Independent Equity Research

Enhancing investment decisions

In-depth analysis of the fundamentals and valuation

Plastiblends India Limited

Explanation of CRISIL Fundamental and Valuation (CFV) matrix

The CFV Matrix (CRISIL Fundamental and Valuation Matrix) addresses the two important analysis of an investment making process – Analysis of Fundamentals (addressed through Fundamental Grade) and Analysis of Returns (Valuation Grade)

Fundamental Grade

CRISIL's Fundamental Grade represents an overall assessment of the fundamentals of the company graded in relation to other listed equity securities in India. The grade facilitates easy comparison of fundamentals between companies, irrespective of the size or the industry they operate in. The grading factors in the following:

- Business Prospects: Business prospects factors in Industry prospects and company's future financial performance
- Management Evaluation: Factors such as track record of the management, strategy are taken into consideration
- Corporate Governance: Assessment of adequacy of corporate governance structure and disclosure norms

The grade is assigned on a five-point scale from grade 5 (indicating Excellent fundamentals) to grade 1 (Poor fundamentals)

CRISIL Fundamental Grade	Assessment
5/5	Excellent fundamentals
4/5	Superior fundamentals
3/5	Good fundamentals
2/5	Moderate fundamentals
1/5	Poor fundamentals

Valuation Grade

CRISIL's Valuation Grade represents an assessment of the potential value in the company stock for an equity investor over a 12 month period. The grade is assigned on a five-point scale from grade 5 (indicating strong upside from the current market price (CMP)) to grade 1 (strong downside from the CMP).

CRISIL Valuation Grade	Assessment
5/5	Strong upside (>25% from CMP)
4/5	Upside (10-25% from CMP)
3/5	Align (+-10% from CMP)
2/5	Downside (negative 10-25% from CMP)
1/5	Strong downside (<-25% from CMP)

Analyst Disclosure

Each member of the team involved in the preparation of the grading report, hereby affirms that there exists no conflict of interest that can bias the grading recommendation of the company.

Additional Disclosure

This report has been sponsored by NSE - Investor Protection Fund Trust (NSEIPFT).

Disclaimer:

Independent Research Report – Plastiblends India Ltd

Mastering growth via diverse product mix

Industry: Chemicals
Date: November 10, 2010

CRISIL RESEARCH

Plastiblends India Ltd (Plastiblends) is the largest domestic manufacturer of masterbatches; with an installed capacity of 50,000 TPA, it commands ~60% share of the organised segment. Masterbatches are used as colouring agents mainly in the plastic industry. CRISIL Equities assigns a fundamental grade of **'3/5'**, indicating its fundamentals are **'good'** relative to other listed equity securities in India.

Key forte: Diverse product offerings and a strong client base

Plastiblends recorded revenue CAGR of 19% over FY07-10, which is higher than the industry growth of 12-13%. This has been possible due to continuous enhancement of product offerings, and a strong and expanding client base with a focus on delivering superior product. This allows Plastiblends to have relatively better bargaining power to increase realisations compared to its peers.

Healthy growth prospects of end-user segments to drive demand for masterbatches

The plastic packaging industry is the major user of masterbatches, accounting for 50-60% of total production, followed by plastic products. With an increase in disposable income and more nuclear families, the spending on processed food is likely to grow at a healthy pace. Also, increased growth in organised retailing is driving the demand for packaged food. CRISIL Research expects the retail sector to grow at a CAGR of 13.5% up to FY13. This will lead to higher demand for plastic packaging and eventually translate into higher demand for masterbatches, leading to higher growth for Plastiblends.

Vulnerable to fluctuation in raw material prices; low bargaining power with suppliers

Polymers, the main raw material, constitute around 50% of the manufacturing cost. They are derivatives of crude oil and have seen significant volatility in the past along with movement of crude oil prices. The polymer market is dominated by large players such as Reliance, IOC and ONGC who have the power to pass on any increase in crude oil prices. On the contrary, players like Plastiblends have no bargaining power to pass on the increase in costs to their clients given the high degree of competition in the industry. This exposes them to the risks of volatility in polymer prices and constrains their margins.

Revenues to increase ~22%, EPS to almost double

We expect revenues to increase at a two-year CAGR of 22% to Rs 3.1 bn in FY12, primarily driven by volume and, consequently, PAT to increase at a two-year CAGR of 38% to Rs 198 mn in FY12. We expect EPS to almost double from Rs 15.9 in FY10 to Rs 30.5 in FY12.

Valuations - upside from current levels

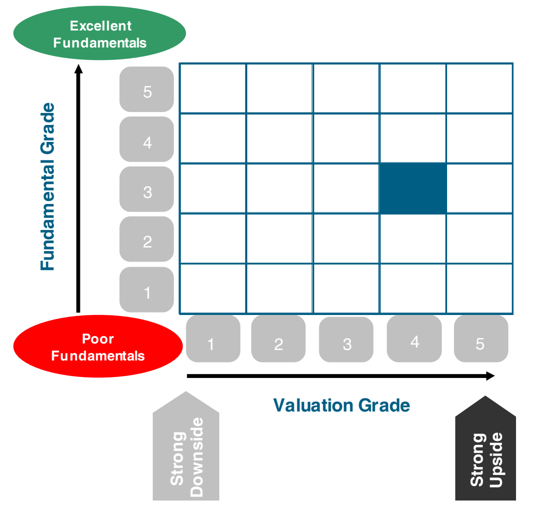
We have used the discounted cash flow method to value Plastiblends and arrived at a fair value of Rs 230. We assign Plastiblends a valuation grade of '4/5', indicating that the market price has 'upside' from current levels.

