

### The Issue

Type of Issue	Issue size Rs. Mn
Fresh Issue	2,353
Offer for Sale	-
<b>Total</b>	<b>2,353</b>
<b>Post issue mkt cap (Rs. bn)*</b>	<b>9.4</b>
<b>Lot size</b>	<b>87</b>

\*At Upper Price Band

### Issue Break-Up

Reservation for	% of Issue
QIB	50%
NIB	15%
Retail	35%
<b>Total</b>	<b>100%</b>

### Indicative Offer Timeline

### Indicative Date

Bid/Offer Opening Date	Feb 27, 2024
Bid/Offer Closing Date	Feb 29, 2024
Finalization of the Basis of Allotment	Mar 01, 2024
Initiation of refunds	Mar 04, 2024
Credit of shares	Mar 04, 2024
Listing Date	Mar 05, 2024

### Use of Proceeds

Investment in Platinum Stabilizer Egypt LLC - Rs 738 mn	
Capex towards Facility 2	- Rs 793 mn
Funding working capital	- Rs 300 mn

**Manager:** Unistone Capital Pvt Limited

**Registrar:** Bigshare Services Pvt. Ltd.

**Saral Seth**

**VP—Institutional Equities**

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## Leader in PVC stabilizers

- **Platinum Industries** is one of the leading chemical company engaged in the business of manufacturing stabilizers. Its segment includes PVC stabilizers, CPVC additives and lubricants. The company operates in the speciality chemicals industry. The end user industries are PVC pipes, PVC profiles, PVC fittings, electrical wires and cables, SPC floor tiles, Rigid PVC foam boards, packaging materials, etc. The company's facility spans across 21k sqft. and is located in Palghar, Maharashtra.
- The company is the third largest player of PVC stabilizer with ~13% market share for FY23 in the domestic market.
- **PVC stabilizers (~60% of sales)** are chemical additives used in the production of polyvinyl chloride (PVC) based products to enhance the performance and durability of PVC. These stabilizers enhance the thermal stability of PVC by allowing it to withstand heat without significant degradation or loss of physical properties. They prevent the discoloration, embrittlement and degradation of PVC caused by UV exposure, ensuring the longevity and aesthetics of PVC-based applications. It also improves the mechanical properties of PVC, such as its impact strength, tensile strength, and flexibility.
- **CPVC additives (~4% of sales)**, or chlorinated polyvinyl chloride additives, are chemical substances added to enhance the properties and performance of chlorinated polyvinyl chloride (CPVC) materials. CPVC additives improve the heat and chemical resistance of CPVC materials, allowing them to withstand higher temperatures compared to standard PVC and withstand exposure to a wide range of chemicals and corrosive substances.
- **Lubricants (~30% of sales)** are an integral part of PVC formulation. Lubricants are used for the reduction of the friction between the molecules of PVC by lowering the melt viscosity. It also helps in the metal release effect, mold release effect, reduction in the friction.
- The company sells its products under 3 brands— Platinum, Flowstar and Highstab.

**Valuation and Outlook:** At CMP of Rs 171, the IPO is priced at annualized PE of 20.6x FY24E EPS on our estimates. Platinum has delivered a Rev/EBITDA/PAT CAGR of 61%/166%/176% respectively over FY21-23 led by better capacity utilization, new product additions, improved pricing and tight cost controls. The company is leading player in PVC stabilizers with 13% domestic market share. Exports contribute ~10% to its sales. The lead based and non-lead stabilizers have a utilization of ~28% and ~26% respectively in FY23 led by doubling of its lead based stabilizer capacity in FY23. We thus believe, increasing utilization and better cost controls should drive the medium term earnings growth for Platinum Industries. **We assign a SUBSCRIBE rating to the IPO.**

# Platinum Industries Ltd

## Key financial summary

Financial summary (Rs. mn)	FY21	FY22	FY23	H1FY24
Revenue	893	1,882	2,315	1,228
EBITDA	76	254	539	324
EBITDA margin (%)	8.5%	13.5%	23.3%	26.4%
PAT	48	178	375	228
P/E (x)	190.9	52.8	25.0	20.6*

\* Annualized P/E

## Pre-issue and post-issue holding structure

	Pre-issue	Post-issue*
Shareholding pattern	Holding (%)	Holding (%)
Promoter & Promoter Group	94.7	71.0
Public	5.3	29.0
Total	100.0	100.0

\* At upper price band

## Key Risks:

**Revenue concentration:** Top 5 customers contribute 81.8% of its sales and top 10 customers contribute 91% of its sales. The company presently does not have any long-term or exclusive arrangements with any of its customers.

