

Name of the Company



KEY IPO Highlights

Subscription Period:

10th Aug., 2021 to 12th Aug., 2021

Issue Size: 71.16 Mn Shares

(Aggregating up to INR 3,850 Cr)
(OFS- 2,550 Cr)

Price Band: INR 530 to 541

Lot Size: 27Shares

Listing Date:

24/08/2021

About the Company:

- A leading specialty chemical manufacturer in India.
- The company is engaged in the manufacturing of specialty paste PVC resin, starting materials, and intermediates for agro-chemical, pharmaceuticals, agro-chemical, and fine chemical sectors.
- Also produces other types of chemicals such as Caustic Soda, Chlorochemicals, Hydrogen Peroxide, Refrigerant gas, and Industrial Salt.
- Four manufacturing facilities, among which, 3 are situated at Mettur, Berigai, and Cuddalore in Tamil Nadu, and one is located in Puducherry at Karaikal.

Objects of the Issue:

- Early redemption of NCDs issued by the company in full.
- Meet general corporate purposes.

Financial Overview (INR Million)

Particulars	Mar-21	Mar-20	Mar-19
Total Assets	44,861	41,075	38,016
Total Revenue	38,151	12,655	12,668
Profit After Tax	4,102	461	1,185

P/E MULTIPLE

Chemplast Sanmar	—	18
SRF	—	38
Navin Fluorine International	—	74
Sector P/E	—	61

Recommendation from major brokerage houses

SUBSCRIBE

AVOID

Neutral



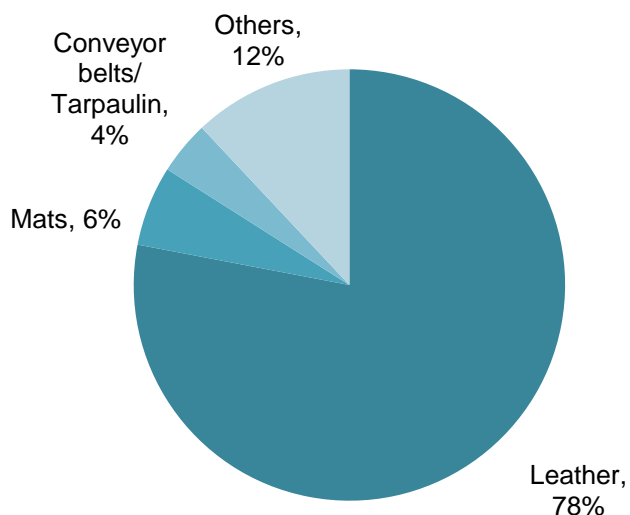
Highlights:

- The largest manufacturer of specialty paste PVC resins in India in terms of installed production capacity.
- 3rd largest manufacturer of caustic soda and the largest manufacturer of hydrogen peroxide in South India.
- A part of the SHL Chemicals Group, one of the most prominent corporate groups in South India.
- A vertically integrated business model with a focus on quality manufacturing.
- Highly experienced managerial team.

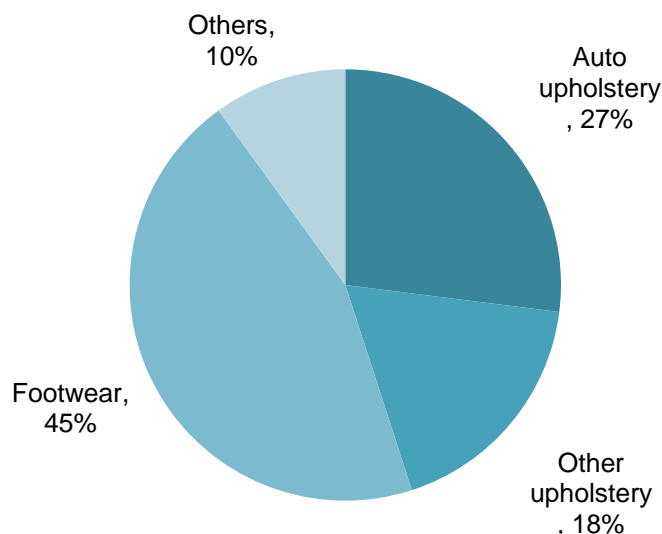
Disclaimer: The recommendations stated above are given by individual advisors (including Kreo Capital). Investors are advised to consult their financial advisor and do their own due diligence before subscription.