Key forecast (consolidated)

Rs mn	FY08	FY09	FY10	FY11E	FY12E
Operating income	1,572	1,679	2,105	2,574	3,121
EBITDA	187	202	197	263	325
Adj Net income	159	118	104	158	198
EPS-Rs	24.5	18.1	15.9	24.4	30.5
EPS growth (%)	31.8	(26.1)	(11.4)	51.8	25.2
PE (x)	4.0	7.5	12.5	8.2	6.6
P/BV (x)	0.9	1.2	1.6	1.4	1.2
RoCE (%)	20.2	19.4	17.0	20.4	22.0
RoE (%)	24.7	16.1	13.1	18.2	20.2
EV/EBITDA (x)	4.0	4.7	7.4	5.6	4.8

Source: Company, CRISIL Equities estimate

CFV matrix



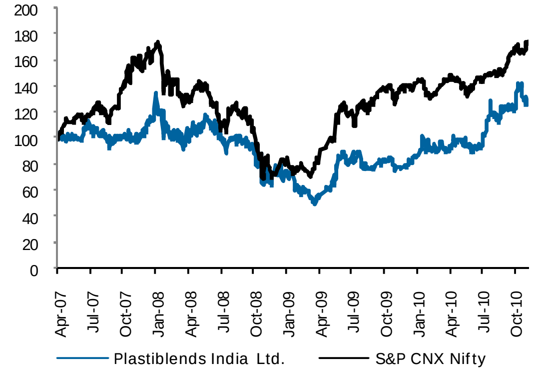
- Fundamental grade of '3/5' indicates good fundamentals
- Valuation grade of '4/5' indicates CMP has upside

Key stock statistics

NSE/BSE ticker	PLASTIBLEN
Fair value	230
Current market price*	200
Shares outstanding (mn)	6.50
Market cap (Rs mn)	1,299
Enterprise value (Rs mn)	1,517
52-week range(Rs)(H/L)	225/114
PE on EPS estimate (FY11E)(x)	8.2
Free float (%)	43
Average daily volumes	5,110

** as on November 9, 2010*

Share price movement



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Plastiblends: Business environment

Parameter	Masterbatches
Key business activity	• Manufacturing and selling of masterbatches
Revenue contribution (FY10)	• Sale of masterbatches - 100%
Product / service offering	• Different varieties and grades of masterbatches - white, black, colour, and additive masterbatches
Geographic presence	• Domestic market: Pan-India distribution • Exports - ~ 20% of total revenues. Exports mainly to Africa, UAE, CIS and other Asian countries
Market position	• Largest manufacturer of masterbatches in India. Leading player in the organised segment with a 60% market share, overall market share is 12%
Industry growth expectations	• Approximately 15-16% in the next few years driven by increased consumption of plastics products and plastic packaging which are the end-users of masterbatches
Sales growth (FY07-FY10 – 3-yr CAGR)	19%
Sales forecast (FY10-FY12 –2-yr CAGR)	22%
Demand drivers	• Demand of end-user products such as plastic packaging and plastic products. ~50-60% of demand for masterbatches is driven by plastic packaging
Key competitors	• Large players – Jai Corp Ltd, Poddar Pigments • A number of small players in the unorganised sector

Source: Company, CRISIL Equities

Grading Rationale

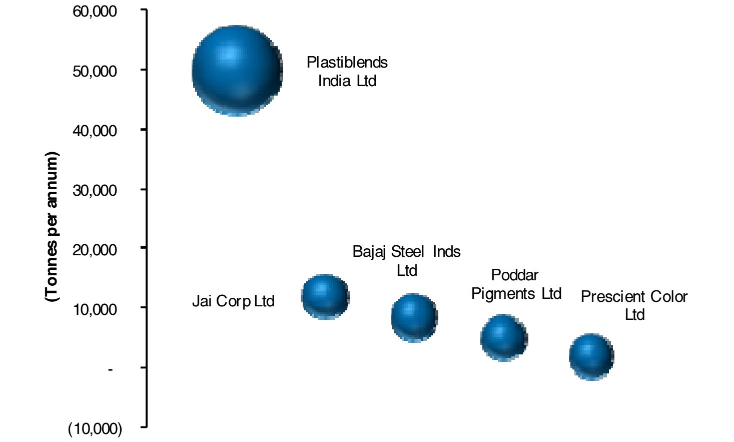
Largest manufacturer of masterbatches in India

Leading player in masterbatches with a market share of ~13-14%

Plastiblends is the largest manufacturer of masterbatches in India. With an installed capacity of 50,000 tonnes per annum (TPA), it commands ~60% share of the organised segment and ~13-14% of the overall industry (including organised and unorganised). This enables the company to enjoy higher economies of scale. Also, while there is tremendous competition from small unorganised players, the larger players have an edge in terms of better offerings to the end-users.

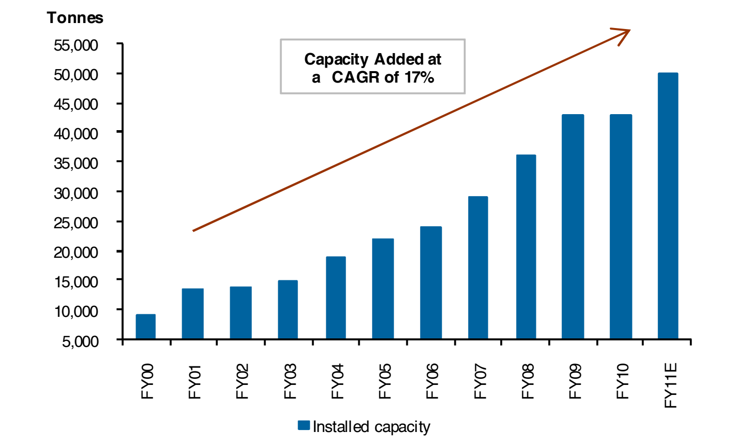
The domestic masterbatches industry has a total capacity of ~350,000 TPA, comprising organised (25% of capacity) and unorganised (75%) players. Since the process of manufacturing masterbatches is less capital intensive and less technology intensive, there are more players in the unorganised segment.

