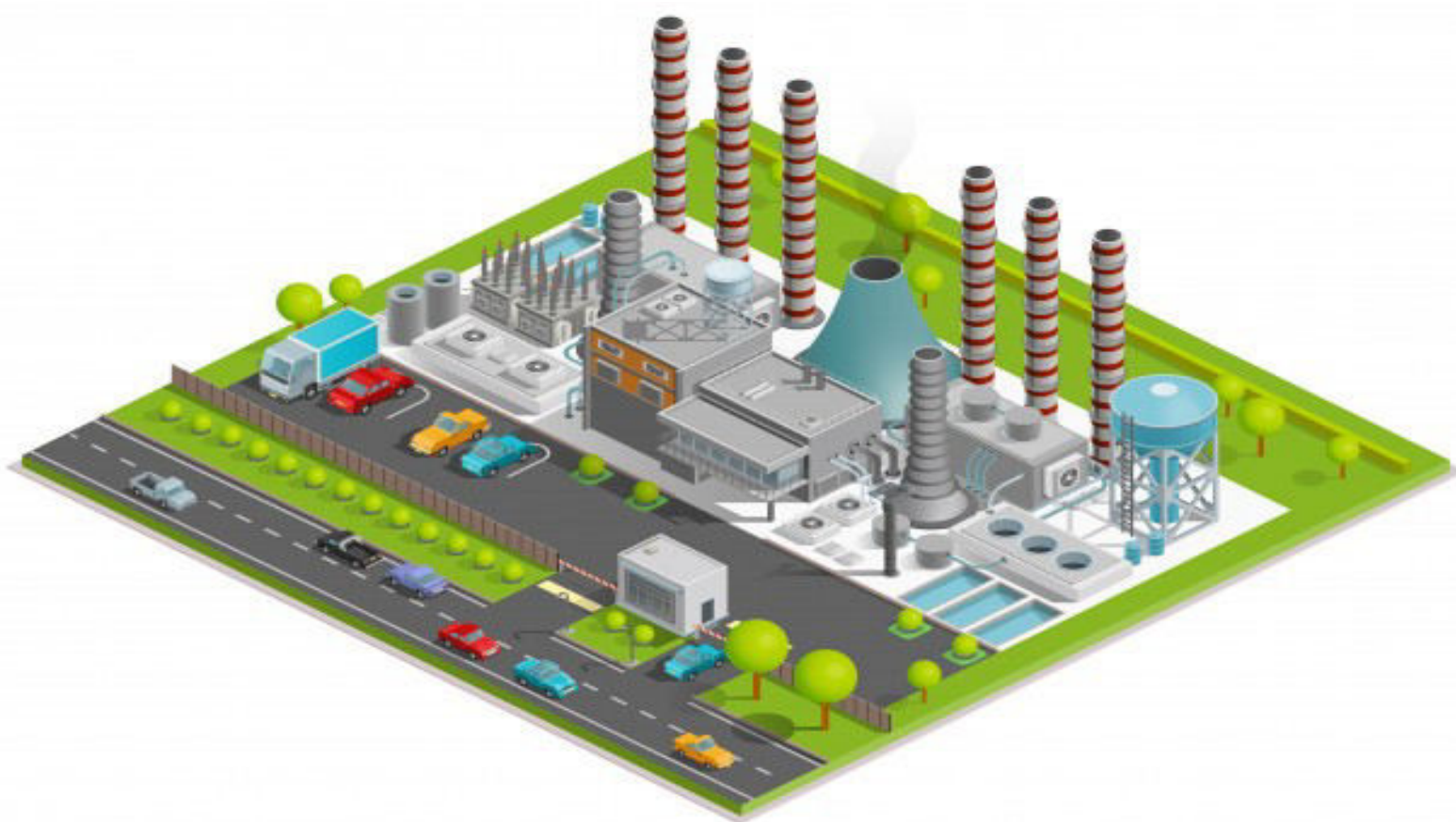


Initiating Coverage Report

Transpek Industry Ltd

Betting on Demand Recovery



Company Background

Transpek Industry Limited (hereafter referred to as TIL), founded by Govindji Shroff was started in 1965. It was incorporated as a public limited company in 1978. It has indigenously developed processes for chlorinated chemicals like Thionyl Chloride and Chloro Acetyl Chloride. The company caters to various industries such as Polymers, Plastics, Pharmaceuticals, Agrochemicals, Dyes and Pigments. TIL has a total installed capacity of 66,000 MT per annum with a manufacturing facility located at Ekalbara district Vadodara. More than 75% of the revenue comes from exports.

Investment Rationale

Shift from low margin to high margin products

In 1979, TIL started with the manufacturing of Thionyl Chloride, which is primarily used as Chlorinated Reagent. In 2014-2015, the company decided to move to Acid Chloride chemistry by using Thionyl Chloride. It has scaled up the production of Acid Chloride since 2015, where the company receives a high margin. TIL has started manufacturing value-added products like Terephthaloyl Chloride (TPC) and Isophthaloyl Chloride (ISL) using Thionyl Chloride. The acid chloride products are supplied to a wide variety of end-user industries such as Surfactants, Specialty Chemicals, Agrochemical, Dyes, Polymers and Pharma Sector. The strength of Transpek's R & D is evident from the fact that it has developed the manufacturing technology for all of its existing products in-house. Superior operating efficiency, sustainable product process, customer satisfaction and increased focus on improving process capabilities would be key growth drivers for the company in the medium to long term. Going forward, TIL would focus on more value-added products to drive its profitability.

