

**Rating: Not Rated | CMP: Rs193 | TP: NA**

May 31, 2024

## Management Meet Update

### Key Financials - Company Type

Y/e Mar	FY21	FY22	FY23	FY24
Sales (Rs. m)	893	1,882	2,315	2,644
EBITDA (Rs. m)	76	254	539	611
Margin (%)	8.5	13.5	23.3	23.1
PAT (Rs. m)	48	177	376	435
EPS (Rs.)	1.2	4.4	9.4	10.6
Gr. (%)	-	256	114	12
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	107.7	132.4	89.3	22.1
RoCE (%)	65.9	69.7	57.8	20.7
EV/Sales (x)	-	-	-	3.4
EV/EBITDA (x)	-	-	-	14.6
PE (x)	-	-	-	24.2
P/BV (x)	-	-	-	3.2

Key Data	PLAN.BO   PLATIND IN
52-W High / Low	Rs. 237 / Rs. 167
Sensex / Nifty	73,886 / 22,489
Market Cap	Rs. 10.7bn/ \$ 128.5m
Shares Outstanding	54.9m
3M Avg. Daily Value	Rs. -m

### Shareholding Pattern (%)

Promoter's	71.00
Foreign	5.08
Domestic Institution	2.69
Public & Others	21.23
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(14.1)	-	-
Relative	(15.2)	-	-

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### Capacity expansion to drive growth

#### Quick Pointers:

- Greenfield expansion at Palghar and Egypt to drive next leg of growth
- 44% revenue and 101% EBITDA CAGR from FY21-FY24

**We recently met with the management of Platinum Industries. Established in 2016, the company was listed on March 05, 2024. Platinum Industries manufactures PVC stabilizers (both lead and non-lead based), cPVC additives and lubricants. It is the third-largest player in India's PVC stabilizer market. Its products find application in PVC pipes, PVC fittings, electrical wires and cables, SPC floor tiles and packaging foam boards. The company has an R&D center and a manufacturing facility in Palghar, Maharashtra, with total capacity of approx. 36,000mtpa. The company is set to capture next leg of growth through its new manufacturing facilities at Palghar and Egypt. The company posted a revenue CAGR of 41.47% from FY21-FY24, while EPS for FY24 stood at Rs10.55. The stock currently trades at 18x FY24 EPS.**

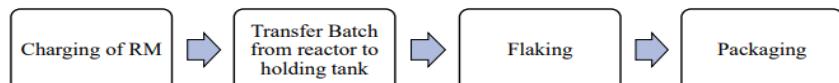
- **Transition from lead-based to lead-free PVC stabilizers:** In response to Indian government regulations mandating the compulsory phasing out of lead-based PVC stabilizers, Platinum Industries has been investing in expanding its non-lead-based capacity. The company is investing Rs712.61mn to establish a 60,000mtpa fully automated capacity (in aggregate) facility in Palghar, with trial runs expected to begin in January'25 and full commercialization likely by February'25. A cPVC plant with capacity of 20,000-25,000 mtpa is also planned at its new facility in Palghar.
- **Capturing global market through greenfield expansion:** Through its subsidiary, the company plans to start manufacturing PVC stabilizers in Egypt; the country does not manufacture PVC stabilizers and meets its demand through imports from India, Turkey, Iran and Saudi Arabia. The company is investing Rs677.21mn to establish a manufacturing plant for both lead-based and non-lead-based PVC stabilizers, with a capacity of 30,000mtpa. Trial production is expected to commence in January '25. This facility, located in the SC Zone, will benefit from several incentives and tax benefits associated with the zone and close proximity to the Suez Canal will provide easy and cost-effective logistics to the Middle East and African region.
- **Focus on R&D to strengthen its product portfolio:** The company has collaborated with Dr. Horst Michael Schiller, an internationally renowned scientist with over 3 decades of experience in the PVC industry, who also holds stake in the company. The company has a robust R&D center, staffed with PhDs in polymer science and organic chemistry, and is dedicated to innovation with a focus on developing new products. Platinum Industries aims to introduce a new product to the market every 6 to 8 months. Through its R&D efforts, the company is focused on expanding its product range with organic-based PVC stabilizers in its pipeline. The company has also formed a subsidiary, Platinum Polymers and Additives to manufacture Metallic Stearates and Polyethylene wax through backward integration. The company has 60% profit sharing in the subsidiary.

