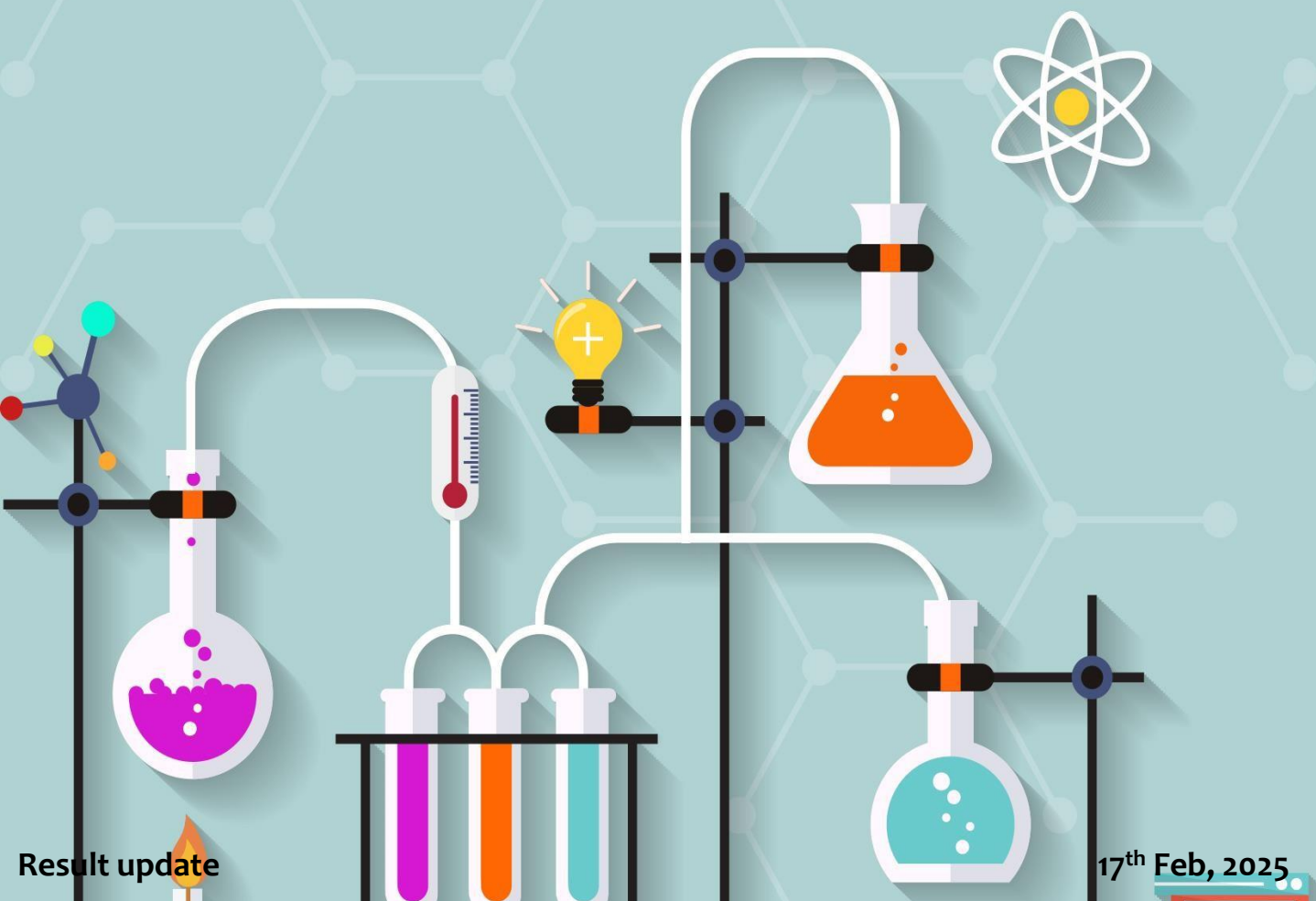




Anupam Rasayan India Ltd

Q3FY25



Anupam Rasayan India Ltd

Pharma and Polymer to drive performance

CMP INR 674	Target INR 694	Potential Upside 3.0%	Market Cap (INR Mn) INR 74,904	Recommendation HOLD	Sector Specialty Chemicals
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Result Highlights of Q3FY25:

- Anupam Rasayan's revenue was largely in-line with our estimates (+1.6%). EBITDA beat our estimates due to lower-than-expected operating expenses. Adj. PAT missed our estimates due to lower-than-expected other income and higher-than-expected depreciation expense.
- We maintain our FY26E/FY27E EPS estimates at INR 20.0 and INR 30.2 respectively, as we expect strong geographic diversification, and a robust pipeline of new molecules in R&D, which makes the company well-positioned for long-term growth.
- We roll over our valuation multiple to FY27E and assign a PE multiple of 23.0x to arrive at a target price of INR 694 (previously: INR 719) reflecting the cautious nature of the business because the company still has notable exposure to agrochemicals, which may face challenges due to global uncertainties. Therefore, we maintain our "HOLD" rating.**

MARKET DATA

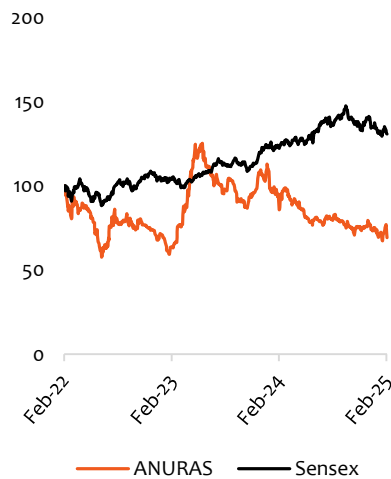
Shares outs (Mn)	110
Mkt Cap (INR Mn)	74,904
52 Wk H/L (INR)	966/630
Volume Avg (3m K)	109
Face Value (INR)	10
Bloomberg Code	ANURAS IN

KEY FINANCIALS

INR Millions	FY23	FY24	FY25E	FY26E	FY27E
Revenue	16,019	14,751	14,677	19,080	24,804
EBITDA	4,314	3,807	4,008	5,152	6,697
Adj. PAT	1,808	1,286	1,121	2,188	3,304
EPS (INR)	17.4	11.9	10.2	20.0	30.2
EBITDA Margin (%)	26.9%	25.8%	27.3%	27.0%	27.0%
PAT Margin (%)	11.3%	8.7%	7.6%	11.5%	13.3%

Source: Company, DevenChoksey Research

SHARE PRICE PERFORMANCE



Diversification into high-value segments boosts top-line

- For Q3FY25, the revenue increased 32.0% YoY (+32.7% QoQ) to INR 3,901 Mn driven by growth in pharma and polymer segments.
- The pharma segment grew significantly, contributing 23.0% of total sales. The polymer segment accounted for 10.0% of sales. These two segments emerged as new growth drivers, helping diversify revenue streams and reducing reliance on agrochemical sector.
- The agrochemical segment had faced weak demand, particularly from Europe in the previous quarters. However, demand started recovering in Q3FY25, contributing to revenue growth.
- Recently, the company signed a new contract and an LOI with a US MNC for the supply of high-performance specialty chemicals used in defense electronics and aerospace.
- Management remains confident of maintaining strong growth, targeting a 30.0%-35.0% revenue increase in FY26E. The commercialization of order book and further demand recovery in agrochemicals should provide additional tailwinds.

Margin expansion fueled by cost controls & portfolio shifts

- EBITDA increased 57.2% YoY (+54.6% QoQ) to INR 1,243 Mn. EBITDA margin improved 510 bps YoY (+451 bps QoQ) to 31.9%, supported by favorable product mix, exit from a low-margin contract with a large Indian agrochemical MNC (previously 15.0% of revenue) also helped improve margins.
- The company focused on cost optimization and efficiency improvements, which was evident in a decline of 4.5% YoY in employee costs and decline of 5.6% YoY in other expenses in Q3FY25.
- Adj. Net profit increased 53.1% YoY (+69.1% QoQ) to INR 282 Mn. Adj. PAT margin improved 100 bps YoY (+155 bps QoQ) to 7.2%.

