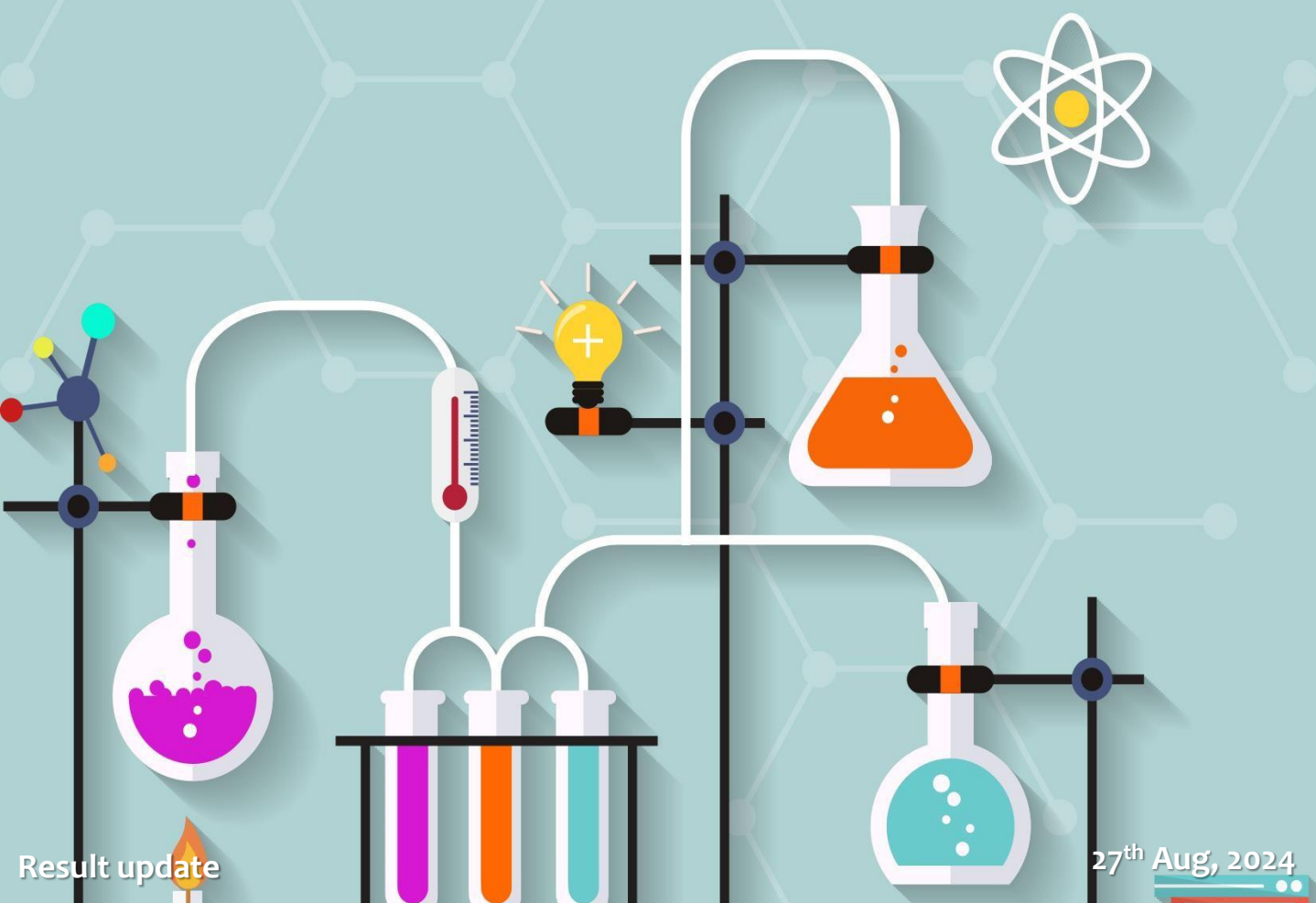




Q1FY25

Anupam Rasayan India Ltd



Anupam Rasayan India Ltd

Pharma and polymer segment will drive growth from H2FY25E

CMP* INR 770	Target INR 810	Potential Upside 5.2%	Market Cap (INR Mn) INR 88,691	Recommendation ACCUMULATE	Sector Specialty Chemicals
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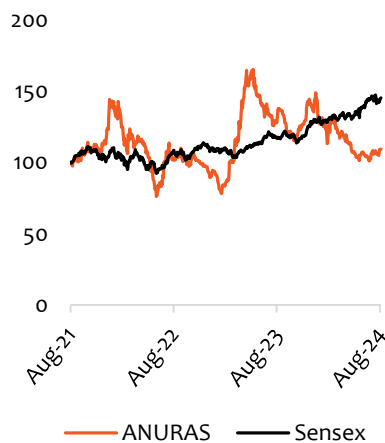
Result Highlights of Q1FY25:

- Anupam Rasayan's revenue missed our estimate due to weak demand in Agrochemical segment. EBITDA missed our estimate due to higher operating expenses.
- We decrease our FY25E and FY26E EPS by 21.3% and 18.1%, respectively, due to weak quarterly performance and continued short-term challenges experienced in Agrochemical industry.
- Currently, the stock is trading at PE multiples of 58.6x/35.9x based on FY25E/FY26E EPS, respectively. We assign a PE multiple of INR 36x (previously: 30.0x) on FY26E EPS of INR 22.5 (previously: INR 27.5) to arrive at a target price of INR 810 (previously: INR 824) with revenue growth anticipate to resume in H2FY25E driven by higher contributions from the Polymer and Pharma segments, as well as the ramp-up of Letter of Intent (LOIs) and contracts.

MARKET DATA

Shares outs (Mn)	110
Equity Cap (INR Mn)	27,610
Mkt Cap (INR Mn)	88,691
52 Wk H/L (INR)	1,106/720
Volume Avg (3m K)	188
Face Value (INR)	10
Bloomberg Code	ANURAS IN

SHARE PRICE PERFORMANCE



MARKET INFO

SENSEX	81,698
NIFTY	25,010

KEY FINANCIALS

INR Millions	FY22	FY23	FY24	FY25E	FY26E
Revenue	10,738	16,019	14,751	15,501	20,152
EBITDA	3,048	4,314	3,807	4,005	5,280
EBITDA margin (%)	28.4%	26.9%	25.8%	25.8%	26.2%
Adj PAT	1,522	2,168	1,674	1,896	2,891
