



**“Time Technoplast Limited Q2 FY-23 Earnings
Conference Call”**

November 14, 2022



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**MODERATORS: MR. VIKRAM SURYAVANSHI – PHILLIPCAPITAL
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Moderator: Ladies and gentlemen, good day and welcome to the Time Technoplast Limited Q2 FY23 Conference Call hosted by PhillipCapital (India) Private Limited. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in a 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 phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vikram Suryavanshi from PhillipCapital (India) Private Limited. Thank you and over to you sir.

Vikram Suryavanshi: Thank you Mike. Good afternoon and very warm welcome to everyone. Thank you for being on the call of Time Technoplast Limited. We are happy to have the management with us here today for question-and-answer session with the investment community. Management is represented by Mr. Bharat Kumar Vageria – Managing Director; Mr. Raghupathy Thyagarajan – Whole time Director; Mr. Sandip Modi – Senior Vice President (Accounts and Corporate Planning); Mr. Hemant Soni – Vice President (Legal & Corporate Affairs). Before we start with the question-and-answer session, we’ll have opening comments from the management. Now, I hand over the call to Mr. Bharat Vageria for opening comments. Over to you sir.

Bharat Vageria: Thank you Vikram. Good afternoon to all of you. I have with me Mr. Raghupathy Thyagarajan – Whole time Director; Mr. Sandip Modi – Senior Vice President (Accounts and Corporate Planning); Mr. Hemant Soni – Head, Legal & Corporate Affairs. We are here essentially to talk about our results for Q2, and half yearly FY2023 and outlook for the rest of the year. We are pleased to report a consistent healthy growth this quarter. And first half, we went by good business performance. The business delivered a healthy revenue growth of 18% in H1 FY23. Our top priority continue to remain in a strengthening the revenue share of value-added product. The value-added product segment grew by 28% year-on-year, how our margin was slightly impacted owing to prevailing geopolitical scenario and challenging macro-economic environment. Despite a geopolitical scenario challenging macro-economic environment, the challenging global scenario we remain cautiously optimistic about our performance in the future backed by whose demand for our value-added product. We are also pleased to inform you that in the last two year, two and half years the number of the shareholders of the company have increased 300-fold and now reached more than 100 K. We would further like to inform you that Mr. Sanjeev Sharma, who is associated with the company for more than 25 years have been elected as Wholetime Director. He is currently looking after President on International and also heading company’s operations in North and Eastern part of India.

So, results are already announced, but I will just walk through some of the key financial and operational highlights. During the Q2 FY23 corresponding Q2 FY23 numbers there also I will give you on consultation basis. Net sale stood Rs. 1,024 crores as against Rs. 915 crores of the

previous year same quarter. EBITDA is Rs. 134 crores as against Rs. 131 crore. Profit after tax, I can say the same as quarter last year Rs. 50 crores, cash profit Rs. 92 crores. Especially in the Q2 of this year affected because we all are aware that there's too much cost of input has increased substantially which includes foreign exchange is also increased so there's a little time gap in passing of the prices that is affecting but hardly 1.20% effected in terms of the EBITDA margins. Now the key highlights for the quarter compared with the figures, net sale increase by 12%, India 8%, overseas 21%. Volume increase by 9%, India 5%, overseas 17%, EBITDA increase by 2% compared to last year.

The EBITDA margin 13.1% and against 14.3% decrease by 120 versus which I've explained to you on account the input cost we took some time to pass in as a 25 to 30 days gap to the customer and input prices increased because of the too much volatility in the foreign exchange also. Now, half year if you will see the overall comparison of the half year like FY23 you will find a good growth as far as net sales stood Rs. 1,969 crores as against Rs. 1,670 crores. EBITDA is Rs. 258 crores as against Rs. 232, profit after tax Rs. 94 crore as against Rs. 79 crore, cash profit Rs. 178 crores as against Rs. 158 crore. So, in terms of the half yearly you see the net sales increased by 18%, India 16%, overseas 22%. Overseas mainly reason as we have a very a presence in US market and in other country good business opportunity was there because China business is shifting to the other Asian countries that is the benefit we are getting it. The volume increased by 11%. India 9%, overseas 14%, EBITDA increased by 11%, PAT increased by 20%. So, PAT is little on account of the price increases.