Figure 1: Largest manufacturer of masterbatches



Source: Prowess, CRISIL Equities

Figure 2: Consistently adding capacity



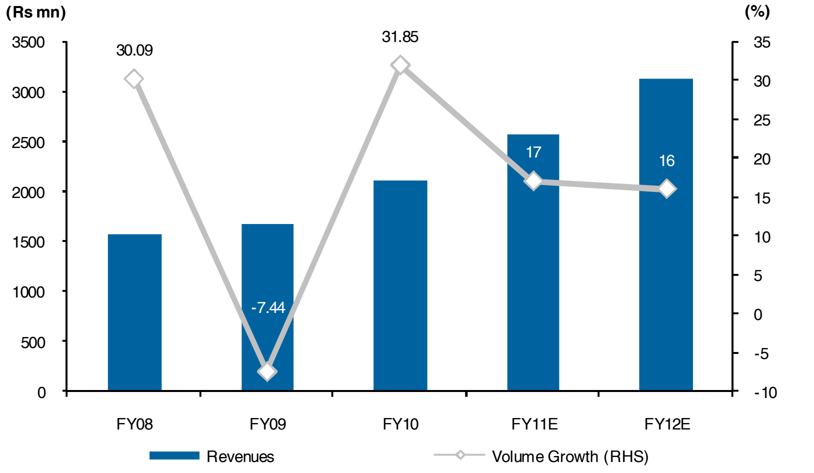
Source: Company, CRISIL Equities

Key forte: Diverse product offerings and a strong client base

Plastiblends has been growing faster than the industry

Plastiblends' revenue CAGR of 19% over FY07-10 beat the industry growth of 12-13%. This was possible due to continuous enhancement of product offerings plus a strong and expanding client base propped up by superior quality products. This also allows Plastiblends to have better bargaining power to increase realisations than its peers.

Figure 3: Registered high growth in the past few years



Source: Company, CRISIL Equities

A varied and diverse product portfolio

Plastiblends has a strong and diverse product portfolio which includes white, black as well as colour and additive masterbatches. Additive masterbatches are used not only to provide colour to plastic but also provide additional properties such as strength and making the surface smoother. The company also provides anti-fibrillation masterbatches used in the woven sack industry, which has seen healthy growth in the past few years. Given the domain expertise of its promoters in chemical combinations and a customer-focussed approach, the company steadily innovated and widened its product base.

Impressive clientele; strong relationship = repeat business

Plastiblends has strong relationship with clients enabling it to get repeat business

The company has a strong client base including well-known names such as JBF Industries Ltd, Rachana Polymers Pvt. Ltd, Radha Madhav Corporation, Welpack Industries Ltd, Bombay Dyeing, Chem-I-Plast Pty Ltd to name a few. The strong relationship with its clients enables Plastiblends to get repeat business backed by superior quality and variety of products. Also, the client base is high and there is low dependency on few customers - top ten customers contribute ~35% of the company's revenues.

The company also exports to countries like Africa, UAE, CIS and South-East Asian countries; however the proportion of exports revenues is low at ~20%.

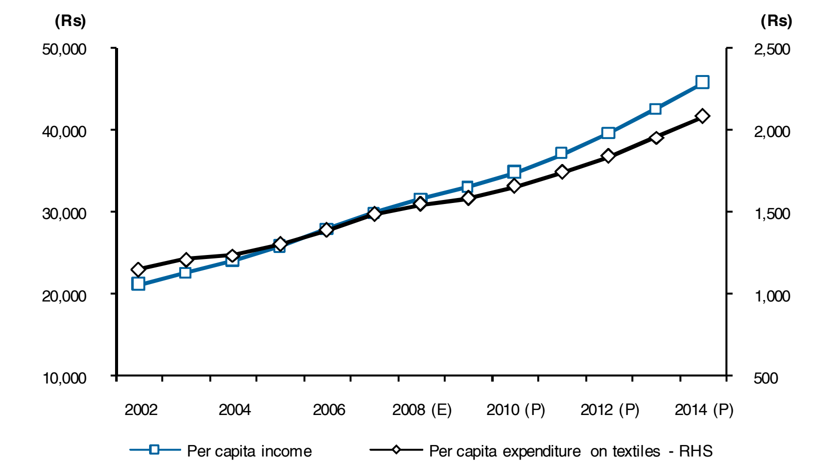
Healthy growth prospects of end-user segments to drive demand

The market for masterbatches in India has been growing at a rate of ~12-13% in the last few years driven by demand from end-user segments, primarily plastic packaging (consumes 50-60% of total masterbatches production), plastic products and other industries such as cables and pipes.

FMCGs to drive demand for plastic packaging

CRISIL Research expects per capita income in India to increase from Rs 29,882 in 2007 to Rs 45,778 in 2014 due to higher GDP growth in the long run.

Figure 4: Rising income = higher demand for FMCG products



Source: CRISIL Research

With strong growth in the economy and the resultant increase in disposable income, the FMCG sector too is poised for improvement. Industry sources expect the FMCG sector to grow at ~12% annually over the next few years. The sector is also expected to benefit from the shift in consumption to branded products from unbranded products. The penetration of branded FMCG products in rural India is still low. The robust growth in FMCG is expected to drive the demand for packaging industry especially plastic packaging.

Increased preference for food processing driven by organised retail

Growth in food processing industry will drive demand for plastic packaging

Food and food products form the bulk of consumer spending, accounting for ~20% of GDP. With an increase in disposable income and nuclear families, the spending on processed food is likely to grow at a healthy pace. According to industry sources, the processed food industry in India is likely to increase from ~US$70 bn in 2008 to ~US$150 bn by 2025.

Further, the increased growth in organised retailing is driving the demand for packaged food. CRISIL Research expects the retail sector to grow at 13.5% up to FY13, with a higher growth in the organised retail segment.

Table 1: Increased penetration of organised retailing

Particulars	2008-09 (A)	2013-14 (P)
Total retail (Rs tn)	14.4	27.2
Organised retail (Rs tn)	0.9	2.6
Organised retail penetration (%)	6.50%	9.40%

Source: CRISIL Research

Plastic packaging is going to be one of the beneficiaries of this growth, which in turn will drive the growth of masterbatches.

