

31st Jan 2019

Initiating Coverage (BUY)

TIME TECHNOPLAST LTD

CMP

INR 95

Target Price

INR 111

Stock Details

Industry	Plastic Products
Bloomberg Code	TIME:IN
BSE Code	532856
Face Value (Rs.)	1.00
Market Cap. (Rs. mn)	21,540.4
52wk. Low/High (Adjusted) (Rs.)	93.00/194.30

Shareholding Pattern Dec '18

Promoter (%)	51.18
FII (%)	0.00
DII (%)	0.00
Public - Other (%)	48.82
No. of Share Outstanding (mn)	226,146

Valuation Summary

	FY 17A	FY 18A	FY 19P	FY 20P
P/E (x)*	17.94	11.94	11.00	10.00
EV/EBITDA (x)	7.36	5.07	4.64	4.01
P/BV (x)	2.11	1.45	1.40	1.33

*TTM for Current Year

 Based on Market Price as on 1st Apr is taken for Each FY

Key Financial

Rs. Mn	FY 17A	FY 18A	FY 19P	FY 20P
Net Sales	27,546	31,027	33,510	36,190
EBITDA	4,065	4,752	5,200	5,763
Net Profit	1,472	1,810	2,106	2,512
EPS (Rs.)*	06.9	08.0	09.3	11.1

*Un adjusted

Key Ratios

	FY 17A	FY 18A	FY 19P	FY 20P
EBITDA Margin (%)	14.7	15.3	15.5	15.9
EBIT Margin (%)	10.6	10.9	11.2	11.9
Net Pro. Margin (%)	5.3	5.8	6.3	6.9
Debt/Equity (x)	0.00	0.00	0.00	0.00
RoNW (%)	0.19	0.22	0.20	0.18
RoCE (%)	9.4	10.1	10.5	11.4

One Year Price / Volume



We recommend 'BUY' on TIME TECHNOPLAST LTD for a target of INR 111 - valuing the company at P/E 10x of FY20E Earning.

INVESTMENT RATIONALE:

- Leading producer of rigid industrial packaging products and offer a wide range of rigid products i.e. HM-HDPE drums, Jerry-cans, Pails and Intermediate Bulk Containers (IBCs).
- The principal raw materials for Time Technoplast's businesses is Polyethylene (HDPE) granules. HDPE Prices is the key raw material for the company.
- Better utilisation, stable raw material prices to help drive profitability
- World Wide Presence.
- Time tech group operates in more than 30 Production facilities across the Globe and is recognized for its innovative plastic products.
- Time Technoplast focuses on maintaining and establishing long-term relationships with customers.
- Ability to address the varied and expanding requirements of its customers over long periods.
- Trained team of marketing and sales personnel. Servicing over 900 institutional clients.

VALUATIONS AND VIEW:

Time Tech has set itself apart from its competition by focusing on research and development, futuristic product designing, superior customer service by setting up 28 manufacturing units & 8 regional and marketing offices to meet the growing demand of Indian customers & further to fill the need gap for global customers. **We value the business at 10x FY20E EPS and recommend a BUY rating on the stock with a target price of INR 111 per share.**

RISK & CONCERNS:

- Political, social, economic and labor instability which has commonly been associated with developing countries.
- War, invasion, civil disturbance or acts of terrorism;
- Changes in government policies and regulations;
- Imposition of limitations on conversions of currencies into United States dollars or remittance of dividends and other payments by overseas subsidiaries;
- Imposition or increase of withholding and other taxes on income remittances and other payments by international subsidiaries;
- Hyperinflation, currency devaluation or defaults in certain countries;
- Restrictive governmental trade policies, customs, import/export and other trade compliance regulations.

COMPANY BACKGROUND:

Time Technoplast Ltd (TTL or the company) incorporated in India is a multinational conglomerate involved in the manufacturing of technology and innovation driven polymer & Composite products. Time Technoplast Ltd (Time Tech) is a multinational conglomerate with operations in Bahrain, Egypt, Indonesia, India, Malaysia, U.A.E, Taiwan, Thailand, Vietnam & Saudi Arabia is a leading manufacturer of polymer products. The company's portfolio consists of technically driven innovative products catering to growing industry segments like, Industrial Packaging Solutions, Lifestyle Products, Automotive Components, Healthcare products, Infrastructure / Construction related products, Material Handling Solutions & composite cylinders. Time Tech group operates more than 30 production facilities across the globe and is recognized for its innovative plastic products.

