Rossari Biotech

Price Band ₹ 423-425

NOT RATED

IPO Review

ICICI Securities – Retail Equity Research

July 12, 2020

Rossari Biotech (RBL) is one of the leading specialty chemicals manufacturing companies in India, providing customised solutions to specific industrial and production requirements of customers primarily in the FMCG, apparel, poultry and animal feed industries through diversified product portfolio comprising home, personal care & performance chemicals, textile specialty chemicals and animal health & nutrition products. The company operates in India as well as 17 foreign countries including Vietnam, Bangladesh and Mauritius. As on May 2020, it had a range of 2,030 different products sold across the three product categories.

Capex provides earnings visibility for medium term

Rossari Biotech has a present capacity of 100,000 MT at Silvassa. The company's plants are fungible. Hence, based on the demand environment, it can alter the product mix. Over the past four years, increase in plant capacity and rising awareness on the home & personal care (HPCC) have led HPCC segment revenue mix to inch up from 15% in FY17 to 47% in FY20. Going ahead, management expect capacity increase of 152,500 MT (20,000 MT at Silvassa, 132,500 at Dahej) to assist better growth visibility for the entire group performance in medium to long term.

Strong balance sheet, better FCF generation likely to continue…

Rossari Biotech raised around ₹ 100 crore through pre-placement of shares with institutional investors in February 2020, which led to liquid investment & cash of ₹ 141 crore against total debt of ₹ 67 crore. Further, the company plans to raise ₹ 50 crore through a fresh issue, which would lead to further improvement in balance sheet. As per the object of the issue, the company clarified that they may use this proceeds to repay a debt and fund working capital. Further, they mentioned in their strategies that they may also go for inorganic expansion in the years to come.

Key risk & concerns

- Rise in RMAT cost, inability to pass it on to impact gross margins
- Any loss of customer likely to impact performance ahead

Priced at P/E of 34x (post issue) FY20 on upper band

The company is into acrylic polymer business, which finds application into home & personal care along with paints. Management highlighted that they have witnessed decent traction from the home & personal care products due to covid-19. The company has return ratios in the high thirties. At the higher end of the price band of ₹ 425, the stock is available at a P/E of ~34x (on post issue basis) and EV/EBITDA of ~19.9x (post issue).

Particulars	
Issue Details	
Issue Opens	July 13, 2020
Issue Closes	July 15, 2020
Issue Size (₹ Crore)	496.5
Fresh Issue	50.0
Price Band (₹)	423-425
No of shares offer (cr)	1.17
Minimum lot size	35

Shareholding	Pre issue	Post issue
Promoter	95%	73%
Public	5%	27%

Objects of issue

- Repayment/prepayment of certain indebtness availed by company
- Funding working capital requirements
- General corporate purposes

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Key Financial Summary

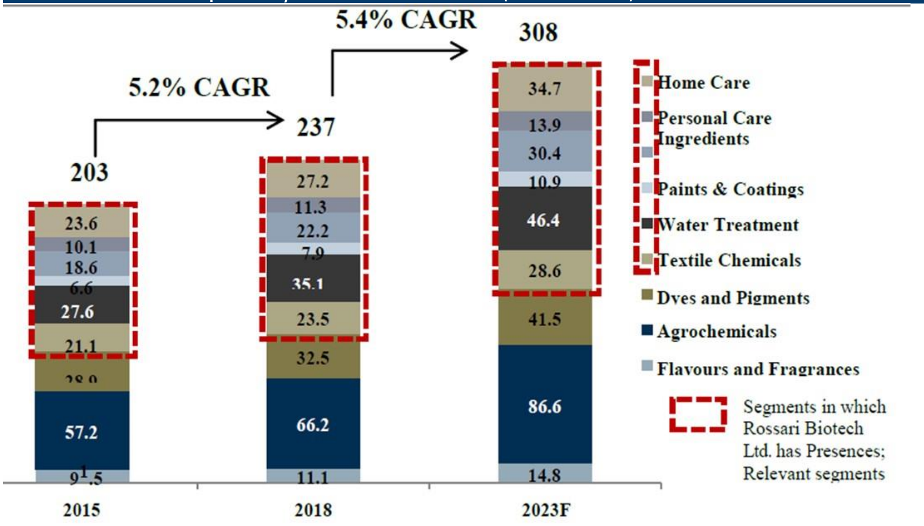
(₹ Crore)	FY17	FY18	FY19	FY20	CAGR (FY17-20)
Net Revenue	235.0	292.2	516.2	600.1	37%
EBITDA	24.0	42.6	77.6	104.7	63%
EBITDA Margins (%)	10.2%	14.6%	15.0%	17.4%	
Adj.PAT	14.3	25.4	45.7	65.3	66%
Adj. EPS (₹)	2.8	4.9	8.8	12.6	
EV/EBITDA	86.8x	48.9x	26.8x	19.9x	
P/E	154.3x	86.9x	48.3x	33.8x	
ROE (%)	26.6	34.1	43.3	31.8	
ROCE (%)	24.4	37.3	53.7	36.0	

*Source: ICICI Direct Research, RHP, * Adjusted EPS based on post issue no of outstanding shares. Valuation ratios arrived based on the post issue MCAP and EV*