MARKET INFO

SENSEX	75,939
NIFTY	22,929

SHARE HOLDING PATTERN (%)

Particulars	Dec-24	Sept-24	Jun-24
Promoters	61.2	61.2	61.2
FIIIs	7.5	7.0	7.1
DIIIs	2.3	2.3	2.7
Others	29.0	29.5	29.0
Total	100.0	100.0	100.0

Note: All the market data is as of previous closing

18.9%

Revenue CAGR between FY24 and FY27E

37.0%

Adj. PAT CAGR between FY24 and FY27E

Anupam Rasayan India Ltd

Key Concall Highlights:

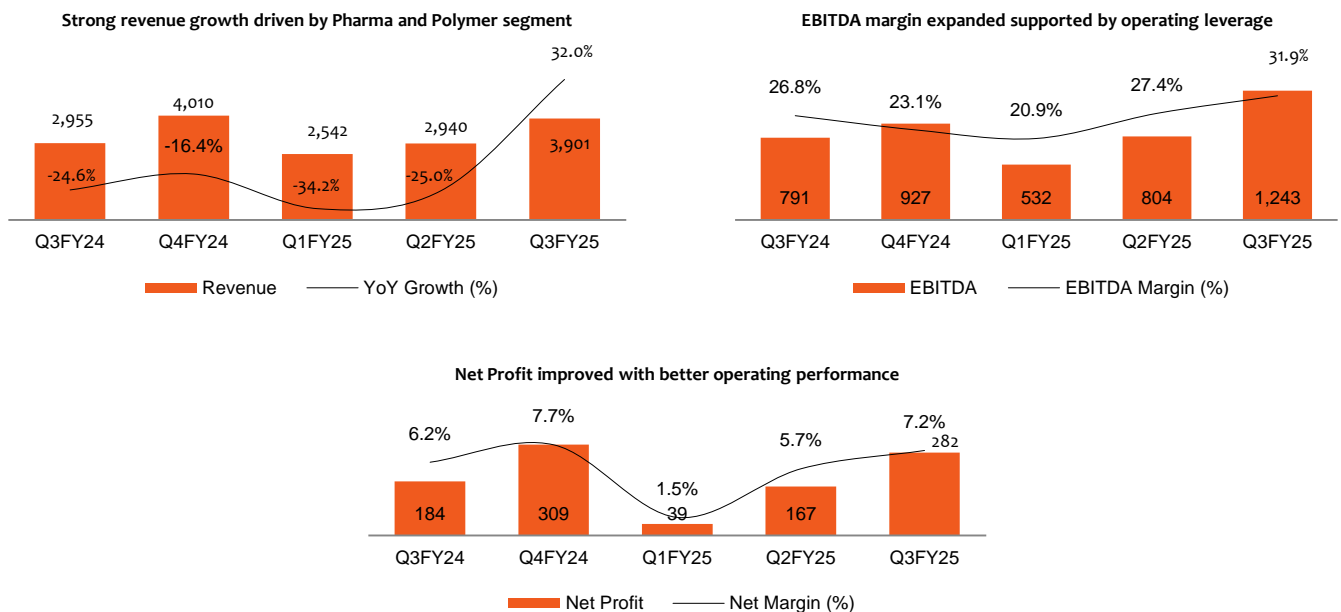
- **Higher capacity utilization** led by increased agrochemical sector demand resulted in improving fixed cost absorption.
- The **fluorination chemistry portfolio**, strengthened through the **Tanfac acquisition**, continued to see strong demand. These products **command higher margins** and cater to **niche industries like pharmaceuticals, electronics, and polymers**.
- The company **commissioned a 9.2 MW hybrid (solar + wind) power plant in October 2024**. This initiative is expected to generate annual **energy cost savings of INR 150 Mn**.
- Combined with its **previous INR 680 Mn investment in a 17.9 MW renewable energy project**, **65.0% of the company's electricity needs** will be met through **green energy**, reducing power costs.
- The company launched over **17 molecules in FY24** and **6 plus molecules in 9MFY25** in the pharma and polymer segment. There are **65+ new molecules** are in R&D and pilot stages (**30 in pharma, 35 in polymer**).
- **Total debt stands at INR 12,000 Mn** (down from INR 12,700 Mn in Sept 2024). **Inventory levels remain high** due to prior production planning. **Working capital cycle expected to improve over the next 18-24 months**.
- **Europe** was historically the largest market, but now **Japan** is expected to contribute one-third of total sales in 2-3 years, **US market share will reach 15.0% in the next 2-3 years** due to long-term contracts. **India & Singapore** also remain key markets.
- This **geographic diversification reduces reliance on any single region, mitigates risks, and enhances revenue stability**.
- The **INR 6,700 Mn Capex planned for FY25E**, with **INR 6,500 Mn** already completed by **Q3FY25**. New manufacturing units in Sachin & Jagadiya increased **total capacity from 27,000 to 30,000 tons**.