Long term contracts with customers to provide stability + growth

In 2017, TIL executed a long term supply agreement with global chemical giant (MNC) for 10 years. The company started supplying under a long term supply agreement in 2018 and became a significant global player in acid chlorides. In the same year, this MNC customer closed its polymer ingredient plant mainly to decrease production costs by outsourcing. Since there are no other suppliers of these materials in the U.S., TIL is the primary supply source for the MNC (this client also sources the same products from Shiva Pharmachem in smaller quantities). As per our understanding, the company supplies two monomers (isophthaloyl chloride and terephthaloyl chloride) to this MNC client. These monomers are converted into polymers which are used for the manufacturing of end products such as bullet proof jackets, brake and clutch pads for Formula One racing Cars, High-End Consumer Cars, Aircraft Components, Civil or Military Aircraft Body Parts, the Space program and also in the construction of high rise buildings. As per management, the company is in advanced discussion with a few of its customers to sign 2-3 years supply contracts for its existing and new products. We believe the rising adoption of the "China plus one" strategy by various global MNCs augurs well for future growth opportunities of chemical companies like TIL.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (Inr)	1,650
Target Price (Inr)	2,167
BSE code	506687
NSE Symbol	NA
Bloomberg	TPI IN
Reuters	TSPK.BO

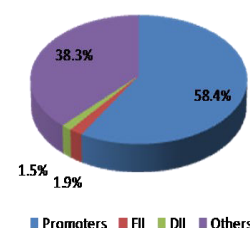
Key Data

Nifty	15,750
52 Week H/L (Inr)	2191/1299
O/s Shares (Mn)	5.6
Market Cap (Bn)	9.2
Face Value (Inr)	10

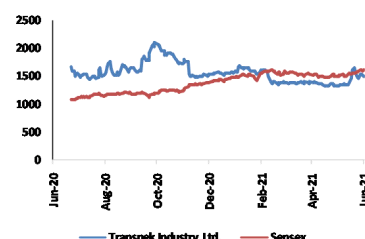
Average volume

3 months	11,990
6 months	9,920
1 year	12,040

Share Holding Pattern (%)



Relative Price Chart



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Transpek Industry Ltd.

Initiating Coverage Report

New products introduction coupled with higher contribution from pharma business to reduce concentration risk

TIL derives major revenue from the Polymer segment (70%), followed by the pharma (15%), the specialty chemicals (10%) and the remaining 5% is from dyes and agrochemicals. A long-term contract with an MNC client helped the company deliver stellar growth in topline and bottomline in FY19 and FY20, resulting in higher sales concentration from polymer business. This dependence severely impacted TIL's financial performance in FY21 (Revenue decline of 40% YoY with 68% de-growth in earnings). Based on TIL's R&D capability, management is confident of reducing polymers segment concentration to 50-55% in 2-3 years by launching 4-5 new products and increasing application of existing products in non-polymer segments (mainly pharma and agrochemicals). Management also clarified that the objective is not to reduce sales of the polymer segment, but to deliver higher sales growth in the non-polymer segment to reduce volatility in business. The company has introduced two new Acid Chlorides recently. Our channel check suggests, in Q4 TIL started supplying sample quantities to some new customers, which is in line with the management comment during the previous concall.

Financial performance to recover and improve further

- ⇒ We expect TIL to register a 37% revenue CAGR over FY21-23, backed by significant demand recovery and new product launches.
- ⇒ We estimate its adjusted PAT to record a strong 86% CAGR, driven by robust revenue and a healthy margin over FY21-23.
- ⇒ We expect that, with higher PAT growth, its balance sheet would improve, which could result in lower leverage and a better RoE and RoCE

Existing capacity sufficient to achieve revenue of INR 6.5 to 7bn

TIL has a total capacity of around 66,000 p.a., including various captive used chemical capacity. Adjusted for captive products, the net capacity would be around 16,000 tpa. In addition, the company also has access to 3 Job work suppliers located in the same manufacturing complex for which the company has entered into Job work arrangement. These three units can provide an additional around 12,000 tpa, resulting in a total capacity of 28,000 tpa. During April 2020 to January 2021, the company's capacity utilisation was around 35%; currently, this utilisation has substantially improved. Hence, the company does not find any major capex requirement for new products growth. TIL can achieve around INR 6-7bn revenues with existing products along with around 16-20% EBITDA margin.

Why we like this stock & valuation methodology

With over five decades of experience in manufacturing products using Sulphur and Chlorine chemistry, TIL has gradually diversified from being pure high-volume low-margin products to a low-volume high-margin specialty product. It has set up high entry barriers in its business supported by its niche product portfolio. We expect significant revenue growth with steady profitability, aided by volume recovery in the long-term supply contract (Polymer segment) and new product launches in the pharmaceutical segment. Additionally, we believe the rising adoption of the 'China plus one' strategy by various global MNCs augurs well for future growth opportunities of chemical companies like TIL. Considering the expected strong recovery in revenue/profitability, healthy balance sheet with improving return ratios, we are optimistic about the company's long-term growth prospects. We foresee 37.2% revenue CAGR, 607bps margin expansion, and 86.1% growth in earnings over FY21-23E. At the CMP (INR 1,650), the stock trades at 11.4x FY23e EPS and 7.1x EV/EBITDA. We believe the stock to witness gradual re-rating on the back of a better product pipeline and improved return ratios. We initiate coverage on the stock & recommend a 'BUY' rating with a target price of INR 2167 per share, valuing the company at 15x FY23e earnings.



Transpek Industry Ltd.

