

# Vinati Organics Ltd

Bloomberg Code: VO IN

India Research - Stock Broking

**BUY**

## Expansion of Product Basket, Improvement in Operating Efficiency to Drive Growth

### Market leadership with improved operating efficiency to drive volume:

VOL is the global market leader in IBB and ATBS with 65% and 45% market share respectively. It is the largest manufacturer of IB and HP MTBE in India. Its strong customer ties along with strong technical partnership with renowned global and national players make it well placed to sustain market leadership. VOL improved efficiency expected to increase its capacity utilization and its sales volume.

### Capex to drive growth:

VOL planned for Rs.2000mn capex for expansion and diversification projects. New products expected to add to revenue stream and expansion for existing manufacturing capacity could able to add to the top line.

### Robust Client base:

VOL's 68% sales is from export sales to US, Europe and Asia. It caters to some of the world's largest manufacturing companies including BASF, Dow Chemicals, Nalco Company (USA), AkzoNobel, SNF Floerger, Ciba and Clariant Chemicals among many others.

We expect Revenue, EBITDA and PAT to grow at CAGR of 12%, 20% and 22% respectively during FY13 to FY17E. Accordingly, we also expect RoE to be intact around 25% and RoCE to be above 37% during FY16E and FY17E.

## Valuation and Outlook

We expect that the company to maintain its leadership position in IBB and ATBS along with its increasing product basket could able to cater to the growing needs of specialty chemicals industry which in turn to drive revenue. At CMP Rs.464, VOL is trading at 17.8x and 15.6x of FY16E and FY17E earnings. We initiate 'BUY' with a target price of Rs.555, based on 18.5x FY17E EPS representing an upside of 20%.

## Key Risks

- Highly dependent on three products.
- Exposed to foreign currency fluctuations.

### Exhibit 1: Valuation Summary

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
Net Sales	5528	6961	7717	7768	8698
EBITDA	1203	1529	1918	2220	2554
EBITDA Margin (%)	21.8	22.0	24.9	28.6	29.4
Adj. Net Profit	687	862	1160	1357	1547
EPS (Rs.)	13.9	17.5	22.9	26.3	30.0
RoE (%)	32.1	31.3	31.2	27.2	24.9
PE (x)	7.4	16.0	23.0	17.8	15.6

Source: Company, Karvy Research, \*Represents multiples for FY13, FY14 & FY15 are based on historic market price

For private circulation only. For important information about Karvy's rating system and other disclosures refer to the end of this material. **Karvy Stock Broking Research is also available on Bloomberg, KRVY<GO>**, Thomson Publishers & Reuters

### Recommendation (Rs.)

CMP (as on Dec 30, 2015)	464
Target Price	555
Upside (%)	20

### Stock Information

Mkt Cap (Rs.mn/US\$ mn)	23758 / 358
52-wk High/Low (Rs.)	665 / 370
3M Avg. daily volume (mn)	0.0
Beta (x)	0.8
Sensex/Nifty	25960 / 7896
O/S Shares(mn)	51.6
Face Value (Rs.)	2.0

### Shareholding Pattern (%)

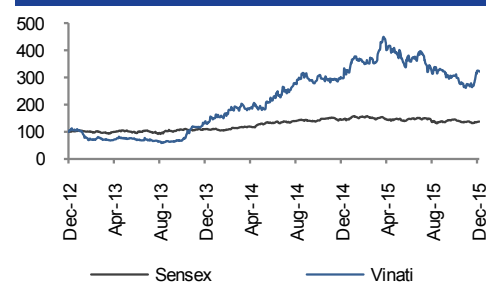
Promoters	72.3
FII	1.1
DII	6.9
Others	19.7

### Stock Performance (%)

	1M	3M	6M	12M
Absolute	18	2	(12)	9
Relative to Sensex	19	3	(5)	15

Source: Bloomberg

### Relative Performance\*



Source: Bloomberg; \*Index 100

### Analyst Contact

**Joyjit Sinha**  
 040 - 3321 6275  
 joyjit.sinha@karvy.com

**Company Financial Snapshot (Y/E Mar)**
**Profit & Loss (Rs. Mn)**

	FY15	FY16E	FY17E
Net sales	7717	7768	8698
Optg. Exp (Adj for OI)	5799	5548	6143
EBITDA	1918	2220	2554
Depreciation	175	245	325
Interest	98	45	29
Other Income	91	95	96
PBT	1737	2025	2297
Tax	577	669	750
Adj. PAT	1160	1357	1547
<b>Profit &amp; Loss Ratios</b>			
EBITDA margin (%)	24.9	28.6	29.4
Net margin (%)	15.0	17.5	17.8
P/E (x)	23.0	17.8	15.6
EV/EBITDA (x)	14.2	10.5	9.3
Dividend yield (%)	0.7	0.7	0.7

Source: Company, Karvy Research

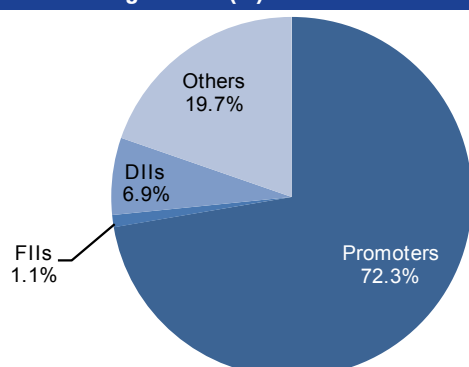
**Balance sheet (Rs. Mn)**

	FY15	FY16E	FY17E
<b>Total Assets</b>	<b>5992</b>	<b>7133</b>	<b>8169</b>
Net Fixed assets	3473	4017	4982
Current assets	2407	3064	3133
Other assets	112	53	54
<b>Total Liabilities</b>	<b>5992</b>	<b>7133</b>	<b>8169</b>
Networth	4340	5645	6772
Debt	372	263	163
Current Liabilities	889	836	845
Other Liabilities	390	390	390

