10th March, 2021
IPO NOTE

RETAIL EQUITY RESEARCH

Anupam Rasayan India Ltd.

Specialty chemicals

Sensex: 51,028

Nifty: 15,098

SUBSCRIBE

Price Range Rs.553 - Rs.555

An export oriented B2B business...

Anupam Rasayan India Ltd (ARIL) incorporated in 1984 at Surat, Gujarat, is one of the leading manufacturers of custom synthesis (exclusive synthesis of compounds on behalf of the customer) and specialty chemicals in India. With strong global customer base, 68% of products are exported. Key business verticals (i) life science related specialty chemicals comprising products related to agrochemicals, personal care and pharmaceuticals, and (ii) other specialty chemicals, comprising specialty pigment and dyes, and polymer additives. In FY20 revenue from the life science related specialty chemicals accounted for 95% while revenue from other specialty chemicals accounted for 5%.

- **India's specialty chemicals industry is expected to grow at a CAGR of 11% while contract research and manufacturing services market to grow by 12% over the next five years. Tight global supply chain on account of stringent environmental norms in China and post Covid-19 scenario, opportunity has increased for domestic companies.**
- **India accounts for approximately 2% of the global exportable specialty chemicals, indicating widespread opportunity.**
- **ARIL supplies key intermediates & API (active pharma ingredients) to customers as raw materials for production of insecticides, antibacterial and ultra violet protection products, and pharmaceutical products.**
- **It has total 6 manufacturing facilities with an aggregated installed capacity of 23,438 MT. Of that 2 units were commissioned recently in March 2020 and the capacity utilization is at 75% (3yr avg.), instigating further improvement.**
- **The total revenue has increased at a CAGR of 24% from FY18 to FY20 while PAT grew at 15% CAGR in FY18-20 with an average EBITDA Margin of 21.9%.**
- **PAT Margin (avg. 10.6%) is lower due to higher depreciation and finance costs, which is expected to decrease in future.**
- **Average RoE was 10% in last three years and will improve as capacity utilization increases and debt is repaid post IPO.**
- **The company completed major capex plans of Rs.800cr in last three years and has started yielding results.**
- **'China plus one' strategy by MNCs to find an alternative to China and GoI's 'Make in India' campaign are expected to act as a stimulus for chemical industry.**
- **At the upper price band of Rs.555, ARIL is available at a PE of 86.4x (annualized basis on FY21E EPS of 6.4) which is aggressively priced. Focus on R&D, cost rationalization, strong tie-ups with MNCs and improving margin profile, we expect profitability to improve led by higher capacity utilization and reduction in debt. We assign a Subscribe rating, with a long term perspective.**

Purpose of IPO

The Offer comprises of only Fresh Issue. The Company intends to utilize Rs.563.7cr of the Net Proceeds towards repayment of outstanding borrowings (total debt Rs.841.98cr) and general corporate purposes.

Key Risks

- Significant portion of revenue from a limited number of markets & segments.
- Adverse changes in health, safety, labour, and environmental laws.

Issue Details	
Date of Opening	12th March, 2021
Date of Closing	16th March, 2021
Total no. of Shares offered(cr)	1.4
Post Issue No. of shares (cr)	9.9
Price Band	Rs. 553- 555
Face Value	Rs. 10
Bid Lot	27 shares
Minimum application for retail (upper price band for 1 lot)	Rs. 14,985
Maximum application for retail (upper price band for 13 lot)	Rs. 1,94,805
Listing	BSE & NSE
Lead Manager	Axis Capital, Ambit Pvt. Ltd, IIFL Securities, JM Financial Ltd.
Registrars	KFintech Pvt Ltd.

Issue size (upper price)	Rs. Cr
Fresh Issue	760.0
OFS	-
Total Issue	**760.0**

Shareholding (%)	Pre-Issue	Post Issue
Promoters	75.8	65.4
Public	24.2	34.6
Total	100	100

Issue structure	Allocation %	Size Rs.cr
Retail	35	262.1
Non -Institutional	15	112.4
QIB	50	374.5
Emp. Reservation	-	11
Total	**100**	**760.0**

Y.E March (Rs cr)	FY19	FY20	9MFY21
Sales	**501**	**529**	**539**
Growth (%)	46.9	5.5	-
EBITDA	93	135	131
Margin%	**18.6**	**25.5**	**24.3**
PAT Adj	50	53	48
Growth (%)	*24.6*	*5.4*	-
EPS	5.8	6.1	6.4*
P/E (x)	95.1	90.3	86.4*
EV/EBITDA	57.9	41.1	35.8*
RoE (%)	10.4	9.6	9.1*

** Annualised*

Peer Valuation

Company	MCap (Rs cr)	Revenue (Rs cr)	EBITDA margin (%)	EPS	RoE (%)	P/E
Anupam Rasayan India Ltd	**5,544**	**529**	**25.5**	**6.4***	**9.1**	**86.4***
PI Industries Ltd	34,439	3,306	22	32.8	18.6	69.1
Vinati Organics	1,4865	1,010	41	32	28.6	45.2
Aarti Industries	21,814	4,105	24	30	19	41
SRF	33,522	7,209	20	160	22	35.4

*Source: Geojit Research, Bloomberg; Valuations ARIL are based on upper end of the price band, Financials as per FY20. * Annualised P/E for ARIL*