Initiating Coverage Report

Key Financials

YE March (INR. Mn)	FY18	FY19	FY20	FY21	FY22E	FY23E
Revenue	3,611	5,946	5,656	3,394	4,839	6,390
<i>Revenue Growth (Y-o-Y)</i>	14.1%	64.6%	(4.9%)	(40.0%)	42.6%	32.1%
EBITDA	471	1,166	1,179	472	843	1,276
<i>EBITDA Growth (Y-o-Y)</i>	(10.7%)	147.6%	1.1%	(60.0%)	78.6%	51.4%
Net Profit	264	657	729	233	490	807
<i>Net Profit Growth (Y-o-Y)</i>	(11.9%)	149.0%	11.0%	(68.1%)	110.2%	64.7%
Diluted EPS	47.3	117.7	130.6	41.7	87.7	144.4
<i>Diluted EPS Growth (Y-o-Y)</i>	-11.9%	149.0%	11.0%	-68.1%	110.2%	64.7%
No of Diluted shares (Mn)	5.6	5.6	5.6	5.6	5.6	5.6

Key Ratios

EBITDA (%)	13.0%	19.6%	20.8%	13.9%	17.4%	20.0%
NPM (%)	7.3%	11.1%	12.9%	6.9%	10.1%	12.6%
RoE (%)	11.7%	23.5%	22.4%	6.5%	12.2%	17.4%
RoCE (%)	19.4%	21.6%	28.0%	13.6%	9.1%	17.9%
Tax Rate %	24.6%	35.1%	22.0%	8.7%	25.2%	25.2%
Book Value Per Share (INR.)	442	558	606	680	760	897

Valuation Ratios

P/E (x)	34.9x	14.0x	12.6x	39.6x	18.8x	11.4x
EV/EBITDA	23.4x	8.9x	8.5x	20.6x	11.0x	7.1x
P/BV (x)	3.7x	3.0x	2.7x	2.4x	2.2x	1.8x
Market Cap. / Sales (x)	2.6x	1.6x	1.6x	2.7x	1.9x	1.4x

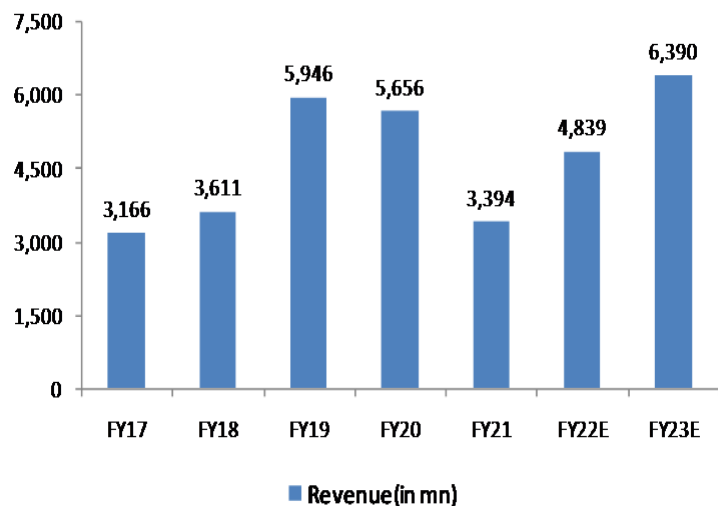
Source: Ace Equity, BP Equities Research

Transpek Industry Ltd.

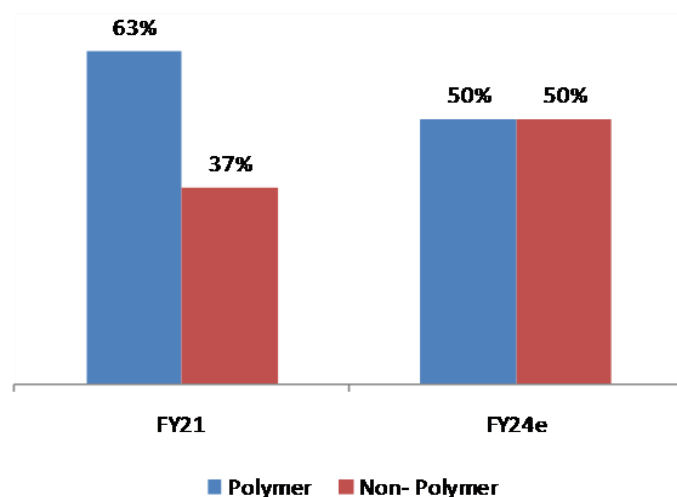
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Story In Chart