**Balance Sheet Ratios**

RoE (%)	31.2	27.2	24.9
RoCE (%)	49.3	41.5	37.5
Net Debt/Equity	0.1	0.0	0.0
Equity/Total Assets	0.7	0.8	0.8
P/BV (x)	6.2	4.3	3.6

Source: Company, Karvy Research

**Exhibit 2: Shareholding Pattern (%)**


Source: BSE, Karvy Research

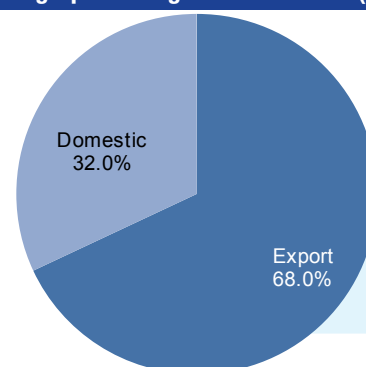
**Company Background**

Vinati Organics Ltd. (VOL) is engaged in the business of manufacturing specialty chemicals in India and marketing them worldwide. VOL is specialty chemical solution provider with 14 products in its basket. It mainly manufactures Isobutylene (IB), Isobutyl Benzene (IBB), 2-Acrylamido 2-Methylpropane Sulfonic Acid (ATBS) and High Purity - Methyl Tertiary Butyl Ether (HP MTBE). VOL operates with two manufacturing plants located at Lote and Mahad in Maharashtra; and exports its products across the globe in over 25 countries which includes US and Europe. Its exports contribute 68% to its total revenue. VOL is a global market leader in IBB and ATBS; and enjoys 65% and 45% of the global market share respectively. At present, its IBB capacity stood at 16000 million tons per annum (mtpa) and ATBS capacity expanded to 26000 mtpa. It operates largest IB plant in India with a capacity of 12000 mtpa.

**Cash Flow (Rs. Mn)**

	FY15	FY16E	FY17E
PBT	1737	2025	2297
Depreciation	175	245	325
Interest (net)	49	22	14
Tax	(520)	(669)	(750)
Changes in WC	(232)	208	(358)
Others	(82)	(55)	(57)
<b>CF from Operations</b>	<b>1127</b>	<b>1778</b>	<b>1471</b>
Capex	(568)	(500)	(1500)
Investment	0	(100)	(100)
Others	33	0	0
<b>CF from Investing</b>	<b>(535)</b>	<b>(600)</b>	<b>(1600)</b>
Change in Debt	(524)	(110)	(100)
Dividends	(147)	(217)	(217)
Interest and Other cost	(76)	(22)	(14)
<b>CF from Financing</b>	<b>(747)</b>	<b>(349)</b>	<b>(331)</b>
Change in Cash	(155)	829	(460)

Source: Company, Karvy Research

**Exhibit 3: FY15 Geographical Segmental Revenue (%)**


Source: Company, Karvy Research

### Market leadership with improved operating efficiency to drive volume:

VOL is the global market leader in IBB and ATBS with 65% and 45% market share respectively. VOL is the largest manufacturer of IBB and ATBS across the world. It is the largest manufacturer of IB and HP MTBE in India. At present, its IBB capacity stood at 16000 mtpa and ATBS capacity expanded to 26000 mtpa. It operates largest IB plant in India with a capacity of 12000 mtpa. Its strong customer ties along with strong technical partnership with renowned global and national players make it well placed to sustain market leadership. VOL improved efficiency expected to increase its capacity utilization and its sales volume.

### R & D backed by technology collaborations gives it competitive advantage:

VOL is updated with latest technology trends in the industry. VOL manufactures IBB with technology collaboration of Institut Francais du Petrole (IFP), France and scaled up its production to become world's largest manufacturer of IBB. ATBS plant was installed based on breakthrough technology developed with the aid of National Chemical Laboratories (NCL), Pune; which too scaled up to become the world's largest manufacturer of ATBS.

### Robust Clientele:

VOL, a preferred supplier for largest manufacturing companies like BASF, Dow Chemicals, Nalco Company (USA), AkzoNobel, SNF Floerger, Ciba, Clariant Chemicals and many others. It is increasing its product basket with new products to decrease its dependency on mainstream products (ATBS and IBB). VOL is expanding geographically and equally emphasising on product segment with capacity expansion for a sustainable future.

### Expansion and diversification projects could give visibility for enhancing top line:

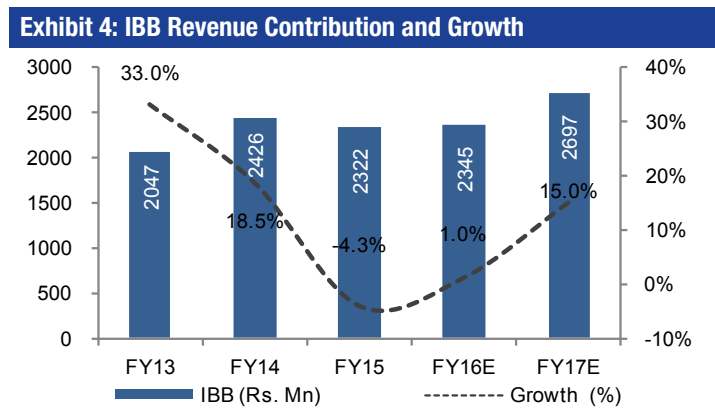
VOL invested Rs. 2000 mn towards capacity expansion and new product development. A wide range of products allows it to cater to varied market aspirations. The wider product range also enables the company to maintain and improve market visibility and serve to broader consumer strata. The expansion will enable it to broaden consumer base, escalate topline and bottomline and reduce the cost of production. Going ahead, it is expected that it would continue to invest in capacity expansion and also invest in development of new products to increase in product basket.

