderator: Thank you. We take the next question is from the line of Parag Khare from TCS. Please go ahead.

Parag Khare: Sir, what is the outstanding debt right now on our balance sheet as on 31st March?

Anil Jain: Rs. 777 crores, please.

Parag Khare: Okay. How much we are going to repay if we have any plan this year?

Bharat Vageria: I will comment on that. As far as debt part is concerned, we have given the guidelines that current debt to EBITDA level is around 1.6x but we are targeting that it will not exceed more than 2x that of EBITDA and to capture the growth in the next three years which is around 18% to 20%.

Anil Jain: There is a marginal increase in the closing debts of the company and we have set out the targets ourselves that we will be more than 2x of EBITDA as Bharat has just mentioned. So we are well within that I think of debt to EBITDA is about 1.15x. So we are well within the limit that we have prescribed for ourselves.

Parag Khare: And sir, what EBITDA we are forecasting for FY 2019, I missed your earlier commentary, you indicate so you can just explain again, I will appreciate that. EBITDA forecast and top-line forecast for FY 2019?

Bharat Vageria: The current EBITDA in the range of around 18%, it is going to be increased by 15 basis points to 20 basis points year-on-year as the contribution from the value-added products are going to be increased. That will increase substantial margins.

Anil Jain: I think, it will be fair to assess that the EBITDA margins will be around 15% and as we expect the growth in this year the EBITDA will grow accordingly. So, we are looking at a growth of about 15% or thereabouts in terms of value or volume whatever it is applicable. EBITDA 15% of the number.

Parag Khare: And the top-line, sir.



*Time Technoplast Limited
May 28, 2018*

- Anil Jain:** The top-line will grow more than 15%.
- Moderator:** Thank you. We take the next question is from the line of Hitesh Taunk from ICICI Direct. Please go ahead.
- Hitesh Taunk:** Sir, actually just wanted to ask few questions. During this quarter the volume growth has been around 19% put together all established products and value-added products. I just wanted to break-up between established product volume growth and value-added product category volume growth together.
- Anil Jain:** For the quarter or for the whole year?
- Hitesh Taunk:** Yes, for the quarter.
- Anil Jain:** I may not have it right now.
- Hitesh Taunk:** Okay, I will take offline not an...
- Anil Jain:** Quarter-wise I do not have for the year I have those details. But I will make sure so that you receive that by tomorrow.
- Hitesh Taunk:** Okay, not an issue. Sir, in your Presentation you have mentioned like the expansion plan of IBC and if I am correct IBC all the plants are serving to the overseas market or there would be nay Indian customers also for this?
- Anil Jain:** No, as a matter of fact, for IBC we already have a presence in India and as we took about packaging overseas. We had IBCs in all the location except 3 because in those locations we have Drums, Jerry Cans and Pails but we did not have the IBC and last year we decided that we would actually have IBC's at all locations that we eventually achieved. So now all our overseas operations have the IBC, Plastic Drums and the Jerry Cans, so that we can take the complete offering to our customer, right that would result in the growth of IBC's we are looking at about 15% growth in the IBC business as well.
- Hitesh Taunk:** Okay. And then that will be very useful. Sir, one more thing I wanted to ask like you have mentioned kind of in the Cylinders 80% to 90% sales, am I right sir, this is volume growth or sales growth?
- Anil Jain:** It is all the same in this case actually because there is an export.
- Hitesh Taunk:** Okay, 80% - 90%. Okay, so is it fair to assume like you are going to expand the Cylinder business from here to double the category to say capacity?
- Anil Jain:** Not quite actually, we already have increased the capacity in FY 2018.