Industry Overview

The chemicals industry can be classified into two broad segments - basic and specialty. In general, basic chemicals are high volume and low value products that are sold to other industries for further processing. They are usually manufactured in continuous process plants while there is no major product differentiation across several manufacturers. Sales of basic chemicals are largely driven by price. However, specialty chemicals are low-volume and high-value products, which are sold on the basis of their quality or utility, rather than composition. Thus, they may be used primarily as additives or to provide a specific attribute to the end product. Specialty chemicals are more likely to be prepared and processed in batches. The focus is on value addition to the end-product and the properties or technical specifications of the chemical. The 10 segments cumulatively constitute a market of US$237 billion in 2018 globally and are expected to grow at 5.4% CAGR to US$308 billion by 2023. Paints & coating additives and construction chemicals are expected to be the fastest growing segments with growth of 6.5% CAGR over this five year period.

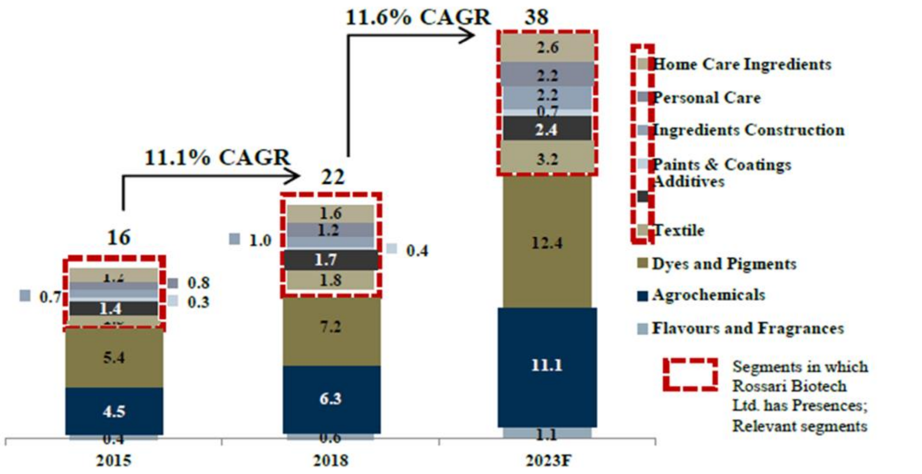
Exhibit 1: Global specialty chemicals market (US$ billion)



Source: RHP, ICICI Direct Research

The Indian specialty chemicals industry is driven by both domestic consumption and exports. Home & personal care chemicals, water chemicals, construction chemicals, etc, are areas where specialty chemicals find applications. The growth of the market is in conjunction with the overall growth of the Indian economy. Exports are on the rise as India is becoming a central manufacturing hub for such chemicals. Tightening of environmental norms (e.g. REACH regulations) in developed countries and the slowdown in China are contributing to exports growth. The "Make in India" campaign is also expected to provide impetus to the emergence of India as a manufacturing hub for the chemicals industry in the medium term.

Exhibit 2: Indian specialty chemicals market (US$ billion)



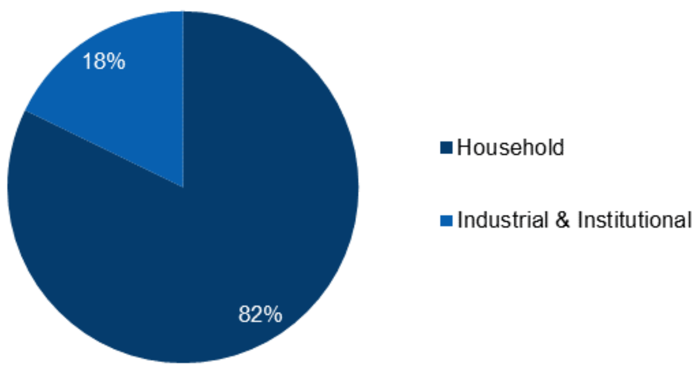
Source: RHP, ICICI Direct Research

Indian home care market

The Indian home care ingredients market was valued at US$1.2 billion in 2015 and grew to US$1.6 billion in 2018, registering a CAGR of 10.8%. The ingredients market was driven by growth in the home care products market in India, which has flourished over the past years due to the increased awareness about health & hygiene as well as a considerable increase in per capita disposable income. These factors have triggered the sales of cleaning products to grow at double-digit figures in certain countries in the last few years. As a result, sales of ingredients used in these products have also witnessed a strong performance in the past couple of years.

Within the homecare market, the household segment accounts for the majority share owing to large population base of the country leading to higher consumption of homecare products in home. The industrial and institutional (I&I) segment accounts for less than 20% of the total market. Within I&I, institutional chemicals captured a majority share on the back of rising demand from increasing number of universities, colleges, hospitals, hotels, restaurants chains, laundry & dry cleaning services, corporate offices, etc. The segment is anticipated to maintain its dominance through 2023. Hotel and lodging end use industry dominated the institutional cleaning chemicals market in India in 2016. The second largest share in I&I was captured by office spaces due to rising urbanisation and surging investments in construction activities.