### ATBS - contributing ~30% to the top line - fully backward integrated:

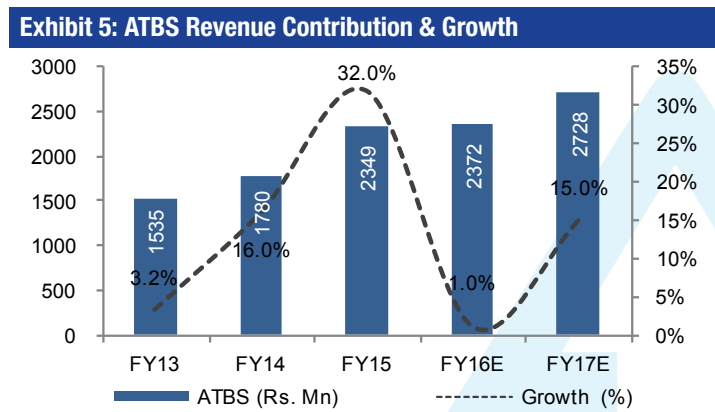
ATBS is one the major contributors to the revenue and requires IB as a raw material which they manufacture on their own. Its IB plant fully satisfies the captive requirement which brought multiple advantages to VOL. It secures supply of major raw material and cost efficiency resulting in competitive advantage and significant increase in revenue.

### VOL's contribution towards revenue from three main products

VOL's revenue accrued from mainly three products IBB, ATBS and IB. Majority of IBB (~70%) and ATBS (~90%) are exported. IBB is used mainly to make ibuprofen where demand is expected to remain the same. ATBS is used across various industries such as water treatment, oil and gas, personal care etc. There is a dip in demand from the Enhanced Oil Recovery (EOR) segment. However, the demand from other segments is expected to pick up. So, during the current financial year, there could be dip in volume for ATBS but going forward it could be able to pick up on the back of recovery in the crude and growing demand from the other segments. IB is mainly used for manufacturing of ATBS and primarily used in agrochemicals where a good growth in demand is expected.

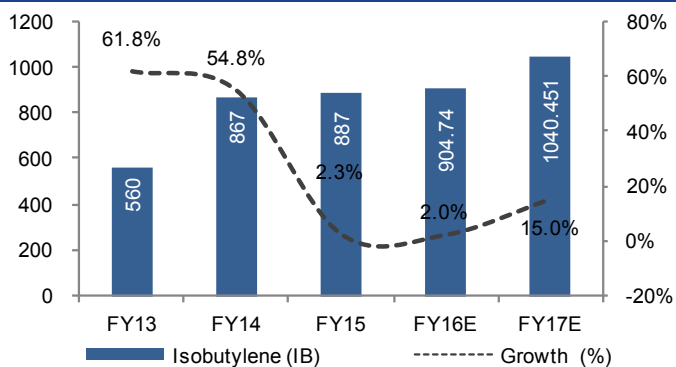


Source: Company, Karvy Research



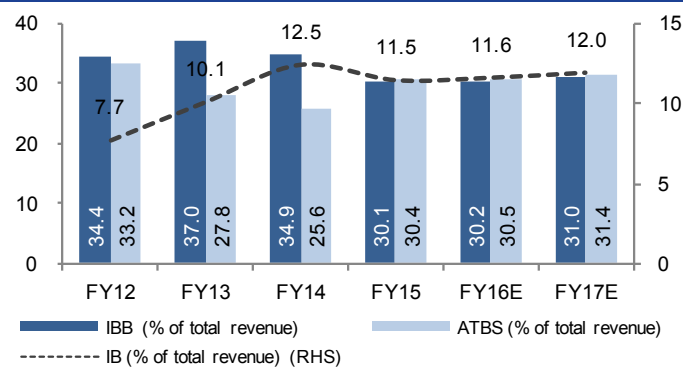
Source: Company, Karvy Research

**Exhibit 6: IB Revenue Contribution & Growth**



Source: Company, Karvy Research

**Exhibit 7: Product-wise Contribution to Total Revenue (%)**



Source: Company, Karvy Research

### Resilience in domestic chemical market augurs well VOL:

Indian chemical industry which contributes to 7% of the GDP, stood as 3rd largest producer in Asia and 12th in the world. It is expected that the Indian chemical industry is expected to grow to reach US\$ 300 Bn by 2021. Large population amid dependence on agriculture and strong export demand are the key drivers of the chemical industry. India's per capita consumption of chemicals lower than that of other countries could trigger growth opportunity for the Industry. The chemical industry is one of the most diversified sectors covering more than 70000 chemicals covering sectors like petrochemicals, inorganic chemicals, organic chemicals, fine and specialties, bulk drugs, agrochemicals, paints; and it has registered a growth of 14% during the last 5 years. It is expected that the industry to hold the growth trajectory with strong government support for R&D, 100% FDI permitted through automatic route, de-licensing of chemicals sector except for few hazardous chemicals, rise in GDP and purchasing power generate huge growth potential for the domestic market. VOL is well placed to grab the opportunities from the potential growth poised ahead.