- Hitesh Taunk:** We did not have a significant amount of order, right?
- Anil Jain:** We have a significant amount of order, but I guess we will give ourselves a pause in this year and probably we will revisit the next year. But it will all depend upon how the market expands. It is oil marketing company who have shown promise and as you know in the former time Hindustan Petroleum was the only one who had accepted Composite Cylinders but after the private sector movement in the Composite Cylinders the all marketing companies are also looking at Composite Cylinders seriously. And that market expands then probably we may have to take a call towards the end of this year but otherwise, we are quite happy with the capacity that we have, and we would like to optimally try that fast.
- Hitesh Taunk:** Okay. Sir, one more thing we had also about to launch CNG category of Plastic Composite Cylinders?
- Anil Jain:** You are right actually we have talked about it but we had also the turn that will be in the year FY 2020 - FY 2021.
- Hitesh Taunk:** FY 2020 to FY 2021, okay. And sir, what was our CAPEX plan for the FY 2019, sir?
- Anil Jain:** You see, we have made a CAPEX plan of about Rs. 200 crores in the current financial year and that would include our regular CAPEX and also the new projects based on the visibility of the projects that we have that should be okay. Half of it is our regular CAPEX which includes maintenance CAPEX and R&D and product and process development and automation, etc., and half of it could be the increase or the balancing of our capacities so we are putting up a project in Bengaluru (Bangalore) for expansion and we will be also putting up a project for industrial packaging in Silvassa. So those are the two identified projects, and some will be a regular addition in capacity at a different location, but otherwise, we do not have any major CAPEX plan for the current financial year.
- Hitesh Taunk:** Okay. And sir, like during this year we have grown significantly into the value-added product category by around 50% - 51%, I mean what is your assessment for the coming year? Are you assessing the same kind of growth for the next year also in the value-added product category considering your expansion in the composite Cylinders and MOX Films?
- Anil Jain:** I guess, the growth is 51% because the base is small. As the base is becoming bigger then the that percentage will have to come down or moderate. I think it will be fair to say about 40%, we will be attempting to reach about 40% and then the share of business will also grow because our regular business would not grow at the same places.
- Hitesh Taunk:** Okay. And sir, in your Presentation, you have mentioned like the cost of debt has reduced a few basis points, not a very significant though. But can you give us some reasons what has happened, exactly?



*Time Technoplast Limited
May 28, 2018*

- Anil Jain:** We have started to rely a little bit more commercial papers and we got our rating done which is quite favorable and we are able to get the commercial paper from the marketplace at competitive rates, so that has contributed to us reduction of interest cost.
- Hitesh Taunk:** So is it fair to assume this rate would continue for FY 2019 also?
- Anil Jain:** Most difficult to say I mean normally can guess whether it will remain or not but it looks like it will be the same.
- Hitesh Taunk:** I mean that is what we are trying to do that is what I just wanted to know...
- Anil Jain:** Right.
- Hitesh Taunk:** And sir, what would be the fair assumption of the tax rate for the FY 2019? Will it be the same as in FY 2018 or will it be higher?
- Anil Jain:** 28% to 29%.
- Anil Jain:** Yes, our position of the Indian and overseas business is more or less the same. And the tax rate there are less than India, so I think the rate respectively for India and overseas will remain the same and on a consolidated basis also the rate will be same.
- Hitesh Taunk:** Okay. And sir, one last question from my side. Are we planning for any new product launch apart from CNG which you have mentioned, we are planning on FY 2020 - FY 2021, apart from that is there any other product are we planning to introduce or working on in terms of R&D or anything?
- Anil Jain:** That is subject which is dear to my heart. As a company which is relying upon innovation and technology, we keep innovating products actually and then we will decide later on when we have to go to the marketplace. In terms of product development think, we have a fairly big pipeline of the products that we can launch whenever we are ready, and the market is also ready. So we are working on quite a few projects. Of course, you talked about CNG Cylinders and a natural offshoot of CNG Cylinders would be the cascade you have seen the truck which brings CNG to the gas station. So this is the truck on which you have those Cylinders in the form of a cascade. We are in the process of developing that as well. So that will come together with the CNG Cylinder at this market which is growing very rapidly. And of course, we have some other specialized Polymer Film and certain 3D structures which are pretty futuristic, we are also working on some composite material such as the leaf spring, etc., but like I said that is product which are there in the pipeline and I must say with great degree of satisfaction that we had a pipeline which can see the pipeline which can see the company through for next five years - six years or ten years but we will decide when to launch it. Right now, we are quite happy with the product range that we have, and we have growth opportunities in all of them.



Moderator: Thank you. We take the next question is from the line of Parag Khare from TCS. Please go ahead.

