February 27, 2025

Time Technoplast Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Short-Term – Commercial Paper Programme	450.00	525.00	[ICRA]A1+; reaffirmed and assigned for enhanced amount
Total	**450.00**	**525.00**	

** Instrument details are provided in Annexure-I*

Rationale

The reaffirmation of the rating factors in Time Technoplast Limited's (TTL/the company) extensive operating track record in the plastic packaging industry with an established market presence. The company enjoys a leading market position for most of its product segments in the domestic and global markets with a varied product mix and exposure to diverse end-user industries. Further, over the last few years, its product mix has improved through the addition of new products, which is likely to yield diversification benefits and aid revenue growth and profitability. TTL's financial profile is strong, characterised by low gearing and healthy coverage indicators. Although TTL's liquidity profile is adequate, ICRA notes the company's high borrowing rates.

In 9M FY2025, the company's revenue grew ~11% YoY on a consolidated basis, aided by demand recovery for established products and increase in the sales of value-added products with slight uptick in the operating margins as the share of value-added products has risen. The capital structure and coverage indicators have also remained healthy. Going forward, the company's focus on increasing the share of value-added products and a healthy ramp-up of sales in the segment, driven by a strong order book for composite cylinders and the capacity expansion underway in the segment, will aid product diversification and improve the operating margin profile.

ICRA notes that, the company was earlier looking to consolidate/restructure the overseas business by divesting its majority stake in these entities and the proceeds were planned to be used for debt reduction, capex funding and the benefit of shareholders. However, the plan has been shelved, and the company will be focusing on growing its overseas business as well. TTL has also taken the board approval for raising Rs. 1000 crore in equity through a Qualified Institutional Placement (QIP) which it plans to utilize as a backup plan if it has to incur significant capex for some of the products under development. The same will remain a key monitorable.

The company is present in the highly fragmented packaging industry, characterised by intense competition, which limits its pricing flexibility. The working capital intensity of operations also remains high, mainly due to the high inventory requirements, and the same has remained elevated in the last three fiscals. Further, the price of its key raw material — high-density polyethylene (HDPE) — is derived from crude oil, thereby exposing TTL's profit margins to the volatility in raw material prices. With majority of its raw material requirement being met through imports, it is exposed to volatile foreign currency exchange rates. However, TTL hedges a predominant share of its foreign exchange exposure, mitigating the risk to an extent.

Key rating drivers and their descriptions

Credit strengths

Diversified product portfolio and geographical mix; leading position in various product categories – TTL is a leading manufacturer of industrial packaging products, with operations in the domestic and international markets across Asia, US and the Middle East and North Africa (MENA) region, where it is present through its subsidiaries. It has a diversified product portfolio comprising products for industry segments such as industrial packaging solutions, technical and lifestyle products, infrastructure-related products, material handling solutions, composite cylinders and multilayer multi-axial oriented cross laminated films (MOX films). Over the last few years, the company's product mix has improved through the addition of new products, which is likely to yield diversification benefits and aid revenue growth and profitability. TTL is one of the leading players in various product categories like industrial packaging products (Asia and MENA region), composite cylinders and intermediate bulk containers (worldwide).

Well-diversified customer base resulting in low customer concentration risk: TTL has a well-diversified customer base, spread across different industry segments. The company's top 10 customers contributed to ~20% of its standalone revenues in FY2023, reflecting low customer concentration risk. Over the years, it has developed strong relationships with reputed customers, which helps in procuring repeat orders.

Strong financial profile characterised by low gearing and healthy coverage indicators: TTL's revenue has been witnessing healthy growth driven by healthy demand for its products resulting in a revenue growth of ~14% yoy in FY2024 and 11% yoy growth in revenue in 9M FY2025. The company's profitability at operating level has been stable with OPM% of 13.8% in FY2024 and 14.3% in 9M FY2025 supported by rising share of value-added products in revenues. With stable cash generation, the overall credit profile of the company has remained healthy. The coverage indicators also remained healthy in FY2024, with total debt/ OPBDITA of 1.2 times (1.6 times in FY2023) and interest coverage ratio of 6.8 times in FY2024 (5.5 times in FY2023). The interest coverage ratio has further improved 8.22x in 9M FY2025.

Credit Challenges

Fragmented industry and intense competition exert pressure on profitability – TTL faces competition from a few large established and numerous smaller-sized players because of the low entry barriers in the industry. However, for a few products like polymer drums, IBCs, composite cylinders, etc, TTL is one of the leading players worldwide. The company faces competition in the industrial packaging segment from metallic container manufacturers. However, there has been a gradual reduction in the industry-wide usage of metallic containers on account of the various benefits that plastic containers have over their metallic counterparts, coupled with the reducing price differential between polymer drums and their steel counterparts. The threat from imports is negligible owing to the freight-intensive nature of polymer products.