Masterbatch industry is highly competitive

The masterbatches industry is highly competitive due to low entry barriers as the industry is less capital intensive and there is no major technology involved. The technology for manufacturing masterbatches is well known leading to entry of many players in the industry. Although there are organised players who offer superior quality products, a large number of players cater to local customers. Given the competitive landscape of the industry, the bargaining power of players with clients is low thereby resulting in vulnerability to fluctuation in raw material prices.

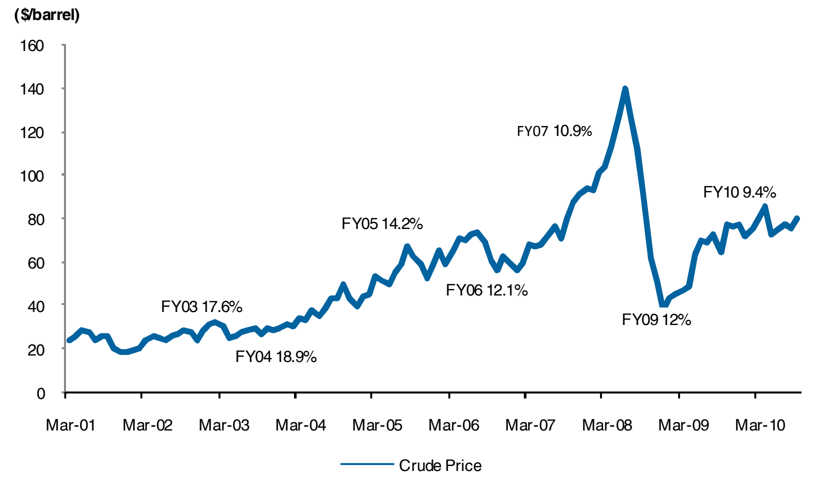
Vulnerable to fluctuation in raw material prices; no bargaining power with suppliers

Plastiblends' margins are vulnerable to volatility in crude oil prices

The major raw materials used in manufacturing masterbatches are polymers, titanium di-oxide and calcium carbonate. Polymers constitute around 50% of the total manufacturing cost; they act as a medium through which colour pigments are administered and, hence, are important. Since polymers are derivatives of crude oil, their prices are as volatile as crude oil prices. The polymer market is dominated by large players such as Reliance, IOC and ONGC who have the power to pass on an increase in crude oil prices to their customers. On the other hand, players like Plastiblends have zero bargaining power with suppliers and do not have the capacity to pass on increased costs to their clients given the high degree of competition in the masterbatches industry. This exposes them to the risk of volatility in polymer prices and constrains their margins, thereby impacting profitability.

There is a strong negative correlation between crude oil prices and Plastiblends' margins. Plastiblends' EBITDA margins ranged between 16% and 19% up to FY04 as there was low volatility in crude oil prices. Post March 2004, crude oil prices became highly volatile and were on a continuous uptrend thereby impacting margins (sharp drop in profitability to ~11-14%).

Figure 5: Margins are negatively correlated with crude oil prices



Source: Industry sources, CRISIL Equities

Outlook for polymer prices in the near term is stable

Outlook for polymer prices in the near to medium term is stable

In the next few quarters, polymer prices are expected to remain stable due to overcapacity in the polymer industry. CRISIL Research expects polymer prices to remain stable in the second half of CY10 and fall by 6% in CY11. Given this, we expect margins for Plastiblends to remain fairly stable in the next few quarters.

Key risks

Volatility of raw material prices can impact profitability

Volatile polymer prices can have an adverse impact on margins and profitability

The prices of the key raw materials namely polymers and other chemicals like titanium dioxide are highly volatile in nature. Polymer prices are dependent on the movement of crude oil prices and are prone to high amount of volatility. Besides, the bargaining power of the company to pass on the increase in prices is low, which could have an adverse impact on the margins and profitability in case there is a sharp increase in crude oil prices.

Hiccups at Roorkee can increase power costs

Plastiblends' plant at Roorkee faces fluctuations in power supply. This induces the need for generators resulting in an increase in power costs.

Regulatory risk in case of ban on plastics

The plastic processing industry faces a regulatory risk in case of environmental issues relating to the disposal of plastics. Although, there is a remote possibility of the same, any such step by the government relating to the use of plastics, could pose a business risk for Plastiblends.

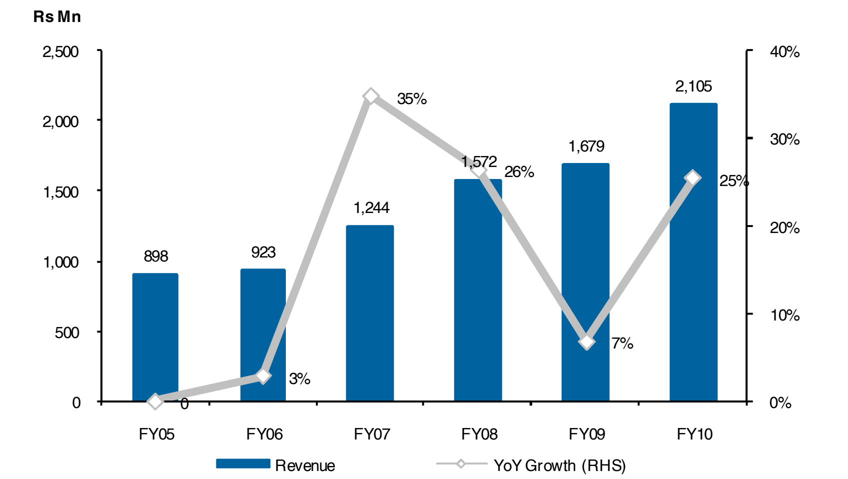
Financial Outlook

Revenues to grow at two-year CAGR of 22%

Revenues likely to grow at a CAGR of 22% driven by volume growth

Plastiblends' revenues increased from Rs 1.2 bn in FY07 to Rs 2.1 bn in FY10 at a CAGR of 19%. We expect revenues to increase at a two-year CAGR of 22% to Rs 3.1 bn in FY12, primarily driven by volume growth on account of strong demand from the user industries.