Valuation and view:

Anupam Rasayan demonstrated strong revenue growth, primarily driven by expansion in the pharma and polymer segments, emerging as key revenue drivers. The company's diversification strategy is reducing its reliance on the agrochemical sector, which had faced demand challenges in previous quarters. However, a recovery in agrochemicals demand, particularly from Europe, contributed to growth. The company improved EBITDA margins through a favorable product mix, cost optimization, and exiting a low-margin agrochemical contract. Higher capacity utilization and better-fixed cost absorption supported profitability. The Tanfac acquisition strengthened fluorination chemistry, driving high-margin growth in pharmaceuticals, electronics, and polymers.

We maintain our FY26E/FY27E EPS estimates at INR 20.0 and INR 30.2 respectively, as we expect a capacity increase at manufacturing sites in Sachin and Jagadiya, strong geographic diversification, and robust pipeline of new molecules in R&D, making the company well-positioned for long-term sustainable growth and profitability. We expect the revenue to grow at 18.9% CAGR and PAT to grow at 37.0% CAGR over FY24-FY27E. Currently, the stock is trading at PE multiple of 33.7x/22.3x based on FY26E/FY27E EPS, respectively. We roll over our valuation multiple to FY27E and assign a PE multiple of 23.0x to arrive at a target price of INR 694 (previously: INR 719) reflecting the cautious nature of the business because the company still has notable exposure to agrochemicals, which may face challenges due to global uncertainties. Therefore, we maintain our "HOLD" rating on the stock with an upside potential of 3.0%.

Quarterly trend in charts



Source: Company, DevenChoksey Research

Anupam Rasayan India Ltd

Result Snapshot

Particulars (Mn)	Q3FY25	Q2FY25	Q3FY24	QoQ	YoY	9MFY25	9MFY24	YoY
Revenue from Operations	3,901	2,940	2,955	32.7%	32.0%	9,383	10,741	-12.6%
Total Expenditure	2,658	2,135	2,164	24.5%	22.8%	6,804	7,861	-13.4%
Cost of Raw Materials	2,727	1,985	1,473	37.3%	85.1%	6,540	5,643.0	15.9%
Purchase of Stock	0	0	0	NA	NA	0	0.0	NA
Changes in Inventories	-1,161	-904	-464	NA	NA	-2,870	-1,378.0	108.3%
Employee Cost	201	181	210	10.7%	-4.5%	552	581.5	-5.1%
Other Expenses	891	872	945	2.2%	-5.6%	2,582	3,014.4	-14.3%
EBITDA	1,243	804	791	54.6%	57.2%	2,579	2,880	-10.4%
EBITDA Margins (%)	31.9%	27.4%	26.8%	451 bps	510 bps	27.5%	26.8%	67 bps
Depreciation	293	217	204	35.1%	43.4%	716	589.6	21.5%
EBIT	950	587	587	61.7%	62.0%	1,863	2,290	-18.7%
Other Income	-35	19	24	-283.5%	NA	45	182.1	-75.5%
Interest Expense	320	267	251	19.9%	27.2%	810	633.6	27.8%
PBT before Exceptional	595	340	359	74.9%	65.7%	1,097	1,839	-40.3%
Exceptional Items	0	0	0	NA	NA	0.0	0.0	NA
PBT	595	340	359	74.9%	65.7%	1,097	1,839	-40.3%
Tax	53	34	99	55.8%	-46.4%	127	569	-77.7%
Share of Associates	0	0	0	NA	NA	0.0	0.0	NA
Minority Interest	260	139	76	86.5%	241.8%	482.6	292.7	NA
PAT	282	167	184	69.1%	53.1%	488	977	-50.1%
PAT Margin (%)	7.2%	5.7%	6.2%	155 bps	100 bps	5.2%	9.1%	-390 bps
EPS	2.6	1.5	1.7	69.1%	52.7%	4.4	9.1	-51.0%
Adj. PAT	282	167	184	69.1%	53.1%	488	977	-50.1%
Adj. PAT Margin (%)	7.2%	5.7%	6.2%	155 bps	100 bps	5.2%	9.1%	-390 bps
Adj. EPS	2.6	1.5	1.7	69.1%	52.7%	4.4	9.1	-51.0%