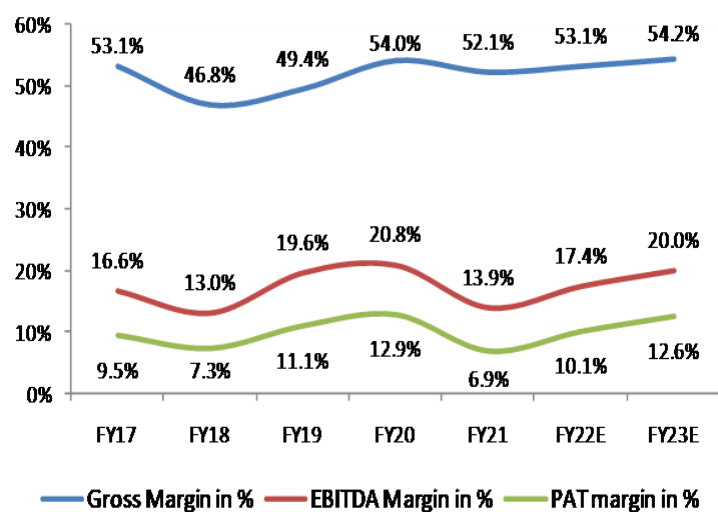
Revenue to grow at healthy pace



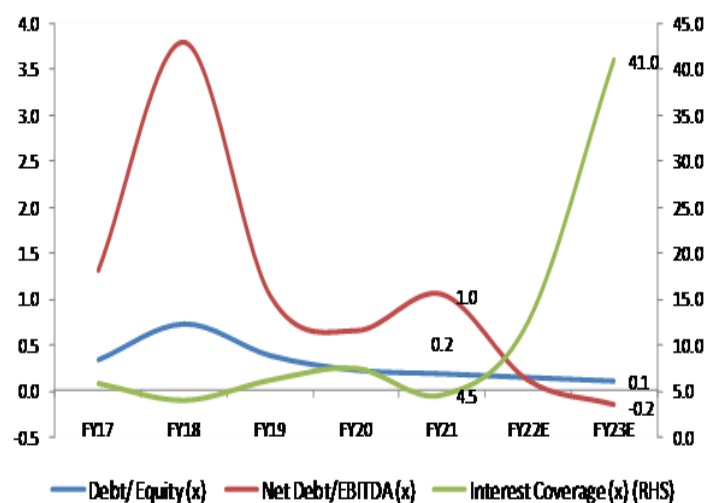
New product launches to accelerate growth of non polymer segment



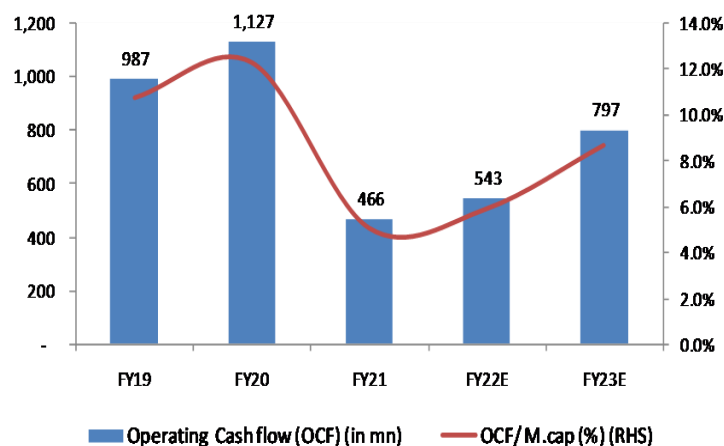
EBITDA margin to enhance by 607bps over FY21-23E



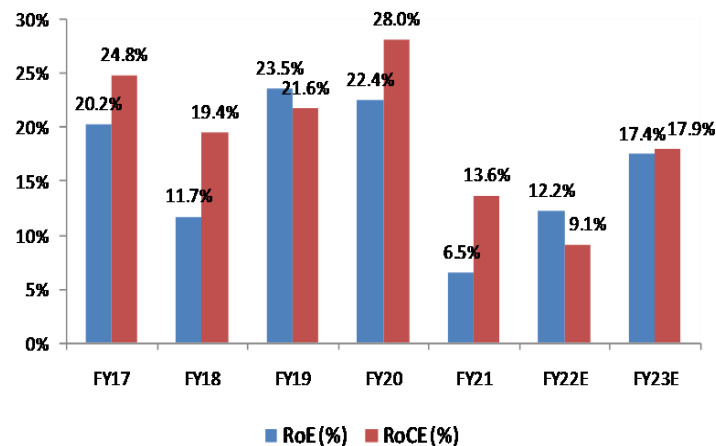
Leverage ratios at comfortable level



Cash flow generation to improve further



Return ratios to remain healthy



Source: Company BP Equities Research

About Terephthaloyl chloride (TPC) and its uses

Chloride is a compound of chlorine combined with another element or group, especially a salt of the anion Cl or an organic compound of chlorine bonded to an alkyl group. Terephthaloyl chloride is an acid chloride derivative of terephthalic acid. Terephthaloyl chloride is abbreviated as TCL and its chemical formula is $C_8H_4Cl_2O_2$. TCL is a transparent water-white liquid above its freezing point, and white crystalline solid at room temperature. Flame resistance, chemical resistance, temperature stability, lightweight, and high physical strength are some properties of terephthaloyl chloride. TCL is a vital component for performance polymers and aramid fibers. Terephthaloyl chloride is also an effective water scavenger, used to stabilize urethane prepolymers and isocyanates.

The global terephthaloyl chloride market is primarily driven by the increase in demand for Kevlar, a material formed by combining terephthaloyl chloride and para-phenylenediamine. The automobile industry uses terephthaloyl chloride owing to its chemical, mechanical, and physical properties. This is expected to boost the terephthaloyl chloride market. Moreover, use of TLC in wide range of applications, ranging from consumer products to industrial gadgets are projected to create lucrative opportunities for the expansion of the market. Research & development in improving the utilization of terephthaloyl chloride, is expected to drive the market. Corrosive property of terephthaloyl chloride creates problems in its storage and increases the overall cost. This is anticipated to hamper the market.

Based on form, the terephthaloyl chloride market can be segmented into flakes and molten form. The molten form segment accounts for a significant share of the market due to rising demand for manufacturing of chemical-resistant materials. Flakes are utilized in the synthesis of high-performance polymers and is projected to create lucrative opportunities for expansion of the segment.

In terms of application, the terephthaloyl chloride market can be segmented into performance polymers, aramid fibers, water scavengers, and others. The aramid fibers segment holds a prominent share of the market. Aramid fibers are used in protective clothing for industrial and aerospace sectors owing to its high material strength and high heat-resistant properties. Furthermore, aramid fibers are used to manufacture Kevlar, which is known for its lightweight properties. Therefore, surge in demand for Kevlar in the defense industry is expected to propel the terephthaloyl chloride market. The performance polymers segment also accounts for a considerable share of the terephthaloyl chloride market as they are primarily used in oil & gas, mining, and construction industries.