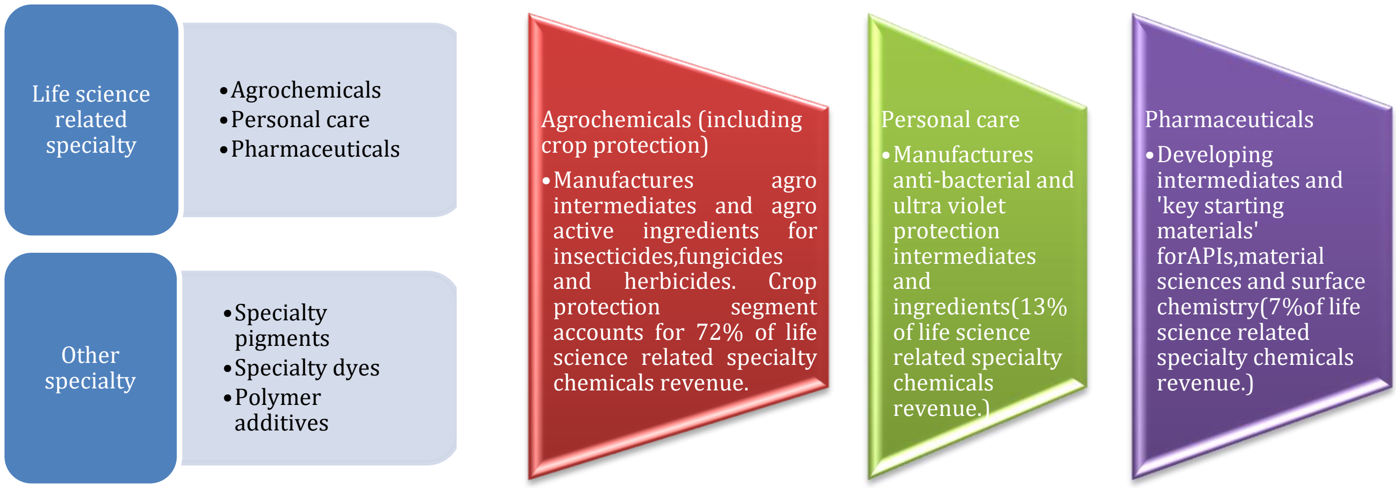
Company Description

Anupam Rasayan India Ltd (ARIL) is an export oriented company engaged in the custom synthesis (and manufacturing of specialty chemicals in India. In FY20 and in 9MFY21, revenue from operations from exports accounted for 68% and 61%, respectively, of the total revenue from operations in such periods. In 9MFY21, ARIL manufactured products for over 53 domestic and international customers, including 17 multinational companies. The Government of India has also recognized the Company as a three star export house. The backward integrated Jhagadia Unit – 4 facility enables them to manufacture key raw materials for certain products, and help them to reduce their reliance on imports, specifically from China, third party supplies and logistics costs. They are one of the leading companies in manufacturing products using continuous and flow chemistry technology on a commercial scale in India They have expanded their commercialized product portfolio from 25 products in FY18 to 34 products in FY20 and 41 products in 9MFY21. Revenue generated from sales to top 10 customers represented 77%, 74%, 87% and 84% of the revenue from operations in FY18, 19 and 20, and in 9MFY21, respectively.

Businesses

ARIL manufactures specialty chemicals, which are primarily chemical components that improve the properties of customers' products, which are used in diverse end-user segments. The products are sold to multinational corporations for use as additives, ingredients or intermediates that impart particular characteristics to the customers' end-use products. They have two distinct business verticals, namely, life science related specialty chemicals, and other specialty chemicals. In FY20 and in the nine months ended December 31, 2020, revenues from the life science related specialty chemicals vertical accounted for 95.37% and 93.75%, respectively, of the revenue from operations, while revenue from other specialty chemicals accounted for 4.63% and 6.25%, respectively, of the revenue from operations, in such periods.

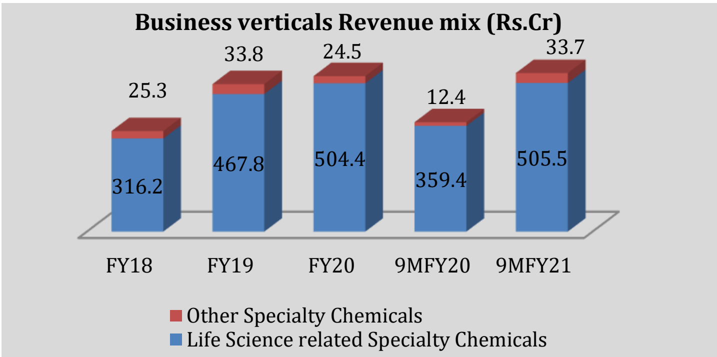
Business verticals

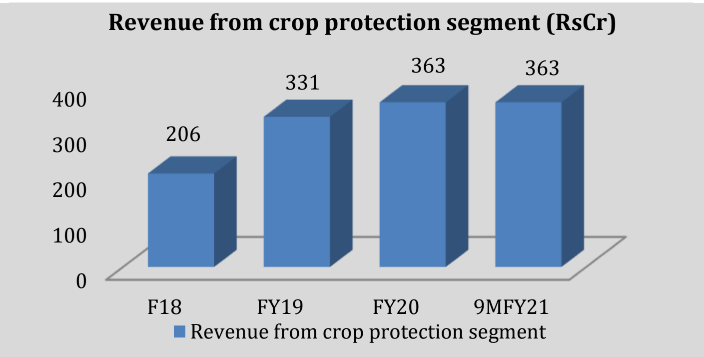


Source: RHP, Geojit Research

❖ Life Science related Specialty Chemicals

ARIL manufactures a variety of life science related specialty chemicals comprising products related to agrochemicals, personal care and pharmaceuticals. Percentage of revenue from crop protection segment out of the total revenue from life science related specialty chemicals is 71.8% for Nine Months ended December 31, 2020.





Source: RHP, Geojit Research

❖ Other Specialty Chemicals

Other specialty chemicals are used in diverse end-user segments, comprising specialty pigments, specialty dyes and polymer additives. ***Due to the diverse segments, the company faces limited direct competition from the key Indian companies enabling company to be in a strategic position. Also the diversified product portfolio allows for limited dependence on individual products, helps counter seasonal trends and addresses different business cycles across industries where products are used.***

Custom Synthesis and Manufacturing

In the custom synthesis and manufacturing operations, the processes and technical specifications are developed in-house, and the product is made for a specific customer. The custom synthesis and manufacturing agreements are typically long-term in nature where the validity of the contract ranges between two to five years, with certain agreements being automatically renewed for a period of one year at a time.

Manufacturing Technologies

- ***Chemistry***

ARIL manufactures specialty chemicals by making use of complex chemistries, such as, etherification, diazotization and hydrolysis, acylation, hydrogenation, fluorination, alkylation, nitration, amination, esterification, chlorination and bromination.