Parag Khare: Sir, you mentioned about the Polythene getting generated from the gas route and PVC Pipe manufacturers are so continuing the Polymer from there so likes of ONGC and IOCL and they have put up the capacity to generate the Polythene from gas. My question is, are we existing customer of them or we will buy from them only after the conventional way of Polythene gets expensive or costlier than what we are comfortable with?

Anil Jain: No, you are absolutely right. Actually, the new generation even in India the Polymers are coming they are on the gas route and the whole gas significantly lower cost. But irrespective of their cost actually the prices were driven by the demand and supply. I must say to the credit of Indian Polymer manufacturer especially ONGC or IOCL that you mentioned about I think they have tried very well to make an international quality product and operate at competitive prices. In so far as we are concerned, we are absolutely open to buying our Polymers from India and abroad we are driven by the prices or the landed price. I must say we have been able to maintain judicious mix both from India and overseas, I think we are buying close to about 30% to 35% locally and the rest is being imported if the local prices become favorable, we have absolutely no problem in increasing the local bank. But I must say that products are coming up pretty well, yes.

Moderator: Thank you. We take the next question is from the line of Nikhil Gada from Asian Market Securities. Please go ahead.

Nikhil Gada: Sir, first of all, call you just give me the order book of Composite Cylinder that we have currently?

Anil Jain: I do not know what to say because the order book looks pretty strong, but it will be safe to assume that our order book with access of 1.6 million Cylinders.

Nikhil Gada: 1.6 million Cylinders and this includes the orders from the recently acquired client that we have Indian client?

Anil Jain: Of course, it includes that one as well. But normally, the order book is not for one year they have delivery which is phased out over the over the next two years or three years. The gap is always available to take orders for the current financial year and that is newly acquired customer is we go by their long-term demand that will exceed into few million Cylinders, but we are not counting that.

Nikhil Gada: So basically, you are trying to say that they have committed certain amount of order, but we are not currently factoring that in our numbers, right?



*Time Technoplast Limited
May 28, 2018*

- Anil Jain:** Yes, we do not do that because we also know they are on a take-off stage as the business gets stable they will start and this deliveries are phased out. They are phased out quarter wise, that will go up to next two years or three years.
- Nikhil Gada:** Okay. And sir, in this case, are we like only the exclusive manufacturers for them or they are also looking at our competition to get some orders from them as well?
- Anil Jain:** Interesting when you see just as a distributor once they buy a Cylinders from a particular company and it has a separate design and configuration normally they do not change it actually because that mixes up because different manufacturers have different size, different volume, different colors, etc., so we have found that if you acquire a customer, he normally tries to buy all his requirement from one source itself to be able to have uniformity in the product and also you know for the filling they need to have the same dimension, the same weight, etc. So in a way it is exclusive. Yes, you are right it is exclusive.
- Nikhil Gada:** Okay. So as in they cannot, we do not have any sort of agreement if they want they can still go ahead and buy from the competitors as well, there is no such binding agreement on them, right?
- Anil Jain:** I mean there is an understanding in agreement, but I will tell you the truth once we have customer it will not go to anybody else.
- Nikhil Gada:** Okay, sir. Yes, fair enough. Sir, on the IBCs front, I assume you just said that we are expecting a growth of 15% in IBC for FY 2019. So, if I look at it in that perspective then you are saying that we will maintain our current utilization levels which are around 35% to 40% in the business?
- Anil Jain:** Yes, you are absolutely. That is what we will do but the growth for IBCs will also come from the new locations that we have added in the last year. That will also come to our support, yes.
- Nikhil Gada:** Sir, in that case the 15% number will be quite conservative, right you might be able to do...
- Anil Jain:** Our investors have taught us to be conservative.
- Nikhil Gada:** Okay, fair enough, sir. So just on the CAPEX front where you said it is around Rs. 200 crores of CAPEX that we are planning in FY 2019 but as such we are not adding any significant capacity. So I just really wanted to understand as you said Rs. 100 crores was the regular CAPEX but what is the remaining Rs. 100 crores you said projects in Bengaluru (Bangalore) and Silvassa. So what are these projects? As in we are just expanding our current capacity?
- Anil Jain:** We are now setting up a new industrial packaging product company near Bengaluru (Bangalore) because the demand for industrial packaging is growing in the South of India. We of course have a production site at Hosur and also at Gummudipundi. But we do not have enough additional space available for further capacity expansion. So we have decided to put up



