

New recommendations Time Frame: 6 Months

Date	Script	I-Direct Code	Buying Range	Target	Stoploss	Upside (%)
1-Mar-21	Sudarshan Chemical	SUDCHE	550-562	650.00	508.00	17.00

Open recommendations Time Frame: 6 Months

Date	Script	Avg Rec Price	Target	Stoploss	CMP	Return till date (%)
25-Feb-21	Tata Steel	733.00	845.00	675.00	733.00	0%
25-Feb-21	NMDC	126.00	152.00	109.00	131.00	4%
5-Feb-21	Kotak Mahindra Bank	1,976.00	2,230.00	1,815.00	1,834.00	-7%
5-Jan-21	Marico	415.00	480.00	367.00	399.00	-4%
10-Dec-20	Abbott India	15,500.00	17,920.00	13,910.00	14,450.00	-7%

All the recommendations are in Cash segment

March 1, 2021

Open Recommendations

Momentum Picks

Script	Action
Filatex	Buy
Laurus labs	Buy

Duration: 14 Days

Our Products

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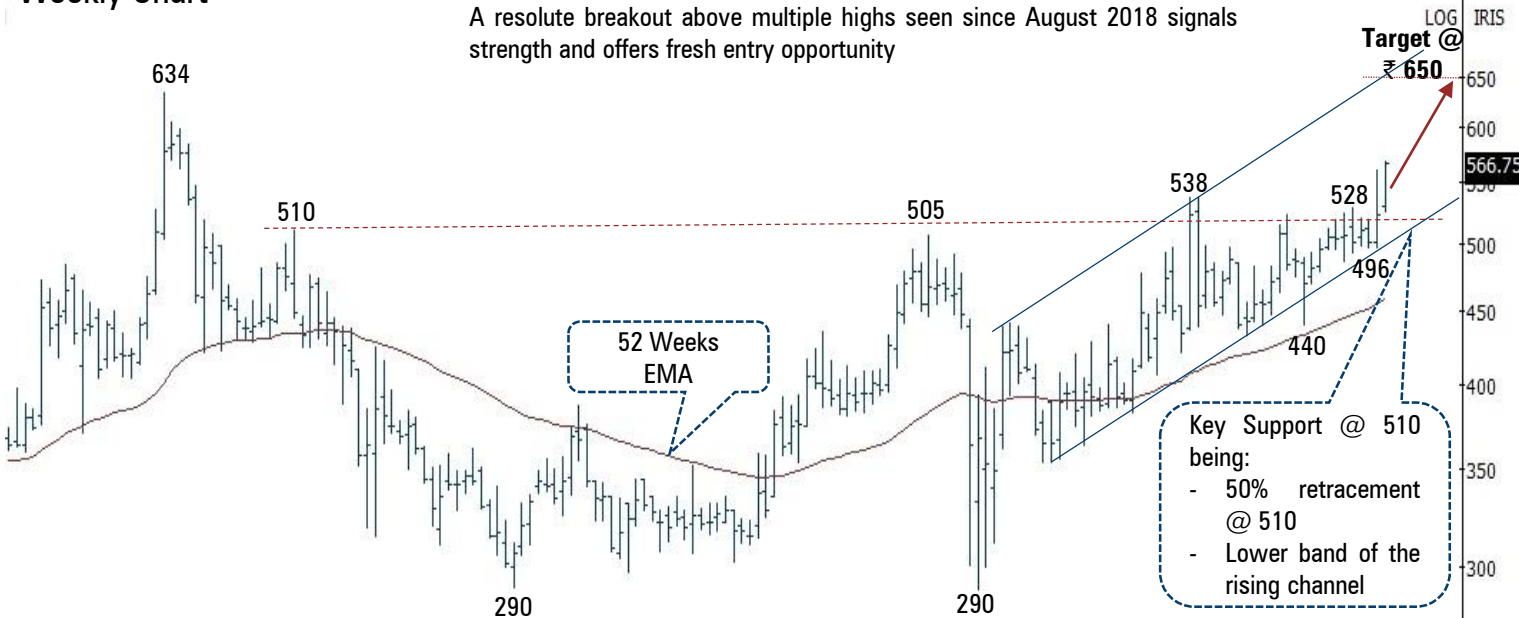
Sudarshan Chemical (SUDCHE): Breakout above multiple highs augurs well for next leg of up move...