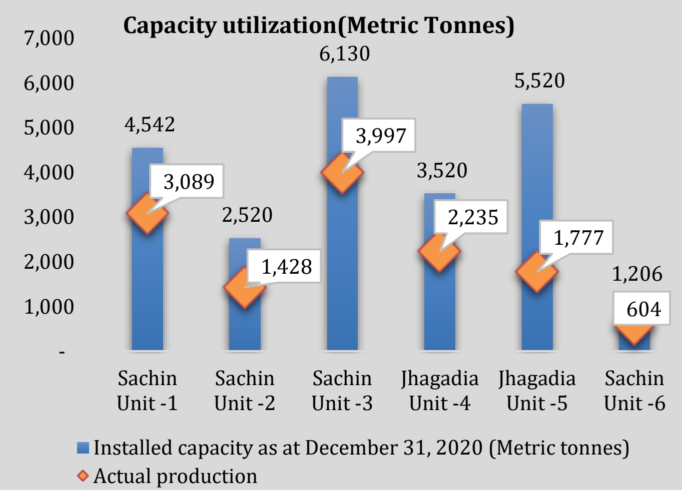
- ***Process Technology***

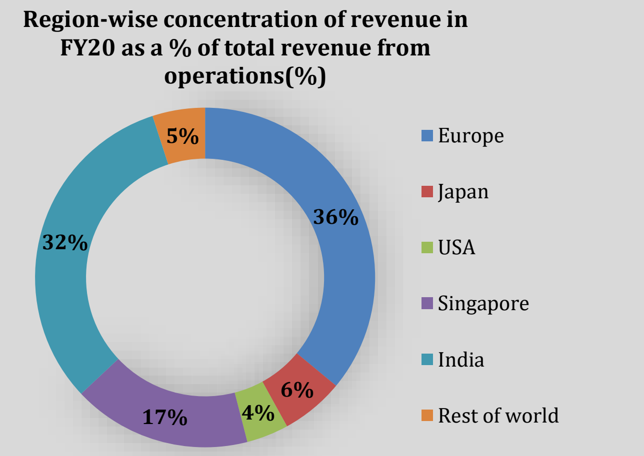
Continuous Processes

The continuous process technology has distinct advantages over the traditional batch process in reducing the batch cycle time of a chemical production process and making the process safer and environment friendly as well as energy and cost efficient. There are numerous advantages offered by continuous process technology, including, better safety, lesser effluent and waste generation, better quality products, smaller and easier-to-handle equipment is required, and lower process cycle times, operational and handling costs. In addition, continuous process technology is fully integrated and involves a higher level of automation, maximizes quality control and reduces the amount of inventory and storage. Further, in particular, for processes which are susceptible to contamination, such as in the pharmaceuticals segment, continuous processes together with real-time monitoring and regular sampling can easily clarify such contaminations, and allow discarding only a small amount of the product instead of the entire batch. (*Source: F&S Report*).

Capacity and Capacity Utilization

As of December 31, 2020, the aggregate installed capacity was 23,438 MT. Higher capacity utilization results in greater production volumes and higher sales, and allows to spread fixed costs over a higher quantity of products sold, thereby increasing the profit margins. The capacity utilisation for FY18, 19 and 20 and in 9MFY21 was 86.45%, 75.38%, 80.53% and 74.65%, respectively. ***The Jhagadia Unit-5 and Sachin Unit-6 were commissioned in March 2020. As a result, these manufacturing facilities operated at low production levels in FY20 and the nine months ended December 31, 2020 which will increase in the near future.***

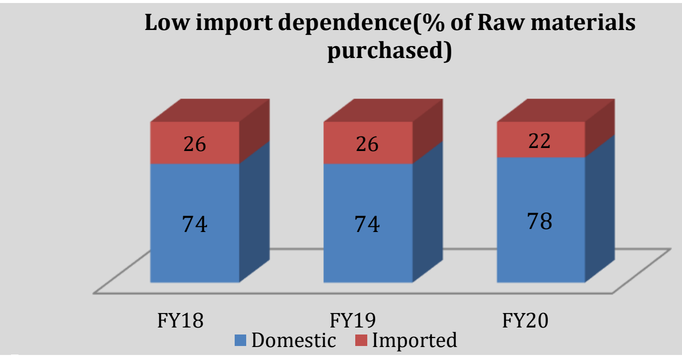


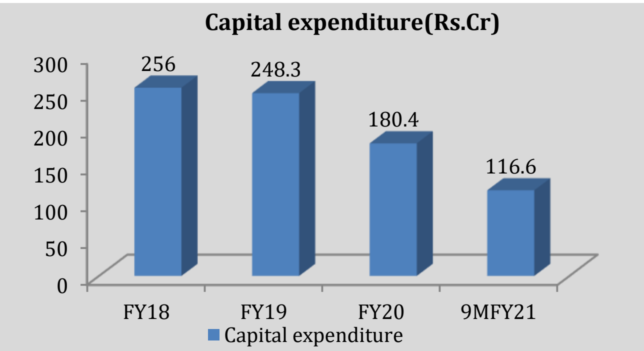


Source: RHP, Geojit Research

Exports

The Government of India recognizes ARIL as a three star export house. A significant portion of the revenue is generated from the sale of exports across Europe, Japan and the United States. In FY20 and the nine months ended December 31, 2020, revenue from operations from exports accounted for 68% and 61%, respectively, of the total revenue from operations in such periods. Revenue from Europe, Japan and United States accounted for 36%, 6%, 4%, respectively, in FY20, and 31%, 15% and 1%, respectively, in the nine months ended December 31, 2020. ***The revenue from Japan increased from 6% to 15% due to the addition of new products for Sumitomo chemicals.***