Since its inception in 1992, Time Tech has set itself apart from its competition by focusing on research and development, futuristic product designing, superior customer service by setting up 28 manufacturing units & 8 regional and marketing offices to meet the growing demand of Indian customers & further to fill the need gap for global customers. Time Tech is promoted by qualified professionals with decades of experience who believe in working hard for the company, its customers, its suppliers, its employees and its shareholders.

PRODUCTS:

- IBC
- Mox Films
- Composite cylinder
- Industrial Packaging
- Infrastructure Products
- Automotive Components
- Lifestyle Products
- Material Handling

INDUSTRY OVERVIEW:

India's plastics industry is one of the biggest in the world. Industry volumes are estimated at 16MMTPA (in FY17), with market size at INR 1.8 Tn. In volume terms, the industry has grown at a CAGR of 10% over FY10-17 and is expected to grow at a CAGR of 10.5% to 22MMTPA by FY20. However, in value terms, the plastics industry has grown at a CAGR of 11% over FY10-17. The rapid growth can be ascribed to substitution of other materials, low cost and high product-to-package ratio, shifting consumer lifestyles, higher middle-class population and rising per capita income and growth of the organized retail market.

Asia-Pacific region is estimated to record fastest growth in terms of rising industrialization. Increased demand is characterized by quick adoption of technological advancements, rising volume of OEMs which drives the competitors to reduce the cost per package and provide sustainable products. Moreover, low labor cost, huge scope for FDI and stable growth in industries such as automotive, construction and healthcare will impact positively for industry growth in this region.

PEER COMPARISON

Company	CMP (Rs)	P/E*	Mcaps (Rs Cr)	Div Yld (%)	NP Qtr (Rs Cr)	Qtr Profit Var (%)	Sales Qtr (Rs Cr)	Qtr Sales Var (%)	CMP/BV
Finolex Inds.	529	16.9	6,564.3	1.89	76.4	170.23	542.6	14.17	2.44
Jain Irrigation	166	20.3	2,977.5	1.73	21.2	98.87	1,895.1	20.35	5.24
Astral Poly	1,088	67.3	13,036.2	0.06	45.3	15.86	629.2	21.66	11.14
Supreme Inds.	1,009	27.5	12,820.8	1.19	81.0	(22.30)	1,410.4	10.33	6.40
Nilkamal Ltd	1,247	15.9	1,860.7	1.04	27.5	(16.87)	563.9	7.87	2.33
Sintex Plastics	20	13.8	1,277.8	-	25.9	(49.99)	1,110.4	(16.69)	0.35
Time Technoplast	95.0	11.0	2,148.4	0.84	31.6	(24.71)	827.5	14.17	1.45

*TTM

FINANCIAL OVERVIEW

Q2 FY18 Performance Highlight

(in Million)	Sep-17	Jun-17	Mar-18	Jun-18	Sep-18	YoY (%)	QoQ (%)
Revenue	4,243.83	4,544.69	5,504.58	4,502.20	4,997.02	17.75%	10.99%
Other Income	--	17.55	3.94	--	20.48		
Total Income	4,243.83	4,562.24	5,508.52	4,502.20	5,017.50	18.23%	11.45%
Expenditure	-3,696.15	-3,949.57	-4,729.49	-3,923.92	-4,519.82		
As a % of Sales	87.09%	86.91%	85.92%	87.16%	90.45%		
Interest	-130.18	-129.45	-148.48	-142.42	-145.78	11.98%	2.36%
PBDT	547.68	612.67	779.04	578.28	497.68		
As a % of Sales	12.91%	13.48%	14.15%	12.84%	9.96%		
Depreciation	-210.48	-218.48	-227.24	-234.23	-244.73		
PBT	337.2	394.19	551.8	344.05	252.95	-24.99%	-26.48%
As a % of Sales	7.95%	8.67%	10.02%	7.64%	5.06%		
Tax	-88.45	-93.6	-149.95	-99.65	-73.1	-17.35%	-26.64%
Net Profit	248.75	300.59	401.85	244.39	179.85	-27.70%	-26.41%
As a % of Sales	5.86%	6.61%	7.30%	5.43%	3.60%		
Equity	226.15	226.15	226.15	226.15	226.15	0.00%	0.00%
EPS (Rs)	1.1	1.33	1.78	1.08	0.8	-27.27%	-25.93%
CEPS (Rs)	2.03	2.3	2.78	2.12	1.88		
OPM %	12.91	13.48	14.15	12.84	9.96		
NPM %	5.86	6.61	7.3	5.43	3.6		

