



September 29, 2020

## **CHAIRMAN'S SPEECH**

**Good afternoon Ladies and Gentlemen,**

On behalf of the Board of Directors of Time Technoplast Limited, I am pleased to welcome you to the **30<sup>th</sup>** Annual General Meeting of your Company.

I would have very much liked to meet and address you in person, but as you know, we are holding this meeting over a virtual platform due to the prevailing unprecedented circumstances due to COVID-19. I would like to thank you for sparing time to join us today, and for your continued faith in Time Technoplast and its management. I hope your families and loved ones are staying safe and well.

In my speech today, I will take you through the key financial and operational highlights of your Company, a brief update on the economic and market situation and of course, the outlook for the current year.

### **GLOBAL & INDIAN ECONOMIC SITUATION:**

**Global:** With the outbreak of coronavirus in the beginning of CY 2020, a pandemic, the global economy is projected to de-grow by 5.2% (World Bank), even more as the COVID-19 has had a more negative impact on activities in the first half of 2020 than anticipated. The pandemic is inflicting high and rising human costs worldwide. Protecting lives and allowing health care systems to cope have required isolation, lockdowns, and widespread closures to slow the spread of the virus. The crisis has severely impacted economic activity, compelling central banks across the world to provide large fiscal stimulus packages to avert sharp decline in economic growth.

**India:** The COVID-19 has added to the woes of Indian economy which was already going through a slowdown due to stress in the non-banking financial sector, decline in credit growth and tight liquidity conditions. The government announced several measures such as lowering of corporate tax rate, focus on manufacturing, support for affordable housing and provided fiscal and monetary push to arrest the slowdown and revive demand and boost growth. Following COVID-19 outbreak, the Indian economy is estimated to de-grow by 4.5% (RBI) in CY 2020, owing to extended period of lockdown which has severely impacted trade and manufacturing activity.

The Government continues to roll out policies to boost the economy including direct cash transfer benefits to Indian farmer families, free food and gas distribution, six-month moratoriums on loans through banks, extended payment due dates and many more.

## **PERFORMANCE OF THE COMPANY:**

Since inception we have always worked our way up to become pioneers, trend-setters and market leaders in rigid industrial polymer packaging having introducing cutting edge technology, innovative products and services. With a vision of “Bringing Polymers to life”, your company over the past three decades has brought polymers closer to people’s life through innovation and technology.

Research and Development stays at the forefront of all activities at Time Technoplast and subsequently, the company has kept adding resources into R&D. A strong R&D team of around 30 people having experience of over 20 years and extensive R&D facility has enabled your company to develop innovative products as a replacement to metal products.

Today, we operate in 11 countries including India and are the largest in Asia. Your Company is the market leader in 8 out of the 11 countries that we operate.

In the **FY’20** the company on a consolidated level, achieved Net sales of **Rs. 3,580 Cr.** with EBITDA reported at **Rs. 501 Cr.** and PAT at **Rs. 169 Cr.**

### **Compared with the previous year;**

- Net sales grew by 0.4%
- Volume grew by 4.0%

The difference between the value and volume growth was essentially due to drop in the price of raw material.

- EBITDA de-grew by 4.9%
- PAT de-grew by 16.6%

It is important to note that until the end of Q3FY20, we were well on our way to achieve our target for full year, but Q4 is the one which played spoil sport and the reason is obvious, COVID-19.

**It is your Company's continuous endeavor to develop differentiated value-added products which have large market potential and better margins.**

The value added products which include Intermediate Bulk Container (IBC), Composite Cylinder and multi-layer multi oriented cross laminate films (MOX Film), grew by 3% in FY’20 to **Rs. 684 Cr.** The share of value added products was 19.1% of the total sales in FY’20 as against 18.6% in the corresponding previous year. The company continues to focus on increasing the share of value added products in its turnover, which would also increase the overall EBITDA margins of the company.

Further, it gives me immense pleasure to announce that after working relentlessly for the last 3 years, in August 2020, your company has developed Fully Wrapped Carbon Fiber Reinforced Type-IV Composite Cylinder (No metal) for CNG Cascades and has also received the coveted approval from Petroleum And Explosives Safety Organization (PESO; formerly CCOE) and Bureau Veritas under International

Standard ISO: 11119-3:2013 as applicable. This is the first time in India that locally produced Type-IV CNG Cylinder has been accorded this approval for CNG Cascades. This Hi-Tech complex product bears the testimony of Company's commitment to 'Make in India' and 'Atmanirbhar Bharat'.

Your company has also successfully developed CNG Composite Cylinders for On Board application (used on automotive vehicles like cars, buses, trucks, three wheelers etc.) and it has internally passed all the necessary tests. These cylinders are BS-VI compliant and are light in weight which helps in improving fuel efficiency of the vehicle. The Cylinders are in advanced stage of formal testing / approval by PESO and Bureau Veritas. The Company expects to receive necessary approval by 31st December, 2020.

**Moving on to our Established products** portfolio that constitute 81% (P.Y. 81%) to our total revenue.

The established portfolio de-grew by 0.3% to **Rs. 2,896 Cr.** as compared to **Rs. 2,903 Cr.** last year. This fall was on account of loss of business owing to the lockdown imposed in March 2020 in India due to COVID-19 pandemic. The EBITDA margin for this segment is 13.1%.

**In Q1 FY'21** Company achieved Net Sales (consolidated) of **Rs. 476 Cr.** with EBITDA reported at **Rs. 54 Cr**, Net loss at **Rs. 12 Cr.** and Cash profit at **Rs. 26 Cr.**

It is to be noted that owing to the lockdown imposed due to COVID-19 pandemic during the quarter, the results for Q1FY'21 are not comparable to the corresponding period of the previous year

#### **DIVIDEND:**

Ladies and Gentlemen, now I come to the dividend proposal for the financial year 2019-2020. The Board of Directors have recommended an increase in dividend @ 95% of the face value (Rs. 1 per share) as compared to 90% of face value in the previous year.