In terms of geography, the terephthaloyl chloride market can be segregated into North America, Latin America, Asia Pacific, Europe, and Middle East & Africa. North America accounts for a significant share of the global terephthaloyl market owing to the rise in demand for aramid fibers in automobile and defense industries. Asia Pacific holds a substantial share of the market owing to the utilization of performance polymers in end-use industries. An upsurge in demand for consumer goods is expected to fuel the terephthaloyl chloride market in growing economies such as China and India. Europe, Latin America, and Middle East & Africa are the emerging hubs of the terephthaloyl chloride market. (Source: www.transparencymarketresearch.com)

KEVLAR® - General Practical Applications



Kevlar® has a high tensile strength to weight ratio, far exceeding steel and even specialist metal alloys, such as magnesium alloys, used in aerospace engineering.

For this reason it is used extensively in the manufacture of panels and wings for fighter jets, including the Eurofighter Typhoon. During the manufacture of Formula One racing cars, Kevlar® is used for the bodywork and petrol tank. Kevlar has many other uses.

Source: Industry

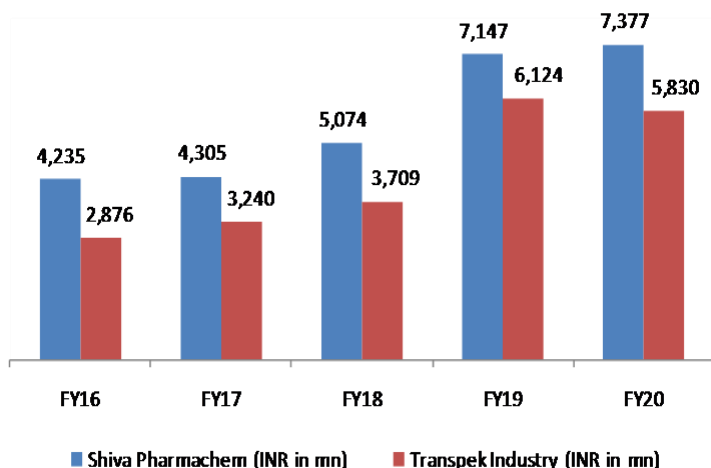
Transpek Industry Ltd.

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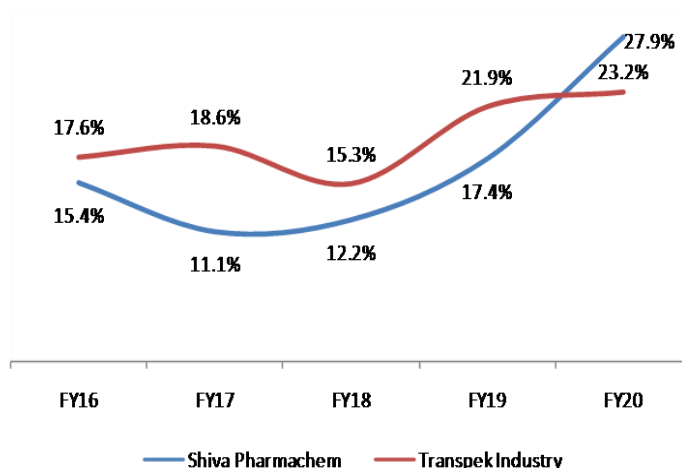
Peer comparison

As the products manufactured by the TIL has specialized applications, Shiva Pharmachem is the only direct competitor in India with similar kind of product profile.

Shiva Pharma's revenue grew by ~12% CAGR compared to TIL growth of ~15% CAGR during FY16-FY20

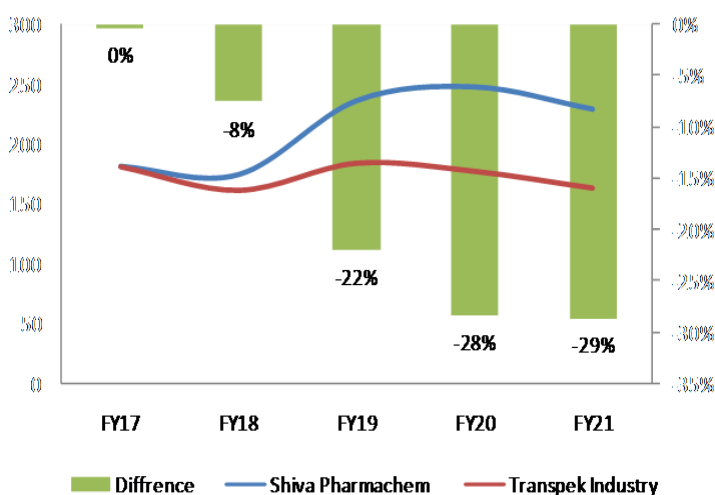


Margin Profile of TIL remained more stable till FY20 compared to Shiva Pharma



Source: Industry, BP Equities Research

Per Kg realization of TPC by both these players to MNC customer



Source: Industry, BP Equities Research

As per our channel check, MNC client source TPC from both of these Indian manufacturers. As they have a 10 years contract with TIL, the MNC customer gets the same product at ~ 20% to 30% discounted price compared to their second source in the same region.

On the other side, TIL gets benefit from strong operating leverage supported by ~3x to 4x increase in order of TPC revenue post commencement of multi year deal.