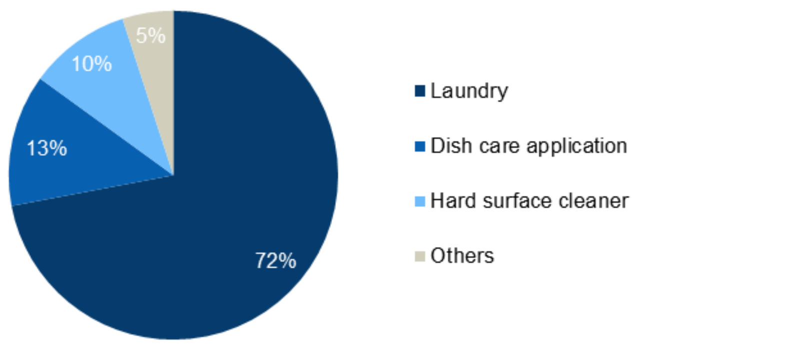
Exhibit 3: Segmentation of Indian home care ingredients market by industry type



Source: RHP, ICICI Direct Research

The India cleaning chemicals market is expected to reach US$2.6 billion by 2023 at a CAGR 9.8% in value terms. The growth will be driven by increasing incidence of various infections, rapid urbanisation, coupled with growing number of new commercial setups and increasingly stringent safety standards. Additionally, setting up new healthcare setups, rising disposable income and launch of new and innovative cleaning chemicals are propelling the market for homecare ingredients in India. Among the industry type, household would account for a higher growth rate of 10.3% whereas the I&I segment is expected to grow at 7.6% on account of anticipated growth in food processing industry, healthcare sector and favourable government regulations. Moreover, the need for removal of dust particles, disease causing bacteria and micro-organisms and improving standard of living are also predicted to boost the market in the coming years.

Exhibit 4: Segmentation of Indian home care ingredients market by application

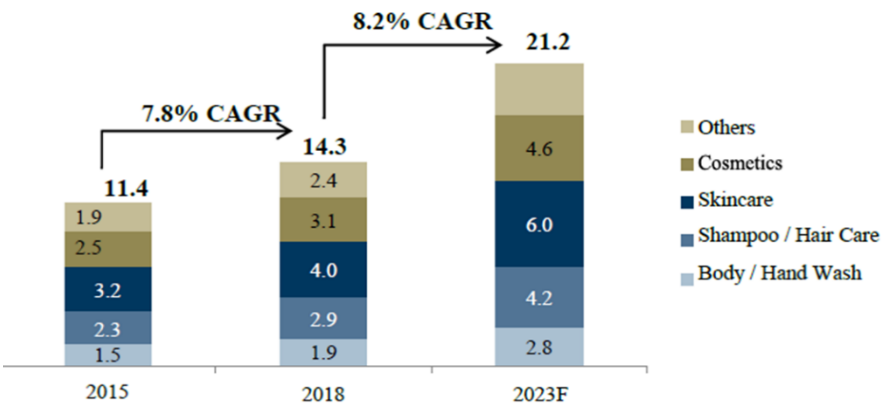


Source: RHP, ICICI Direct Research

Indian personal care market

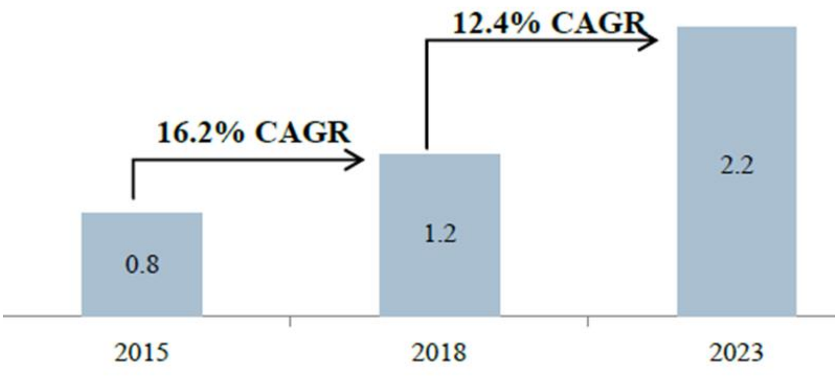
The Indian market for personal care ingredients grew at 16.2% CAGR over the last four years, from US$800 million in 2015 to US$1.2 billion in 2018. Over the next five years the industry is expected to grow at 15% to US$2.6 billion by 2023. Increasing growth in 2015-18 was primarily driven by improvement in economic environment and increasing purchasing power of the Indian population. Conditioning agents, surfactants, emollients, emulsifiers, rheology control agents, UV absorbers, hair fixative polymers and antimicrobials are the most commonly used ingredients in the manufacture of personal care products. Out of these, conditioning polymers are forecast to be the fastest growing ingredients type in the Indian personal care ingredients market during the forecast period, exhibiting a CAGR of 8.26%, in volume terms, owing to their use in various products such as face wash, shampoos, conditioners, creams, lotions, hair gels, etc. Also, the emollients market in India is projected to grow at 8.1% CAGR, in volume terms, in 2017-26, as they are used in premium skin care products, demand for which is rising in metro cities and other urban areas across the country.