Adj PAT margin (%)	14.2%	13.5%	11.4%	12.2%	14.3%
Adj EPS	15.2	17.4	11.9	13.8	22.5
P/E (x)	53.0x	46.3x	67.9x	58.6x	36x

Source: Company, KRChoksey Research

Headwinds in Agrochemical industry impacted top-line growth

- In Q1FY25, revenue declined 34.2% YoY (-36.6% QoQ) to INR 2,542 Mn due to lower volume offtake in Agrochemical segment.
- The Agrochemical industry is facing a significant headwind due to the unwinding of channel inventory.
- However, Pharma and Polymer segments have been seeing a strong growth supported by recently launched 15 plus new molecules
- The Pharma and Polymer segments have each contributed significantly to revenue, with 15.0% and 10.0%, respectively. This upward trend is expected to continue in FY25E, leading to a more balanced portfolio that signals sustainable growth in the future.
- The Company plans to launch 5 plus molecules in the Pharma and Polymer segments in FY25E.
- The Company has secured long-term contracts with the value of INR 89,190 Mn through multiple Letters of Intent (LOI), ensuring sufficient demand for their products.

Lower volume led to significant decline in profitability

- Gross profit declined 31.9% YoY (-28.7% QoQ) to INR 1,520 Mn. Gross profit margin expanded 199 bps YoY (+665 bps QoQ) to 59.8%.
- EBITDA declined by 47.6% YoY (-42.6% QoQ) to INR 532 Mn. EBITDA margin declined 533 bps YoY (-219 bps QoQ) to 20.9%, due to lower sales, and higher operating expenses.
- Adj. PAT declined 89.9% YoY (-87.3% QoQ) to INR 39 Mn. Adj. PAT margin contracted 845 bps YoY (-617 bps QoQ) to 1.5%, due to weak operating performance, lower other income and increase in finance cost.