Rec. Price	550.00-562.00	Target	650.00	Stop loss	508.00
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Upside **17%**

Weekly Chart

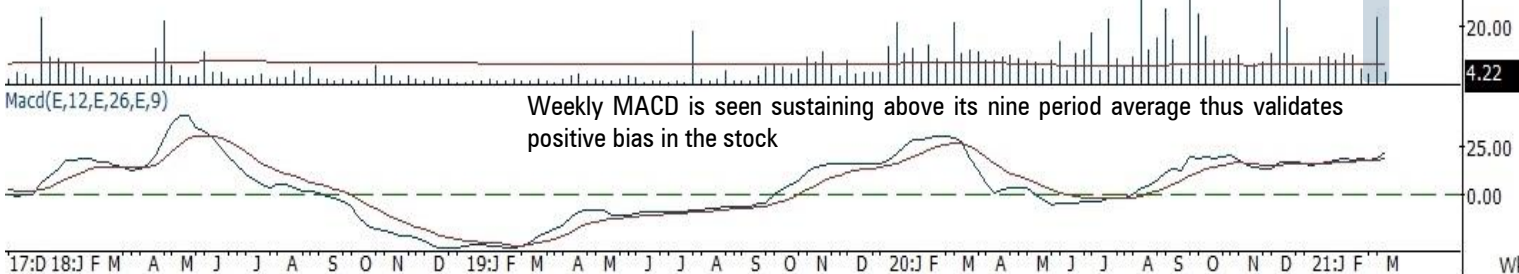
A resolute breakout above multiple highs seen since August 2018 signals strength and offers fresh entry opportunity



Source : www.SpiderSoftwareIndia.Com

Vol Avg(S,200,V,0.00)

The recent breakout is supported by strong volume signals larger participation in the direction of trend



Weekly MACD is seen sustaining above its nine period average thus validates positive bias in the stock

Source: Spider Software,, ICICI Direct Research

Recommended on I-click to gain on 01st March 2021 at 10:47

March 1, 2021

ICICI Securities Ltd. | Retail Equity Research

- Chemical space after the sharp up move of April-September 2020, witnessed a breather in the last three to four months, with shallow price correction, thus exhibiting resilience. The stocks are resuming a fresh up move signalling strength
- The share price of Sudarshan Chemical recently generated a resolute breakout above the multiple highs seen since August 2018 (around ₹ 510) and is sustaining above the same, thus offering a fresh entry opportunity
- We expect the stock to continue its current up trend and head towards ₹ 650 levels as it is confluence of the upper band of the rising channel in place since May 2020 and 161.8% extension of the previous up move (₹ 440 to 528) as projected from recent trough of ₹ 496 signalling upside towards ₹ 650
- The entire up move since May 2020 is well channelled with the lower band of the channel acting as major support on multiple occasions. The stock has recently maintained the rhythm and rebounded from the lower band of the channel highlighting positive trend

Fundamental View: Sudarshan Chemical (SUDCHE)