EBITDA margin is 13.1% as against 13.9% decrease by 80 basis point. But, I'm glad to tell you in the second half always we get 55% business. So, we will definitely try our best to achieve the targeted EBITDA of the current EBITDA and pay it on the current financial year 2022 which company has projected. We are not changing any kind of the guidelines at present, because visibility for the second half is looking good because India everybody is committed and India will get a minimum growth of 7% that is visibility is there. So, share of the business, established product and the value-added product, quarter-on-quarter the new business is increasing which is valued added product grew by 28% in FY23 compared to FY22 mainly because of the CNG project, which you are aware that we have launched in the last 18 months only. The growth opportunity in the period that is also there.

So, after that value-added product share of the India and overseas business is 64%, 36% as against 68% and 32% by FY22. EBITDA margin India and overseas are in the same range there is no any much difference in the range 0.3% only, 13.2% and 12.9%. Total PAT is also in spite of too much price has increased in the previous quarter, foreign exchange fluctuation, the debt are in the same range, 811 crore as against 832 crores, there is reduction of 15 crores. The CAPEX part is concern is first half 108 crores which includes 37 crores towards the capacity expansion, re-engineering automation for the established product and 71 crores towards the value-added product. I recall my call had in the last conference call, I had mentioned very clearly companies focusing expansion in value-added product, especially in CNG. Therefore, you will find in the further two or three quarters value-added expenditure capital expenditure is

high because company had to meet certain targeted revenue looking to the present whose demand of the composite products market.

So, one another thing I would also like to update because our valued shareholders and board has given me the permission for consolidation cum restructuring to the overseas business and that process is still on, there is some delay I can say 30 to 45 days because of the summer vacations, because of the involvement from the many countries in the due diligence process. Still that deal is on, process is on and in a short period I can say short period, in the current financial year itself, we will try our best to complete the entire deal and you will hear some good news in the period ahead. So, still project is on, the team was working separately on that deal. Then, I would like to give now a specific floor for the question-and-answer because I want to give more time to the valued investor. They can get clarification wherever they need it. Thank you.

Moderator: Thank you. We will now begin the question-answer session. We have the first question from the line of Shalini Duby from Time Technoplast. Please go ahead.

Shalini Duby: Please let us know what is our company plans for shareholders. And what is the company doing to increase the shares. These are my two questions.

Bharat Vageria: Firstly, I would like to hear from you, how it is there might be management's name is Time Technoplast?

Shalini Duby: I am not able to hear you.

Bharat Vageria: You are from which company, you represent which company Shalin?

Shalini Duby: Time Technoplast.

Bharat Vageria: No, we are from Time Technoplast, you represent from which company?

Shalini Duby: I am a shareholder.

Bharat Vageria: Okay. You are a shareholder, I heard that you are from Time Technoplast. Now tell me your question.

Shalini Duby: What are your future plans for the shareholders and how you will reward them. And shares have not increased much it's hardly 10% to 12% quarter-on-quarter. So, what are your provision to increase the same?

Bharat Vageria: It's a good question. In fact company has now apart from last two Corona years, two and a half Corona period as mentioned in March 2022 company reached to pre COVID level business. Now, the expansion plan is almost more than around 15% volume growth you will see and 15% volume in revenue growth with give the benefit by your expansion in EBITDA margin.

Further company is adding the new product portfolio as last 18 months it is included composite product which comes from the value-added product and good potential is there. In fact, three years down the line company is looking to the business of more than 5000 crores on consolidation basis. So, which will have a value-added product shares will be increased because company is more focusing in expansion program is already finalized for the composite products. And in addition to that, the LPG gas cylinder which company has rewarded in this current calendar year only in the month of February the company got the order from IOCL government company and for supply of the two years composite cylinder. So, that would also give the margin boost is there, if you ask me company because investor and shareholders take the company when you understand in the form of the ROCE. So, my current ROCE which is in the range of 13.5% to 14% which we are targeting in the next few years time it should be over 19% that is the whole target we are keeping it. That's will come two way, increase in the EBITDA margin, increase reducing the working input cycle time because the value-added product need less cycle time. Another thing as far as shareholders is concerned, if you see my company resolution which is already reference to the restructuring and consolidation is already passed by shareholders also and that will give reward to the shareholders, that will give benefit to reduction in the depth. So, many areas company is planning to give the reward to the shareholders and to give the benefit that.

Shalini Duby: This is one and another is, the operating profit margin is fluctuating between 9% to 12% and this time it's 8.99 quarter-on-quarter.

Bharat Vageria: Are you talking about EBITDA margin?