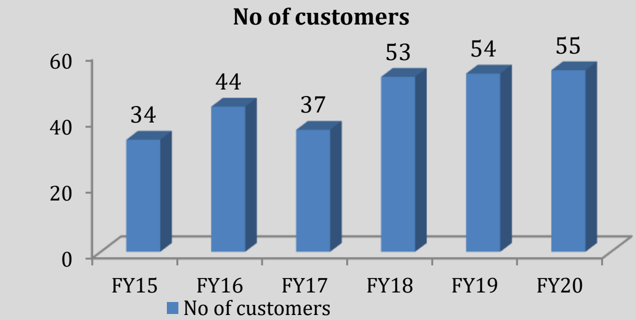


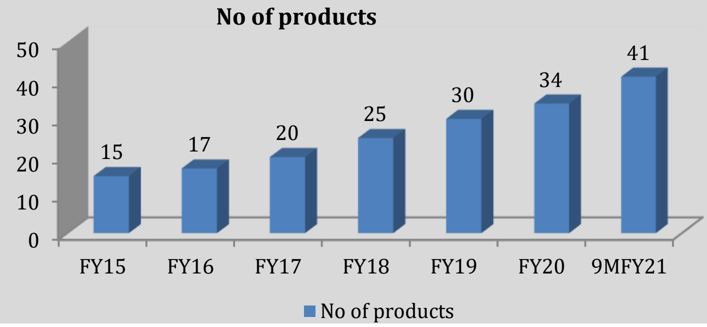


Source: RHP, Geojit Research

Procurement and Raw Materials
The key raw materials that ARIL uses in the manufacturing operations include phenol and benzene derivatives, such as para chloro phenol and meta dichloro benzene, bromine, pyrazole, various chloro and fluoro intermediates, solvents, chloro-alkalies and metal catalysts. Historically, they have sourced raw materials from multiple vendors in India, China and Japan. However, their dependence on imports from China has reduced. ***Imported raw materials from China as a percentage of total raw materials purchases decreased from 17% in FY19 to 12.17% in FY20. In addition, MNCs are finding an alternative to China with their 'China plus one strategy'.***

Customers
ARIL's customer base comprises a number of multinational, regional and local companies including many multinational corporations such as Syngenta Asia Pacific Pte. Ltd., Sumitomo Chemical Company Limited and UPL Limited. In 9MFY21, they manufactured products for over 53 domestic and international customers, including 17 multinational companies. However, they are dependent on a limited number of customers for a significant portion of the revenues. ***Revenue generated from sales to the top 10 customers represented 86.65% and 84.01% of the revenue from operations in FY20 and in 9MFY21, respectively.***





Source: RHP, Geojit Research

Competition
The Indian specialty chemicals industry is fragmented in nature. The key players in contract manufacturing include, PI Industries and Aarti Industries (*Source: F&S Report*). In addition, there are several international players, specifically from China, United States and European Union, engaged in contract manufacturing of specialty chemicals (*Source: F&S Report*). There are very few companies in India that have such diverse segments and the Company faces very limited direct competition from the key Indian companies enabling the Company to be in a strategic position to cater to the diverse market requirements.

Debt
ARIL has incurred significant indebtedness of Rs.841.98cr as of December 31, 2020. It consists of non-current borrowings of Rs.655cr and current borrowings of Rs.186.9cr. The Company intends to utilize Rs.563.7cr of the Net Proceeds of IPO towards repayment or prepayment of all or a portion of the principal amount on certain loans availed by the Company and the accrued interest thereon. The repayment or prepayment will help reduce the outstanding indebtedness and debt servicing costs and enable utilization of the internal accruals for further investment towards business growth and expansion. In addition, this would improve the ability to raise further resources in the future to fund potential business development opportunities. There have been no defaults or rescheduling of borrowings with financial institutions or banks in respect of ARIL's current borrowings from lenders. Total debt to equity ratio was 1.20 as of December31, 2020.

Diversified and customized product portfolio with a strong supply chain
The diversified product portfolio allows for limited dependence on individual products, helps counter seasonal trends and addresses different business cycles across industries where the products are used.

The backward integration enables them to manufacture key raw material for certain products, reduces reliance on imports, third party supplies and logistics costs, provides them the flexibility to control the manufacturing processes and improves the operating margins, while the forward integration in the operations enables them to innovate processes, customize products and broaden the product offering to meet the needs of the customers. As a result of this integration, the dependence on imported raw materials as a percentage of the total raw materials purchases has decreased from 26.01% in FY18 to 25.95% in FY19 and further to 22.44% in FY20.

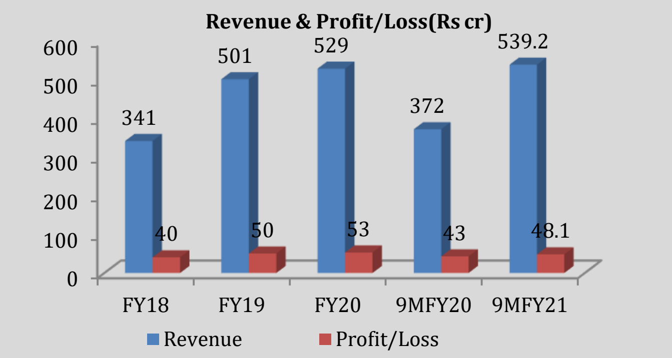
In particular, imported raw materials from China as a percentage of total raw materials purchases decreased from 17.10% in FY19 to 12.17% in FY20. In addition, multinational companies are finding an alternative to China with their 'China plus one' strategy.

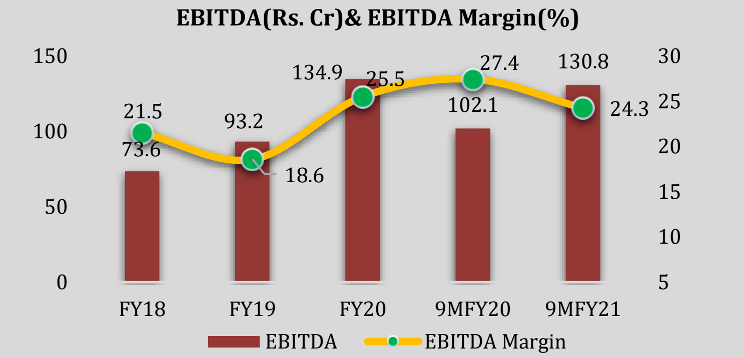
Automated manufacturing facilities with strong focus on environment, sustainability, health and safety Measures
ARIL's manufacturing facilities are highly automated and enable them to manufacture a diverse range of products, minimize the number of employees required, and as a result, reduce cost and human error. They have also made and expect to continue making capital expenditure in maintaining and growing the existing infrastructure, purchase equipment, and develop and implement new processes and technologies in the manufacturing facilities. In FY18, 19 and 20, and the nine months ended December 31, 2019 and 2020, the capital expenditures, were Rs.255.6cr, Rs.248.3cr, Rs.180.4cr, Rs.165.9cr and Rs.116.6cr, respectively, representing 74.86%, 49.50%, 34.11%, 44.62% and 21.63%, respectively, of the revenue from operations, in such periods. In addition, the facilities are multi-purpose that are designed to allow a level of flexibility enabling them to manufacture a diverse range of products and provide them with the ability to modify and customize the product portfolio to address the changing requirements of customers.