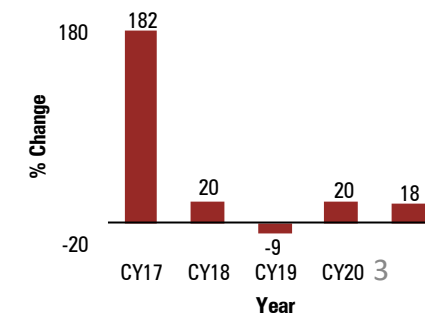
- Global market opportunities relevant to Sudarshan to be valued at ~\$ 8.6 billion. The pigment industry is relatively mature and is globally expected to grow at ~3% CAGR over the next 5 years. It is expected that India is set for strong, sustainable growth in pigment manufacturing with substantial export opportunities.
- Indian pigment production has increased at a CAGR of ~8% in FY13-19 compared to global growth of 3-4%. This was on the back of: 1) strong demand from domestic end users, 2) global consolidation and exits of top players like BASF, Clariant to focus on different priorities besides unfavourable economies of scale and 3) diversification of end users' preference to India from China due to supply disturbances amid recurring issues like pollution concerns, US-China trade war and now Covid. Apart from the above factors, focus on fast growing organic segment (~84% of domestic production), cheap labour, strong technical capability and chemistry knowledge are add-on advantages for the Indian players such as Sudarshan Chemical.
- Sudarshan chemical's main focus segments are coatings, inks, plastics, and cosmetics. Organic pigments are the primary focus area for Sudarshan. These pigments are synthesized from aromatic hydrocarbons and consist of classical chemistries such as Azo pigments and high-performance polycyclic chemistries such as Quinacridones, Quinaphthalones, Isoindolinones, Phthalocyanines etc. Sudarshan is one of the few manufacturers of a wide range of high-performance chemistries which ensure us access to more value-added market segments. With increase in the usage of organic pigments along with effect pigments, we expect Sudarshan chemical should likely to benefit from this transformation.
- Sudarshan has earmarked an aggressive capex plan of ₹ 585 crore (₹ 225 crore spent in FY20) largely spend on capacity addition for growth projects (new and existing) mainly in margin accretive HPP and speciality segments. Post pandemic, we expect the company to grow at ~12% CAGR in FY21-23E amid 20-25 annual new launches, capacity addition and strong demand
- The company's operations and demand from end users are reverting back to normal as the economy opens up. H2 is also likely to benefit amid some pent-up demand. With favourable macro factors and strong domestic demand are key catalysts for it. Margins are also likely to improve due to backward integration and change in product mix towards margin accretive products.

Particulars	
Particular	Amount
Market cap (? Crore)	3,934
FY20 Total Debt (? Crore)	490
FY20 Cash & Inv (? Crore)	16
EV (? Crore)	4,408
52 Week H/L	578/286
Equity Capital (? Crore)	13.8
Face Value (?)	2

Financials			
(₹ Crore)	FY20	FY21E	FY22E
Revenue	1,708.2	1,796.3	2,024.5
EBITDA	246.3	280.3	320.7
EBITDA %	14.4	15.6	15.8
Net Profit	145.1	127.7	141.3

Key Metrics			
(₹ Crore)	FY20	FY21E	FY22E
EPS (₹)	18.5	18.4	20.4
PE (x)	30.7	30.9	27.8
RoNW (%)	21.3	18.4	17.7
RocE (%)	15.2	13.6	13.7

Price performance of last 3 years



Summary Performance - Recommendations till date

Total Recommendations	612	Open	5
Closed Recommendations	607	Yield on Positive recommendations	17.0%
Positive Recommendations	452	Yield on Negative recommendations	-8.0%
Closed at cost	17		
Strike Rate	77%		

Momentum Picks open recommendations

Date	Scrip Name	Strategy	Recommendations Price	Target	Stoploss	Time Frame
19-Feb-21	Filatex	Buy	65-68	75.00	62.00	14 Days
12-Feb-21	Laurus labs	Buy	368-373	406.00	349.00	14 Days

All recommendations are in cash market

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Price history of past three years

Sudarshan Chemical

SUDARSCHEM [N3327] 570.75, 9.04%
Price



- It is recommended to enter in a staggered manner within the prescribed range provided in the report
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The recommendations are valid for six months and in case we intend to carry forward the position, it will be communicated through separate mail

Trading portfolio allocation

- It is recommended to spread out the trading corpus in a proportionate manner between the various technical research products
- Please avoid allocating the entire trading corpus to a single stock or a single product segment
- Within each product segment it is advisable to allocate equal amount to each recommendation
- For example: The 'Momentum Picks' product carries 2 intraday recommendations. It is advisable to allocate equal amount to each recommendation

Recommended product wise trading portfolio allocation

Product	Allocations		Number of Calls	Return Objective	Duration
	Product wise allocation	Max allocation In 1 Stock			
Momentum Picks-Intraday	10%	30-50%	2 Stocks	1-2%	Intraday
Momentum Picks-Positional	25%	8-10%	8-10 Per Month	5-8%	14 Days
Gladiator Stocks	35%	10-13%	Opportunity Based	15-20%	6 Months
Yearly Technical	25%	12-15%	7-9 Per Year	20-30%	1 Year
Cash	5%				
	100%				



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