Source: Company, DevenChoksey Research

Anupam Rasayan India Ltd

Exhibit 1: Profit & Loss Statement

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
Revenues	16,019	14,751	14,677	19,080	24,804
COGS	7,036	6,144	5,893	8,014	10,418
Gross profit	8,983	8,607	8,784	11,067	14,387
Employee cost	689	751	870	1,145	1,488
Other expenses	3,981	4,049	3,906	4,770	6,201
EBITDA	4,314	3,807	4,008	5,152	6,697
Depreciation	711	797	953	1,035	1,101
EBIT	3,603	3,010	3,056	4,116	5,596
Finance Costs	627	894	1,122	856	896
Other Income	86	302	97	382	496
PBT	3,603	3,010	3,056	4,116	5,596
Tax	908	743	267	747	1,113
PAT	1,808	1,286	1,121	2,188	3,304
EPS (INR)	17.4	11.9	10.2	20.0	30.2

Exhibit 3: Cash Flow Statement

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
CFFO	2,921	590	2,767	2,464	2,478
CFFI	(5,227)	(3,921)	(1,500)	(1,200)	(1,500)
CFFF	3,706	3,951	(622)	(356)	(396)
Net Inc/Dec in cash	1,401	620	646	909	582
Opening Cash	478	1,878	2,498	3,144	4,052
Closing Cash	1,878	2,498	3,144	4,052	4,634

Exhibit 4: Key Ratio

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
EBITDA Margin (%)	26.9%	25.8%	27.3%	27.0%	27.0%
Net Profit Margin (%)	13.5%	11.4%	12.0%	15.2%	16.5%
RoE (%)	9.1%	6.1%	6.1%	9.4%	11.9%
RoA (%)	5.7%	3.6%	3.8%	5.6%	6.8%
RoCE (%)	13.2%	10.2%	10.1%	12.9%	16.1%
Debt/Equity	0.3	0.4	0.4	0.4	0.3
P/E(x)	38.6x	56.7x	65.8x	33.7x	22.3x

Source: Company, DevenChoksey Research

Exhibit 2: Balance Sheet

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
Equity					
Equity Capital	1,070	1,070	1,070	1,070	1,070
Other Equity	24,011	28,237	30,001	32,897	36,980
Total Equity	25,081	29,307	31,071	33,967	38,050
Liabilities					
Long-term debt	3,550	1,980	1,480	980	480
Short term debt	4,326	8,216	9,216	10,216	11,216
Trade Paybles	3,226	4,152	3,262	4,240	6,890
Other liabilities	1,597	2,362	1,909	2,482	3,227
Total Liabilities	12,699	16,710	15,867	17,919	21,813
Assets					
Property Plants and Equipments	12,382	12,578	13,125	13,290	13,689
Right-of-use assets / CWIP / other intangibles	1,762	7,297	7,297	7,297	7,297
Inventories	9,315	10,553	10,192	10,600	13,091
Trade Receivables	4,151	5,794	5,912	7,685	9,991
Cash and Bank	1,878	2,498	3,144	4,052	4,634
Other assets	8,292	7,296	7,268	8,960	11,160
Total Assets	37,779	46,017	46,938	51,885	59,863

Anupam Rasayan India Ltd

Anupam Rasayan India Ltd			
Date	CMP (INR)	TP (INR)	Recommendation
17-Feb-25	674	694	HOLD
19-Nov-24	715	719	HOLD
22-Aug-24	807	850	ACCUMULATE
24-May-24	773	824	ACCUMULATE
20-Feb-24	923	1,008	ACCUMULATE
20-Nov-23	932	990	ACCUMULATE

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

ANALYST CERTIFICATION:

I, **Dipak Saha** (MBA, Finance), Research Analyst, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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