### Snapshot of VOL's phenomenal track record during the last 5 years:

Operating sales grown at a CAGR of 25% during FY11-FY15 whereas EBITDA and PAT clocked a CAGR of 32% and 25% respectively over the same period. VOL could able to maintain its EBITDA margins at more than 20%; whereas net profit margins recorded more than 12%. The RoE is over 30% and RoCE is at 50% during the last 5 years.

We expect Revenue, EBITDA and PAT to grow at CAGR of 12%, 20% and 22% respectively during FY13 to FY17E. Accordingly, we also expect RoE to be intact above 25% and RoCE to be above 37% during FY16E and FY17E.

**Exhibit 8: Business Assumptions**

Y/E Mar (Rs. Mn)	FY14	FY15	FY16E	FY17E	Comments
Revenue	6961	7717	7768	8698	We assumed that VOL is expanding its product portfolio to cater to industrial chemical demand in the domestic market. The falling crude prices could decrease sales in ATBS and similarly the overall input costs also. Around 70-75% of its sales contribution is from its three products (ATBS, IBB and IB). We have assumed that same sales ratio among its top three products to be maintained; and the sales to be better during the H2FY16E though it degrew by 17% during the H1FY16.
Revenue Growth (%)	25.9	10.9	0.7	12.0	We assume that recovery of crude prices and extension of its product basket could increase the demand during FY17E.
EBITDA	1529	1918	2220	2554	We have assumed that lower input cost could help to maintain margins intact. During H1FY16, it was witnessed an expansion of EBITDA margin by 1000 bps. Setting up of 5MW co-generation plant at its Lote facility could also decrease its operating cost by Rs. 80 mn.
EBITDA Margins (%)	22.0	24.9	28.6	29.4	
PAT (Adjusted)	862	1160	1357	1547	There will be less finance cost to improve EPS and PAT. It is assumed that capex to be met from internal accruals.
Fully Diluted EPS (Rs.)	17.5	22.9	26.3	30.0	
Capex- cash capex	(256)	(568)	(500)	(1500)	VOL is expanding its product portfolio and its existing production capacity to be expanded. It is expected a capex of Rs. 2000 mn to be incurred during the next couple of years. It is expected that the new capex to contribute during FY17E.
Net CFO	1315	1127	1778	1471	
Net Debt (Long Term)	1100	372	263	163	
Free Cash Flow	1059	559	1278	(29)	

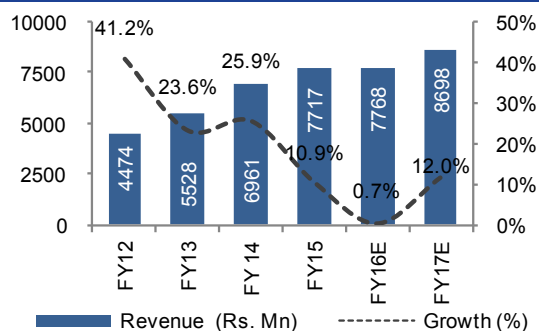
Source: Company, Karvy Research

**Exhibit 9: Karvy vs Consensus**

	Karvy	Consensus	Divergence (%)	Comments
<b>Revenues (Rs. Mn)</b>				
FY16E	7768	7499	3.6	
FY17E	8698	8528	2.0	
<b>EBITDA (Rs. Mn)</b>				
FY16E	2220	2110	5.2	
FY17E	2554	2280	12.0	
<b>EPS (Rs.)</b>				
FY16E	26.3	24.3	8.4	
FY17E	30.0	26.5	13.3	It is expected that H2FY16E could be better than that of the H1FY16. It has also been assumed that inputs used for its marketable product are the crude derivatives whose price is declining. Crude prices are affecting the realisation as well as decreasing input prices keep the margins intact.

Source: Bloomberg, Karvy Research

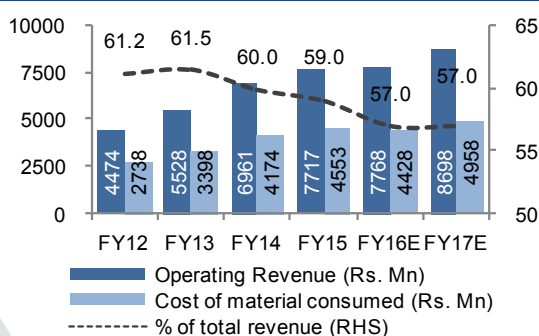
**Exhibit 10: Revenue (Rs. Mn) and Growth (%)**



Source: Company, Karvy Research

We expect the revenue to grow at a CAGR of 12% during FY13-FY17E. We expect a muted growth during FY16E on the back of falling crude prices that could affect the ATBS realization. Of late, we expect that the recovery of crude prices and increase in demand of its products other than ATBS could pull the sales. During H1FY16, its revenue de-grew by 17% y-o-y basis but expected to recover during H2FY16E. Net sales realisation may decrease due to falling crude prices but we expect that volume could rise for each top line product during the said period.