It is to be noted that, pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates, if the amount of dividend exceeds Rs. 5,000.

#### **BUSINESS OUTLOOK:**

Since COVID-19 pandemic first came into light in November 2019, many global investors majorly from Japan, US and Europe have announced their exit from China and are looking favourably towards other Asian countries including India as their sourcing hub, amidst rising hesitation in doing business with China. As per industry reports, chemical production in China is more than 10 times that of India.

You all are aware that your company has majority of business (70%) of packaging products, which are considered as 'essential products' as they are used by chemical, agricultural, pharmaceutical and food product companies including

FMCG. Thus, even a small movement out of China can result in significant demand increase for our products in India and other Asian countries where we have presence.

### **Established Products**

The company has increased its polymer processing capacity by approximately 20,000 MT at various existing locations in India and overseas.

### **PE Pipe Business**

The Company has started supply of newly launched new generation multilayer PE pipes for power/communication cable duct with silicon in-lining which continues to get overwhelming business. The pipes/ducts have substantial business potential especially in Smart Cities. Healthy Order Book of around **Rs. 325 Cr.** in our PE Pipe business.

### **In Value Added Products**

#### **IBCs**

We have completed Greenfield expansion at Chicago & Houston, USA and company is receiving overwhelming response. We have also commenced production in August, 2020, our third green field manufacturing facility at IOWA in USA, for manufacturing of packaging products i.e. IBCs and large sized drums for servicing to the customers in local surrounding regions.

During the year, the company increased its IBC manufacturing capacity by 1,20,000 (nos). Brownfield expansion in India and overseas locations continues for future growth and leveraging of existing infrastructures

#### **Composite Cylinder**

Your Company is getting overwhelming response from customers for Composite Cylinder for use in filling of LPG. The Company continues to increase the market penetration of LPG composite cylinders and has approval to sell in more than 50 countries & are supplying currently to over 33 counties.

In August 2020, the Company has received approval for Fully Wrapped Carbon Fibre Reinforced Type-IV Composite Cylinders for CNG Cascades. The company has also successfully developed CNG Composite Cylinders for On Board application (used on automotive vehicles like cars, buses, trucks, three wheelers etc.), which has internally passed all the necessary tests and is awaiting approval by PESO and Bureau Veritas.

#### **MOX Films**

The Company has innovated new applications of the MOX films and has launched new products in the market like Truck covers, Pond Liners, Mulching Film & Poly house Films. The Company is also focusing on increasing its presence in export market i.e. Thailand, Malaysia, Germany, U.K. and U.S.A.

## **RAW MATERIAL**

With a decline in crude prices in March 2020, polymer prices have also been soft. However they have started picking up a little. Going forward, there are several plans to increase polymer supplies which are coming in production in USA, Gulf Region, and other countries. The company expects polymer prices to remain more or less stable in the period ahead.

## **SUSTAINABILITY**

At TIME, we strongly believe in sustainability and have consciously endeavoured to adopt sustainable product development and manufacturing. We expect to do much more work in this area.

In order to enhance the sustainability program of the Group, we have set up reconditioning plants for Industrial packaging products which include Jerry Cans, Drums & IBCs in India and overseas. Such reconditioning plants would offer laundered Industrial packaging products for reuse of packing at low category chemicals. There is a large demand for such reconditioned packaging which presently is serviced by the unorganized sector.

Furthermore, your Company is committed to upholding the highest standards of Corporate Social Responsibility. We believe in positively impacting the environment and supporting the communities we operate in, focusing on sustainability of our programs and empowerment of our communities. Our focus areas include benefit to under privileged, sanitation, environmental sustainability, education, healthcare, drinking water supply, infrastructural development, sports & cultural activities etc.

## **Capital Expenditure (Capex)**

The Capex incurred for the financial year 2019-2020 was around **Rs. 145 Cr.** Capex towards established products for capacity expansion, re-engineering and automation was **Rs. 94 Cr.** while Capex for the value added products was **Rs. 51 Cr.**

During the current financial year i.e. 2020-2021, the company envisages Capex of around **Rs. 100 Cr.** based on projections. This capex is towards maintenance, brownfield expansion, product developments, automation and re-engineering etc.

## **RATING**

The Company is rated by leading Credit Rating Agency CRISIL Limited (an S & P Global Company), with a current rating of CRISIL AA- stable (Long Term) and CRISIL A1+ (Short Term).

## **CONCLUDING REMARKS AND ACKNOWLEDGEMENT**

To conclude, it gives us immense pride that your Company has truly emerged as a global leader in innovative polymer and composite products. It is indeed fulfilling to witness the enormous value that your Company has created in various product

segments. **However, as I have always said, the best is yet to come. The foundations are in place.** A dedicated team of entrepreneurial professionals, nurtured over the years, is today driving the growth of our Company. I am confident that they will take this organisation to even greater heights. We must traverse the journey ahead with unwavering faith in our conviction, remain resilient in the face of every adversity and continue to innovate with vigor and passion to take this Company to an even higher horizon of excellence to serve our society, and you, our shareholders.

As always, I would like to convey my deepest appreciation of the relentless efforts put in by Team TIME. Indeed, the impressive milestones achieved so far, is a tribute to their dedication.

On behalf of the Time Technoplast Board, may I also thank you, our valued shareholders, for your continued support and encouragement.

**(Chairman)**