Figure 6: Revenues and revenue growth



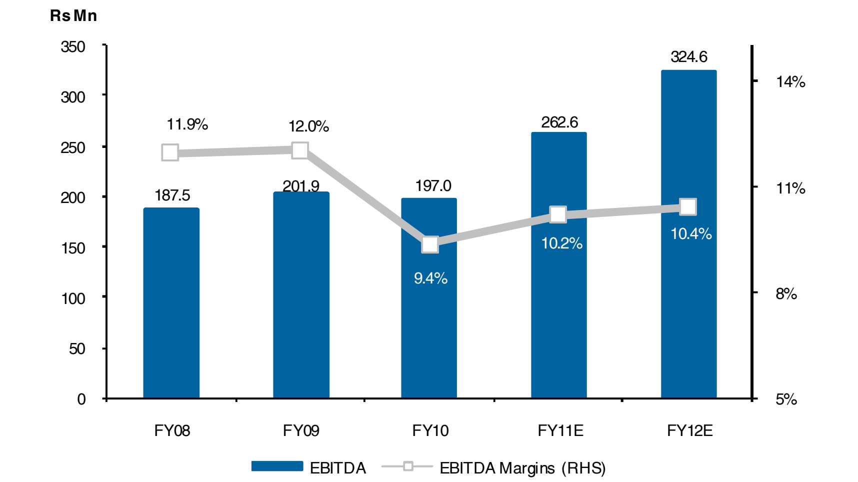
Source: Company, CRISIL Equities estimates

EBITDA margins to expand by 80 bps in FY11; remain steady thereon

EBITDA margins expected to increase slightly, remain steady thereon

EBITDA margins are expected to improve by 80 bps from 9.4% in FY10 to 10.2% in FY11. In FY10, margins dropped to 9.4% due to an increase in prices of raw materials (mainly calcium carbonate). However, as the company has increased its prices, margins have increased slightly as could be seen in the first-half numbers. The company has already reported an EBITDA margin of 10.0% for six months ending September FY11. Also, polymer prices are expected to fall slightly from these levels which will help the company maintain its margins.

Figure 7: EBITDA and EBITDA margins



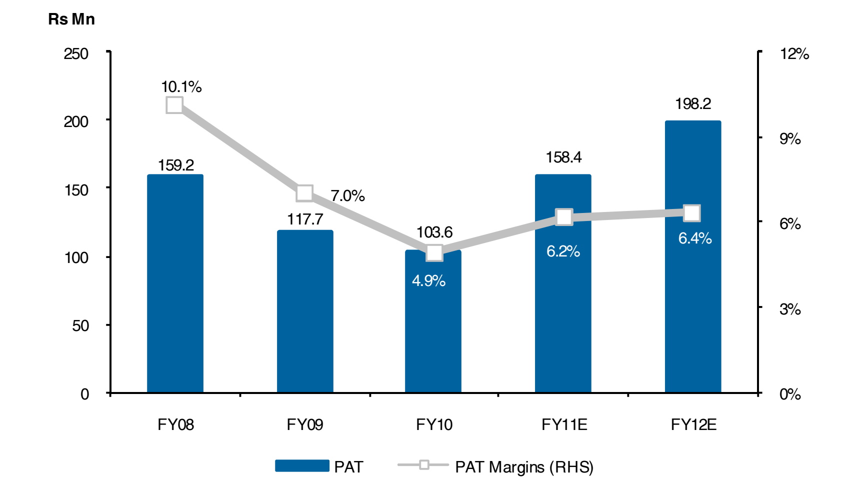
Source: Company, CRISIL Equities estimates

PAT to grow at a CAGR of 38%; EPS is expected to increase from Rs 15.9 in FY10 to Rs 30.5 in FY12

PAT to grow at a two-year CAGR of 38% driven by revenue growth as well as expansion in margins

Plastiblends' consolidated PAT is expected to increase from Rs 104 mn in FY10 to Rs 198 mn in FY12 at a CAGR of 38%. The increase is driven by healthy revenue growth as well as expansion in margins. PAT margins are expected to improve from 4.9% in FY10 to 6.4% in FY12.

Figure 8: PAT and PAT margin

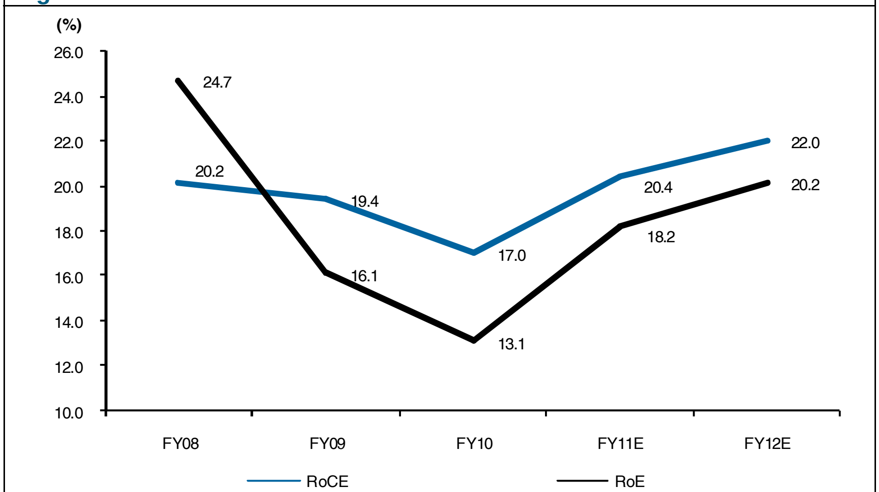


Source: Company, CRISIL Equities estimates

Low gearing is a comfort; RoCE and RoE are healthy

Plastiblends has low debt-equity of 0.2x, which is expected to increase slightly to 0.3x but still remain at comfortable levels. RoCE and RoE are expected to move up from 17% and 13.1% in FY10, respectively, to 20.4% and 18.2% in FY11 with improvement in margins. Although the estimated RoE of 18.2% is healthy, it is lower than RoCE as it is tempered by lower gearing. Since the capacity addition in the industry is not highly capital intensive, the incremental capacity is financed by internal accruals rather than debt, hence the gearing is expected to remain low.