Financial Performance…

The total revenue has increased at a CAGR of 24.29% from Rs.349.2cr in FY18 to Rs.539.4cr in FY20, and was Rs.374.5cr and Rs.563.2cr in the nine months ended December 31, 2019 and 2020, respectively. The EBITDA for FY18, 19, 20 and the nine months ended December 31, 2019 and 2020 was Rs.74.5cr, Rs.92.2cr, Rs. 134.9cr, Rs.102cr, Rs.130.8cr, respectively while the EBITDA margin was 21.5%, 18.6%, 25.5%, 27.4% and 24.3%, respectively, for similar periods. The profit after tax and share of profit of associates (*i.e.*

Tangent Science Private Limited from August 16, 2020 to December 31, 2020 and Atharva Exochem Private Limited from April 1, 2018 to March 26, 2019) was Rs.41.3cr, Rs.49.3cr, Rs.53cr, Rs.42.8cr and Rs.48.1cr for FY 18, 19, 20 and the nine months ended December 31, 2019 and 2020, respectively, while the PAT margin was 11.83%, 9.45%, 9.82%, 11.43% and 8.54%, respectively, for similar periods. The Return on Equity for FY18, 19 and 20 and the nine months ended December 31, 2019 and 2020, was 11.8%, 10%, 10%, 11.5% and 8.9%, respectively while the total debt to equity ratio was 0.95, 1.2, 1.3, 1.2 and .9 as of March 31, 2018, 2019 and 2020 and as of December 31, 2019 and 2020, respectively.

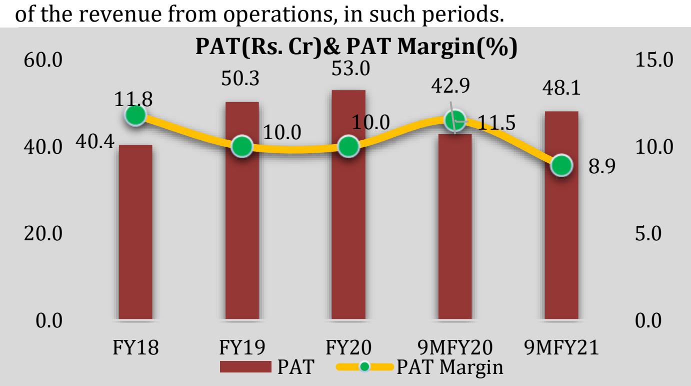


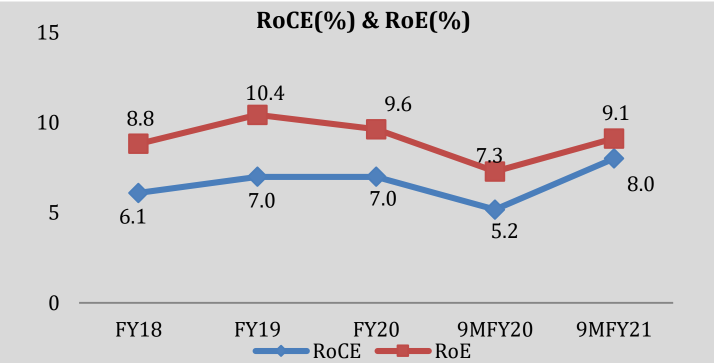


Source: RHP, Geojit Research

Despite the impact of the COVID-19 pandemic, the revenue from operations significantly increased by 45.03% from Rs.371.8cr in the nine months ended December 31, 2019 to Rs.539.2cr in the nine months ended December 31, 2020.

In Fiscals 2018, 2019 and 2020, and the nine months ended December 31, 2019 and 2020, the capital expenditures, were Rs.255.6cr, Rs.248.3cr,Rs.180.4cr, Rs.165.9cr and Rs.116.6cr, respectively, representing 74.86%, 49.50%, 34.11%, 44.62% and 21.63%, respectively, of the revenue from operations, in such periods.





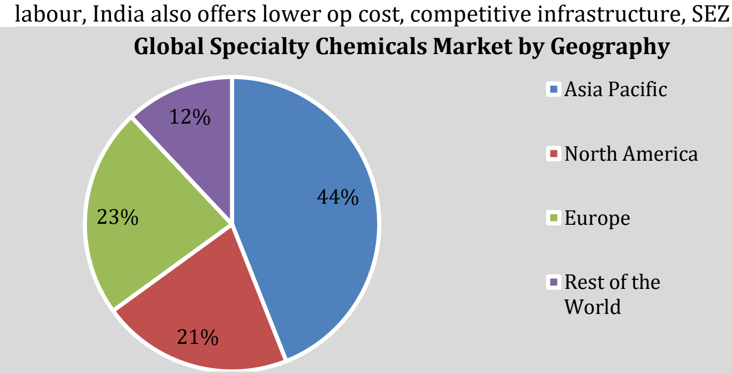
Source: RHP, Geojit Research

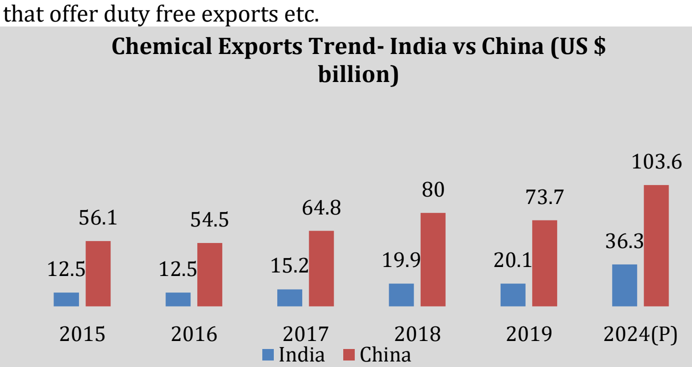
Industry Outlook

The Indian chemicals market is valued at approx. US $200 billion in 2019 with basic accounting for majority share of 56%. The specialty chemicals industry is driven by both domestic consumption and exports. India's specialty chemical companies are gaining favour with international multinational companies on account of the geo-political shift after the outbreak of COVID-19 as the world looks to reduce its dependence on China. Currently, China accounts for 17% to 18% of the world's exportable specialty chemicals whereas India accounts for only 1% to 2% indicating a large scope for India. It is anticipated that specialty chemicals will be the next great export pillar for India.