*Time Technoplast Limited
May 28, 2018*

an extra plant near Bengaluru (Bangalore) because that is the area. Incidentally, we have developed a very special packaging for export of gherkins those miniature cucumber India is now becoming one of the very big market for export of those cucumbers which you find normally they call gherkins. So there is a big demand coming up there and we are putting up a factory which will be targeting those customers because it requires a different environment to be food grade, clean and so we require additional protection side. We are also looking at expanding our capacity in Silvassa. As you know we have been in Daman and Silvassa for a while we extend our capacity in different geographies, not much of an expansion came in here. We are now seeing with Dahej and other chemical guys coming up and the consolidation of chemical industry taking place and our current industrial packaging is growing so we decided to expand the capacity since our existing locations did not have enough space available. So these are the two locations that we are going to.

Nikhil Gada: So basically you are saying that, so Bengaluru (Bangalore) would be a Greenfield sort of an expansion and Silvassa would be more of a Brownfield.

Anil Jain: No, Silvassa is Greenfield and we have factory in Silvassa but that is a separate factory that we are putting up.

Nikhil Gada: Exactly, so it will be in industrial packaging itself?

Anil Jain: That is right, it is in industrial packaging.

Nikhil Gada: And this includes our land cost as well that we are factoring in?

Anil Jain: Yes, that is right, it is all include.

Nikhil Gada: And so, what will be the amount of capacity added if you can just give us some number on that?

Managment: We are adding capacity in Bengaluru (Bangalore) is near about 7,000 tonnes and in Silvassa we are also adding one line of the IBC and Plastic product capacity of there is near about 7,000 to 8,000 tonnes.

Anil Jain: So that is about 16,000 tonnes - 17,000 tonnes of total capacity.

Nikhil Gada: Okay, got it, sir. Sir, lastly, so in MOX Films, can we say that we now have a sort of pan India presence in MOX Films business with now you mentioned as we cover more than around 300 cities now?

Anil Jain: 300 distributors have distributed, you are right absolutely. I think, we would like to say, I did meet my distributor from Srinagar and we also have one Tuticorin, so I guess we have covered it well and of course, on the East India, we have put a lot of emphasis on Northeast because that market was under-penetrated and not truly presented and we are developing large business



*Time Technoplast Limited
May 28, 2018*

in that area. So we are doing in the Northeast. So now you are right absolutely, I think we can call itself to be all India player.

Nikhil Gada: Pan India, yes. Sir, so in this case definitely this 1Q would be sort of the peak season for our MOX Films, so how has been the demand if you can just give some color on that as in especially now in April, May and now with the reports also coming and that the monsoon season is likely to be very good. So how do you see this business evolving at least for this quarter and then maybe further after that?

Anil Jain: So I mean of course, we had good off season booking which is done all manufacturers of MOX Films. But interestingly Kerala where the monsoon is just set-in or pre-monsoon rain came in and the phones would not stop ringing actually the moment rains are there. So we are carrying inventories and we are pretty hopeful. Of course, we have indication from all of our distributors and sub-distributors. So they give us an idea as to how much they will pick-up during the season but the actual kick-up takes place as the monsoon sets in, so we are in that space. We are pretty optimistic about this business.

Nikhil Gada: Sir, so can we expect 50% to 60% sort of growth in top-line in MOX Films in FY 2019?

Anil Jain: Like I mentioned the MOX Films is a part of our value ad business and we are projecting a growth of about 40% in that space. So that is the minimum we will have.

Moderator: Thank you. We take the next question is from the line of Sweety Shah, Individual Investor. Please go ahead.

Sweety Shah: I have a couple of questions looking at the future outlook for the company. How do you see the company growth from three years from now?

Anil Jain: A very interesting question. Actually, we had made a five-year plan two years ago and we have said in the year 2021 in terms of revenue we will be looking at upward of Rs. 5,000 crores. we had also said at that time our EBITDA will be about 15% of the sales and then then two other landmark that we have set-up ourselves was that our debt will not be more than 2x over the then EBITDA and our ROCE will be north of 20%. So we are well on our way to achieve those numbers at least we are trying very hard to be there. So we share the optimism of our investors with regard to the growth of the company in a future year.