Figure 9: RoE and RoCE



Source: Company, CRISIL Equities estimates

Management Overview

CRISIL's fundamental grading methodology includes a broad assessment of management quality, apart from other key factors such as industry and business prospects, and financial performance.

An experienced management with strong domain expertise

Plastiblends has an experienced management with strong domain expertise

Plastiblends has an experienced management headed by Mr Shreevallabh G Kabra, chairman and managing director, who has more than two decades of experience in the plastic processing industry. He is supported by his brother Mr S. N. Kabra, a mechanical engineer, and his son, Mr Anand Kabra, who is an MBA. Mr S. N. Kabra is responsible for purchases and new product development while Mr Anand Kabra looks after marketing and sales.

The management of Plastiblends has domain expertise in the field of masterbatches which has enabled them to derive strategies for the business, attract volumes and maintain leadership in the industry.

Second line fairly good; systems and processes need improvement

Based on our interactions with the key management, we believe the company's second line is reasonably experienced. Key managerial personnel have more than 15 years of experience in their respective fields. However, we believe the internal processes and management information systems need improvement.

Corporate Governance

CRISIL's fundamental grading methodology includes a broad assessment of corporate governance and management quality, apart from other key factors such as industry and business prospects, and financial performance. In this context, CRISIL Equities analyses the shareholding structure, board composition, typical board processes, disclosure standards and related-party transactions. Any qualifications by regulators or auditors also serve as useful inputs while assessing a company's corporate governance.

Corporate governance practices are good

Overall, corporate governance at Plastiblends is good supported by reasonably good board practices and an independent board.

Board composition

Plastiblends' board comprises seven members, of whom four are independent directors, which is in line with the requirements under Clause 49 of SEBI's listing guidelines. The directors have a good experience with two of the independent directors from the plastic processing industry. Most of the directors have been associated with the company for a fairly long time. With respect to our interaction with the directors, we believe the board is fairly experienced. The independent directors have a fairly good understanding of the company's business and its processes.

Board's processes

The company's quality of disclosure can be considered good judged by the level of information and details furnished in the annual report, websites and other publicly available data. The company has the audit and investor grievance committees, but does not have a remuneration committee. The audit committee is chaired by an independent director, Mr H. S. Sanwal, who has more than 45 years of experience in industry and has served as an executive director of West Coast Paper Mills Ltd.

Inter-group dealings at arm's length

Plastiblends has another group company, KET, involved in the manufacturing of plastic processing equipment. Although there is certain group transaction between the two companies these are at arm's length. For instance, Plastiblends purchases machinery and equipment from one of its group company called Kabra Extrusions, but these are at an arm's length. Also, both the companies give short-term funds to each other depending on the needs and in case there is availability at the group level; these are at market rates.

Valuation Grade: 4/5

We arrive at a fair value of Rs 230 per share and assign a valuation grade of '4/5'

We have used discounted cash flow (DCF) method to value Plastiblends and arrived at a one-year fair value of Rs 230 per share. At this fair value, the implied P/E multiples are 9.4x FY11E and 7.5x FY12E earnings. Consequently, we initiate coverage on Plastiblends with a valuation grade of '**4/5**'. This grade indicates that the market price has '**upside**' from current levels.

Key components to our valuation

i. Discounted value of estimated free cash flow from FY11 to FY16

ii. Cost of equity of 15.1% factoring in risks due to size and lower liquidity. However, lower financial gearing and a stable business is a comfort

iii. Terminal growth rate of 3.5%

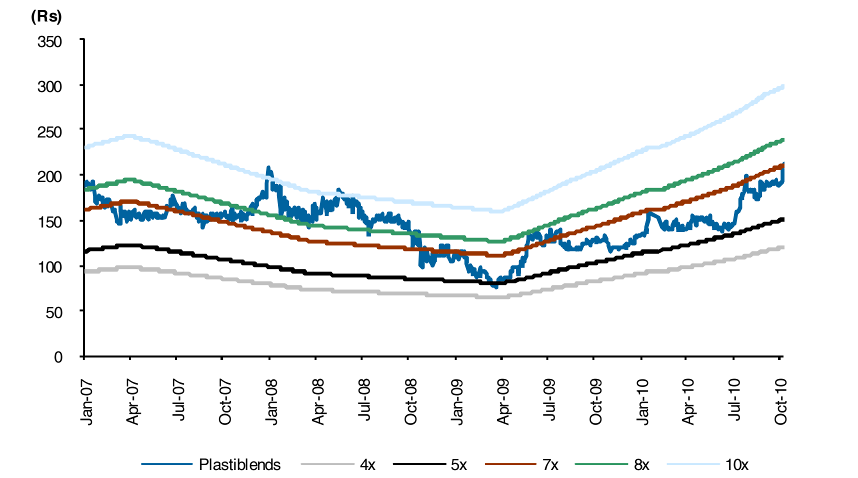
Table 2: Sensitivity analysis

		Terminal growth rate				
		1.5%	2.5%	3.5%	4.0%	4.5%
WACC	12.0%	243	270	303	323	345
	13.0%	214	235	261	276	293
	13.9%	191	209	**230**	242	256
	14.5%	179	195	213	224	236
	15.0%	169	183	200	210	220

Source: CRISIL Equities

Since its listing, Plastiblends has traded at an average one-year rolling forward PER of 7-9x.