The Asia-Pacific region dominates the Specialty chemicals market across the world, with a share of 44% owing to large customer and increasing industrial production. The Asia-Pacific region is followed by Europe and North America. Out of the total international chemical industry, the global specialty chemicals industry only constituted approx. 12% in FY18 and is expected to grow at a CAGR of approx. 13% from FY18-FY25.

Exports are on the rise, as India is becoming a central manufacturing hub for chemicals racing ahead of China. Apart from low cost of labour, India also offers lower op cost, competitive infrastructure, SEZ that offer duty free exports etc.





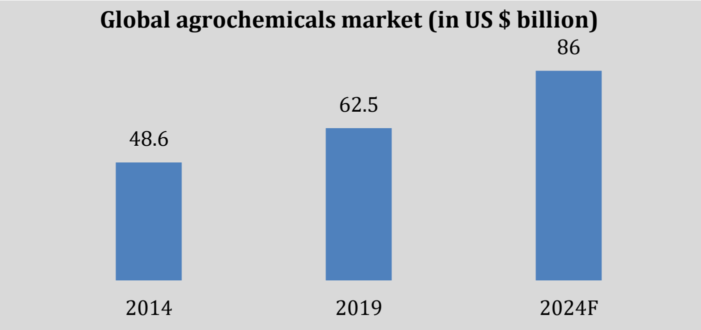
Source: RHP, Geojit Research

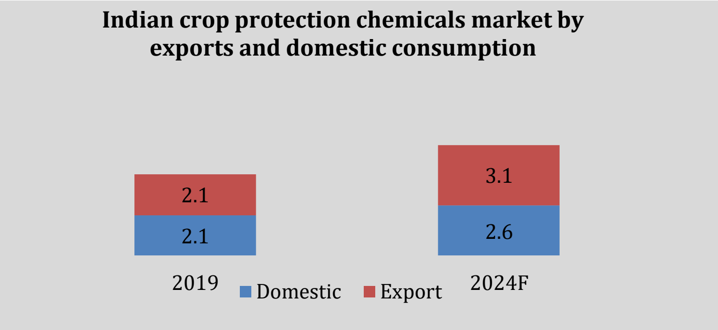
Future trends in India specialty chemicals trade scenario

Specialty chemicals are a $22 billion industry already in India and in the next six to seven years, it is expected to become a $44 billion industry. Specialty chemicals, such as, agrochemicals and APIs are seeing an upward shift in the manufacturing. Although domestic demand is growing with single digit growth rate for agrochemicals, a double digit growth rate is being experienced in the exports of agrochemicals from India. As a result of growing exports from specialty chemicals, imports have reduced significantly over the last half decade which has further been fuelled by self-reliant India initiative by the GOI.

Agrochemical Industry

The global agrochemicals market was valued at US $ 62.5 billion in 2019 and is forecasted to reach US $ 86billion by 2024 growing at a CAGR of approximately 6.6%. The crop protection chemicals and solutions is a fast developing industry globally, which is open to innovation and is considered as one of the major tools to protect crops and increase yields.





Source: RHP, Geojit Research

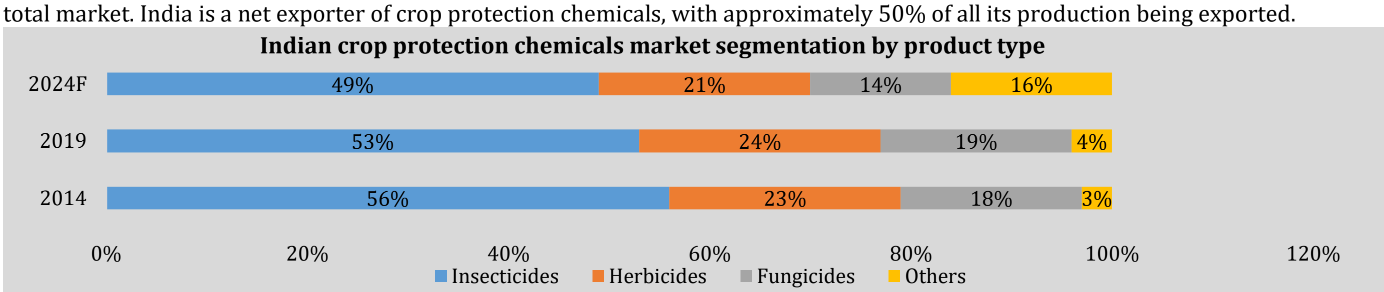
Indian crop protection chemical exports have grown at a CAGR of almost 9% between 2015-2019. The actual export contribution of crop protection chemicals was 50% of total domestic production (by value) in 2019. Exports are projected to grow to almost 55% in the year 2024. In 2024, the exports are expected to grow to US$3.1 billion contributing 55% of total domestic production which is valued at US$ 5.7 billion.

India ranks 13th in terms of imports of pesticides internationally with Brazil leading the imports of crop protection chemicals having 7% market share in the world imports by volume in 2018. Brazil is followed by France and Canada with 5% market share each, United States, Germany and Thailand with 4% market share each, Australia, Belgium, United Kingdom, Nigeria, Spain and Italy with 3% market share each and India with 2% market share in 2018.

India was the world's third largest pesticide exporter by volume in 2018. China leads the exports of pesticides with 27% market share in the world exports followed by Germany with a market share of 8.3% and India with a market share of 8% in 2018.

Market segmentation

Insecticides contribute highest market share in the Indian crop protection chemicals market accounting slightly more than half of the total market. India is a net exporter of crop protection chemicals, with approximately 50% of all its production being exported.