Exhibit 5: Indian personal care market (US$ billion)



Source: RHP, ICICI Direct Research

Exhibit 6: Indian personal care ingredients market (US$ billion)



Source: RHP, ICICI Direct Research

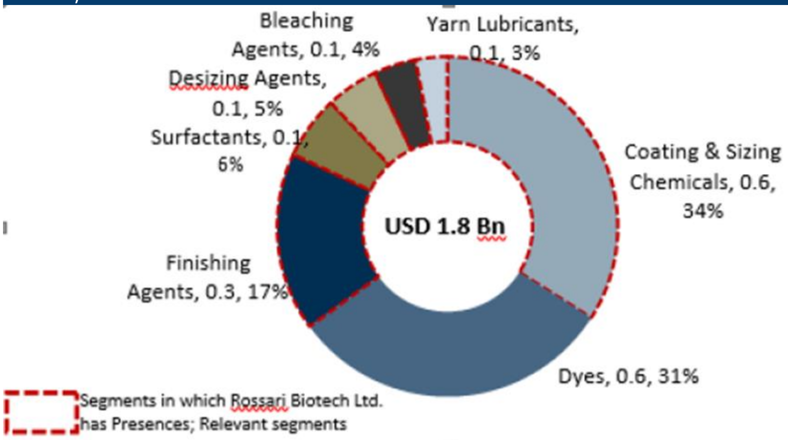
Indian textile chemical industry

India is the second largest exporter of textiles globally. Rising global as well as domestic demand for high quality textile products, growing textile production, favourable government policies and increasing garments sourcing from India by international brands are boosting demand for textile chemicals in the country. Future growth opportunities in the textile specialty chemicals industry will be primarily driven by diversified and value-added specialty chemicals, which provide sustainable eco-friendly solutions. Textile chemicals, used in the processing stage of textiles, are generally classified as auxiliaries and colourants.

Auxiliaries category: Chemicals that are used throughout the textile manufacturing process to provide specific characteristics to the fabric – Coating & sizing chemicals, desizing agents, surfactants, yarn lubricants and finishing agents.

Colourants category: Chemicals, which are used to impart colour to the textile product – dyes and bleaching agents.

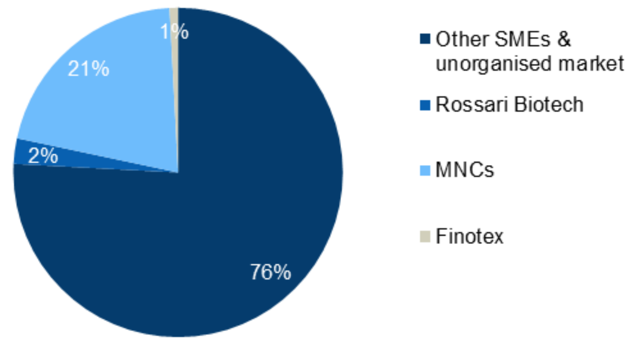
Exhibit 7: Segmentation of Indian textile chemicals market by product type, (US$ billion)



Source: RHP, ICICI Direct Research

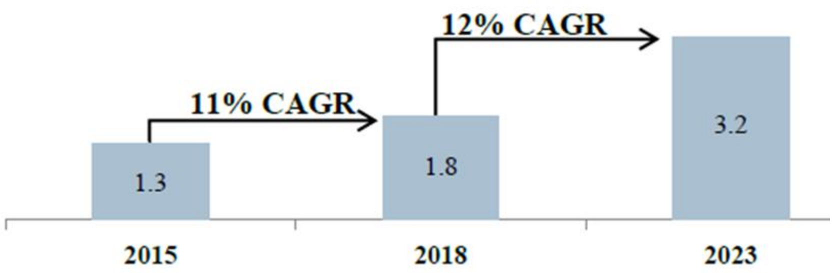
It is predicted that more manufacturing activities will shift towards Vietnam, India and other low cost South Asian countries in the near future due to the ongoing US-China trade war. Moreover, increasing preference for quality products as well as growing market penetration of technical textiles has led to a shift from the unorganised to organised sector in India. Higher growth is expected in the organised textile speciality chemicals sector than in the unorganised one. Further, with rising environmental concerns, in textile chemicals there has been a shift of focus by major manufacturing companies towards green (bio-based) chemicals, which are eco-friendly in nature. Green chemicals, made from animal and plant fats/oils, are eco-friendly and cost-efficient in comparison to their conventional counterparts. Due to availability of low-cost feedstock, companies involved in manufacturing bio-based chemicals are cost competitive.

Exhibit 8: Indian textile chemicals market by companies (US$ billion), 2018



Source: RHP, ICICI Direct Research

Exhibit 9: Indian textile chemicals market (US$ billion)