India's specialty paste PVC resin consumption by end-use (financial year 2020)

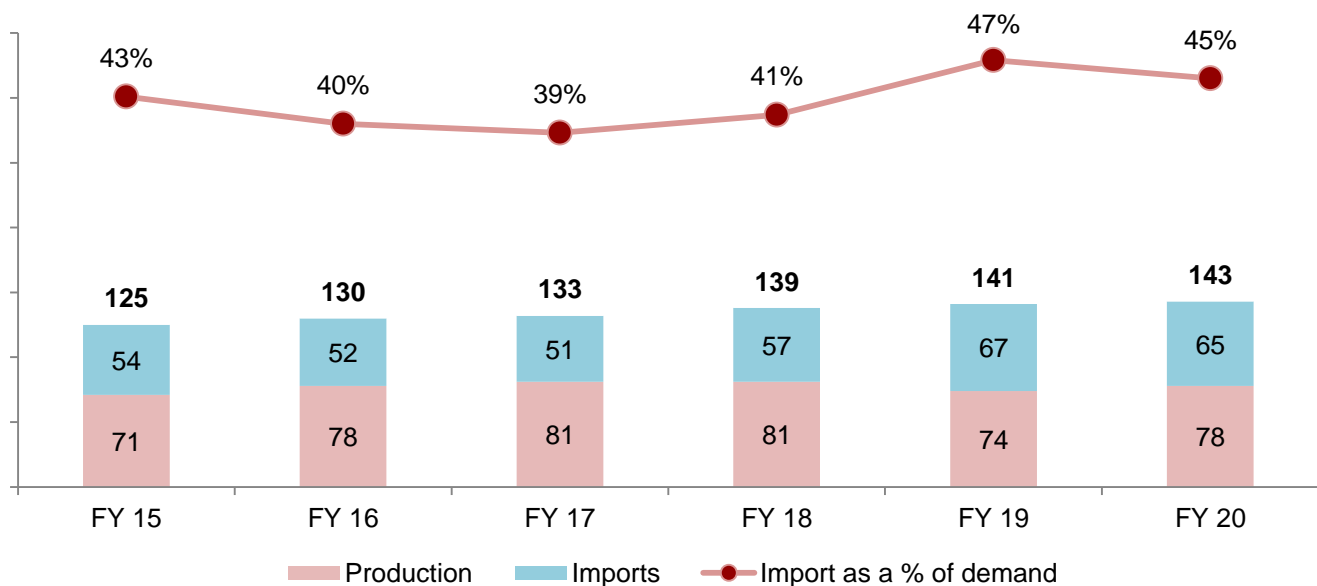
Specialty Paste PVC resin



Break up of Specialty Paste PVC resin consumption - Leather Only



India specialty paste PVC resin demand by source (in KT)- historical