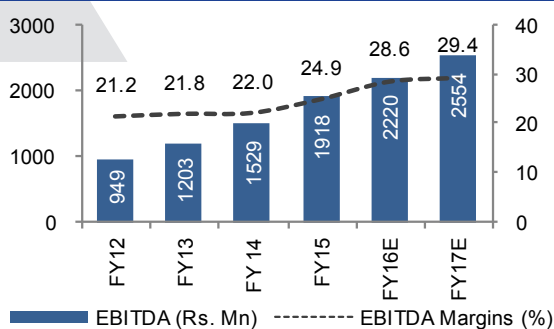
**Exhibit 11: Cost of Material Consumed to Operating Revenue**



Source: Company, Karvy Research

We expect the falling crude prices could reduce the input cost. We also expect that with upgraded technologies and with further R&D, it could achieve better material and energy efficiencies.

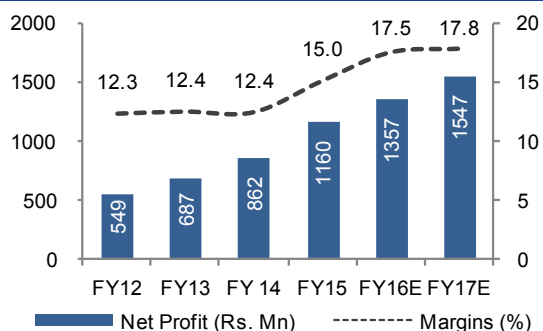
**Exhibit 12: EBITDA (Rs. Mn) and Margins**



Source: Company, Karvy Research

We expect the EBITDA to register a growth of 21.0% CAGR during FY13-FY17E. VOL is likely to maintain the margins above 28.0% during FY16E-FY17E, a margin expansion of 4% in comparison to FY15. Softening crude prices could decline the input prices which might help to improve the margins further.

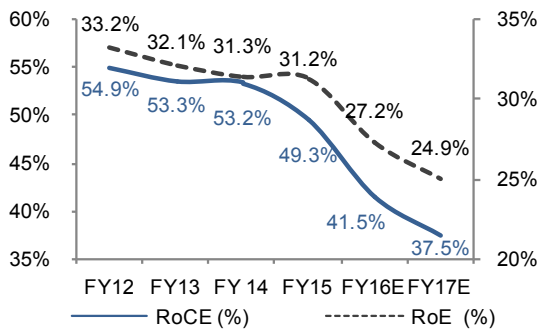
**Exhibit 13: Net Profit (Rs. Mn) and Margins**



Source: Company, Karvy Research

During FY15, the company recorded net profit of Rs.1160 mn registering a growth of 35.0%. We expect the growth momentum to be maintained by the company with PAT margin expansion by 2%. During H1FY16, it has seen a margin expansion by 6%.

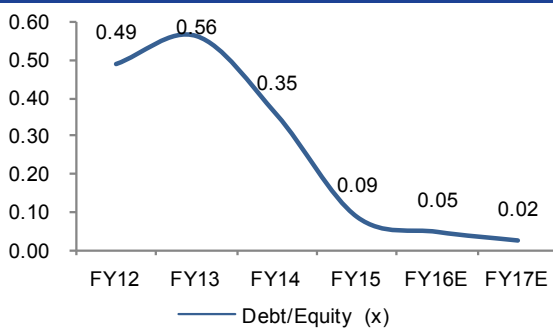
**Exhibit 14: RoCE (%) and RoE (%)**



Source: Company, Karvy Research

VOL's RoE and RoCE are likely to be around 25% and 37% during the next couple of years respectively.

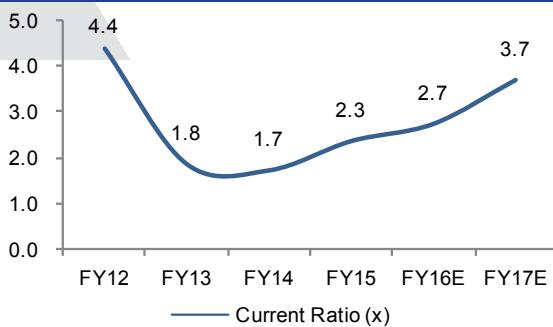
**Exhibit 15: Debt / Equity (x)**



Source: Company, Karvy Research

During FY15, the company has cleared its debt by 65%. During FY14, VOL was carrying a debt of Rs.1099 mn which reduced to Rs.372 mn during FY15; and we expect that in the long term, it will further reduce its long term debt. VOL is expected to meet all its capex from its internal accruals.

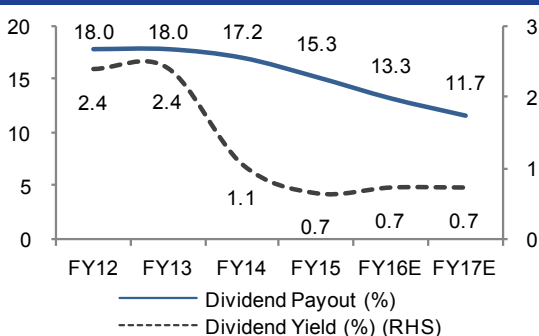
**Exhibit 16: Current Ratio (x)**



Source: Company, Karvy Research

Historically, VOL has already maintained a current ratio above 2x. We expect that it can maintain its working capital management on a sustainable basis.

**Exhibit 17: Dividend Yield and Dividend Payout**



Source: Company, Karvy Research

VOL is a good proxy for dividend. Historically, it pays dividend on a regular basis.