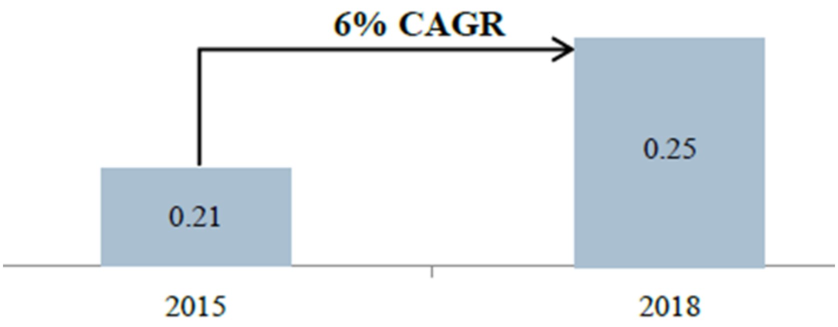


Source: RHP, ICICI Direct Research

Indian animal health and nutrition industry

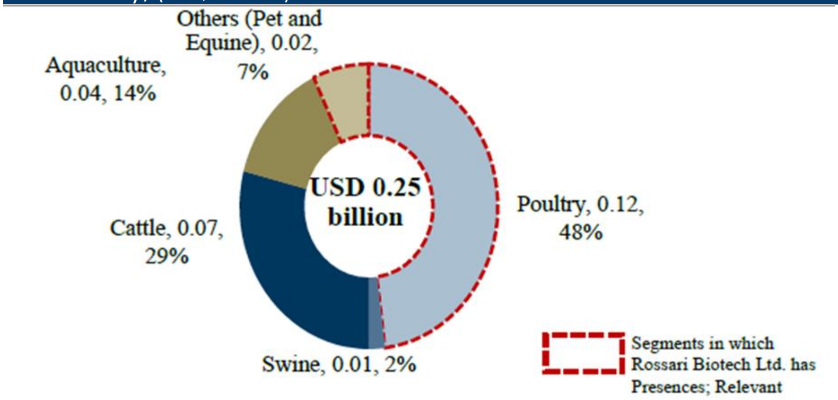
Animal or pet food additives are defined as nutritional ingredients that are supplemented to improve the quality and digestibility of feed and performance of animals. The primary additives considered in this report include amino acids, vitamins/carotenoids, enzymes, organic acids, organic trace minerals, probiotics, prebiotics, and omega-3 fatty acids. Growth in demand for high-quality meat products and protein-rich diets are the primary factors driving demand for animal feed additives. Increased awareness regarding benefits of including functional ingredients in pet food and growth in demand for highly premium pet food products are key drivers for additives in the pet food market. The Indian animal and pet nutrition ingredients market is one of the world's fastest growing feed additives market. Rising health-consciousness among consumers and a growing demand for animal protein are driving demand for high-quality meat products. Increased awareness among livestock producers and adoption of intensive animal farming practices to meet the growing demand are expected to propel the demand for feed additives. The India market for animal and pet nutrition ingredients in 2018 was estimated at ~US$250 million.

Exhibit 10: Indian animal and pet nutrition ingredients market (US$ billion)



Source: RHP, ICICI Direct Research

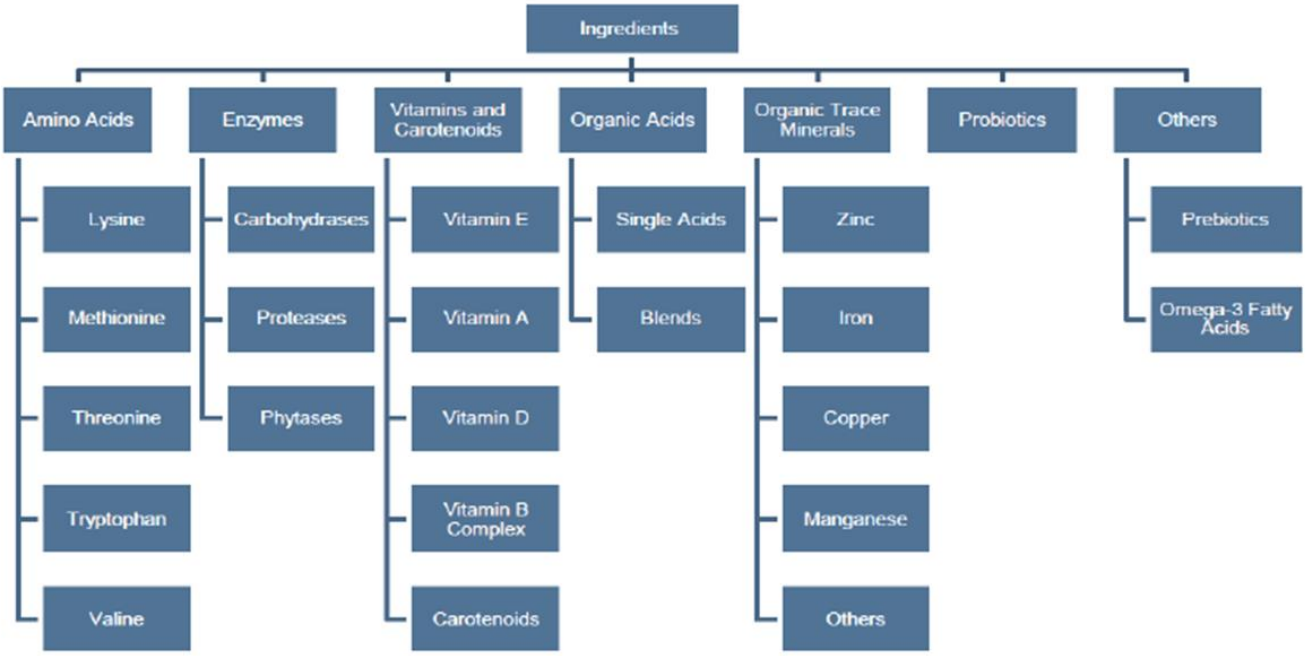
Exhibit 11: Segmentation of Indian animal & pet nutrition ingredients market by end use industry, (US$ billion)



Source: RHP, ICICI Direct Research

Amino acids accounted for 56.7% share in 2018 in the India animal and pet nutritional ingredients market, followed by vitamins/carotenoids. A growing requirement for animal protein and rising focus on the quality and appearance of animal products are key factors driving demand for amino acids and vitamins/carotenoids in the region. The enzymes and organic acid segments are expected to record a CAGR of 6.6% and 6.5%, respectively, in 2018-23. This growth is primarily attributed to the growing awareness regarding the benefits of adding enzymes to the feed and growing demand for antibiotic-free meat. Moreover, the demand for probiotics and prebiotics in India is expected to surge, driven by rising awareness among consumers.