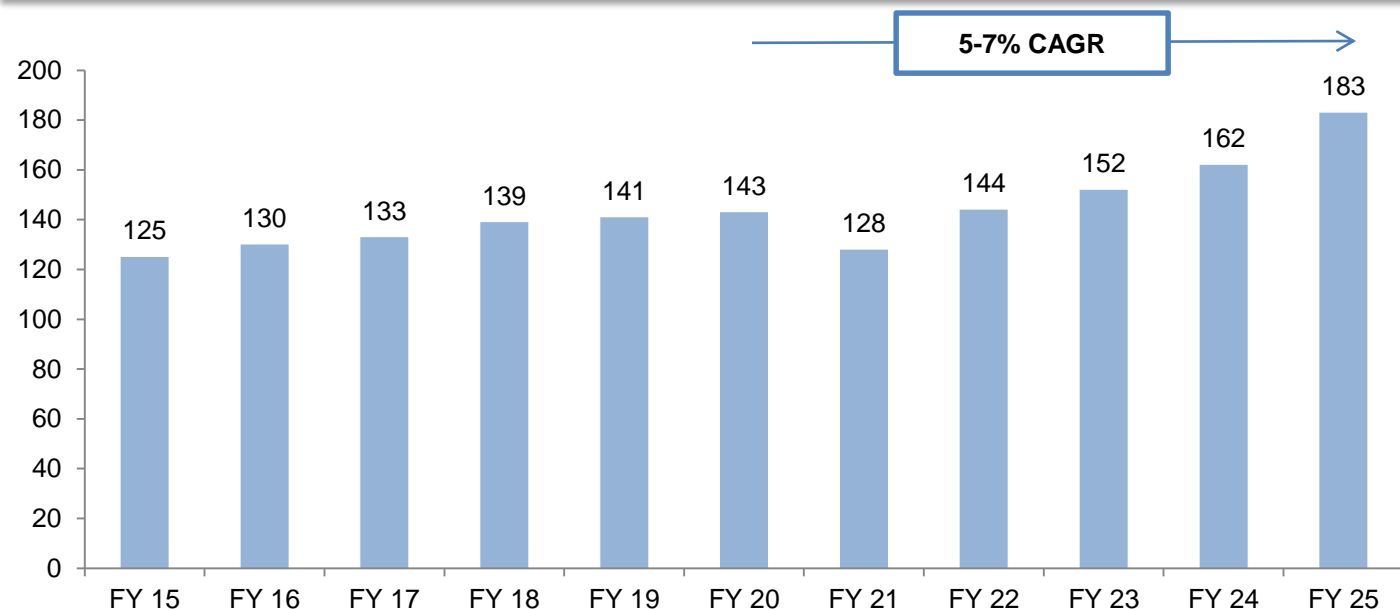


Specialty paste PVC resin demand to grow at 5-7% CAGR over next five financial years

Source: CRISIL Research

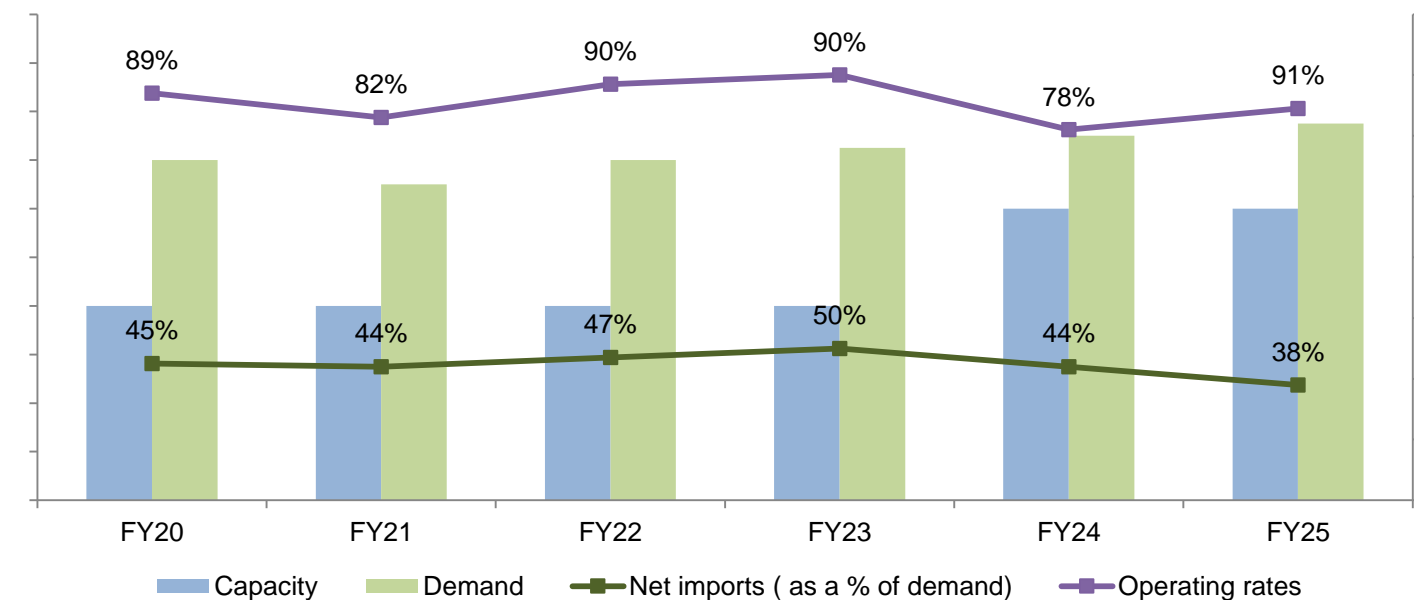
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Outlook on specialty paste PVC resin consumption (in KT)