**Exhibit 18: Company Snapshot (Ratings)**

	Low				High
	1	2	3	4	5
Quality of Earnings			✓		
Domestic Sales		✓			
Exports				✓	
Net Debt/Equity				✓	
Working Capital Requirement				✓	
Quality of Management				✓	
Depth of Management				✓	
Promoter				✓	
Corporate Governance				✓	

Source: Company, Karvy Research

- 68% of VOL's revenue is accrued from exports. Going forward, we expect that it would successfully increase its product basket and could be able to cater to the growing needs of the industry in India.
- Its more than 70% revenue accrued from its three products. Its revenue dependence on the three products could be reduced after increase of its product basket and catering as per the industry needs.
- Debt Equity ratio never crossed 1x during last 5 years. VOL reduced its debt by 65% during the last financial year and expected to reduce further.
- VOL has good working capital management, keeping current ratio multiple nearly 2.

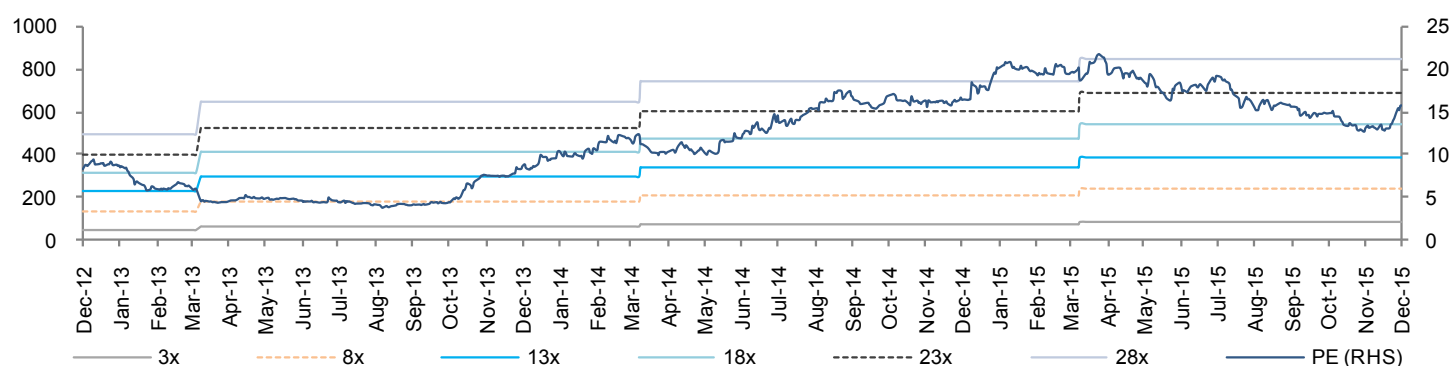


## Valuation & Outlook

We expect that the company to maintain its leadership position in IBB and ATBS along with its increasing product basket which could able to cater to the growing needs of specialty chemicals industry which in turn to drive revenues. On the back of its commendable balance sheet and high cash flows, we give a “**BUY**” recommendation for an investment horizon of 9 to 12 months.

VOL has traded within the 1 year forward P/E band of 4x-21x. At CMP Rs.464, VOL is trading at 1 year forward PE of 17.8x and 15.6x of FY16E and FY17E earnings. We initiate “**BUY**” with a target price of Rs.555, based on 18.5x FY17E EPS representing an upside of 20%.

**Exhibit 19: PE Band**



Source: Bloomberg, Karvy Research

## Key Risks

- **Highly dependent on three products:** VOL's 72% of revenue accrued from three products - namely IBB, ATBS and IB. Thus its highly sensitive for market changes in these three products.
- **Aggressive Capex plans:** VOL is carrying Rs. 2000 mn capex plan mostly to increase its product portfolio. The market acceptance of the new products is yet to be established.
- **Exposed to foreign currency fluctuations:** ~68% of the revenue is from abroad. Volatility in currency may impact export revenues as well as margins.
- **Any Distortion in user Industry:** VOL supplies its products to other industries like Pharma and Chemicals. In case of any unfavourable events in these industries, it could affect its revenue.
- **Exposed to Government Policies of other countries:** Maximum revenue derived from exports. Any anti-dumping duty imposed by the importing country's governments would affect its revenue.

## Financials

### Exhibit 20: Income Statement

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
Revenues	5528	6961	7717	7768	8698
Growth (%)	23.6	25.9	10.9	0.7	12.0
Operating Expenses	4325	5432	5799	5548	6143
EBITDA	1203	1529	1918	2220	2554
Growth (%)	26.8	27.1	25.5	15.7	15.1
Depreciation & Amortization	99	153	175	245	325
Other Income	38	91	91	95	96
EBIT	1142	1467	1834	2070	2326
Interest Expenses	115	181	98	45	29
PBT	1027	1286	1737	2025	2297
Tax	340	424	577	669	750
Adjusted PAT	687	862	1160	1357	1547
Growth (%)	25.3	25.4	34.5	17.0	14.0

Source: Company, Karvy Research

### Exhibit 21 : Balance Sheet

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
Cash & Cash Equivalents	338	427	271	1101	641
Sundry Debtors	1132	1151	1291	1099	1386
Inventory	546	466	545	451	581
Loans & Advances	270	278	351	304	318
Investments	128	27	27	127	227
Gross Block	6240	6618	7235	7990	10665
Net Block	2901	3042	3273	3517	4682
CWIP	140	101	200	500	300
Miscellaneous	1	29	33	33	33
<b>Total Assets</b>	<b>5456</b>	<b>5521</b>	<b>5992</b>	<b>7133</b>	<b>8169</b>
Current Liabilities & Provisions	1428	989	889	836	845
Debt	1355	1100	372	263	163
Other Liabilities	261	331	390	390	390
<b>Total Liabilities</b>	<b>3044</b>	<b>2420</b>	<b>1651</b>	<b>1488</b>	<b>1397</b>
Shareholders Equity	99	99	103	103	103
Reserves & Surplus	2314	3002	4237	5542	6669
<b>Total Networth</b>	<b>2412</b>	<b>3101</b>	<b>4340</b>	<b>5645</b>	<b>6772</b>
<b>Total Networth &amp; Liabilities</b>	<b>5456</b>	<b>5521</b>	<b>5992</b>	<b>7133</b>	<b>8169</b>