Shalini Duby: Yes, sir the profit OCM is 13% constant.

Bharat Vageria: You are talking Shalin about the EBITDA margin which is 13.1%, company target achievement for whole year 14.2% for the whole year EBITDA margin.

Shalini Duby: I am seeing that is fine. And how much is your order book right now?

Bharat Vageria: SIT order book, company's order book is product wise and packaging product goes month-on-month but company has five products for which the order book is around 150 crore and other than that we have this composite product whose order book is LPG and CNG both, for CNG we have around 250 crore and LPG booking is around 400 crore. Order book is there in all product else all orders are on the basis of month-to-month. We have an order book around 800-900 crore.

Shalini Duby: Okay. Secondly, is the company gives products on credit?

Bharat Vageria: No, we have industrial product, we have to follow the industrial norm it's not a consumer product. We have to follow the industry norms. And if you see our cycle time increased in Corona times and slowly it's improving now.

Shalini Duby: Yes, I can see that improvement, the working capital days and cash cycle is increased and it has improved from Corona period. So, the progress is good and your FII is reducing, do we have any internal issues in the company which investors don't know.

Bharat Vageria: No, nothing like that. All funds have a time period of investment. The price is low or high they have to exit at that time so we can't comment on that. But as I have given in my opening remark comments that in March 2020 we had 31,000 shareholders and now we have more than 1 lakh shareholders. So, it can't be that 1 lakh shareholders don't understand the market, they are widely spread and educated, they know the business growth of the company. And today everyone know how chemical business is growing in other countries. China business is shifting towards Asian countries and other countries. So, as the chemical business will grow then packaging business will also grow which is almost 65% to 70% we have packaging business.

Moderator: Thank you. We have the next question from the line of Vikram Suryavanshi. Please go ahead.

Vikram Suryavanshi: Basically, can you share about how is the progress on CNG CAPEX and probably we have seen order which is more or less around 250 crores so how is the attraction in new order for CNG. So, if you can give idea on that?

Bharat Vageria: You are right, so as you are concerned of order book, because we're not taking the fresh order because whatever capacity we have been executing the old orders which were taken and we also would like to take the fresh orders with the increased prices. And further, as far as visibility is concerned, as you did in the first half, we did almost 60 crores business, balance second half will be more because we have just completed one small line again, but the major CAPEX which I have shared in the last quarter that we are committed already where company will invest around 130 crores in CNG project. So, in the next years' time we can get the revenue of more than 700 crores. So, we are on that line only, but again the automatic line will take some time in the delivery period. Therefore, the small way expansion, mini expansion in our portfolio is going on and so that we can complete our, at least fulfill the market demand which we have. As far as CNG is concerned, there is no problem in booking of the order. We can do the booking of 1000 crores if want today. But we also don't want to commit for the longer period at the current prices. Because we would like to sustain our EBITDA margin in the range of 18% to 20%. So, when the capacity expansion come, we will do the booking otherwise during that period, whatever my monthly therefore, you must have seen my order booking is almost same in the lines of 225 to 50 crores we are continuing with whatever supply we are doing the similar quantity we will take against order that we can execute faster. So, we are yes focusing value-added product especially LPG and CX expansion is on radar and that we will do on time.

Vikram Suryavanshi: Okay, got it. And you touched upon this margin, there is bit amount of impact on the margin and in terms of FOREX impacts, as well as the delay in passing on some of the costs. So, how does the margin scenario looks given there is a talk about the slowdown in global, particularly US, Europe and how is basically industry in terms of demand outlook and probably you can

give slightly more idea about the impact of this FOREX as well as the raw material on the margin going ahead?

Bharat Vageria: Yes, your concern is right. But again, I'm telling you my overseas business has grown by 21%, because we are the leader in eight countries out of the 10 countries. So, I don't think I have not seen any kind of the downward in that region. And EBITDA margin, which is specific this quarter two have been affected, because sudden jump in the foreign exchange, which was going on 81, 82 and suddenly went up to 83 party. So, we take time in the passing otherwise our 92% business is B2B industry business, any price increases then we pass on to them. So, whatever margin and EBITDA margin we lost in this quarter will gain in the second half of the current financial year. And, in addition I would tell you, we have no projects in Europe. Because Europe slow down even whatever slowed down, Europe many factories have closed down anything. But we see also that the good opportunities so we can supply some of the our packaging product from the Asian countries to the other countries, including Europe also we can supply because Europe production is affected because of the energy cost is very high there. But that is not sustainable to anywhere 300%, 400% energy cost is hiked there already.