Ability to manage volatility in major raw material prices resmains critical – HDPE is the major raw material for TTL's products and its prices are primarily derived from crude oil prices that are highly volatile in nature. However, as the company is in the business-to-business (B2B) space, it is able to pass on the impact of input price fluctuations to its customers with a time lag of about 15-20 days, depending on the terms of the contracts with its customers. However, the minor fluctuations cannot be passed on immediately to remain competitive in the market.

High working capital intensity of operations, arising mainly from high inventory requirements – The company's working capital intensity remains moderate with NWC/OI of ~39% in FY2024. It has a policy of stocking 60 days of raw material inventory, depending on the raw material price movement and the average transit period is 15-20 days. In addition, it maintains ~30 days of finished goods inventory, including work-in-progress (mainly running products inventory). Most of TTL's raw material requirement is imported against letter of credit (LC), while domestic purchases are made against advance payments.

Environmental and social risks

ESG related comments

As per the disclosure made by the entity in the FY2024 annual report, it complies with all the applicable environmental regulations/laws and adopts adequate safety measures for its employees. The company has also been taking measures for energy and water conservation. The plastic materials are reused in accordance with the regulatory and standard norms of the State/Country. In certain instances, the waste is either sold to registered vendors or transported to authorized recyclers. Internally generated materials are grinded and reused in a manner that ensures optimal quantity without compromising quality.

Liquidity position: Adequate

TTL's liquidity is expected to remain adequate with expected healthy cash flow from operations, on a consolidated basis. The cash flow from operations of the company are expected to witness healthy uptick in FY2025 owing to increase in operating profit along with low incremental working capital requirements. On a consolidated basis, the company has a repayment obligation of ~ Rs. 80 crore and planned capex of ~Rs. 175-200 crore over FY2025-26, with the capex expected to be financed largely through internal accruals. The average fund-based utilisation stood at ~92% for the last 12 months ended Jan 2025 and the company has healthy cushion in its working capital facilities, while unencumbered cash, bank balance and liquid investments were at ~Rs. 153.5 crore as on March 31, 2024.

Rating Sensitivities

Positive factors – Not applicable

Negative factors – Any large debt-funded capex and/or deterioration in the working capital cycle putting pressure on the credit profile could lead to a downgrade. Another key credit metric for downgrade would be the consolidated TD/OPBDITA exceeding 1.8 times on a sustained basis. Additionally, pressure on the rating might arise if the company's 12-month average utilisation of fund-based limits (including CP utilisation) exceeds 85% of its drawing power on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of TTL, its eight subsidiaries and one JV, which are all listed in Annexure II

About the Company

Time Technoplast Limited (TTL), incorporated in 1989, is a manufacturer of polymer products in the Asia and the Middle East and North Africa (MENA) regions. The company was listed on the Bombay Stock Exchange in 2007. The company has operations at 21 locations in India and 10 locations overseas. It has operational overseas footprints in geographies like Bahrain, Egypt, Indonesia, Malaysia, Singapore, UAE, Taiwan, Thailand and Vietnam. The company's portfolio consists of products for industry segments like industrial packaging solutions, lifestyle products, automotive components, infrastructure related products, Intermediate Bulk Containers (IBCs), material handling solutions, composite cylinders and Multilayer Multiaxial oriented cross laminated films (MOX films).

Key Financial Indicators (audited)

Consolidated*	FY2023	FY2024	9MFY2025
Operating income	4,289.4	4,992.5	3,988.3
PAT	223.8	315.9	282.6
OPBDIT/OI	13.5%	13.8%	14.3%
PAT/OI	5.2%	6.3%	7.1%
Total outside liabilities/Tangible net worth (times)	0.6	0.6	-
Total debt/OPBDIT (times)	1.6	1.2	-
Interest coverage (times)	5.5	6.8	8.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)				Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	FY2025		FY2024		FY2023		FY2022	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	525.00	Feb 27, 2025	**[ICRA]A1+**	Feb 08, 2024	**[ICRA]A1+**	Nov 17, 2022	**[ICRA]A1+**	Nov 01, 2021	**[ICRA]A1+**
					Oct 09, 2023	**[ICRA]A1+**	Oct 31, 2022	**[ICRA]A1+**	Sept 30,2020	**[ICRA]A1+**