Source: CRISIL Research

Outlook on specialty paste PVC resin operating rates

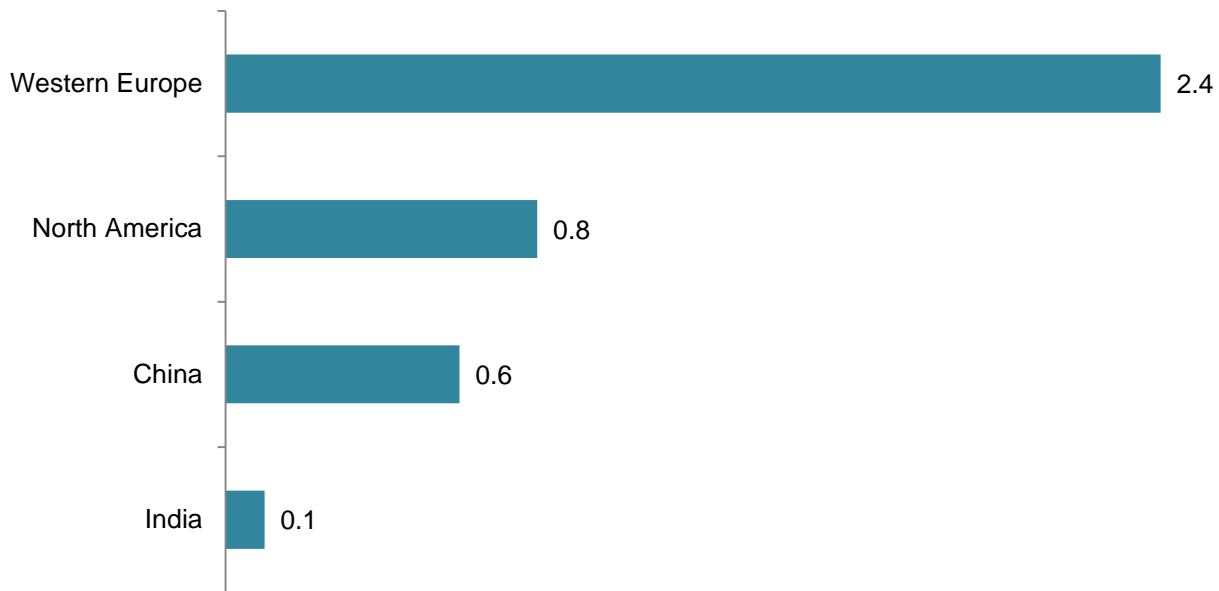


Note: 50% utilisation has been considered for the new 35 KT plant of our Company in financial year 2024;