Vikram Suryavanshi: Right. And the currency impact would be around say 50, 60 basis points or higher?

Management: No, I think not that much because we pass on to them, if a 125 basis points is down that is on account of the two reasons, you can say the 50 basis points on account of maybe foreign exchange that is hardly worked out around 6 crores something or on account of raw material prices which is sudden increases in the month of August and September which has now started slowing down. So, that benefit also will come back in this quarter, because we have passed on now whatever increase is there because certain customers for the customer we do on the quarterly pricing with them. So, that benefit will come back to us in this quarter.

Moderator: Thank you. We have the next question from the line of Prema Banda from BSM. Please go ahead.

Prema Banda: Can you clarify what kind of business will be less after the overseas is sold off with the current organization, how the business will be after

Bharat Vageria: No, I could not hear your question.

Prema Banda: My question is around this re-organization that you are doing. What will the revenue be left with the Indian company after the re-organization selling of internationally business, if you can give clarification?

Bharat Vageria: That is again, it depends because we have a presence in 10 overseas country. We are discussing with the party to sell the entire galaxy, entire overseas businesses with the majority shareholding and we can do the part of the area also because it's all 10 countries different. So, that's when we will finalize our deal we will definitely come and explain to you but as

overseas my current business is almost around 35% is overseas business we are doing in the 10 countries today in scenario. And I can say other words I have almost around 40% in Middle East we have, around 25% in these countries we have in Asian countries, foreign countries, and we have around 15% business in USA.

Moderator: Thank you. We have the next question from the line of Jenish Gada an Individual Investor. Please go ahead.

Jenish Gada: Any update and progress on one of our foreign unit sale as in last quarter management highlighted that they have appointed a big banker for the sale of the unit, and by when we expect to sell the unit and what is management expecting the proceed, the amount of proceed to be received, whereas the proceeds will be used where, it will be used in capacity expansion or working capital or it will be given back to the shareholders?

Bharat Vageria: I will tell you, you are right because it was to be completed in this, it will be completed in the current financial year only. It is showing as you are right that we have appointed advisors to handle this transaction JP Morgan and E&Y is handling it, but at the same time we also would like to evaluating the valuation. So, my advisors are in touch with them and they would like to en-cash the good value, in spite of current whatever global scenario is ongoing. But then as far as this unit of these funds are concerned, we have already got the approval from the board that it can be used for the partly repayment of the debt, partly for the value-added product expansion especially LPG, CNG and hydrogen cylinder and partly with benefit to the shareholders that three things are there. Then the transaction will be completed definitely we will update how the benefits of the shareholders are coming. That's the time will be decided you know the benefit of giving the shareholders are many reasons buy back, dividend, special dividends there are so many ways to give to the benefit of the shareholders.

Jenish Gada: Sir is management confident that the same will be completed in current financial year?

Bharat Vageria: I can say probably percentage terms I can say yes, 80% yes.

Jenish Gada: Okay, and reason for the sale of that unit?

Bharat Vageria: Somebody from investor side is also suggesting because we have a lot of things to do in India as we have a presence in 10 countries where my EBITDA margin is range of 12% to 13%. But we have a do lot of investment in my composite product where the EBITDA margin is 18% to 20%. So, we would like to substitute business from 13% EBITDA level to 18% to 20% EBITDA level. So, that return on capital can be increased and the company can achieve the ROC in the next three years' time of 20%, the large demand is there.

Moderator: Thank you. We have the next question from the line of Hitesh Taunk from ICICI Direct. Please go ahead.

Hitesh Taunk: Sir, I have few questions. I'll start with the pipe segments first. We have seen a good traction in the pipe business from this quarter onwards. And it has shown improvement also. So, what is the outlook in that segment and what is the order book, what is the outlook because that segment was remain like that from few years?

Bharat Vageria: So, should I answer first this question then you will ask, or again you give me your questions, I will answer you all the questions together?

Hitesh Taunk: Okay. So, you want me to ask all the questions, okay.

Bharat Vageria: Yes, I will give you all the questions answer together, pipe business I got it.