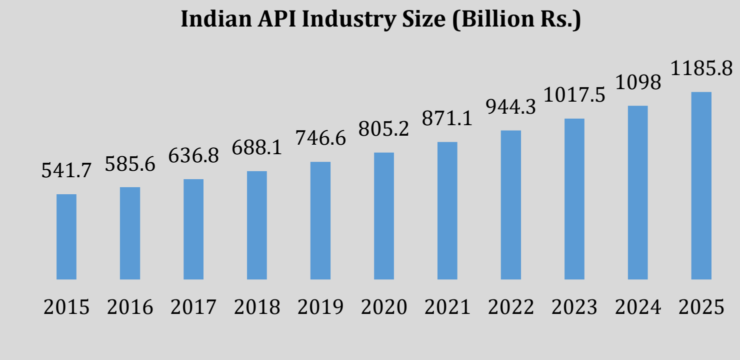


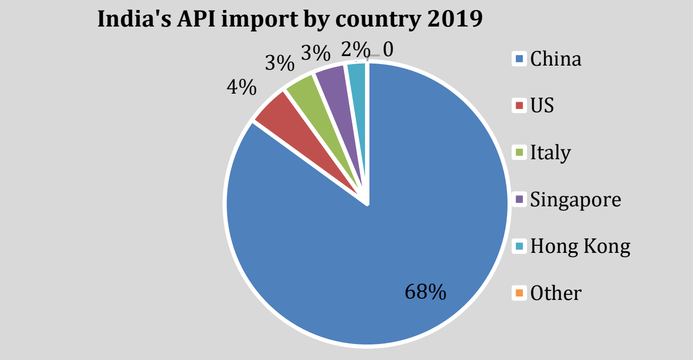
Source: RHP, Geojit Research

India API Industry Overview

The Indian API market has shown steady growth of 8% since fiscal 2016 and is expected to further expand due to an increased focus on new geographies in the global pharmaceutical industry, the change to the specialty segment and strong domestic demand. By raising production yields, changing production processes and increasing sales in international markets, API manufacturers in India are making efforts to improve their marketing ability in the regulated markets. More than 30% of the APIs manufactured in India are exported to countries such as US, UK and Japan.

China's outbreak of the COVID-19 pandemic has affected the world economy significantly, and one of the worst hit manufacturing sectors is the Indian pharmaceutical industry. India has plans to give impetus to domestic API production. The Katoch Committee Report released in 2015 recommended setting up of six large API manufacturing clusters or mega parks in five to six states with facilities, such as, common effluent plants, testing facilities, assured power supply and intellectual property rights management. Rs.3,420 crore was earmarked under the production linked scheme to facilitate domestic manufacturing of medical devices. India's domestic market for medical devices is heavily dependent on imports, which amount to over 85% of the market.

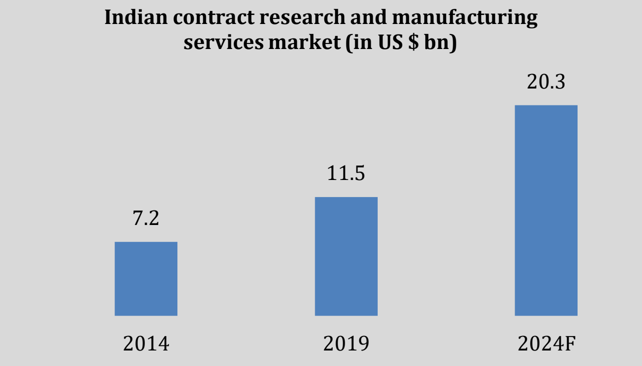


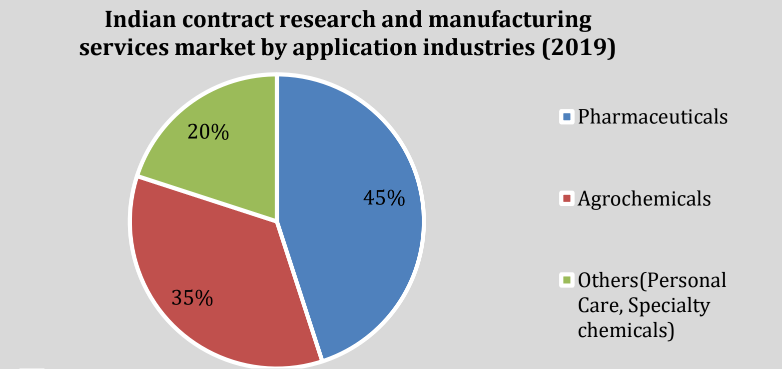


Source: RHP, Geojit Research

India Contract Research and Manufacturing Services

The India market for custom synthesis and manufacturing was valued at US$ 11.5 billion for 2019 for specialty chemicals. This market is anticipated to grow at a CAGR of 12% in the next five years. The main driver of the market includes increasing contract manufacturing trend of fine chemicals along with niche specialty chemicals in India. Many global companies are preferring investment in contract manufacturing in India. Indian market constitute approximately 6% of the global custom synthesis and manufacturing market which totals to US$11.5 billion. This market is driven by research & development of new molecules/chemistries developed followed by willingness for reduced capital investments in the overall fine chemicals segment.





Source: RHP, Geojit Research

Pharmaceuticals industry is one of the major customers of Indian contract research and manufacturing services market, which contributes around half the market share in the total contract research and manufacturing services market. Agrochemicals contract manufacturing in India accounts for 35% market share with export-led demand predominantly. Other industries, such as, personal care ingredients and specialty chemicals also contribute a significant market share

Promoter and promoter group

Mr. Anand S Desai, Dr. Kiran C Patel, Ms. Mona A Desai, KPI LLC and RIRCPL are the Promoters of the Company. As on the date of this Red Herring Prospectus, Mr. Anand S Desai, Dr. Kiran C Patel, Ms. Mona A Desai, KPI LLC and RIRCPL together hold 56,933,461 Equity Shares constituting 66.04% of the issued, subscribed and paid-up Equity Share capital of the Company.

Brief Biographies of Directors

- **Dr. Kiran C Patel** is the Chairman of the Board and is a Non-Executive Director of the Company. Dr. Kiran C Patel is also a promoter director on the boards of Rudraksh Academy Private Limited and Solace Healthcare Private Limited.
- **Ms. Mona A Desai** is the Vice Chairman of the Board and a Whole-time Director of the Company. She has been on the Board since the incorporation of the Company in 2003. Ms. Desai was the chairperson of the Board of the Company from April 23, 2013 until 21 August, 2020. She is also a director on the board of RIRCPL.
- **Mr. Anand S Desai** is the Managing Director of the Company. He has been associated with them since 1992 and was one of the first Directors of the Company.
- **Mr. Milan Thakkar** is a Non-Executive Director of the Company. He is also a director on the boards of Arochem Industries Private Limited and Nanavati Developers Private Limited
- **Mr. Hetul Krishnakant Mehta** is an Independent Director of the Company.
- **Dr. Namrata Dharmendra Jariwala** is an Independent Director of the Company.
- **Mr. Vijay Kumar Batra** is an Independent Director of the Company.
- **Mr. Vinesh Prabhakar Sadekar** is an Independent Director of the Company.