Source: Company, Karvy Research

**Exhibit 22: Cash Flow Statement**

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
PBT	1027	1286	1737	2025	2297
Depreciation	99	153	175	245	325
Interest	61	71	49	22	14
Tax Paid	(222)	(365)	(520)	(669)	(750)
Inc/dec in Net WC	(103)	98	(232)	208	(358)
Other Income	(17)	(19)	(34)	-	-
Other non cash items	76	92	(47)	(55)	(57)
<b>Cash flow from operating activities</b>	<b>922</b>	<b>1316</b>	<b>1127</b>	<b>1778</b>	<b>1471</b>
Inc/dec in capital expenditure	(1130)	(256)	(568)	(500)	(1500)
Inc/dec in investments	(34)	129	0	(100)	(100)
Others	39	36	33	0	0
<b>Cash flow from investing activities</b>	<b>(1125)</b>	<b>(91)</b>	<b>(535)</b>	<b>(600)</b>	<b>(1600)</b>
Inc/dec in borrowings	476	(786)	(524)	(110)	(100)
Dividend paid	(113)	(142)	(147)	(217)	(217)
Interest paid	(61)	(71)	(49)	(22)	(14)
Others	(79)	(136)	(27)	0	0
<b>Cash flow from financing activities</b>	<b>223</b>	<b>(1135)</b>	<b>(747)</b>	<b>(349)</b>	<b>(331)</b>
Net change in cash	19	90	(155)	829	(460)

Source: Company, Karvy Research

**Exhibit 23: Key Ratios**

YE Mar	FY13	FY14	FY15	FY16E	FY17E
EBITDA Margin (%)	21.8	22.0	24.9	28.6	29.4
EBIT Margin (%)	20.7	21.1	23.8	26.6	26.7
Net Profit Margin (%)	12.4	12.4	15.0	17.5	17.8
Dividend Payout Ratio (%)	18.0	17.2	15.3	13.3	11.7
Net Debt/Equity (x)	0.6	0.4	0.1	0.0	0.0
RoE (%)	32.1	31.3	31.2	27.2	24.9
RoCE (%)	53.3	53.2	49.3	41.5	37.5

Source: Company, Karvy Research

**Exhibit 24: Valuation Parameters**

YE Mar	FY13	FY14	FY15	FY16E	FY17E
EPS (Rs.)	13.9	17.5	22.9	26.3	30.0
DPS (Rs.)	2.5	3.0	3.5	3.5	3.5
BV (Rs.)	48.9	62.9	84.3	109.6	131.5
PE (x)	7.4	16.0	23.0	17.8	15.6
P/BV (x)	2.1	4.5	6.2	4.3	3.6
EV/EBITDA (x)	5.1	9.5	14.2	10.5	9.3
EV/Sales (x)	1.1	2.1	3.5	3.0	2.7

Source: Company, Karvy Research; \*Represents multiples for FY13, FY14 & FY15 are based on historic market price

## Appendix

### VOL's Product Portfolio

Speciality Monomers	
Product	Applications
2-acrylamido 2-methylpropane sulphonic acid (ATBS)	<ul style="list-style-type: none"> <li>Water treatment chemicals</li> <li>Emulsions for paint and paper coatings</li> <li>Adhesives</li> <li>Textiles auxiliaries and acrylic fibre</li> <li>Detergents and cleaners</li> <li>Oil field and mining chemicals</li> <li>Construction chemicals</li> </ul>
Sodium salt of 2-acrylamido-2-methylpropane sulphonic acid (NaATBS)	<ul style="list-style-type: none"> <li>Water treatments chemicals</li> <li>Emulsions for paint and paper coatings</li> <li>Adhesives</li> <li>Textiles auxiliaries and acrylic fibre</li> <li>Detergents and cleaners</li> <li>Oil field and mining chemicals</li> <li>Construction chemicals</li> </ul>
N-Tertiary Butyl Acrylamide (TBA)	<ul style="list-style-type: none"> <li>Thickener in personal care</li> <li>Water treatment</li> <li>Metal working fluid</li> </ul>
N-Tertiary Octyl Acrylamide (TOA)	<ul style="list-style-type: none"> <li>Adhesives</li> <li>Antiscalants</li> <li>Enhanced oil recovery</li> <li>Personal care</li> </ul>
Diacetone Acrylamide (DAAM)	<ul style="list-style-type: none"> <li>Coatings</li> <li>Personal care</li> <li>Epoxy resin</li> <li>Gelatin substitute</li> <li>Light sensitive resin additive</li> </ul>

Source: Company, Karvy Research

Specialty Acromatics	
Product	Applications
Iso Butyl Benzene (IBB)	<ul style="list-style-type: none"> <li>Pharmaceutical industry</li> <li>Perfume industry</li> <li>Speciality solvent</li> </ul>
Normal Butylbenzene (NBB)	<ul style="list-style-type: none"> <li>Speciality solvent</li> <li>LCD based applications</li> </ul>
C 10 Aromatic (Solvent)	<ul style="list-style-type: none"> <li>Paints and coatings</li> <li>Inks</li> <li>Cleaning solvents</li> <li>Environmental friendly agrochemical and pesticides formulations</li> </ul>