SHARE HOLDING PATTERN (%)

Particulars	Jun-24	Mar-24	Dec-23
Promoters	61.2	61.3	61.4
FIIIs	7.1	8.1	9.1
DIIIs	2.7	2.6	2.5
Others	29.0	28.1	27.0
Total	100.0	100.0	100.0

*As of 27th Aug 2:00 pm

16.9%

Revenue CAGR between FY24 and FY26E

31.4%

Adj. PAT CAGR between FY24 and FY26E

Anupam Rasayan India Ltd

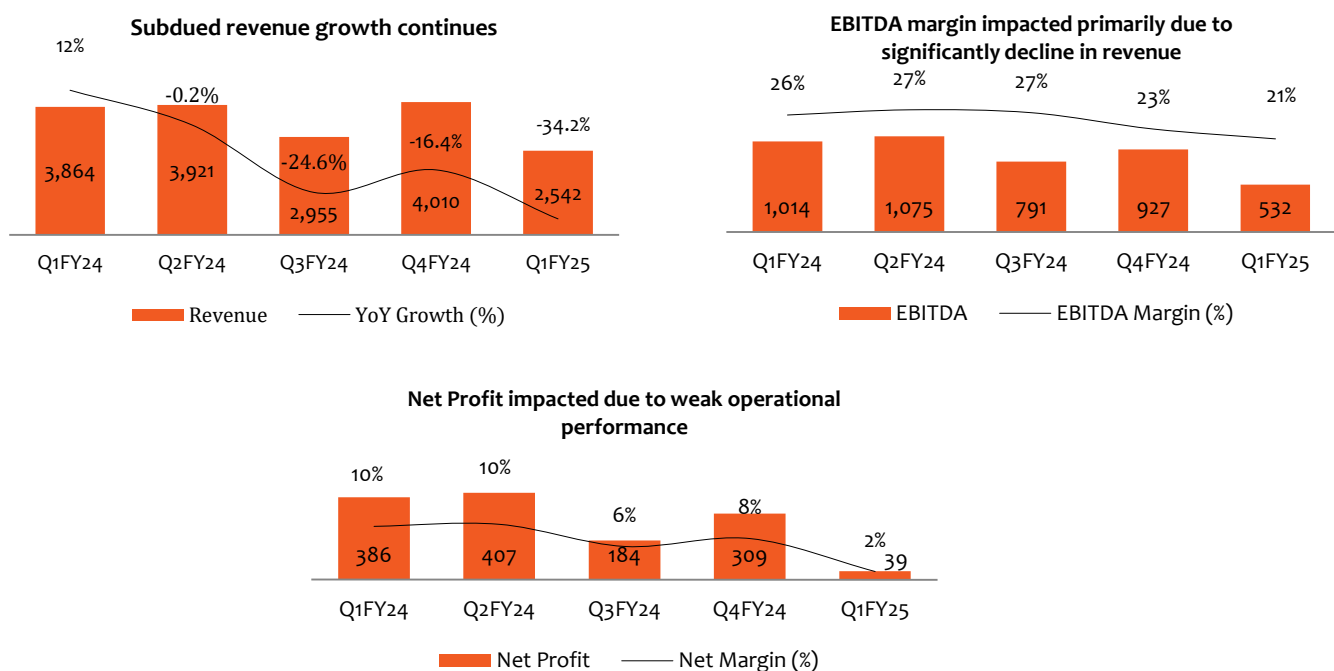
Key Concall Highlights:

- The Company expects the **demand to strengthen** after H1FY25E, following the **current headwind in the Agrochemical industry**.
- Anupam Rasayan expects **revenue growth to come back from H2FY25E**, driven by **higher contributions from Polymer and Pharma business**, as well as the **ramp-up of Letter of Intent (LOIs) and contracts**.
- The Company anticipates that within the **next 2-3 years**, approximately **one-third of the Company's sales** will **originate from Japan**, with all **business being secured through long term contracts**.
- Anupam Rasayan has invested in multiple initiatives to reduce its environmental footprint.
- A hybrid power plant combining **solar and wind energy** generation with a capacity of **9.6 megawatt** is being invested in, expected to **save INR 150 Mn annually in energy cost**.
- The investment will ensure **65.0% of the Company's electricity consumption** comes from **green energy sources**.
- By **end of Q1FY25**, the Company has **utilized INR 5,300 Mn** out of the total planned Capex of INR 6,700 Mn, with the balance to be incurred in the coming quarters.
- The current Capex plan is sufficient for the Company's medium-term growth.
- There is a deferral of demand, with around **INR 800 Mn to INR 1,000 Mn** of demand **expected to be recouped** by the **end FY25E**.
- The working capital remains **stable in absolute terms** and the management expects it to **stabilize further by the end of FY25E** with **improvements anticipated in FY26E**.
- Top ten customers contributed **77.0% of revenue**.
- Margins for certain segments, such as **fluorinated products** and **polymer products**, are **expected to be higher**.

Valuation and view:

Anupam Rasayan experienced a decline in revenue primarily due to lower volumes in the Agrochemical segment, which is currently facing challenges from the unwinding of channel inventory. Despite this, the Pharma and Polymer segments have demonstrated strong growth, supported by the introduction of over 15 new molecules. The gross profit and EBITDA have declined due to lower sales and higher operating expenses. **We decrease our FY25E and FY26E EPS by 21.3% and 18.1%, respectively, due to weak quarterly performance and continued short-term challenges experienced in Agrochemical industry.** We expect revenue to grow at 16.9% CAGR and Adj. PAT to grow at 31.5% CAGR over FY24-FY26E. The stock has appreciated 4.4% since our last quarterly update. Currently, the stock is trading at PE multiples of 58.6x/35.9x based on FY25E/FY26E EPS, respectively. We assign a PE multiple of INR 36.0x (previously: 30.0x) on FY26E EPS of INR 22.5 (previously: INR 27.5) to arrive at a target price of INR 810 (previously: INR 824) with revenue growth anticipate to resume in H2FY25E driven by higher contributions from the Polymer and Pharma segments, as well as the ramp-up of LOIs and contracts. Given a 5.2% upside, we maintain our rating of "ACCUMULATE" on the stock.

Quarterly trend in charts



Source: Company, KRChoksey Research

Anupam Rasayan India Ltd

KEY FINANCIALS

Exhibit 1: Profit & Loss Statement

INR Millions	FY22	FY23	FY24	FY25E	FY26E
Revenues	10,738	16,019	14,751	15,501	20,152
COGS	3,699	7,036	6,144	6,232	8,323
Gross profit	7,039	8,983	8,607	9,269	11,829
Employee cost	485	689	751	818	1,008
Other expenses	3,506	3,981	4,049	4,447	5,542
EBITDA	3,048	4,314	3,807	4,005	5,280
Depreciation & amortization	601	711	797	850	901
EBIT	2,447	3,603	3,010	3,154	4,379
Interest expense	308	627	894	941	768
Other income	73	86	302	320	403
PBT	2,447	3,603	3,010	3,154	4,379
Tax	697	908	743	637	1,124
PAT	1,522	2,168	1,674	1,896	2,891
EPS (INR)	15.2	17.4	11.9	13.8	22.5

Source: Company, KRChoksey Research

Exhibit 2: Cash Flow Statement

INR Millions	FY22	FY23	FY24	FY25E	FY26E
Operating Cash Flow	(1,712)	2,921	590	2,921	2,755
Investing Cash Flow	(4,120)	(5,227)	(3,921)	(808)	(1,042)
Financing Cash Flow	3,844	3,706	3,951	(523)	674
Net Inc/Dec in cash equivalents	(1,989)	1,401	620	1,589	2,387
Opening Balance	2,412	478	1,878	2,498	4,087
Adjustments	0	0	0	0	0
Closing Balance Cash and Cash Eq.	423	1,878	2,498	4,087	6,474