**Supplier concentration:** Top 5 suppliers contribute 29% to revenue and Top 10 suppliers 37% contribute 37% to its sales.

**Geographic concentration:** The company derives 54% of its revenue from Western region mainly catering to CPVC companies within the chemical belt. Any slowdown in this region could impact its cashflows.

# Platinum Industries Ltd

## Key performance indicators

### Platinum segment wise revenue mix (%)

Revenue mix (%)	FY21	FY22	FY23	1HFY24
<b>PVC Stabilizers</b>	<b>58</b>	<b>42</b>	<b>51</b>	<b>60</b>
Lead based	33	17	12	18
Non-Lead based	26	25	39	42
<b>CPVC Additives</b>	<b>10</b>	<b>8</b>	<b>8</b>	<b>4</b>
<b>Lubricants</b>	<b>17</b>	<b>22</b>	<b>27</b>	<b>30</b>
<b>Trading Sales</b>	<b>14</b>	<b>28</b>	<b>14</b>	<b>6</b>
<b>Others</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>

### Platinum region wise revenue mix (%)

Region wise mix (%)	FY21	FY22	FY23	1HFY24
West	56%	70%	63%	54%
North	21%	10%	14%	12%
East	13%	8%	11%	13%
South	4%	5%	7%	12%
	<b>95%</b>	<b>94%</b>	<b>94%</b>	<b>91%</b>

### Platinum segment wise revenue mix (%)

PVC Stabilizer	CPVC Additives	Lubricants
<b>Lead Based</b>	CPVC Add Pack	PE Wax
Lead Based Stabilizer	CPVC Compound	Lubpack
Hybrid / Low Lead Stabilizer		
PVC Add Pack		
<b>Non-Lead Based</b>		
Calcium Zinc Stabilizer		
Calcium Organic Stabilizer		
PVC Add Pack		

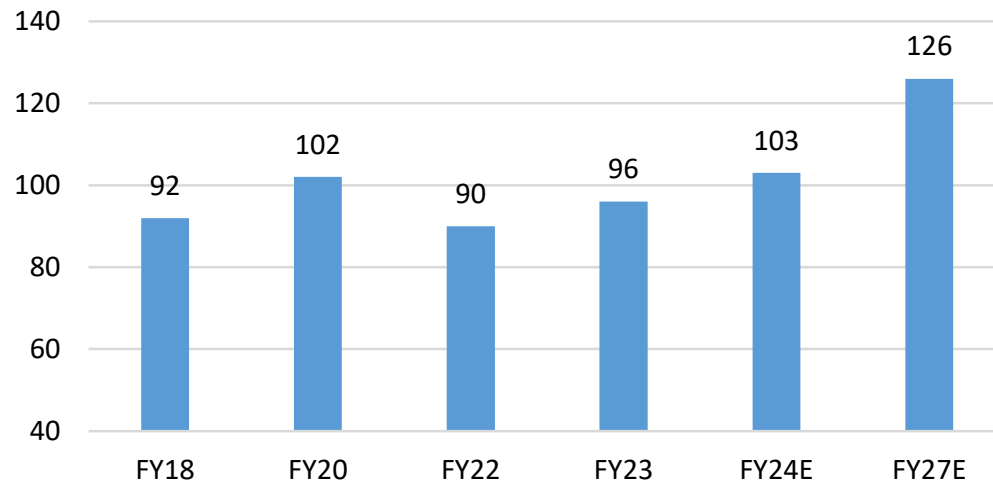
### Platinum capacity and utilization trend

