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PLATINUM

**Sector: Petrochemicals**

**Issue Opens - February 27, 2024 to February 29, 2024**

**Price Band**  
**₹162 to ₹171**

**Face Value**  
₹10

**Lot Size**  
87 Shares

**Issue Size**  
₹235.32 Cr

**Issue Type**  
Book Built

[research@ganeshstock.com](mailto:research@ganeshstock.com)



# Important Events

Issue Size

13,761,225 shares/ ₹235.32 Cr

Fresh Issue

13,761,225 shares/ ₹235.32 Cr

Offer for Sale

N/A

Basis of Allotment

Friday, March 1, 2024

Initiation of Refunds

Monday, March 4, 2024

Credit of Shares to Demat

Monday, March 4, 2024

Platinum Industries Listing Date

Tuesday, March 5, 2024

## Promoters

- **Mr. Krishna Dushyant Rana ( Chairperson and Managing Director)**
- **Mr. Parul Krishna Rana ( Executive Director)**
- **Mr. Anup Singh ( Executive Director)**
- **Mr. Radhakrishnan Ramchandra Iyer ( Independent Director)**

Promoters collectively hold 94.74% (Pre Issue) of the Equity Share.

# About The Company.



Platinum Industries is becoming a big player in India's specialty chemicals scene. They make stuff like PVC stabilizers, CPVC additives, and lubricants. In India, they're the third-biggest in PVC stabilizers, and they're really into eco-friendly options, like calcium zinc and organic choices. They're doing really well - making lots of money and big profits compared to others in the same business. They're smart because they're ready for the changes in the industry, like more demand for eco-friendly stuff and new rules about the environment.

## Description of Their Business

The company manufactures various products, primarily focusing on stabilizers. Their product range includes PVC stabilizers, CPVC additives, and lubricants, operating within the specialty chemicals sector. Their products are used in a wide range of applications, including PVC pipes, profiles, fittings, electrical wires, cables, SPC floor tiles, rigid PVC foam boards, and packaging materials.

They offer customized solutions directly to their customers and distribute them through a network of distributors. Additionally, they engage in trading activities involving associated commodity chemicals like titanium dioxide and PVC/CPVC resin. Moreover, they export their products to other countries as well.

PVC stabilizers are chemical additives used to improve the performance and durability of polyvinyl chloride (PVC) products. These stabilizers help PVC withstand heat without losing its properties and prevent issues like discoloration, embrittlement, and degradation caused by UV exposure. By enhancing thermal stability, PVC stabilizers ensure the longevity and appearance of PVC-based items. They also enhance mechanical properties such as impact strength, tensile strength, and flexibility, contributing to the overall durability and performance of PVC products. This makes PVC stabilizers essential for various applications where PVC is used.



**PLATINUM INDUSTRIES LIMITED**

1	2	3
<b>PVC Stabilizer</b>	<b>CPVC Additives</b>	<b>Lubricants</b>
<p><b>Lead Based</b></p> <ul style="list-style-type: none"> <li>• Lead Based Stabilizer</li> <li>• Hybrid / Low Lead Stabilizer</li> <li>• PVC Add Pack</li> </ul> <p><b>Non-Lead Based</b></p> <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>

## Objects of The Offer

The company proposes to utilise the Net Proceeds towards funding the following objects:

1. Investment in the subsidiary, Platinum Stabilizers Egypt LLC ("PSEL"), for financing its capital expenditure requirements about the setting up of a manufacturing facility for PVC Stabilizers at SC Zone 'Governorate of Suez Egypt'
2. Funding of capital expenditure requirements of the company towards setting up of a manufacturing facility for PVC Stabilizers at Palghar, Maharashtra, India
3. Funding working capital requirements of our Company; and
4. General corporate purposes.



# Track Record Of Financial Performance

## Operating and Financial Metrics

(in ₹ lakhs, except percentages and ratios)

Particulars	For the period ended September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
<b><i>Operational Parameters</i></b>				
Number of customers served (B2B segment)	171	273	273	120
Number of distributors	10	13	11	12
Cost of goods sold as % of revenue from operations	59.27%	62.61%	76.24%	79.58%
Total metric ton sales done	6,574.86	12,364.68	10,028.59	6,494.73
Sales realization per metric ton	182.07	189.29	183.82	137.25
<b><i>Financial Parameters</i></b>				
Revenue From operations (₹ in million)	1,228.21	2,314.81	1,881.56	892.69
Total Income (₹ in million)	1,237.34	2,325.55	1,892.38	895.30
Operating EBITDA (₹ in million)	323.77	538.57	253.54	75.63
Operating EBITDA Margin (%)	26.36%	23.27%	13.47%	8.47%
Profit/(loss) after tax for the year/period (₹ in million)	228.35	375.84	177.48	48.15
Net profit Ratio/ Margin (%)	18.59%	16.24%	9.43%	5.39%
Return on Equity (ROE) (%)	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 (%)	28.83%	56.85%	52.51%	74.28%
Current Ratio	2.52	1.87	1.29	1.04
Net Capital Turnover Ratio	2.07	6.07	11.01	98.30

# Statement of Profit and Loss

(in ₹ lakhs, except percentages and ratios)