Source: Company, Karvy Research

Other Products	
Product	Applications
Isobutylene (IB)	<ul style="list-style-type: none"> <li>• Butyl rubbers</li> <li>• Antioxidants</li> <li>• Fragrances and perfumes</li> <li>• Insecticides and pesticides</li> <li>• Personal care</li> <li>• Monomers</li> </ul>
Methanol	<ul style="list-style-type: none"> <li>• Pharmaceutical industry</li> <li>• Paint and varnish industry</li> <li>• Perfume industry</li> <li>• Manufacture of formaldehyde</li> <li>• Chemical synthesis (sodium methoxide, dimethyl ether and methyated derivatives)</li> </ul>
High Purity- Methyl Tertiary Butyl Ether (HP-MTBE)	<ul style="list-style-type: none"> <li>• Low cost solvent in some organic synthesis</li> <li>• Extract solvent for pharmaceutical synthesis</li> <li>• Synthesis of grignard's reagent</li> </ul>
Hexene	<ul style="list-style-type: none"> <li>• Low boiling point solvent</li> <li>• Used as thinners</li> <li>• Hydrocarbon resins</li> <li>• Solvent extractions</li> <li>• Tyre re-treading</li> <li>• Octane booster for gasoline</li> <li>• Manufacturing C-5 / C-6 aliphatic petroleum</li> </ul>

Source: Company, Karvy Research

Miscellaneous Polymers	
Product	Applications
Vinflow (HT)	<ul style="list-style-type: none"> <li>• Construction</li> <li>• Ceramics</li> <li>• Oil drilling</li> <li>• Mining</li> <li>• Leather</li> <li>• Paper</li> </ul>
Vinplast 245 (Acrylic Super Plasticizer)	<ul style="list-style-type: none"> <li>• Construction</li> <li>• Ceramics</li> <li>• Oil drilling</li> <li>• Mining</li> <li>• Leather</li> <li>• Paper</li> </ul>

Source: Company, Karvy Research

Stock Ratings	Absolute Returns
Buy	: > 15%
Hold	: 5-15%
Sell	: <5%

## Connect & Discuss More at

 1800 425 8283 (Toll Free)

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

 Live Chat



## Disclaimer

**Analyst certification:** The following analyst(s), **Joyjit Sinha**, who is (are) primarily responsible for this report and whose name(s) is/are mentioned therein, certify (ies) that the views expressed herein accurately reflect his (their) personal view(s) about the subject security (ies) and issuer(s) and that no part of his (their) compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report.

**Disclaimer:** Karvy Stock Broking Limited [KSBL] is a SEBI registered Stock Broker, Depository Participant, Portfolio Manager and also distributes financial products. The subsidiaries and group companies including associates of KSBL provide services as Registrars and Share Transfer Agents, Commodity Broker, Currency and forex broker, merchant banker and underwriter, Investment Advisory services, insurance repository services, financial consultancy and advisory services, realty services, data management, data analytics, market research, solar power, film distribution and production, profiling and related services. Therefore associates of KSBL are likely to have business relations with most of the companies whose securities are traded on the exchange platform. The information and views presented in this report are prepared by Karvy Stock Broking Limited and are subject to change without any notice. This report is based on information obtained from public sources, the respective corporate under coverage and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of KSBL. While we would endeavor to update the information herein on a reasonable basis, KSBL is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent KSBL from doing so. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. KSBL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. This material is for personal information and we are not responsible for any loss incurred based upon it. The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advice, as they believe necessary. While acting upon any information or analysis mentioned in this report, investors may please note that neither KSBL nor any associate companies of KSBL accepts any liability arising from the use of information and views mentioned in this report. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Past performance is not necessarily a guide to future performance. Forward-looking statements are not predictions and may be subject to change without notice. Actual results may differ materially from those set forth in projections.

- Associates of KSBL might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.
- Associates of KSBL might have received compensation from the subject company mentioned in the report during the period preceding twelve months from the date of this report for investment banking or merchant banking or brokerage services from the subject company in the past twelve months or for services rendered as Registrar and Share Transfer Agent, Commodity Broker, Currency and forex broker, merchant banker and underwriter, Investment Advisory services, insurance repository services, consultancy and advisory services, realty services, data processing, profiling and related services or in any other capacity.
- KSBL encourages independence in research report preparation and strives to minimize conflict in preparation of research report.
- Compensation of KSBL's Research Analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.
- KSBL generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.
- KSBL or its associates collectively or Research Analysts do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.
- KSBL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report and have no financial interest in the subject company mentioned in this report.
- Accordingly, neither KSBL nor Research Analysts have any material conflict of interest at the time of publication of this report.
- It is confirmed that KSBL and Research Analysts, primarily responsible for this report and whose name(s) is/ are mentioned therein of this report have not received any compensation from the subject company mentioned in the report in the preceding twelve months.
- It is confirmed that **Joyjit Sinha**, Research Analyst did not serve as an officer, director or employee of the companies mentioned in the report.
- KSBL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.
- Neither the Research Analysts nor KSBL have been engaged in market making activity for the companies mentioned in the report.
- We submit that no material disciplinary action has been taken on KSBL by any Regulatory Authority impacting Equity Research Analyst activities.

## Karvy Stock Broking Limited

Plot No.31, 6th Floor, Karvy Millennium Towers, Financial District, Nanakramguda, Hyderabad, 500 032, India

Tel: 91-40-2331 2454; Fax: 91-40-2331 1968

For More updates & Stock Research, visit [www.karvyonline.com](http://www.karvyonline.com)