		Lead Based	Non-lead	CPVC	Lubricants
FY23	Capacity	7,875	19,075	5,376	3,850
	Production	2,181	4,891	671	827
	Utilization	27.7%	25.6%	12.5%	21.5%
FY22	Capacity	4,035	12,675	3,221	3,398
	Production	2,570	2,846	498	616
	Utilization	63.7%	22.5%	15.5%	18.1%
FY21	Capacity	4,035	11,715	3,221	2,798
	Production	2,863	1,831	438	124
	Utilization	70.9%	15.6%	13.6%	4.4%

# Platinum Industries Ltd

## Industry overview

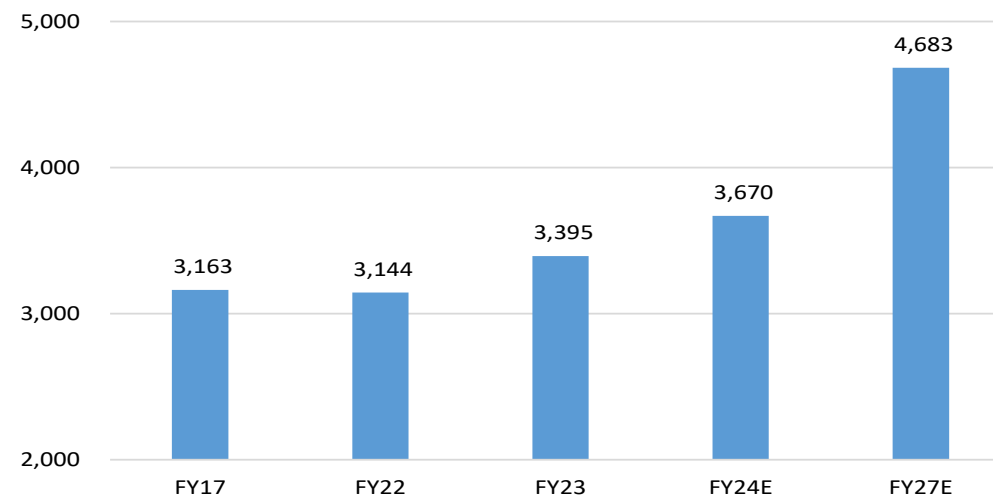
### India PVC stabilizers mkt ('000 tons)



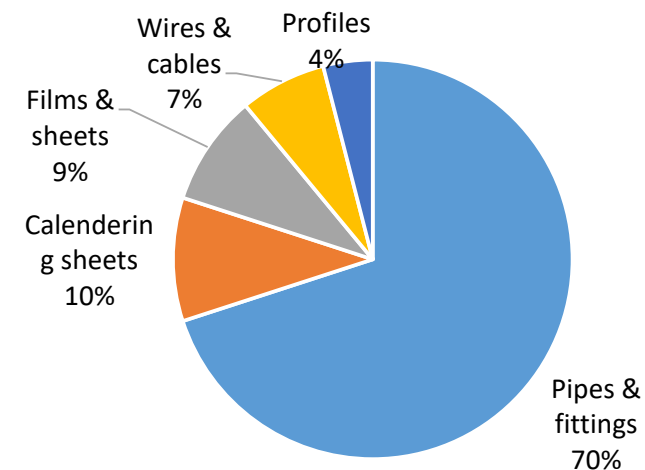
### Capacity of Top 3 India PVC stabilizers players

Manufacturer	MT
Baerlocher India Additives	65,500
Goldstab Organics	60,000
Platinum Industries Ltd	36,000

### India PVC demand ('000 tons)



### PVC demand by application segments (FY23)



## INDSEC Rating Distribution

**BUY** : Expected total return of over 15% within the next 12-18 months.

**HOLD** : Expected total return between 0% to 15% within the next 12-18 months.

**SELL** : Expected total return is negative within the next 12-18 months.

**NEUTRAL**: No investment opinion, stock under review.

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