Source: CRISIL Research

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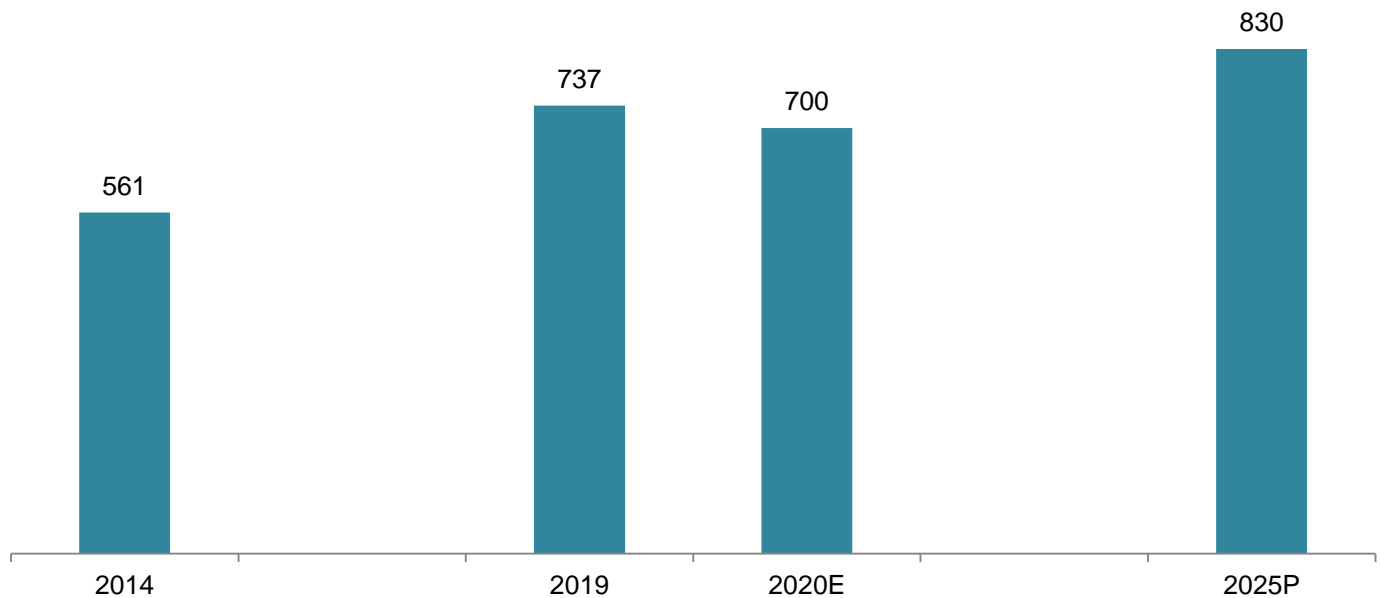
Per Capita Consumption of Specialty Paste PVC Resin (kg, 2019)