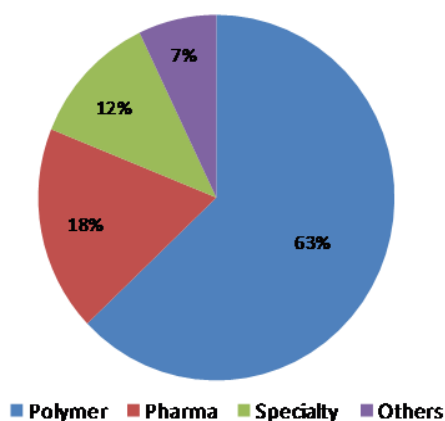
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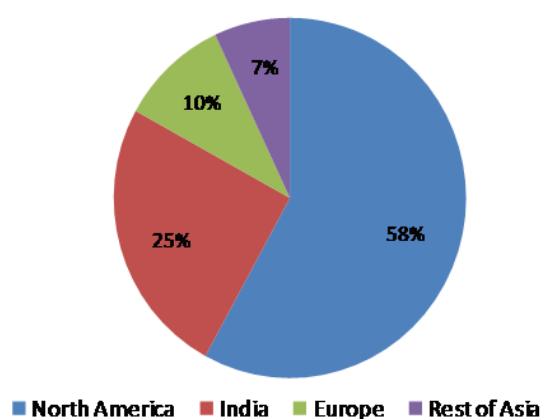
Company Background

Transpek Industry Limited (hereafter referred to as TIL), founded by Govindji Shroff was started in 1965. It was incorporated as a public limited company in 1978. The company produces a wide range of products such as Thionyl Chloride, ChloroAcetyl Chloride, Isophthaloyl Chloride, Sulphur Dichloride, Sulphur Monochloride, etc. The company has indigenously developed processes for chlorinated chemicals like Thionyl Chloride and Chloro Acetyl Chloride. TIL caters to various industries such as polymers, plastics, pharmaceuticals, agrochemicals, Dyes and pigments. The company has a total installed capacity of 66,000 MT per annum. The manufacturing facility is located at Ekalbara district Vadodara. More than 75% of the revenue comes from exports.

Sales Distribution based on Applications



Region-wise sales breakup



Source: Company, BP Equities Research

Product portfolio

Diversified Products Across India's Fastest Growing Industries					
<ul style="list-style-type: none"> 2, 4, 6 Trimethyl Benzoyl Chloride Octanoyl chloride Propargyl Chloride Solution 	<ul style="list-style-type: none"> Cocoyl Chloride Diethylene Glycol Dichloride Isononanoyl Chloride Lauroyl chloride 	<ul style="list-style-type: none"> 2-Methoxyethyl chloride 2-Propoxyethyl chloride Methoxyacetyl chloride n-Butyryl chloride n-Valeryl Chloride Octanoyl chloride Propargyl Chloride Solution Sulphur Dichloride Thionyl Chloride 	<ul style="list-style-type: none"> 2-Chloroethylamine Hydrochloride Solution Isophthaloyl Chloride m-Nitrobenzoyl chloride p-Nitrobenzoyl Chloride Sulphur Dichloride Sulphur Monochloride Terephthaloyl chloride Thionyl Chloride 	<ul style="list-style-type: none"> 2-Ethylhexanoyl chloride Isononanoyl Chloride Isophthaloyl Chloride Neodecanoyl Chloride Octanoyl chloride Pivaloyl chloride Terephthaloyl chloride 	<ul style="list-style-type: none"> 2-Chloroethylamine Hydrochloride Solution 4-Chlorobutynyl Chloride 2-Methoxyethyl chloride Diethylene Glycol Dichloride Isobutyryl chloride Lauroyl chloride Methoxyacetyl chloride n-Butyryl chloride n-Decanoyl chloride n-Octyl chloride n-Valeryl Chloride o-Toluoyl chloride Octanoyl chloride Pivaloyl chloride p-Nitrobenzoyl Chloride Propargyl Chloride Solution Sulphur Dichloride Triethyleneglycol Dichloride Thionyl Chloride
Specialty Chemicals		Surfactants		Agrochemical	
				Dyes	
				Polymers	
				Pharma	

Manufacturing Facility



Ekalbara

Located ~25 km away from the headquarter location at Vadodara, Gujarat.

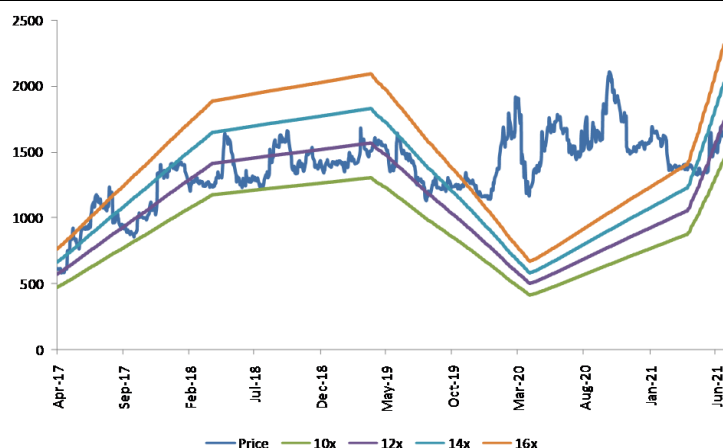
Source: Company, BP Equities Research

Transpek Industry Ltd.