PLATINUM INDUSTRIES LIMITED		
1	2	3
PVC Stabilizer	CPVC Additives	Lubricants
<b>Lead Based</b> <ul style="list-style-type: none"> <li>• Lead Based Stabilizer</li> <li>• Hybrid / Low Lead Stabilizer</li> <li>• PVC Add Pack</li> </ul> <b>Non-Lead Based</b> <ul style="list-style-type: none"> <li>• Calcium Zinc Stabilizer</li> <li>• Calcium Organic Stabilizer</li> <li>• PVC Add Pack</li> </ul>	<ul style="list-style-type: none"> <li>• CPVC Add Pack</li> <li>• CPVC Compound</li> </ul>	<ul style="list-style-type: none"> <li>• PE Wax</li> <li>• Lubpack</li> </ul>

Source: Company, PL

### Exhibit 1: Manufacturing process details

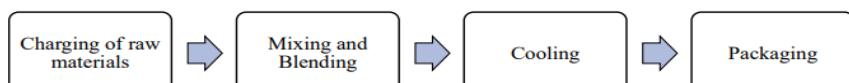
#### A. Lead/Low Lead Stabilizer



#### B. Calcium Zinc/Calcium Organic Stabilizers



#### C. CPVC Additives



#### D. Lubricants



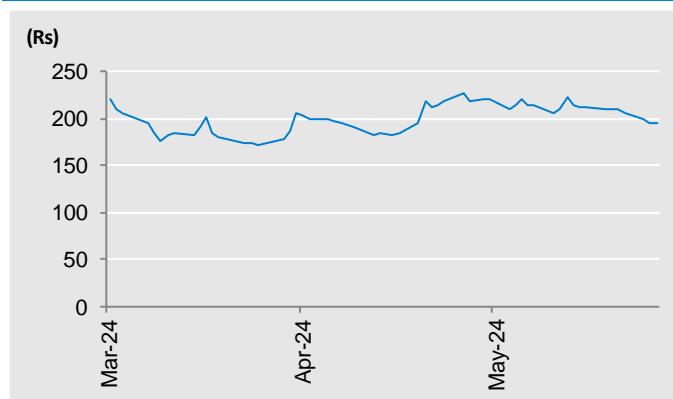
Source: Company, PL

### Exhibit 2: Manufacturing capabilities

Capacity (mtpa)	FY21	FY22	FY23	FY24
Lead based PVC stabilizers	4,035	4,035	7,875	7,875
Non-Lead based PVC stabilizers	11,715	12,675	19,075	19,075
CPVC Additives	3,221	3,221	5,376	5,376
Lubricants	2,798	3,398	3,850	3,850
<b>Total Capacity</b>	<b>21,770</b>	<b>23,330</b>	<b>36,176</b>	<b>36,176</b>

Source: Company, PL

## Price Chart



## Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
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## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	595	669
2	Ashok Leyland	BUY	239	211
3	Bajaj Auto	Sell	7,267	9,021
4	Bharat Forge	BUY	1,615	1,405
5	Bharat Petroleum Corporation	Reduce	547	619
6	Bharti Airtel	Accumulate	1,373	1,310
7	CEAT	BUY	3,017	2,545
8	Clean Science and Technology	Hold	1,383	1,328
9	Deepak Nitrite	Reduce	2,268	2,464
10	Divgi Torqtransfer Systems	Accumulate	831	765
11	Eicher Motors	BUY	5,335	4,658
12	Endurance Technologies	Accumulate	2,346	2,168
13	Exide Industries	Accumulate	495	472
14	Fine Organic Industries	Accumulate	4,779	4,287
15	GAIL (India)	Sell	163	209
16	Gujarat Fluorochemicals	Reduce	3,120	3,638
17	Gujarat Gas	Accumulate	589	553
18	Gujarat State Petronet	BUY	400	294
19	Hero Motocorp	BUY	5,629	4,614
20	Hindustan Petroleum Corporation	Sell	420	501
21	Indian Oil Corporation	Reduce	151	169
22	Indraprastha Gas	Sell	368	452
23	Jubilant Ingrevia	Hold	526	512
24	Laxmi Organic Industries	Sell	206	257
25	Mahanagar Gas	Sell	1,116	1,300
26	Mahindra & Mahindra	BUY	2,716	2,372
27	Mangalore Refinery & Petrochemicals	Sell	142	233
28	Maruti Suzuki	BUY	14,432	12,703
29	Navin Fluorine International	Accumulate	3,621	3,377

## PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: >15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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