Source: CRISIL Research

Global Specialty Chemical Historic Trends and Forecast

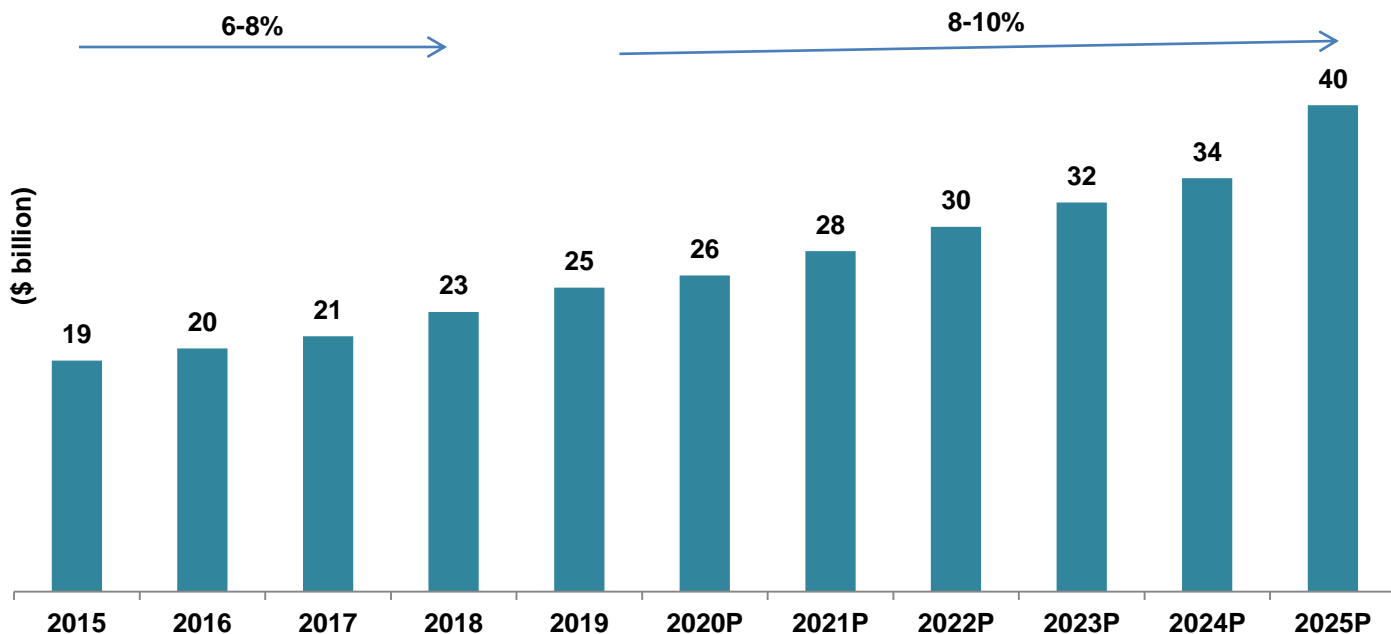
USD billion



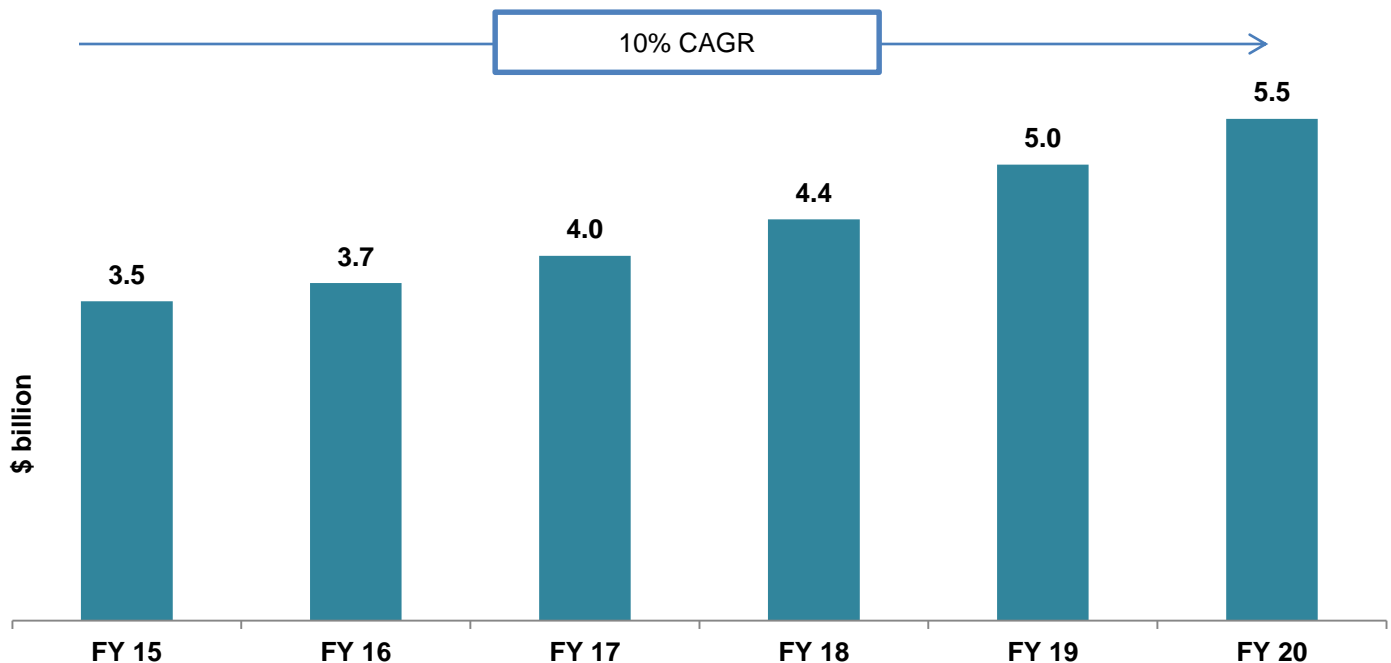
Source: CRISIL Research, E-estimated, P-projected

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Global custom manufacturing market, historic trend and forecast (2015-2025)



Indian custom manufacturing demand review (financial year 2015 to financial year 2020)



Source: CRISIL Research

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OPINION

The company enjoys a healthy market share in India across various products.

The company is one of India's leading manufacturers of specialty paste PVC resin by installed production capacity, as of December 31, 2020. The company has a **diversified product portfolio** with a **healthy growth outlook**.

The Company has a **strong business model** with good customer relationship and has a **discounted valuation compared to its peers and industry**. The company has a healthy EBITDA margin & PAT margin.

So we have a positive stand & **subscribe with long approach on this IPO**.