

PLATINUM INDUSTRIES LIMITED

27-02-2024 TO 29-02-2024

Industry: Specialty Chemicals

Price Band: ₹162-171

Recommendation: Subscribe for listing gains

Post Implied Market Cap: -₹890-939 Cr

Key Data

Issue Size (₹ Cr)	235
Fresh (₹)	235
OFS (₹)	0.00
No of shares offered	13,761,225
Face Value (₹ /share)	10
Bid Lot	87

About the Company

Platinum Industries Ltd. (PIL) is a leading multi-product company specializing in manufacturing stabilizers for various applications including PVC pipes, profiles, fittings, electrical wires, and cables. Operating in the specialty chemicals sector, PIL's product range encompasses PVC stabilizers, CPVC additives, and lubricants. With manufacturing facilities in Palghar, Maharashtra, and an in-house R&D center in Dhansar village, PIL leverages technical collaboration with HMS Concept E.U., led by Dr. Horst Michael Schiller, a renowned figure in the PVC industry. In the domestic market, PIL ranks third in PVC stabilizer sales, boasting a significant 13.00% market share for the financial year 2022-23.

Investment Rationales

- Varied product portfolio catering to diversified industries:** PIL offers a diverse range of products for the PVC industry, including low lead-based, calcium zinc-based, and organic stabilizers, each with multiple grades tailored to specific applications and customer needs. With over 400 grades developed for PVC applications, the company addresses various customer requirements across different industries. Initially focusing on PVC pipes, they have expanded their presence to include pipes and fittings, films, window profiles, wires, cables, and applications like medical and consumer goods. Their strategy emphasizes customization to meet customer demands and scalability across different geographical markets.
- High entry barriers in the specialty chemical industry:** The specialty chemical industry faces significant barriers to entry due to product specialization, high quality standards, and stringent regulatory requirements. Customers' adherence to industry standards and the potential costs associated with switching vendors further reinforce these barriers.
- Expanding the production capacities and broadening the global footprint:** The company, based in Palghar, Maharashtra, is expanding its global market reach by establishing a manufacturing facility in Egypt through its subsidiary. This new facility, slated to begin production by the fourth quarter of FY 2024-25, aims to cater to the PVC pipes, tubes, profiles, fittings, and electrical wires and cables industries in Egypt and surrounding regions, enhancing the company's market presence and potential for growth.
- Continue to innovate new product categories, catering to wider end-applications:** Company plans to diversify its product portfolio beyond PVC pipes and tubes, PVC profiles, PVC fittings, and electrical wires and cables. The company aims to enter new sectors such as pharma and medical by introducing innovative products. PIL has developed and tested new products like transparent medical-grade stabilizers for PVC tubes and bottles, catering to applications such as blood bags and IV bottles. Additionally, the company has explored biaxially oriented polyvinyl chloride (PVC-O) pipes, manufactured using a specialized processing technology for enhanced performance and durability. This strategic expansion broadens PIL's market reach and strengthens its position in diverse end-use industries.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	1/3/2024
Refunds/Unblocking ASBA Fund	4/3/2024
Credit of equity shares to DP A/c	4/3/2024
Trading commences	5/3/2024

Shareholding (No. of shares)

Pre-Issue	41,163,648
Post Issue (Lower price band)	55,689,574
Post Issue (Higher price band)	54,924,873

Shareholding Pattern

Promoters & Promoters Group

Pre Issue	94.74%
Post Issue	71.00%

Public - Others:

Pre Issue	5.26%
Post Issue	29.00%

Issue Breakup

QIB	50%
NIB	15%
Retail	35%

Other Details

BRLMs: Monarch Network Capital Ltd, Unistone Capital Pvt. Ltd, Systematix Corporate Services Ltd.

Registrar: Link Intime India Pvt. Ltd.

Listing: BSE & NSE

Research Analyst

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Risk

- 1) Customer concentration in revenue.
- 2) Supplier concentration for raw material.

MView

We believe Platinum Industries Ltd. IPO gives investors an opportunity to invest in a unique multi-product company engaged in the business of manufacturing PVC stabilizers and lubricants. PIL is the third largest player in the PVC stabilizer segment, commanding a robust 13.00% market share in the domestic market, this strong market position underscores PIL's competitiveness and market acceptance of its products. We like the diverse range of products catering to various applications such as PVC pipes, profiles, fittings, electrical wires, and cables which show case a strong foothold in the industry. We also believe the specialty chemical industry is characterized by high barriers to entry, including stringent regulatory standards, R&D requirements, and technical know-how. PIL to rigorous quality standards and regulatory compliance acts as a significant barrier to potential competitors, ensuring its market dominance and long-term sustainability. We also think the company's strategic initiative to expand its manufacturing capabilities in Egypt through its subsidiary reflects its commitment to increasing its global market reach. By looking at the financials the company has shown strong growth in revenue from operations with 111%/23% and substantial growth in net profit with 268%/112% in FY 2022 & FY 2023. On valuation parse at the upper band of ₹171/-, the issue is asking for a Market Cap of ₹939/- cr. Based on annualized FY 2024 earnings a fully diluted post-IPO paid-up capital, the company is asking a P/E of 20.57x which seems reasonably priced by looking at the revenue and profit growth and even by comparing to its listed peers which are trading in the range of 35-40x on an average. Giving good room of listing gains due to valuation gap between listed peers and Platinum industries Ltd. Given the company is a unique player in PVC stabilizers and lubricants and has created a niche place among the segment plus its first mover advantage in listed space may command a good listing gains. Hence, considering all parameters we recommend investors to "SUBSCRIBE" the IPO for listing gain only.



CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at Sept' 30	As at March' 31		
	2023 (06)	2023	2022	2021
Equity Share Capital	40.25	40.25	1.05	1.05
Net worth	85.00	61.90	22.30	4.50
Revenue from Operations	122.82	231.50	188.20	89.30
operating EBITDA	32.38	53.86	25.35	7.56
Operating EBITDA Margin (%)	26.36%	23.27%	3.47%	8.47%
Net Profit	22.84	37.58	17.75	4.82
Net profit Margin	18.59%	16.24%	9.43%	5.39%
Return on Equity (%)	31.39	90.02	132.39	138.63
Debt To Equity Ratio	0.13	0.28	1.09	0.73
Interest Coverage Ratio	19.88	24.49	16.13	18.37
ROCE (%)	28.8%	56.9%	52.5%	74.3%
Current Ratio	2.52	1.87	1.29	1.04
Net Capital Turnover Ratio	2.07	6.07	11.01	98.30

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (in Cr)

Companies	Mcap (in Cr)	FV	Total Revenue Fiscal 2023 (in Cr)	EPS	NAV	P/B	P/E	RoNW
Platinum Industries Ltd	939	10	231.5	8.31	62.48	2.7	21	61.26%
Supreme Petrochem Ltd	14,272	5	5,287.2	26.5	98.06	7.67	38.1	13.56%
Apcotex Industries Ltd	2,433	2	1,079.90	20.8	91.82	4.89	39.4	20.35%

Date as on 31st March 2023, Cline Mcap, PE, PB calculated as on 27-02-2024

Platinum Industries Ltd, EPS/PE, P/B,NAV calculated on annualised basis post money



MSEARCH

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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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