Figure 10: PE band



Source: NSE, CRISIL Equities

Company Overview

Plastiblends is a leading manufacturer of masterbatches

Mumbai-based Plastiblends is a part of the Kolsite Group promoted by the Kabra family. It is one of the leading manufacturers and exporters of masterbatches. The company has an installed capacity of 50,000 TPA with manufacturing facilities in Daman (43,000 TPA) and Roorkee (7000 TPA).

The company has a strong client base comprising companies in the plastic-based industry - packaging, moulding and plastic. Its major clients are Reliance Industries, Cosmo Films, Rachana Polymers, JBF Industries and others.

It has a strong pan-India distribution network consisting of ~100 dealers. The company also exports to countries like Africa, UAE, CIS and South-East Asian countries; however, the proportion of export revenues is low at ~20%.

Table 3: Plastiblends – timeline

Year	Events and milestones
1991	Incorporation of Plastiblends India Ltd
1992	IPO of 18 lakh shares of Rs 10 each at par
1992	Daman plant commenced commercial production
2007	Roorkee plant commenced commercial production

Source: Company, CRISIL Equities

Annexure: Financials

Income Statement

(Rs Mn)	FY08	FY09	FY10	FY11E	FY12E
Net sales	1,572	1,673	2,103	2,569	3,115
Operating Income	**1,572**	**1,679**	**2,105**	**2,574**	**3,121**
EBITDA	**187**	**202**	**197**	**263**	**325**
Depreciation	24	31	34	38	45
Interest	20	25	21	26	32
Other Income	41	9	2	2	3
PBT	**185**	**155**	**143**	**200**	**251**
PAT	**159**	**118**	**104**	**158**	**198**
No. of shares	6.5	6.5	6.5	6.5	6.5
Earnings per share (EPS)	**24.5**	**18.1**	**15.9**	**24.4**	**30.5**

Balance Sheet

(Rs Mn)	FY08	FY09	FY10	FY11E	FY12E
Equity capital (FV - Rs 10)	65	65	65	65	65
Reserves and surplus	632	697	756	855	980
Debt	192	108	218	243	333
Current Liabilities and Provisions	241	246	260	331	400
Deferred Tax Liability/(Asset)	28	34	37	37	37
Minority Interest	-	-	-	-	-
Capital Employed	**1,160**	**1,149**	**1,336**	**1,531**	**1,815**
Net Fixed Assets	469	538	545	586	682
Capital WIP	31	28	42	42	52
Intangible assets	-	-	-	-	-
Investments	76	46	59	59	59
Loans and advances	91	59	52	63	76
Inventory	252	246	354	423	513
Receivables	233	223	272	339	410
Cash & Bank Balance	8	9	12	19	23
Applications of Funds	**1,160**	**1,149**	**1,336**	**1,531**	**1,815**

Source: Company, CRISIL Equities estimate

Cash Flow

(Rs Mn)	FY08	FY09	FY10	FY11E	FY12E
Pre-tax profit	185	155	143	200	251
Total tax paid	(20)	(32)	(36)	(42)	(53)
Depreciation	24	31	34	38	45
Change in working capital	(121)	52	(136)	(76)	(106)
Cash flow from operating activities	**68**	**206**	**6**	**120**	**137**
Capital expenditure	(146)	(97)	(55)	(80)	(150)
Investments and others	83	31	(13)	-	-
Cash flow from investing activities	**(62)**	**(67)**	**(68)**	**(80)**	**(150)**
Equity raised/(repaid)	-	-	-	-	-
Debt raised/(repaid)	49	(85)	110	25	90
Dividend (incl. tax)	(53)	(53)	(46)	(59)	(73)
Others (incl extraordinaries)	(0)	0	1	0	-
Cash flow from financing activities	**(5)**	**(138)**	**65**	**(34)**	**17**
Change in cash position	**1**	**1**	**3**	**7**	**4**
Opening Cash	7	8	9	12	19
Closing Cash	8	9	12	19	23

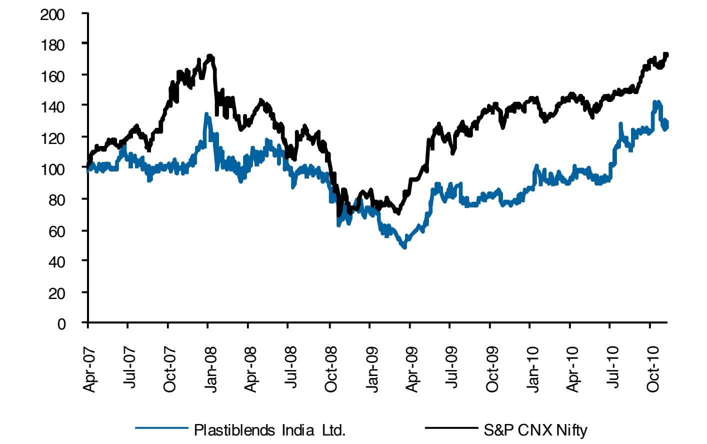
Ratios

	FY08	FY09	FY10	FY11E	FY12E
Growth ratios					
Sales growth (%)	26.4	6.8	25.3	22.3	21.2
EBITDA growth (%)	38.5	7.7	(2.4)	33.3	23.6
EPS growth (%)	31.8	(26.1)	(11.4)	51.8	25.2
Profitability Ratios					
EBITDA Margin (%)	11.9	12.0	9.4	10.2	10.4
PAT Margin (%)	10.1	7.0	4.9	6.2	6.4
Return on Capital Employed (RoCE) (%)	20.2	19.4	17.0	20.4	22.0
Return on equity (RoE) (%)	24.7	16.1	13.1	18.2	20.2
Dividend and Earnings					
Dividend per share (Rs)	8.2	8.2	7.0	7.8	9.7
Dividend payout ratio (%)	33.4	45.2	43.7	31.8	31.8
Dividend yield (%)	8.4	6.0	3.6	4.0	5.0
Earnings Per Share (Rs)	24.5	18.1	15.9	24.4	30.5
Financial stability					
Net Debt-equity	0.2	0.1	0.2	0.2	0.2
Interest Coverage	8.2	6.8	7.8	8.6	8.8
Current Ratio	2.7	2.3	2.9	2.7	2.7
Valuation Multiples					
Price-earnings	4.0x	7.5x	12.5x	8.2x	6.6x
Price-book	0.9x	1.2x	1.6x	1.4x	1.2x
EV/EBITDA	4.0x	4.7x	7.4x	5.6x	4.8x

