

Q4FY22 Result Highlights

- During Q4FY22, the company reported revenue growth of 17% YoY & 19% QoQ to ₹317Cr v/s ₹272Cr in Q4FY22, driven by healthy volume ramp up. Gross & EBITDA margins reported at 68% v/s 55% & 31% v/s 23% despite of volatility in input cost. Current GM reported higher than usual because of better product mix. PAT increased by 108% YoY & 22% QoQ to ₹46Cr, PAT margins stood at 14% v/s 8% in Q4FY21.
- During FY22, the company reported revenue growth of 31% YoY to ₹1066Cr v/s ₹811Cr in FY21, this growth driven by lifescience (28% YoY to ₹954Cr v/s ₹743Cr) and other specialty chemical (grew by 59% YoY to ₹108Cr v/s ₹68Cr in FY21). Despite of volatility in input cost & increase in other overheads, gross & EBITDA margins has increased by 711 bps & 399 bps to 65% & 28% respectively. PAT margins stood at 14% v/s 9% in FY21.
- During FY22, the company has signed contract & LOI worth of ₹2,620Cr which gave strong revenue visibility. Going ahead, the company will be adding few more contract which are under final stages of signing with European multinational company and new Japanese multinational company as customer in Q1FY23.

Concall highlights:

- ARIL's revenue is expected to grow at 26-30% CAGR over the 2 years, gross margin is expected at ~60-62% & EBITDA margin at 26-27%.
- The company will be investing capex of ₹250Cr for contract/ LOI in FY23, it is estimated incremental ROCE ~20% & Asset turnover for this capex ~1.74x. Also targeting 6 new molecules to be commercialised in FY23.
- On capacity utilization front, the company has reached 75% utilization for Unit 5 & 6. Further it is expected to scale up to 90% in FY23.
- On Working capital front, currently WC cycle is 220 days, the management plans to reduce it to 180-190 days by using semi-annual pricing mechanism. Improvement will be seen from 2HFY23 onwards.
- The management is in discussion with key customers to reduce the review period to six months instead of annual basis, this has been agreed by 50% of its customers; the rest are likely to accept by 2HFY23.
- Tanfac acquisition update: The company is in process of testing new molecules in HF derivatives at lab scale. The company will be investing ₹50Cr of capex in Tanfac for debottlenecking. It is also focusing on polymers, pharmaceutical and agro segments, all molecules are high value high margin product; the potential sale opportunity is expected to be ~US\$ 220-260 million in the fluorine chemistry.
- The company is in process of customer evaluation for 2 chemical in telecom/semiconductor products which is expected to be complete by Q4FY23
- Fixed Asset T/O has improved to 0.86x in FY22 v/s 0.70x in FY21, further, it is expected to improve 1.30x in FY23 & 1.50 x in FY24. The company's debt increased to ₹817Cr v/s ₹386Cr in FY21, due to Tanfac acquisition. Net debt/Equity and Net debt/EBITDA at 0.35 x & 2.04x in FY22.

Important Statistics

MCAP (₹bn)	79.24
52-week H/L (₹)	1,107.55/681.05
NSE Code	ANURAS
BSE Code	543275

Shareholding Pattern	%
Promoters	65.18
FII	5.73
Mutual Fund & DII	3.68
Public	25.41

Financials

Particulars	(₹ Cr)			
	FY19	FY20	FY21	FY22
Net Sales	501	529	811	1,066
EBITDA	93	135	194	297
EBITDA Margin	19%	26%	24%	28%
PAT	50	53	70	151
EPS (₹)	6.60	6.94	8.56	15.23
P/E (₹)	119	113	91	52
EV/EBITDA	92	65	42	29
ROE	10%	10%	6%	9%
ROCE	11%	11%	11%	11%
net D/E	1.31	1.33	0.06	0.35

Source: Company, Way2Wealth

19th May 2022

CMP – ₹782/-

 View – **Accumulate on Dips**
Key Risks

- ARL faces customer concentration risk as it derived 85-87% of its revenues from its top 10 customers.
- Working capital days are high at >200 days due to high inventory which impacted its cash flows so far.
- Risk to CSM industry: Cancellation or deferral of contract orders; regulatory issues can hamper execution of contracts, flow of new orders, inability to recover increase in input costs and opex in contracts.

Outlook & valuation

- Going ahead, the company will maintain its growth momentum with revenue 32% CAGR over FY21-24E, this growth will be driven by launch of new molecules, signing new LOIs, conversion of LOIs into long term contracts and improvement in FA t/o. We estimate CAGR of 32%/48%% in EBITDA/PAT over FY21-24E and sustain EBITDA/ PAT margins at 26-27%/16-17% respectively.
- **At CMP 782, the stock is trading at PE 23x FY24E EPS of ₹33, EV/EBITDA is trading at 16x on FY24E. Hence, we recommend Accumulate on dip rating on stock.**

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 View – **Accumulate on Dips**
Financial Performance

(₹Cr)

Consolidated Quarterly Performance	Q4FY22	Q4FY21	YoY %	Q3FY22	QoQ %	FY22	FY21	YoY %
Net sales	317	272	17%	266	19%	1066	811	31%
COGS	103	121	-15%	90	14%	370	339	9%
Gross Profit	214	150	43%	176	22%	696	472	48%
Gross Profit margins %	68%	55%	1200 bps	66%	141 bps	65%	58%	711 bps
Employees cost	13	12	5%	12	3%	48	32	49%
other Expense	105	75	39%	89	18%	350	246	43%
Total Expenses	220	209	5%	191	15%	769	617	25%
EBITDA	97	63	54%	75	29%	297	194	53%
EBITDA margins %	31%	23%	748 bps	28%	238 bps	28%	24%	399 bps
Depreciation	15	13	16%	15	0%	60	52	16%
EBIT/ Operating Profit	82	50	65%	60	37%	237	142	67%
Interest	14	19	-28%	5	163%	31	69	-55%
Other income	0	2	-115%	5	-108%	15	26	-43%
Exceptional Items								
PBT	68	33	104%	60	14%	221	100	121%
Provision for current tax	12	12	-5%	10	24%	39	24	61%
Provision for Deffered Tax	10	-1	-814%	12	-14%	31	5	476%
PAT	45	22	105%	38	20%	151	70	116%
share of profit of associate	1	0		0		1	0	
Reported PAT	46	22	108%	38	22%	152	70	116%
PAT margins %	14%	8%	616 bps	14%	0 bps	14%	9%	554 bps
EPS (Basic & dilluted)	4.61	2.22	108%	3.79	22%	15.23	7.03	116%

Source: Company, Way2Wealth

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Disclosure of Interest Statement Anupam Rasayan India Ltd. as on 19th May 2022

Name of the Security	Anupam Rasayan India Ltd
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	
Financial Interest	No
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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