Exhibit 12: Segregation of animal and pet nutrition ingredients market



Source: RHP, ICICI Direct Research

Company background

Rossari Biotech (RBL) is one of the leading specialty chemicals manufacturing companies in India providing customised solutions to specific industrial and production requirements of customers primarily in the FMCG, apparel, poultry and animal feed industries through diversified product portfolio comprising home, personal care and performance chemicals, textile specialty chemicals and animal health & nutrition products. The company operates in India as well as 17 foreign countries including Vietnam, Bangladesh and Mauritius. As on May 2020, it had a range of 2,030 different products sold across the three product categories.

Home, personal care and performance chemicals

Rossari Biotech is the leading manufacturer of acrylic polymers in India and currently manufacture over 300 products for customers in the soaps and detergent, paints, inks and coatings, ceramics and tiles, water treatment chemicals and pulp and paper industries. The company also manufactures institutional cleaning chemical formulations for hospitality, facility management, airports, corporates, food service, commercial laundry, malls, multiplexes, educational sector, places of worship etc. It is in advanced stages of expanding home, personal care and performance product portfolio to water treatment formulations, specialty formulation for breweries as well as dairies. It is also planning to introduce certain new products in the personal care and cosmetics segments. While it primarily operates in a business-to-business (B2B) model for home, personal care and performance products, it also sells certain end formulations to direct consumers under private label or in partnership with digital market platforms such as Amazon. The revenue from sale of home, personal care and performance products constituted 46.81% of overall total revenue in FY20.

Exhibit 13: List of products manufactured by company in HPCC segment

Industry	Product application
Soaps and detergents	• Anti re-deposition agent – four variants: Dispa 2050 HN; Detpro 2048 AD; Detpro 2040 CP; and Detpro 2045 HP • Water softener • Stain busters • Detergent cake and others
Paints and coatings	• Different types of acrylic emulsions • Different types of additives E.g. Dispersing agent thickeners, defoamer and wetting agents, etc.
Ceramics and tiles	• Body binder • Deflocculent • Polishing agent • CMC
Pulp and paper	• Acrylic emulsions • Additives E.g. Dispersing agent, DSR, cross linking agent and various products for water treatment
Proposed	
Cement and construction chemicals	• Specialty additive for cement processing
Water treatment formulations	• Boiler chemicals • Cooling tower chemicals • RO chemical • Waste water treatment
Specialty formulation for breweries as well as dairies	• Hinder bacterial growth • Break molasses • Cleaning sugar syrup
Sanitizers for electronic gadgets	• Mobile-antibacterial sanitizers for screens • Non-alcohol sanitizers

Source: RHP, ICICI Direct Research

Textile specialty chemicals

RBL provides specialty chemicals for the entire value-chain of the textile industry starting from fibre, yarn to fabric, wet processing and garment processing and as on May 31, 2020, manufactures and sells ~1,543 products for customers in this product category. It has a differentiated product portfolio by focusing on providing diversified and value added speciality chemicals to enhance hydrophilic properties, anti-microbial properties, flame retardant properties, fragrance, water repellents and UV absorbing properties of the textiles. Revenue from sale of textile chemicals constituted 43.71% of overall revenue in FY20.

Exhibit 14: List of products manufactured by company in textile chemical segment

Stage	Products application
Yarn production	• Yarn dyeing and finishing • Yarn lubricants • Performance enhancers
Man-made fibre production	• Lubricants • Water based and non-water based • Antistats • Antimicrobial
Thread production	• High performance thread lubricants • Water based and non-water based • Thread finishing
Digital printing	• Performance enhancers and base treatment for digital printing technology
Fabric processing	• Pre-treatment of cellulose • Comprehensive pre-treatment range of product based on complex combination of chemistry of wetting, sequestering and dispersant sustainable chemistry focus
Dyeing auxiliaries	• Full range of products based on dispersant, chelating agents and levelling agents
Finishing range	• Nano, Micro and Macro silicones • Block silicones • Special hydrophilic amido silicones • Cold water soluble Flakes • Easy care finishes • Rope opening • Cationics • Wax emulsions
Garment finishing	• Comprehensive pre-treatment range of product based on complex combination of chemistry polymer science and nano technology • Performance products • Enzymes and biochemical finishing range
Printing	• Thickeners, Binders, fixers, softeners • Base treatment for digital printing • Special aids

Source: RHP, ICICI Direct Research

Animal health and nutrition

RBL has also diversified into animal health & nutrition and currently supplies poultry feed supplements and additives, pet grooming and pet treats including for weaning, infants and adult pets and currently manufacture over 100 products for our customers in this category. It has forayed into the pet grooming sub-category pursuant to acquisition of the 'Lozalo' brand and related trademarks, intellectual property and employees in FY19. While almost all products under the animal health & nutrition category are manufactured in-house, pet treats are manufactured through job-work contracts. It sells poultry feed products through a B2B model and pet grooming & pet treat products to retail shop owners, in both cases through distributors. Revenues from sale of animal health and nutrition products constituted 9.48% of overall revenue in FY20.