Source: Company, KRChoksey Research

Exhibit 3: Key Ratio

Key Ratio	FY22	FY23	FY24	FY25E	FY26E
EBITDA Margin (%)	28.4%	26.9%	25.8%	25.8%	26.2%
Net Profit Margin (%)	14.2%	13.5%	11.4%	12.2%	14.3%
RoE (%)	8.8%	9.1%	6.1%	6.5%	9.2%
RoA (%)	5.3%	5.7%	3.6%	4.1%	5.6%
RoCE (%)	11.0%	13.2%	10.2%	10.1%	13.0%
Debt/Equity	0.5x	0.3x	0.4x	0.4x	0.4x

Source: Company, KRChoksey Research

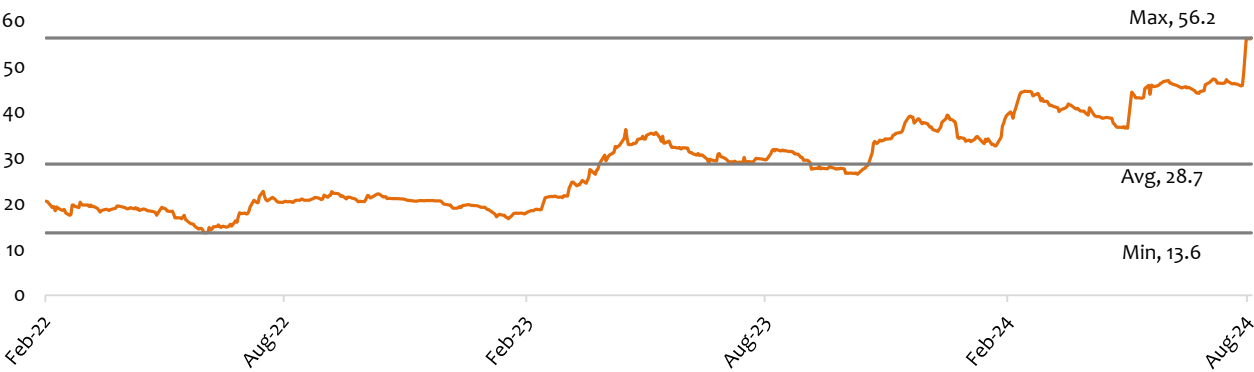
Anupam Rasayan India Ltd

Exhibit 4: Balance Sheet

INR Millions	FY22	FY23	FY24	FY25E	FY26E
Property, plant and equipment	11,467	12,382	12,578	14,669	14,776
Right-of-use assets / CWIP / other intangibles	993	1,762	7,297	6,485	6,519
Goodwill	0	1,232	1,232	1,232	1,232
Other non-current assets	2,916	3,295	5,669	3,189	4,145
Inventories	8,632	9,315	10,553	10,765	11,195
Trade receivables	2,801	4,151	5,794	5,598	7,277
Cash and Cash equivalents	423	1,878	2,498	4,087	6,474
Bank Balance	1,675	3,765	395	0	0
TOTAL ASSETS	28,905	37,779	46,017	46,025	51,620
Total equity	17,269	23,726	27,610	29,118	31,581
Non-controlling Equity	0	1,355	1,696	2,085	2,512
Borrowings	7,959	7,876	10,196	10,615	12,056
Other non-current liability	1,401	1,597	2,362	1,545	2,009
Trade payables	2,278	3,226	4,152	2,663	3,462
TOTAL EQUITY AND LIABILITIES	28,905	37,779	46,017	46,025	51,620

Source: Company, KRChoksey Research

Anupam Rasayan 1-Year forward PE



Anupam Rasayan India Ltd

Anupam Rasayan India Ltd				Rating Legend (Expected over a 12-month period)	
Date	CMP (INR)	TP (INR)	Recommendation	Our Rating	Upside
27-Aug-24	770	810	ACCUMULATE	Buy	More than 15%
24-May-24	773	824	ACCUMULATE	Accumulate	5% – 15%
20-Feb-24	923	1,008	ACCUMULATE	Hold	0 – 5%
20-Nov-23	932	990	ACCUMULATE	Reduce	-5% – 0
28-Aug-23	1012	1166	BUY	Sell	Less than – 5%
05-May-23	1093	1326	BUY		

ANALYST CERTIFICATION:

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