Income Statement (Consolidated)

Y/E Mar (Rs mn)	FY 15A	FY 16A	FY 17A	FY 18A	FY 19E	FY 20P	FY 21P
Net Sales	24,761	24,721	27,546	31,027	33,510	36,190	39,809
Other Operating Income	36	21	23	21	-	22	21
Expenditure	21,376	21,241	23,504	26,297	28,309	30,449	33,736
EBITDA	3,421	3,501	4,065	4,752	5,200	5,763	6,094
Depreciation	875	988	1,155	1,372	1,457	1,459	1,461
EBIT	2,547	2,513	2,910	3,380	3,744	4,304	4,634
Interest Expenses	1,043	962	901	875	1,020	1,062	1,190
PBT	1,504	1,550	2,009	2,504	2,724	3,242	3,444
Tax	372	326	494	652	572	681	723
Extraordinary Items	-	-	-	-	-	-	-
Net Income Before Adjustment	1,132	1,225	1,515	1,853	2,152	2,562	2,720
Minority Int./Income from Assoc.	35	(158)	43	43	46	50	55
Adjusted PAT	1,096	1,383	1,472	1,810	2,106	2,512	2,666

Balance Sheet (Consolidated)

Y/E Mar (Rs mn)	FY 15A	FY 16A	FY 17A	FY 18A	FY 19E	FY 20P	FY 21P
Equity share capita	210	210	226	226	226	226	226
Reserves & surplus	10,163	11,327	13,039	14,605	16,331	18,601	21,009
Misc Expenditure	-	-	-	-	-	-	-
Net worth	10,373	11,537	13,265	14,831	16,558	18,827	21,235
Minority Interest	752	761	384	405	415	555	454
Share Application Money	-	-	-	-	-	-	-
Loan Funds	2,646	1,959	2,582	3,302	3,304	3,302	3,300
Net deferred tax liability	322	391	471	581	581	581	581
Long-term Provisions	-	-	-	-	-	-	-
Total Liabilities	14,095	14,649	16,703	19,121	20,858	23,267	25,572
Net block	11,966	12,176	11,874	12,938	11,583	10,233	8,909
Investment, Loan & Adv.	183	176	168	220	335	371	401
Total Current Assets	11,195	11,847	13,672	15,762	18,656	22,958	27,590
Current Liabilities & Provisions	9,249	9,550	9,012	9,800	9,717	10,297	11,330
Net Current Assets	1,946	2,297	4,660	5,962	8,939	12,661	16,260
Total Assets	14,095	14,649	16,703	19,121	20,858	23,267	25,572

Cash Flow (Consolidated)

Y/E Mar (Rs mn)	FY 18A	FY 19E	FY 20P	FY 21P
Operating Cash Flow	3,033	2,716	4,103	4,058
Cash Flow from Investments	(2,442)	(220)	(147)	(169)
Cash Flow from Financing	(508)	(914)	(960)	(1,021)
Net Changes in Cash	84	1,581	2,995	2,868
Opening Cash	656	740	2,321	5,317
Closing Cash Balance	740	2,321	5,317	8,184

Research Analyst Details

Wealth Discovery Securities Pvt. Ltd.

SEBI Registration No.: INH100004571

Research Analyst: Rahul Agarwal, rahul@wealthdiscovery.in

Research Associate: Dushmanta Panda, dushmanta@wealthdiscovery.co.in

Research Associate: Divya Sood, divya@wealthdiscovery.co.in

The analyst(s) certify that all of the views expressed in this report accurately reflect his personal views about the subject company or companies and its or their securities. He also certifies that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Wealth Discovery Securities Pvt. Ltd.