Hitesh Taunk: Okay. And the second question is from the LPG front. What was the export volume for the LPG cylinder for this quarter, and have we seen, I believe my calculation says that we have seen a significant drop in the export volume because we are diverting significant volume to domestic companies only. So, is there any significant loss of business from the export point of view, this is my second question. And my third question is, sir you were saying that you are seeing significant growth in the second half. According to my calculation, the second half revenue will be going to grow according to your estimate 21% which is, significantly higher than our historical growth rate. What is going to drive this kind of revenue growth, I know that value input categories going on higher teams, but I also know that the established product which is a significant revenue contributor in the topline is growing at about 10% to 11%. So, what kind of growth are you seeing in these two segments going further. And my last question is that you're seeing a 14.5% kind of margin on a full year basis, that means nearly 14.5% or say 120, 130 basis point jump from here on. So, that will flow from Q3 onwards, because we know that there would be a kind of volatility in the PVC prices. So, that will flow from Q3 onwards or will it be from Q4 onwards. So, these are my questions. I will come in the queue if I have more. Thank you.

Bharat Vageria: Yes, Hitesh your all questions are good to understand, as you have asked me the pipe business, you know that last two and half years was affected, especially in this rainy season also it is affected, but pipe business now, as per the government has also increased that infra is pending and now good value of the tenders has come out in the market. So, we have also taken up the good I can say now, today onwards even I can say from October onwards I am booked till March. So, good order booking as far as pipes are concerned. So, for all of the year pipe business we have kept the target of over 200 crores maybe around 220 crores or something, so we are going to achieve it because in the first half we achieved 100 crores, but definitely the balance of visibility is there. And prices are also now come down to the reasonable level, I can say reasonable the prices which have increased in the last nine months maybe 15% to 20% prices were up. So, after October or after October it started slowing down. So, if I recall you know that when you are in the PVC market, PVC prices went up to \$1,600 and now went down to up to \$700 again, but there is a substantial we are not in that sector at all. So, PVC is much affect the market, but we are in some kind of the special product. In special product

prices there is no much volatility it is in the range of 15% to 20%. So, as far as pipe business is concerned, as I mentioned in my various call and we're also looking into capacity, we can do the pipe business of almost around 400 crores with my existing investment that we can see the visibility in the next year. Because as this year, the COVID level business was done in March 22. This rainy season in India is affected, many still in the last month also we had many areas there still rain is ongoing, but now the execution have been started. So, as per the pipe business, we should increase by almost 20%, 25% every year. For example, we are expecting to close around 220 crore this year. Then further we can expect around 300 crores next year and at the same time, you know very well we have said many times we are not going to do new expansion in the pipe business till we achieve 90% capacity utilization.

Now, you've asked me the LPG. Yes, LPG local supply has been started, we used to supply 80% locally and 20% export, but especially in the last quarter in India rainy season was there is the many states which has affected delivery system of the Indian Oil Corporation. Therefore, this opportunity we export, much more quantity particular last quarter increased to 40% and localized supplied 60% only. But again, export order we execute, we take the order and always take time to supply in the next four to five months' time. Considering the present situation availability of container and my customers are giving me adequate time for supply in their country. So, as far as LPG is concerned, my utilization definitely we are estimating around 85% that is going to be maintained this year also.

Now, second have you asked me about the EBITDA margin which is 13.1% and H1 23 we achieved 31.1%. Yes, all my guideline for all of the year is 14.2%. So, therefore, in the balance second half we have to get the EBITDA margin increase by around 1% and that is sustainable and achievable because last month, last quarter to much volatility in the polymer prices, too volatility in the foreign exchange, resulting it took time to pass on to the customer. So, we have already pass on that prices. And this particular like I say, the Q3 and Q4 has first half will be 45% business, Q3 we do around 26%, 27% business and the last quarter is 30% business. So, still we are not changing our guidelines, we are strict on our guidelines to achieve EBITDA margin in the range of 14%, it should surpass to 14%.

And the PAT margin again little will be affected on account of the interest cost which is increased by the RBI, but we will able to maintain that also because in the next six months time we are targeting to improve our working capital cycle time, whatever cost increase is there that are will able to save in the improving the working capital cycle time. I hope I answer all your questions.

Hitesh Taunk:

Sir my last question was about the second half revenue growth, which you are guiding nearly 21% over the last year and we have not grown in such as fast pace historically. So, is it and also we are in the process of hiving off some of the business also. So, what is going to drive the second half revenue so fast?