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Band Charts

P/E Band

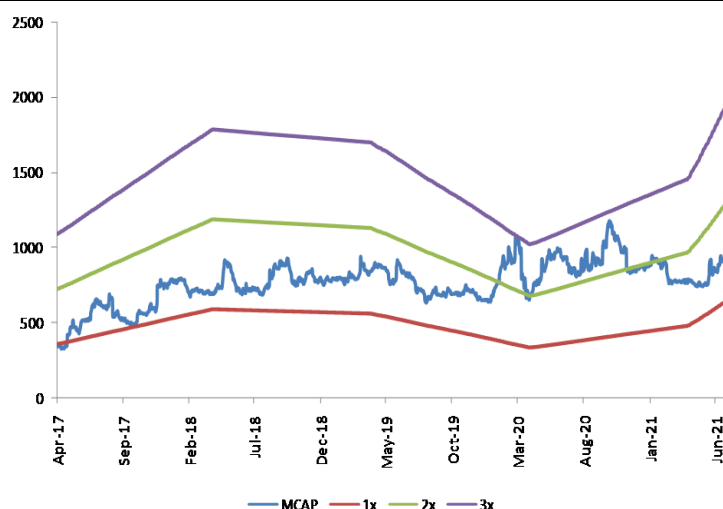


EV/EBITDA Band

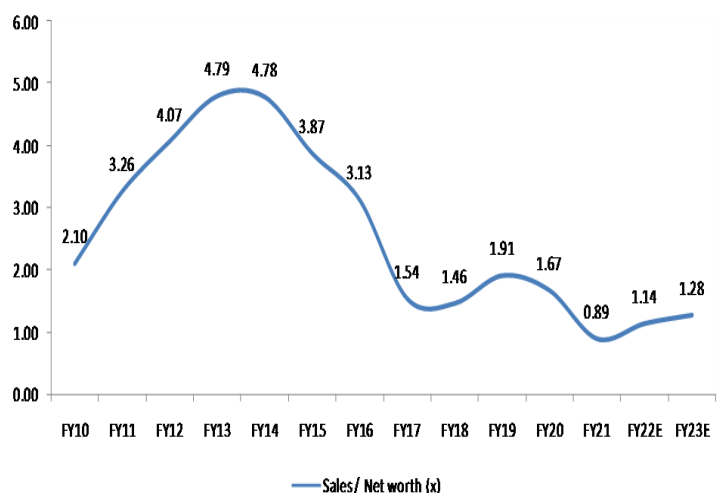


Source: Ace Equity, Company, BP Equities Research

Mcap / Net Sales Band



Sales/ Net worth



Source: Ace Equity, Company, BP Equities Research

Key Risks and Concerns:

- ⇒ Revenue and profitability are exposed to government policies related to pollution control, product toxicity, or import and export of raw materials.
- ⇒ As per our understanding TPC contributes significantly to topline through sales to a single customer, TIL faces pronounced product and customer concentration risks.

Transpek Industry Ltd.

Initiating Coverage Report

Key Milestones

1965	Incorporated Transpek Industry Pvt. Ltd. for manufacturing Acrylic Sheets
1968	Strategic diversification to chemical manufacturing business
1978	Invitation to public for Initial Public Offer
1979	Started manufacturing of Thionyl Chloride (First Company to do so in Asia)
1986	Started Exporting Chemicals
1987	Started manufacturing Chloro Acetyl Chloride (First Indian Company to do so)
2000	Transferred Sulphoxylates Division to Transpek Silox Industry Ltd.
2004	Set up of First Multi Purpose Acid Chloride Plant
2012	Significant strategic shift from Thionyl Chloride to various Acid Chlorides
2017	Long term supply agreement with global chemical giant
2018	Started supplying under long term supply agreement and became big global player in acid chlorides

Source: Company

Transpek Industry Ltd - Board of Directors

Name	Designation	Details
Mr. Ashwin C. Shroff	Chairman	He is a science graduate, Mr. Shroff have emerged stronger, helping the growth of Industrial chemicals, Agro chemicals and Environment related businesses. He was the President of Indian Chemical Council (1996–1998). He is member of FICCI Environment Committee and FICCI Chemicals Committee.
Mr. Bimal Mehta	Managing Director	He is a qualified CA by profession. He has worked on C level positions in Indian and multi-national companies. He has 33 years of experience in Business Strategy, Market Growth, Customer Relationships and Finance.
Mr. Atul G. Shroff	Director	He had been the MD of the Company from 1981 to Nov 2017, has grown through the ranks of the Company since its inception. His keen sense of understanding the chemical processes has resulted in development of several innovative and appropriate improvements in our various plants.
Mr. Dipesh K. Shroff	Director	He holds a Diploma in Civil Engineering, M.E.P. from IIM, Ahmedabad and OPM from Harvard Business School, Boston; he is presently the MD of Agrocet Industries Pvt. Ltd.
Mr. Ravi A. Shroff	Director	He is B.E. (Chemical Engineering) and M.S. (Chemistry). He is also holding directorship in several private limited companies and one Investment Company. He is also a partner in several partnerships. Presently he is the MD in Excel Industries Ltd.

Source: Company

Transpek Industry Ltd.

Initiating Coverage Report

Profit & Loss A/c							
YE March (INR. Mn)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Revenue	3,166	3,611	5,946	5,656	3,394	4,839	6,390
Growth %	11.6%	14.1%	64.6%	-4.9%	-40.0%	42.6%	32.1%
Total Revenue	3,166	3,611	5,946	5,656	3,394	4,839	6,390
Less:							
Raw Material Consumed	1,486	1,922	3,010	2,603	1,626	2,271	2,925
Employee Cost	350	377	452	494	449	516	593
Other Expenses	802	842	1,317	1,380	848	1,208	1,596
Total Operating Expenditure	2,639	3,141	4,780	4,478	2,922	3,996	5,114
EBITDA	527	471	1,166	1,179	472	843	1,276
Growth %	12.8%	-10.7%	147.6%	1.1%	-60.0%	78.6%	51.4%
Less: Depreciation	86	99	141	259	285	300	346
EBIT	441	372	1,025	920	187	542	930
Growth %	14.7%	-15.7%	175.7%	-10.2%	-79.7%	190.4%	71.4%
Interest Paid	91	119	190	158	104	68	31
Non-operating Income	74	98	178	174	173	180	180
Extraordinary Income	0	0	0	0	0	0	0
Profit Before tax	424	350	1,013	935	255	655	1,079
Tax	124	86	356	206	22	165	272
Net Profit	300	264	657	729	233	490	807
Adjusted Profit	300	264	657	729	233	490	807
Reported Diluted EPS Rs	53.7	47.3	117.7	130.6	41.7	87.7	144.4
Growth %	40.9%	-11.9%	149.0%	11.0%	-68.1%	110.2%	64.7%
Adjusted Diluted EPS Rs	53.7	47.3	117.7	130.6	41.7	87.7	144.4
Growth %	40.9%	-11.9%	149.0%	11.0%	-68.1%	110.2%	64.7%