Sweety Shah: Sure. What are the next big opportunities we are looking at?

Anil Jain: Well, I tell you we have products on hand, MOX Films is another one, we have the Pipes which will see a substantial growth. In the current year Cylinders are already and I am glad that OMCs are also warming up to this product. There is the product phased in India, of course, India is the largest market for Cylinders in the world and if the Composite Cylinders get accepted here or get popular then our capacity will look so very small compared to the demand



*Time Technoplast Limited
May 28, 2018*

as it might come. So we have these new products and of course, we have our regular businesses growing and if the GDP conditions to grow as already seen a sign for that one we will be able to ride on that growth and expand the business here.

Sweetey Shah: Sure. Sir, what were our key risk the company is currently facing?

Anil Jain: Of course, the risk used to be on the Polymers but of course this is now mitigated because the Polymer prices are now driven by the crude prices. So there was I tell you there is one risk which is common to all companies including us that we should be vigilant about our business and not muck it up but other than that I think, we have got a strong product portfolio. We have pan India presence at overseas, we have got different verticals in which we are operating so we are agnostic to the segments. The only other factor could be that GDP growth in the country and that could be out of 2019 elections. And if the GDP does not grow then of course, like everybody else we may also be impacted. But to that extent, we will be impacted less as 30% of our business is coming from overseas, there we are seeing a strong demand and that the growth could be expected at around 18% to 20% there.

Moderator: Thank you. We take the next question is from the line of Anand Dubey, Individual Investor. Please go ahead.

Anand Dubey: Sir, just I have a couple of questions to ask you. Sir, how much sales in Q4 FY 2018?

Anil Jain: You mean Q4 FY 2018?

Anand Dubey: Yes, sir.

Anil Jain: In Q4 FY 2018 was not a great sales because normally the sale takes place in the Q1 of the financial year and onwards. Normally it goes during the monsoon. So Q1, Q2 and probably part of Q3 is the one that you see the numbers building up. In any case the last year our MOX Films was not great I think it will be fair to estimate about Rs. 20 crores for the sale in the quarter.

Anand Dubey: Okay, sir. Sir, can share the plant wise break-up?

Anil Jain: I will have to prepare a chart for you because we have got 19 locations in the country and I may not have it offhand but what you like to know is what is the capacity and utilization is this what you are asking?

Anand Dubey: Yes, sir. Sir, I just to capacity utilization for 19 location as a roughly figure.

Anil Jain: I would not have it right now the break-up of each plant. But in India we have a capacity utilization, capacity utilization is about 80% to 85% and overseas we have about 75%. I will ask my colleague to prepare the chart and if you would drop us your contact, we will have it send to you.



*Time Technoplast Limited
May 28, 2018*

- Anand Dubey:** Okay, sir. Sir, my third question relates to Composite Cylinders sold in Q4 FY 2018.
- Anil Jain:** Yes, you want to know the numbers for the Cylinders?
- Anand Dubey:** Yes, sir. Number, as well as price how much revenue, come from Composite Cylinder in Q4 FY 2018.
- Anil Jain:** I do not have these details right now with me, but I will ask my colleague, Mr. Modi, to reach you out and probably answer your questions on the phone, yes.
- Anand Dubey:** Sir, just my last question in Composite Cylinder market is trading to Rs. 2,800 to Rs. 3,000 but what is our exact price for 22kg and 5kg?
- Anil Jain:** Our Cylinder normally lets us say a 10 kg LPG Cylinder will be close to about Rs. 2,700 - Rs. 2,800 typical price. That is more expensive.
- Moderator:** Thank you. Sure, thank you. Well, Ladies and Gentlemen, that seems to be the last question. Members of the management do you have any final remarks to make?
- Anil Jain:** Thank you very much for the participation, I am always glad that our investors ask us some probing questions and we try and answer as we can on an open line but there are a certain limitation which we have. I am glad with the large participation and we look forward to talking to our various investors in the next time after Q1 results, thank you.
- Moderator:** Sure, Thank you very much. Ladies and Gentlemen, on behalf of Emkay Global Financial Services, we conclude today's conference. Thank you all for joining us. You may disconnect your lines now. Thank you.