Complexity level of the rated instruments

Instrument	Complexity Indicator
Short-Term – Commercial Paper	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE508G14GM6	Commercial Paper	12 Aug 2024	8.50%	27 Feb 2025	2	[ICRA]A1+
INE508G14GN4	Commercial Paper	14 Aug 2024	8.70%	26 Mar 2025	10	[ICRA]A1+
INE508G14GO2	Commercial Paper	09 Sep 2024	8.50%	25 Mar 2025	2	[ICRA]A1+
INE508G14GV7	Commercial Paper	11 Oct 2024	8.75%	09 Apr 2025	25	[ICRA]A1+
INE508G14GW5	Commercial Paper	24 Oct 2024	8.55%	27 Mar 2025	5	[ICRA]A1+
INE508G14GX3	Commercial Paper	07 Nov 2024	8.45%	18 Mar 2025	50	[ICRA]A1+
INE508G14GN4	Commercial Paper	08 Nov 2024	8.73%	26 Mar 2025	40	[ICRA]A1+
INE508G14GZ8	Commercial Paper	11 Dec 2024	8.30%	20 Mar 2025	4	[ICRA]A1+
INE508G14GO2	Commercial Paper	23 Dec 2024	8.30%	25 Mar 2025	7	[ICRA]A1+
INE508G14GO2	Commercial Paper	24 Dec 2024	8.60%	25 Mar 2025	100	[ICRA]A1+
INE508G14HB7	Commercial Paper	30 Dec 2024	8.85%	30 Dec 2025	50	[ICRA]A1+
INE508G14GO2	Commercial Paper	31 Dec 2024	8.30%	25-Mar 2025	3	[ICRA]A1+
INE508G14HC5	Commercial Paper	06 Jan 2025	8.40%	07 Apr 2025	10	[ICRA]A1+
INE508G14HE1	Commercial Paper	28 Jan 2025	8.68%	28 Jul 2025	25	[ICRA]A1+
NA	Commercial Paper		Yet to be placed		192.00	[ICRA]A1+

Source: Company Data;

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership of TTL	Consolidation Approch
TPL Plastech Limited	74.86%	Full Consolidation
NED Energy Limited	97.04%	Full Consolidation
Elan Incorporated Fze	100.00%	Full Consolidation
Kompozit Praha SRO	96.20%	Full Consolidation
Ikon Investment Holdings Limited	100.00%	Full Consolidation
GNXT Investment Holding PTE Limited	100.00%	Full Consolidation
Schoeller Allibert Time Holding PTE Limited	50.10%	Full Consolidation
Shoeller Allibert Time Materials Handling Solutions Ltd.	100.00%	Full Consolidation
Time Mauser Industries Private Limited	49.00%	Full Consolidation

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ABOUT ICRA LIMITED

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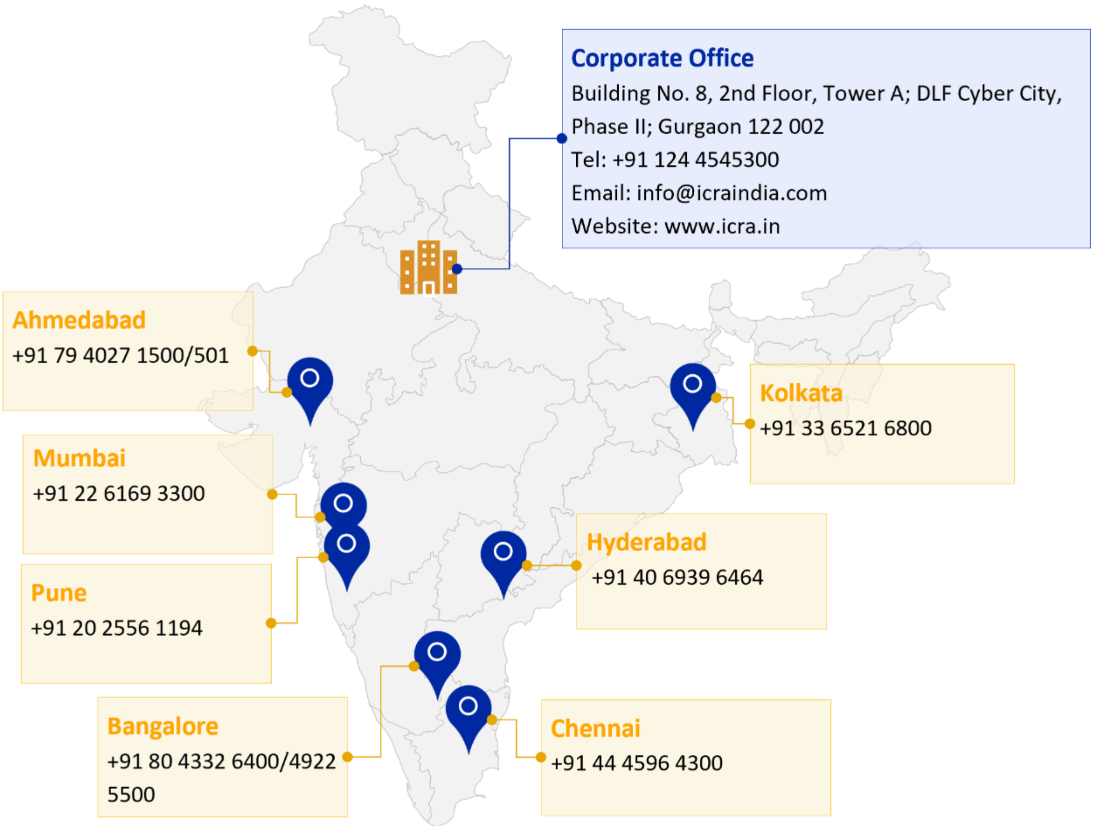

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