Financials

Profit & Loss Account

Y.E March (Rscr)	FY19	FY20	9MFY21
Sales	**501**	**529**	**539**
% change	*46.9*	*5.5*	-
EBITDA	**93**	**135**	**131**
% change	*27*	*45*	-
Depreciation	22.5	28.7	38.3
EBIT	71	106	92.5
Interest	24.4	45.3	49.6
Other Income	19.5	10.5	23.9
Exceptional Items	0	0	0
PBT	**66**	**71**	**66.8**
% change	*32*	*8.5*	-
Tax	16	18.4	19
Tax Rate (%)	*23.6*	*25.8*	*28.0*
Reported PAT	**50.3**	**53.0**	**48.1**
Adj	-	-	-
Adj PAT	**50.3**	**53.0**	**48.1**
% change	*24.6*	*5.4*	-
No. of shares (cr)	8.62	8.62	8.68
Adj EPS (Rs)	**5.8**	**6.1**	**6.4***

Balance Sheet

Y.E March (Rscr)	FY19	FY20	9MFY21
Cash	7.1	26.8	78.0
Accounts Receivable	120.6	129.5	141.4
Inventories	195	297	421.3
Other Cur. Assets	85	82.3	82.0
Investments	15	16.3	20.4
Net Fixed Assets	667.7	964.6	1,010.6
CWIP	190.6	100.9	115.2
Intangible Assets	13.2	12.8	11.8
Other Assets	27.1	33.8	38.4
Total Assets	**1323**	**1664**	**1919**
Current Liabilities	181	249	319
Provisions	3	34	38
Debt Funds	617	761	703
Minority Interests	-	-	-
Def. Tax	15	26	34
Equity Capital	50	50	86
Reserves & Surplus	457	544	738
Shareholder's Fund	507	594	825
Total Liabilities	**1323**	**1664**	**1919**
BVPS (Rs)	59	69	90*

Cash Flow

Y.E March (Rscr)	FY19	FY20	9MFY21
PBT	66	71.4	66.8
Non-cash adj.	43.8	81.0	92.2
Changes in W.C	-70.6	-57.2	-144.4
C.F.O	**39.0**	**95.2**	**14.51**
Capital exp.	-248.3	-180	-117
Change in inv.	1.25	0	-0.02
Sale of investment	0	0	0
Other invest.CF	-3.20	2.19	-3.84
C.F - investing	**-250**	**-178**	**-120**
Issue of equity	0	35	184
Issue/repay debt	230.1	117	24
Dividends paid	0	0	0
Other finance.CF	-24.4	-51.0	-48.3
C.F - Financing	**205.74**	**101.43**	**159.2**
Chg. in cash	-5.4	18.43	53.2
Closing cash	1.9	20.3	73.3

Ratios

Y.E March	FY19	FY20	9MFY21
Profitab. & Return			
EBITDA margin (%)	18.6	25.5	24.3
EBIT margin (%)	14.1	20.1	17.1
Net profit mgn.(%)	10	10	8.9
ROE (%)	10.4	9.6	9.1*
ROCE (%)	7.0	7.0	8.0*
W.C & Liquidity			
Receivables (days)	76	86	36
Inventory (days)	261	427	353
Payables (days)	49	70	94
Current ratio (x)	2.3	1.9	2.1
Quick ratio (x)	0.7	0.6	0.7
Turnover &Levg.			
Net asset T.O (x)	1.0	0.6	1.4
Total asset T.O (x)	0.4	0.4	0.4
Int. covge. ratio (x)	2.9	2.3	1.9
Adj. debt/equity (x)	1.2	1.3	0.9
Valuation ratios			
EV/Sales (x)	10.8	10.5	8.7*
EV/EBITDA (x)	57.9	41.1	35.8*
P/E (x)	95.1	90.3	86.4*
P/BV (x)	9.4	8.1	6.1*

*Annualised

General Disclosures and Disclaimers

CERTIFICATION

We, Mithun T Joseph and Rajeev T, author(s) of this Report, hereby certify that all the views expressed in this research report reflect my personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Financial Services Limited, hereinafter referred to as Geojit.

COMPANY OVERVIEW

Geojit Financial Services Limited (hereinafter Geojit), a publically listed company, is engaged in services of retail broking, depository services, portfolio management and marketing investment products including mutual funds, insurance and properties. Geojit is a SEBI registered Research Entity and as such prepares and shares research data and reports periodically with clients, investors, stake holders and general public in compliance with Securities and Exchange Board of India Act, 1992, Securities And Exchange Board Of India (Research Analysts) Regulations, 2014 and/or any other applicable directives, instructions or guidelines issued by the Regulators from time to time.

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REGULATORY DISCLOSURES:

Geojit's Associates consists of privately held companies such as Geojit Technologies Private Limited (GTPL- Software Solutions provider), Geojit Credits Private Limited (GCPL- NBFC Services provider), Geojit Investment Services Limited (GISL- Corporate Agent for Insurance products), Geojit Financial Management Services Private Limited (GFMSL) &Geojit Financial Distribution Private Limited (GFDPL), (Distributors of Insurance and MF Units).In the context of the SEBI Regulations on Research Analysts (2014), Geojit affirms that we are a SEBI registered Research Entity and in the course of our business as a stock market intermediary, we issue research reports /research analysis etc that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

In compliance with the above mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

1. Disclosures regarding Ownership*:

Geojit confirms that:
(i) It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein.
(ii) It/its associates have no actual beneficial ownership greater than 1% in relation to the subject company (ies) covered herein.

Further, the Analyst confirms that:

(i) he, his associates and his relatives have no financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company.

(ii) he, his associates and his relatives have no actual/beneficial ownership greater than 1% in the subject company covered

2. Disclosures regarding Compensation:

During the past 12 months, Geojit or its Associates:

(a) Have not received any compensation from the subject company; (b) Have not managed or co-managed public offering of securities for the subject company (c) Have not * received any compensation for investment banking or merchant banking or brokerage services from the subject company. (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company (e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

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Geojit hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

4. Disclosure regarding the Research Analyst's connection with the subject company:

It is affirmed that we, Mithun T Joseph and Rajeev T, Research Analyst(s) of Geojit have not served as an officer, director or employee of the subject company

5. Disclosure regarding Market Making activity:

Neither Geojit/its Analysts have engaged in market making activities for the subject company.

Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

RAJEEV T   MITHUN T JOSEPH

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