Bharat Vageria: Whatever I'm talking to you, I'm not considering today because still business is in our hand, so whenever the dilution will come out, that will give the effect how much impact will come that only after completing the transaction, I'm talking about apple to apple compare, as far as this year is concerned, in the first half we achieved revenue growth of 18% and definitely the second half will achieve more than 20% considering that composite like CNG product, which we are estimating revenue of over and around 130 to 150 crores which in the first half we did 60 crore, because just we have completed the one line in the last quarter. So, that will give me the supply of my additional components, this CNG gasket. So, when after my expansion I mentioned to you next year, definitely we can project composite business both put together maybe around more than 500 crores together CNG and LPG, because by the time we will complete our expansion of the, I will able to use my at least four to five months of the expansion product also in CNG in next year in 23-24. But I'm quite sure as against the last year turnover of 3652 crores we are expecting over 4000 crore business and that is visibility is there considering the order book and the demand which is ongoing. Because we have seen my overseas business is not affected much. We are growing here over 20% and that is continue we will grow.

Hitesh Taunk: Okay. Just for the sake of clarification, for the first half of FY23 you have recorded around 144 crore revenue from the composite cylinder.

Bharat Vageria: Yes.

Hitesh Taunk: And what kind of visibility do you have for the full year sir for this year?

Bharat Vageria: Full year in around 340 to 350 crores.

Hitesh Taunk: And for FY24 sir?

Bharat Vageria: 24, it's too early to say but I definitely you can see the growth of more than 20%. I'm not considering any LPG expansion currently because I know that because currently we can't do the expansion based on only one Indian customer when the other two gas distribution company like BPCL, HPCL will come we can definitely plan for expansion and still that has not yet on thing yes we are talking based on the Indian Oil getting the response Indian Oil Corporation wherever they have supplied the cylinder. The good demand is coming up from the user side, because considering the advantage of using the LPG cylinder.

Hitesh Taunk: I am sorry sir, I missed the growth guidance for FY24, could you repeat that please.

Bharat Vageria: In 23 for composite cylinder LPG and CNG together as I mentioned to you I am expecting business of 350 crores, LPG and CNG both. In the next year definitely, we can expect more than 500 crores conservatively you note down 500 crores next year.

Moderator: Thank you. We have the next question from the line of Harsh Beria, an Investor. Please go ahead.

- Harsh Beria:** Congrats for the good set of results sir, very good to see the growth.
- Bharat Vageria:** As a customer you are telling right I appreciate your concern, but as a promoter I am not happy because my EBITDA is down by 1%. But these are beyond our control so, we could not but we will try to achieve that. Thank you for appreciating again.
- Harsh Beria:** But also with all the raw material price increase, you have maintained EBITDA margins, which is not at all bad so, congrats to that.
- Bharat Vageria:** Yes.
- Harsh Beria:** My question is towards the LPG cylinder capacity expansion; our competitors Supreme Industries has recently announced that they will be doubling the LPG cylinder capacity in the LPG composite cylinder capacity by December 2022. So, are we seeing different trends in demands, if we have pulled out our expansion plans on hold?
- Bharat Vageria:** My partner, Mr. Raghupathy will answer this query.
- Raghupathy Thyagarajan:** We have a capacity of almost 1.4-million-cylinder capacity. And of course, I would say that when you hear about the capacity expansion of the other player, you can also check up their capacity that the first phase of their installed capacity was much lower. If I can recollect, it was about 500,000 cylinders or so. So, even if they increase it, though this is not the platform for me to comment on it, but then they have to go for an expansion basically, because the current installed capacity of 500,000 is inadequate to meet the required demand right now. So, we are carry on that expansion part of it. But even after that expansion, my installed capacity will still be higher than what they will have post their expansion.
- Harsh Beria:** Okay, that makes sense. So, our installed capacity is 1.4 million but you have mentioned in the past that the actual realizable capacity, due to different product sizes is about 1 million?
- Raghupathy Thyagarajan:** Yes, you are right.
- Raghupathy Thyagarajan:** Yes, there are multiple sizes of cylinders. And when you are catering to different markets, obviously the product requirements are in different, different sizes and that is why it cuts down utilization. But now with the bigger orders like Indian Oil Corporate, et cetera coming which is limited to one size and that to be a million. So, obviously we are in a position to then better utilization of the capacity as well so that probably you can see some differences.
- Harsh Beria:** Perfect. Thanks for that clarification. I saw in our presentation this time we mentioned that we are targeting or we are looking for aftermarket sales for our CNG onboard applications. Can you talk about like the current state of development in that segment?
- Raghupathy Thyagarajan:** Yes, that's a huge market, because at the moment what we are currently doing the CNG capacity that we have is only filling up the supply chain part of it where in the CNG is required