Exhibit 15: List of products manufactured by company in animal feed segment

Industry	Product application
Poultry feed	• Enzymes • Vitamin premix • Trace minerals • Toxin binders • Acidifiers • Liquid essential oil • Liquid acidifiers • Disinfectants • Anticocci and AGP
Pet grooming	• *Lozalo* shampoo for dogs, cats and horse
Pet treats	• Dog and cat treats (chicken, meat, fish, milk, carrot, paneer)

Source: RHP, ICICI Direct Research

Investment Rationale

Diversified product portfolio addressing needs of varied long-standing customers across industries

RBL caters to various customers' needs across FMCG, apparel, and poultry and animal feed industries through diversified product portfolio comprising home, personal care and performance chemicals; textile specialty chemicals; and animal health and nutrition products. For example, in the home, personal care and performance chemicals category, the company currently manufactures and sells over 366 products for customers in the soaps & detergent, paints, inks & coatings, ceramics & tiles, water treatment chemicals and pulp & paper industries.

Apart from serving such different industry segments, it also has diverse products under each of these verticals. For example, in soaps and detergents segment, it manufactures products with varied anti re-deposition agent, which enhances product efficacy at different thresholds depending on their respective applications. In the paints and coatings segment, it manufactures different types of acrylic emulsions and additives like dispersing agent thickeners and defoamers depending on the application as an interior or an exterior paint. These products differentiate various properties of paints like gloss, binding, flexibility, shine, etc. In the textile specialty chemicals segment, it covers the entire gamut of products for the entire life-cycle of textile – starting from specialty chemical required for yarn dying, yarn lubricants to thread production, dyeing auxiliaries, garment finishing and printing. Thus, this bodes well for the overall diversification in the business risk in case any uncertain outcome happens in any segment.

Expand manufacturing capacity, increase production efficiency

Majority of the products are currently manufactured & formulated in-house at the Silvassa manufacturing facility. The installed capacity of the Silvassa manufacturing facility is 120,000 MTPA. The company has been expanding by commissioning the Dahej manufacturing facility by FY21. The proposed installed capacity of the Dahej manufacturing facility is 132,500 MTPA. Its proximity to the deep-water, multi-cargo port of Dahej will increase cost efficiency. The Dahej manufacturing facility is being set up with modern technologies, which were unavailable for the Silvassa manufacturing facility and will be designed in a way that ensures optimum utilisation of power, maximisation of the amount of movement of liquid handling through an automatic mode and mechanisation of all powder operations like charging and bagging.

Introduce new products, focus on green products that promote sustainability

RBL continues to expand specialty chemicals product portfolio to cater to the specific requirements of customers. It also plans to expand into new business segments through introduction of new products. With continues in-house R&D efforts, it is currently planning to launch two new products in the textile finishing range. Additionally, it is also working towards launching products in the anti-microbial and electromagnetic protection range. Further, the company is also focusing on formulations for water treatment plants in home, personal care and performance chemicals category, which will be primarily, targeted to cross-sell to existing customers. It is also planning to manufacture specialty chemicals for the cement industry for which the company has formulated a specialty additive in-house and is used in the cement manufacturing to improve the overall productivity for cement manufacturers. Further, the company ensures that formulations are not only eco-friendly products but also improves the sustainability of manufacturing and other industrial processes in the textile industry. This should curb pollution and be cost efficient for customers. We believe all these should translate into better growth opportunities in the medium to long term.

Inorganic growth through strategic acquisitions

Going forward, the company believes that strategic investments and acquisitions of businesses in the specialty chemicals industry may act as an enabler of growing business. RBL plans to diversify into new segments of the specialty chemicals industry or into new domestic or international markets, which can be facilitated either by organic or inorganic opportunity. The company has identified certain strategic investment or acquisition opportunities, which includes entering into a joint venture agreement with certain third parties and acquisition of balance stake in subsidiary, Buzil Rossari. Since the company would have liquid cash & investment to the tune of ₹ 200 crore post IPO, we expect even post repaying present debt, it would have sufficient internal accrual for any small inorganic opportunity. We expect the acquisition to be done in the value added segment. Hence, this provides further visibility for improving the financial performance in the medium to long term.

Key risks and concerns

Rise in RMAT cost, inability to pass on, to impact performance of company

RBL's primary raw materials are acrylic acid, surfactants and silicone oil. The prices of some raw materials is linked to a formula based on the international prices of crude oil. Globally, crude oil prices have been volatile. Any increase in crude prices would have an impact on cost of production. Resultant increases in costs of production, in order to remain profitable, could affect the volumes sold. Consequently, that would adversely affect the financial performance as well as operations.

Any loss of major customers or reduction in demand likely to impact overall performance

Majority of revenue from operations is from sales to institutional customers in the TSC and HPPC product categories. B2B revenue constitutes ~90% share in both HPPC and TSC products. The revenue from top five customers across product categories constituted 43.95% of FY20 revenue, while the same for top 10 customers across product categories constituted 53.72%. Thus, any loss in customer can impact the performance, to a certain extent.