Particulars	Note No	Period ended September 30, 2023	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
<b>INCOME</b>					
Revenue from Operations	25	1,228.21	2,314.81	1,881.56	892.69
Other Income	26	9.13	10.74	10.82	2.61
<b>Total Income</b>		<b>1,237.34</b>	<b>2,325.55</b>	<b>1,892.38</b>	<b>895.30</b>
<b>EXPENSES</b>					
Cost of Materials Consumed	27	715.29	1,282.60	873.13	590.27
Purchases of Stock-in-Trade		7.34	135.81	508.05	115.18
Changes in Inventories of Finished Goods and Stock -in-process	28	1.38	(27.46)	(4.08)	1.07
Employee Benefits Expenses	29	50.28	82.11	38.06	32.99
Finance Costs	30	16.02	21.69	15.84	3.85
Depreciation and Amortisation Expense	31	14.44	18.27	8.92	7.44
Other Expenses	32	130.15	303.18	212.86	77.54
<b>Total Expenses</b>		<b>934.90</b>	<b>1,816.19</b>	<b>1,652.78</b>	<b>828.35</b>
<b>Profit Before Tax</b>		<b>302.44</b>	<b>509.36</b>	<b>239.60</b>	<b>66.95</b>
<b>Tax Expenses</b>					
Current Tax		77.66	137.37	64.17	19.08
Deferred Tax Expense/(Credit)		(3.57)	(3.85)	(2.05)	(0.28)
<b>Profit for the Year (A)</b>		<b>228.35</b>	<b>375.84</b>	<b>177.48</b>	<b>48.15</b>
<b>Other comprehensive income (OCI)</b>					
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
- Remeasurement of post employment benefit obligation		4.59	-2.33	1.58	-1.50
- Income tax effect on above		-1.16	0.59	(0.40)	0.38
<b>Items that will be reclassified subsequently to profit or loss:</b>					
- Exchange Difference on translating the financial statement of foreign operations		-2.46			
<b>Other comprehensive income for the year, net of tax (B)</b>		<b>0.97</b>	<b>(1.74)</b>	<b>1.18</b>	<b>(1.12)</b>
<b>Total comprehensive income for the year (A+B)</b>		<b>229.32</b>	<b>374.10</b>	<b>178.66</b>	<b>47.02</b>
<b>Profit for the Year (A)</b>					
Owners of the Company		230.61	379.05	177.47	48.15
Non-Controlling Interest		(2.26)	(3.21)	0.01	-
<b>Other comprehensive income (OCI) (B)</b>					
Owners of the Company		0.97	(1.74)	1.18	(1.12)
Non-Controlling Interest		-	-	-	-
<b>Earnings per share (of Rs. 10 each)</b>	33				
- (In Rs.) Basic		5.73	9.42	4.41	1.24
- (In Rs.) Diluted		5.73	9.42	4.41	1.24

(not annualised for the period ended 30th September, 2023)



# Strengths

- Platinum Industries has shown impressive financial growth, with revenues and net profits increasing by 62% and 179% respectively since FY21.
- They have a strong research and development (R&D) team and facilities, enabling them to create innovative products. With over 400 grades in PVC applications alone, they meet diverse customer needs.
- Their revenue sources span PVC, CPVC, lubricants, and trading, making them well-diversified.
- The industry's specialized nature and high R&D requirements create barriers to entry for new companies. As a leader in the domestic PVC stabilizers market, Platinum Industries aims to expand globally and focus on niche product development for medium-sized customers to drive sales further.

# Threats

- The company operates from just one facility, which means it's vulnerable to things like natural disasters or social problems that could disrupt its business and hurt its income.
- To grow, the company plans to set up a new facility in Egypt using the money from its recent offering. This move into a new country is risky because the company has mostly focused on India until now.
- Most of the company's income comes from just a few big customers. Depending so much on a handful of customers is risky because if one of them stops buying, the company could lose a lot of money fast.
- The company needs to meet various government rules and get licenses and permits to run its facility properly. If it doesn't follow environmental or other rules, its facility could be shut down.
- The company doesn't have any long-term agreements with its suppliers. This means if its suppliers change or stop providing materials, it could hurt the company's profits.

# Valuation and Outlook

The cost of the shares is expected to be between ₹162 to ₹171 per share. If we look at the valuation, Platinum Industries has a P/E ratio of 16.67x which is calculated using a price above ₹171 and an FY23 EPS of Rs 9.42. while the industry P/E is 23.38x.

## Peers Analysis.

Name of the Company	For the year ended March 31, 2023						
	Face value (₹)	Revenue from operations (₹ in Mn) <sup>(1)</sup>	Basic EPS (₹)	Diluted EPS (₹)	P/E (based on Diluted EPS)	Return on net worth (%)	NAV per Equity Share (₹)
Platinum Industries Limited	10	2,314.81	9.42	9.42	[●]	61.26%	15.37
<b>Peer Group</b>							
Supreme Petrochem Ltd	5	52,872.05	26.49	26.49	24.39	27.02%	98.06
Apcotex Industries Ltd	2	10,799.29	20.82	20.82	22.36	22.68%	91.82

The company makes many different products like PVC stabilizers and lubricants. They've found a special spot in the market with their high-quality and creative products that earn them lots of profit. The company's sales and profits have been going up, and the bosses think they'll keep going up in the future. Even though the price might seem high based on their earnings from last year, it's still a good buy for people who want to invest for a while because the company has big plans for growth and a bright future ahead.

We recommend long-term investment due to its key supplier status to Platinum Industries also for good listing gains.





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