to be transferred from the mother station to the daughter station in the form of casket. These gases that are appended at the daughter stations or other retail outlets will have to find their way into the automotive vehicles. Not all the automotive vehicles today in India are all using steel cylinders, and which are obviously very heavy in weight. The shift from steel cylinder to type four cylinder will bring about an 80% reduction in the weight of the cylinder. So, it's a project which is being carried out by us, we are working with some OEMs already and it's a little long gone process in terms of an OEM approval. But when it comes to aftermarket they are more eager and ready to switch over which we will do it when we have the expanded capacity available to us. And there we are also focusing on not only for the gaskets but also for the aftermarket which will mean a different size for automotive vehicles as well. So, that will be a little different size and a little different internal technology as well and that will also be rolled out as we come up with expansion.

Moderator: Thank you. We have the next question from the line of Khushal Jain from Khushal Jain & Company. Please go ahead.

Khushal Jain: I want to know what is our sales consideration market value up overseas as such?

Bharat Vageria: We can't comment on the market value. Because we can't comment before completion of this transactions in sensitivity is concerned but we will do the best we have appointed the global best valuer JP Morgan and E&Y and their suggest we will accept it and because we may sell in the part or full that is depending on how the price we are getting it and we are not selling the entire business of the countries, we will do some majority tech sell and the balance we will continue. So, you will come to know very shortly there is not much time is there.

Khushal Jain: How much time it will take now for getting with this transaction?

Bharat Vageria: This transaction as I mentioned you were on call or not earlier but I mentioned very clearly this financial year itself it will be completed.

Khushal Jain: Okay, sir. My second question is that sir, it's a technical question. Composite cylinder of LPG, this Indian weather is supporting that product, gas settles at the bottom doesn't come up.

Bharat Vageria: No, there is some problem in the metal cylinder. My partner will tell you in more technical details.

Raghupathy Thyagarajan: The cylinder is tested in 70 degree so what will be the effect on it on higher temperature we check that and on that basis we do its manufacturing.

Khushal Jain: If the cylinder is of 20 kg and when gas will be 1 then 20 kg will be one or will it have 15 kg or 16kg will be in it?

Raghupathy Thyagarajan: You will get complete gas, as you are getting in steel cylinder you will get in this as well so there is no problem.

Khushal Jain: Okay. And I want to know the CNG, CNG is a very wonderful product because I have run the CNG plant in Bhopal so I have faced so many problem for getting the CNG gasket so we used to get it done locally but that is not good. So, what is the availability at your end current?

Raghupathy Thyagarajan: What you are seeing is for different, the cylinder for car is being developed, currently after the expansion of capacity we will have that size and technology to use it in the car and we will have that capacity available. Currently the one which is going is only to gas companies so that they can distribute the CNG gas.

Khushal Jain: Okay, currently you are not making for vehicle.

Raghupathy Thyagarajan: It will be available in next year.

Bharat Vageria: Khushal you might have seen that currently for CNG you would have to get in queue of the pumps which are selling petrol and diesel, now all over India we have new 8000 filling stations. Now we have Mahanagar Gas, Virat gas and all they are opening their own gas stations so government has given them licenses and we are making the equipment's which they required to bring the gas from their mother station to their filling station which is called CNG cascade, in one cascade we have 60 cylinders and it's mounted directly. And it's kept at the gas filling station and from there it's filled in the vehicles. In today's time the market value is 18,000 crore in coming years. We have 8000 pumps opening and at one petrol pump we require two cascade so it's 16,000 cascade and one cascade of steel is of 35 lakhs and higher is of 70 lakhs.

Bharat Vageria: By this you will come to know the market is huge and that's why we are expanding it and you will get the return in the coming two years.

Khushal Jain: Okay. Sir my last question is, what is the full year revenue and what is the full year PAT?

Bharat Vageria: Full year revenue, you are talking about the consolidation level?

Khushal Jain: Yes.

Bharat Vageria: So, as we were telling Mr. Hitesh, his question was that we have done 1900 crore revenue in the first half so in the balance half we will have a growth of 18% to 20% and it will be close to 4100 crore.

Khushal Jain: Wonderful. What will be the PAT?

Bharat Vageria: Last year PAT was 188 crore we hopes there is volatility so this time it will cross at least 200 crores.

Moderator: Thank you. We have the next question from the line of Bhagyesh Kagalkar from HDFC Mutual Fund. Please go ahead.