Financial summary

Exhibit 16: Profit and loss statement (₹ crore)

Year end March	FY18	FY19	FY20
Net Revenues	**292.2**	**516.2**	**600.1**
Raw material cost	197.7	339.3	371.7
Gross Profit	**94.5**	**176.9**	**228.4**
Employee Cost	19.8	27.5	37.2
Other Operating Expenses	32.1	71.8	86.4
EBITDA	**42.6**	**77.6**	**104.8**
Other Income	1.4	0.9	3.7
EBITDA, including OI	44.0	78.5	108.5
Depreciation	5.2	12.3	16.9
Net Interest Exp.	1.4	2.9	3.6
Other exceptional items	0.0	0.0	0.0
PBT	**37.4**	**63.3**	**88.0**
Taxes	12.1	17.7	22.6
Tax Rate	32.4%	28.0%	25.7%
PAT	**25.3**	**45.6**	**65.4**
Adj. PAT after Minority interest	25.3	45.6	65.2
Adj. EPS (INR)	4.9	8.8	12.6

Source: Company, ICICI Direct Research

Exhibit 17: Cash flow statement (₹ crore)

Year end March	FY18	FY19	FY20
PBT & Extraordinary	37.5	63.4	88.1
Depreciation	5.2	12.3	16.9
After other adjustments			
(Inc) / Dec in Working Capital	-9.9	11.4	-31.1
Taxes	-8.3	-20.4	-20.1
Others	1.2	4.5	1.2
Cash from Ops.	**25.6**	**71.2**	**54.8**
Purchase of Fixed Assets	-6.9	6.9	-13.7
Others	-13.5	-43.4	-176.6
Cash from Investing	**-20.4**	**-36.4**	**-190.3**
Proceeds from issue of shares	0.0	0.0	100.0
Borrowings (Net)	-4.9	-16.4	62.9
Others	-1.6	-12.7	-5.9
Cash from Financing	**-6.5**	**-29.2**	**156.9**
Net Change in Cash	-1.4	5.6	21.5
Effects of foreign currency translation	-0.1	-0.5	2.0
BF Cash & Bank	2.1	0.8	5.7
END Cash & Bank	**0.8**	**5.7**	**29.2**

Exhibit 18: Balance sheet (₹ crore)

Year end March	FY18	FY19	FY20
Liabilities			
Share Capital	4.4	4.4	10.2
Reserves	82.7	119.4	276.5
Total Shareholders Funds	**87.1**	**123.8**	**286.7**
Minority Interest	0.0	0.0	0.0
Long Term Borrowings	1.3	0.7	34.0
Net Deferred Tax liability	2.1	1.8	0.5
Other long term liabilities	0.0	0.0	1.9
Long term provisions	1.2	1.8	1.6
Current Liabilities and Provisions			
Short term borrowings	18.8	3.3	27.1
Trade Payables	44.0	106.0	97.0
Other Current Liabilities	10.0	11.0	24.0
Short Term Provisions	0.5	0.6	0.7
Total Current Liabilities	73.3	120.9	146.8
Total Liabilities	**165.0**	**249.0**	**471.5**
Assets			
Net Block	43.7	74.0	86.6
Capital Work in Progress	2.4	2.8	21.8
Intangible assets under devl.	0.4	0.5	3.8
Non-current investments	0.0	0.0	4.2
Deferred tax assets	0.0	1.7	1.7
Long term loans and advances	0.8	3.6	23.7
Other Non Current Assets	0.6	0.6	0.0
Current Assets, Loans & Advances			
Current Investments	6.9	0.0	111.8
Inventories	34.6	54.9	58.2
Sundry Debtors	61.6	85.9	94.1
Cash and Bank	0.8	5.7	29.2
Loans and Advances	0.0	0.0	0.0
Other Current assets	6.1	12.3	33.1
Current Assets	117.0	165.8	329.4
Total Assets	**165.0**	**249.0**	**471.1**

Source: Company, ICICI Direct Research

Exhibit 19: Key ratios

Year end March	FY18	FY19	FY20
Per share data (₹)			
Adj. EPS	4.8	8.7	12.5
Adj. Cash EPS	5.8	11.1	15.7
BV	16.7	23.7	54.9
Operating Ratios (%)			
Gross Margin (%)	32.3	34.3	38.1
EBITDA Margin (%)	14.6	15.0	17.5
PAT Margin (%)	8.7	8.8	10.9
Debtor Days	77	61	57
Inventory Days	43	39	35
Creditor Days	55	75	59
Cash Conversion Cycle	65	25	34
Return Ratios (%)			
Return on Assets (%)	16.0	18.8	13.9
RoCE (%)	42.3	51.7	28.2
RoE (%)	29.0	36.8	22.7
Solvency			
Total Debt / Equity	0.2	0.0	0.2
Interest Coverage	27.7	22.8	25.4
Current Ratio	1.5	1.3	2.2
Quick Ratio	1.0	0.9	1.8
Valuation Ratios (x)			
EV/EBITDA	48.9	26.8	19.9
P/E	86.9	48.3	33.8
P/B	16.2	12.7	6.6
EV/Sales	7.1	4.0	3.5

Source: Company, ICICI Direct Research

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