As to each individual report referenced herein, the primary research analyst(s) named within the report individually certify, with respect to each security or issuer that the analyst covered in the report, that:

- (1) all of the views expressed in the report accurately reflect his or her personal views about any and all of the subject securities or issuers; and
- (2) no part of any of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in the report.

For individual analyst certifications, please refer to the disclosure section provided in the annexure 1 attached to this report.

Research Disclosures and Disclaimer as required under SEBI (Research Analyst) Regulations, 2014

Wealth Discovery Securities Private Limited is also engaged in the business of Stock Broking and Depository Participants.

Disclaimer: This document has been prepared by Wealth Discovery Securities Private Limited (hereinafter referred to as WD) to provide information about the company (ies) and/sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company (ies). This report is for personal information of the selected recipient/s and does not construe to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and WD is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

WD generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, WD generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. WD and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of WD even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition WD has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc., and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt WD or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold WD or any of its affiliates or employees responsible for any such misuse and further agrees to hold WD or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent WD's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation has not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, WD and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent WD and/or its affiliates from doing so. WD or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. WD or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and no infringement. The recipients of this report should rely on their own investigations.

The Research Analyst has not verified the accuracy of the financial information as sourced from external sources and in no way provides any assurance as to the financial viability of such information. The subscriber is strongly advised to exercise his discretion and due diligence while making investment decisions in respect of such stocks/securities.

WD and its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Subject Company may have been a client of WD or its associates during twelve months preceding the date of distribution of the research report. WD and/or its affiliates and/or employees may have interests/positions, financial or otherwise of over 1 % at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, WD has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of WD research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

List of Associates of Wealth Discovery Securities Private Limited:

1. Wealth Discovery Commodities Private Limited.
2. Vasishtha Financial Consultants Private limited.

Disciplinary History: No disciplinary action has been initiated by SEBI against M/s Wealth Discovery Securities Private Limited or its associates.

Statements on ownership and material conflicts of interest, compensation (Rule 19, Chapter-III, SEBI (Research Analyst) Regulations, 2014):

In pursuance of provisions regarding disclosure requirements under Rule-19, Chapter-III of SEBI (Research Analyst) Regulations, 2014 it is hereby declared that:

1. Wealth Discovery Securities Pvt. Ltd. (hereinafter referred to as “the company”) or any of its associates does not have any financial interest in the subject company.
2. The company or any of its associates did not have actual/beneficial ownership of one percent or more of securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the publication of the research report or date of the public appearance.
3. The company or any of its associates do not have any other material conflict of interest at the time of publication of the research report or at the time of public appearance.
4. The company or its associates have not received any compensation from subject company in the past 12 months.
5. The company or any of its associates has not managed or co-managed public offering of securities for the subject company in the past 12 months.
6. The company or any of its associates have not received any compensation for brokerage services, investment banking or merchant banking from the subject company in the past 12 months.
7. The company or any of its associates have not received any compensation for products or services other than merchant banking, investment banking or brokerage services from the subject company in the past 12 months.
8. The company or any of its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report.
9. The company or any of its associates have not received any compensation from the subject company in the past 12 months.
10. The subject company is not and was not a client of the company during 12 months preceding the date of distribution of the research report and no services was provided to the subject company.
11. The company or its employees or associates has not served as an officer, director or employee of the subject company.
12. The company has not been engaged in market making activity for the subject company.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject WD & its group companies to registration or licensing requirements within such jurisdictions.

Wealth Discovery

Transforming Knowledge into Wealth.

COMPLETE WEALTH MANAGEMENT SOLUTIONS !



Understanding financial needs.
Optimising returns...

Head Office

Wealth Discovery Securities Pvt. Ltd.

1206, 12th Floor,
Kailash Building K.G. Marg.
Connaught Place
New Delhi-110001

Telephone:
91 +11-43444-666
91 +11-43444-623

Email:
info@wealthdiscovery.in

Website:
<http://www.wealthdiscovery.in>