Bhagyesh Kagalkar: The composite cylinder with the IOC and others for the submission of Government of India the gas mission essentially that we are selling very important cascades for the whole system's essentially, off late there have been concerning report that CNG may witness a slowdown, CNG prices themselves have gone up because of the overseas issues basically. The company can be well agnostic which it is, if you say automotive components we are already making rain flaps, interior tanks, et cetera. Some of the OEs whom we are talking are doing something on the EV front also, be it two wheeler or four wheeler essentially. So, what is the thought process that also some products are being made battery cover or something like that essentially?

Raghupathy Thyagarajan: Yes, there are a couple of products in addition to what we have already put on the public domain which are under development, and they are all related to some of the new technology that is available with us. Commercial vehicle, which is also growing very is witnessing a healthy robust growth. We are also working with leading commercial vehicle manufacturers for replacing a lot of their metal parts to plastic and composite. I'm not at liberty to disclose this, the details but then I can assure you these are also changes that are continuing to happen to take care of good part of the demand generation that we will witness so that is going to be there for sure. I agree the concern with regard to the CNG prices being increasing that is of course looks at the face of it, in situation but we need to understand that when we look at CNG and diesel, or for the matter even petrol, even when you have the same prices on a liter to liter basis, which currently is under the influence situations as well. Even then CNG has a 40% additional mileage that is available. So, at any point of time, even if the prices of the fuel CNG is on par with diesel which is status today, the buyer or the user of the CNG can still witness 40% extra mileage and that is a reason as to why it is the driving force from a user's perspective. And of course, the government has given all the necessary initiatives to ensure that there's a wider availability of CNG because we all know that the CNG is a less polluting fuels. And they all are kind of committed to the Paris protocol earlier one and now it's COP 27 being held in Egypt. So, we're all going in that direction, we as a company are prepared to take care of the emerging situation and situation that will come in, we are ready with the current fuel of today that is CNG and our investment that we are also doing, we will also take care of the fact that we will be prepared for tomorrow with our cylinders for hydrogen. So, we are taking care of every component of demand that we can envisage today.

Moderator: Thank you. Ladies and gentlemen our next question comes from the line of Anchal Kansal from Green Portfolio. Please go ahead.

Anchal Kansal: Sir, in the previous quarter you told that your subsidiary in NLP received orders from Tesla worth Rs.100 crores. Sir, what is the timeline of the supply and since Tesla is a big name are we in talks with any other players as well?

Bharat Vageria: You are talking about the energy storage devices right, Tesla Power USA, who has placed the order to one of the subsidiary company Net Energy right?

Anchal Kansal: Yes.

Bharat Vageria: As given the order for 100 crores which is to be supplied in a year time. So, the supply is already started and serve because that involve various types of batteries, which we are developed from him out of our existing product portfolio. And you must have seen the various advertisement given by Tesla Power also in the paper, they are working like a model, they are they would like to buy the batteries from us and they will be on the rentals to the end users on the full battery charge with them. So, there's a good business we are expecting and the same order we are continuing and execution is on already.

Anchal Kansal: And sir are we in talks with any major players, other than the peers?

Bharat Vageria: Other major players in the battery segment?

Anchal Kansal: Yes, sir.

Bharat Vageria: So, battery segment you know very well that as my NED energy we are in the battery segment of the telecom tower, solar, railway signals, inverter and industrial batteries we do manufacture, we are not in the automotive sector batteries and automotive sector batteries are other Exide, Amara Raja they are there in auto, they are in these other batteries also they are producing

Anchal Kansal: Sir, also in the composite cylinder segment, when can we expect orders from HPCL and BPCL. So, the next question is whenever they release a tender are they prepared for the same in terms of the capacities.

Bharat Vageria: Yes, mostly there would be the similar capacities in terms of the size of the cylinder. Because today, most of these oil companies whatever we have seen in the diesel cylinder perspective also everywhere they market the 14.2 kilo cylinder, so they will also adopt the same size.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Bharat Vageria: Thank you very much to my all existing and prospective valued investors. And as I mentioned in my call, we are definitely going to add better than the present what we achieved because it's good as India is a country where we are expecting the good volume growth, looking at the growth where we have our own contribution. Once again, thank you to my all valued investors and participant in this call.

Moderator: Thank you. On behalf of PhillipCapital (India) Private Limited, that concludes the conference call. Thank you for joining us, and now you may disconnect your lines.