Source: Company, CRISIL Equities estimate

Focus Charts

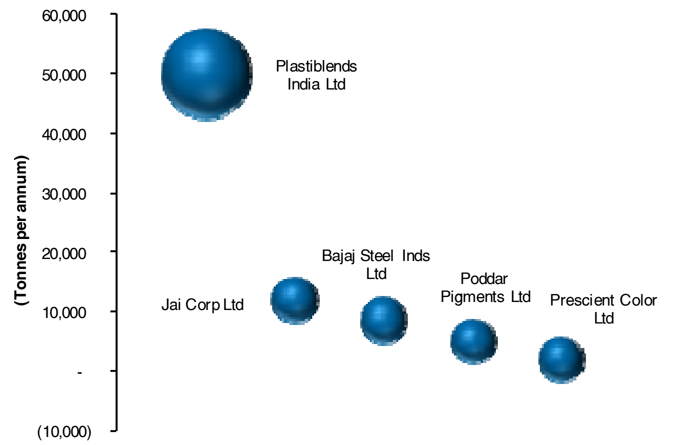
Stock movement vs. market



-indexed to 100

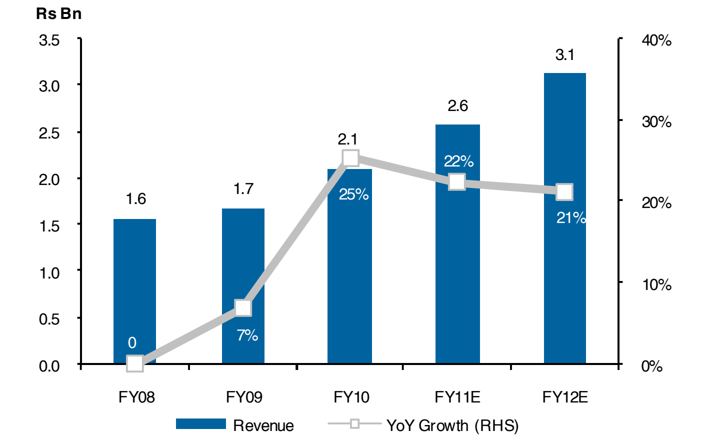
Source: NSE

Leading player in the masterbatches industry



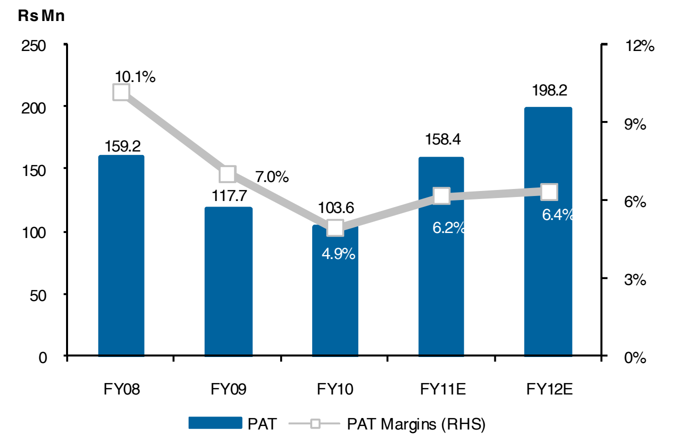
Source: Company

Revenue and revenue growth



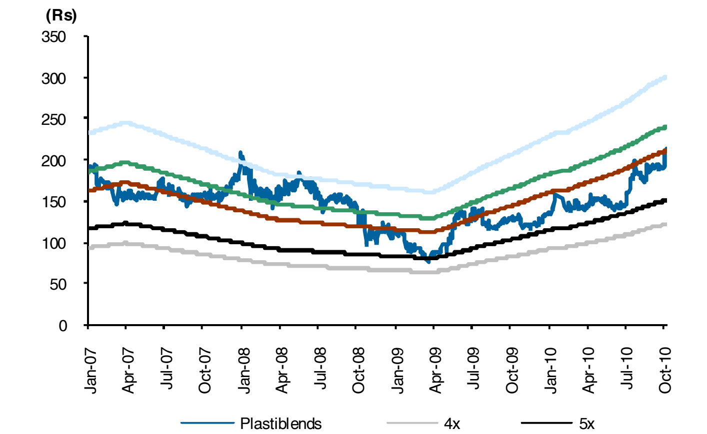
Source: Company, CRISIL Equities estimates

PAT and PAT margin



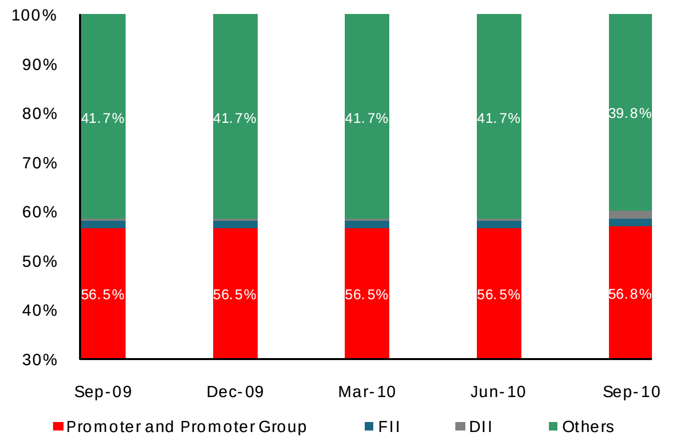
Source: Company, CRISIL Equities estimates

PE band chart



Source: Company, CRISIL Equities

Shareholding pattern



Source: Company, CRISIL Equities

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