Source: Ace Equity, BP Equities Research

Common Sized Profit & Loss Account							
YE March (INR. Mn)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:							
Raw Material Consumed	46.9%	53.2%	50.6%	46.0%	47.9%	46.9%	45.8%
Employee Cost	11.1%	10.4%	7.6%	8.7%	13.2%	10.7%	9.3%
Other Expenses	25.3%	23.3%	22.2%	24.4%	25.0%	25.0%	25.0%
Total Operating Expenditure	83.4%	87.0%	80.4%	79.2%	86.1%	82.6%	80.0%
EBITDA	16.6%	13.0%	19.6%	20.8%	13.9%	17.4%	20.0%
Depreciation	2.7%	2.7%	2.4%	4.6%	8.4%	6.2%	5.4%
Interest Paid	2.9%	3.3%	3.2%	2.8%	3.1%	1.4%	0.5%
Non-operating Income	2.3%	2.7%	3.0%	3.1%	5.1%	3.7%	2.8%
Extraordinary Items	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Profit Before Tax	13.4%	9.7%	17.0%	16.5%	7.5%	13.5%	16.9%
Current tax	3.9%	2.4%	6.0%	3.6%	0.7%	3.4%	4.3%
Profit After Tax	9.5%	7.3%	11.1%	12.9%	6.9%	10.1%	12.6%
Adjusted Profit	9.5%	7.3%	11.1%	12.9%	6.9%	10.1%	12.6%

Source: Ace Equity, BP Equities Research

Transpek Industry Ltd.

Initiating Coverage Report

Cash Flow Statement							
YE March (INR. Mn)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
PAT	299.8	264.0	657.4	729.4	233.0	489.8	806.8
(Less)/Add: Extraordinary Income/Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less: Non Operating Income	(74.3)	(97.5)	(178.0)	(173.9)	(172.6)	(180.0)	(180.0)
Add: Depreciation	86.3	99.2	141.4	259.0	285.1	300.4	346.4
Add: Interest Paid	91.0	119.0	189.6	158.5	104.1	67.6	31.1
Tax Adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Profit before Working Capital Changes	402.8	384.7	810.4	973.0	449.6	677.8	1,004.4
(Inc)/Dec in Current Assets	(270.5)	(485.7)	137.0	59.2	151.7	(399.3)	(428.8)
Inc/(Dec) in Current Liabilities	204.9	242.3	140.7	30.8	(264.6)	421.2	389.7
Changes in Inventory	6.8	(88.9)	(101.2)	64.3	129.5	(156.3)	(167.9)
Net Cash Generated From Operations	344.0	52.4	986.9	1,127.3	466.2	543.5	797.4
Cash Flow from Investing Activities							
(Inc)/Dec in Fixed Assets	542.1	(713.9)	(713.2)	(745.2)	(289.2)	(200.0)	(600.0)
(Inc)/Dec in Capital Work In Progress	(29.6)	(433.4)	235.9	141.5	47.0	0.0	0.0
(Inc)/Dec in Investment (Strategic)	4.0	(44.2)	17.0	7.9	32.9	(9.2)	(9.9)
(Inc)/Dec in Investment (Others)	(1,255.0)	(127.7)	(54.4)	311.0	(241.7)	0.0	0.0
Add: Non Operating Income	74.3	97.5	178.0	173.9	172.6	180.0	180.0
(Inc)/Dec in Intangible Assets	(19.3)	(2.3)	13.1	(0.2)	12.2	0.0	0.0
Net Cash Flow from/(used in) Investing Activities	(683.5)	(1,223.9)	(323.7)	(111.2)	(266.2)	(29.2)	(429.9)
Cash Flow from Financing Activities							
Inc/(Dec) in Total Loans	418.2	1,144.6	(463.0)	(378.9)	(65.9)	(250.0)	(250.0)
Inc/(Dec) in Reserves & Surplus	902.2	199.4	99.0	(403.1)	222.5	(0.0)	0.0
Inc/(Dec) in Equity	(2.9)	0.0	0.0	0.0	0.0	0.0	0.0
Dividend Paid	(50.3)	(50.3)	(111.7)	(55.9)	(41.9)	(41.9)	(41.9)
Less: Interest Paid	(91.0)	(119.0)	(189.6)	(158.5)	(104.1)	(67.6)	(31.1)
Adjustments	(860.6)	(0.1)	(6.6)	(16.0)	0.0	0.0	0.0
Exceptional Item	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow from Financing Activities	315.6	1,174.6	(671.9)	(1,012.4)	10.7	(359.5)	(323.0)
Net Inc/Dec in cash equivalents	(23.8)	3.1	(8.8)	3.7	210.7	154.8	44.5
Opening Balance	37.2	13.3	16.4	7.6	11.3	222.0	376.8
Closing Balance Cash and Cash Equivalents	13.3	16.4	7.6	11.3	222.0	376.8	421.2

Source: Ace Equity, BP Equities Research

Transpek Industry Ltd.

Initiating Coverage Report

Balance Sheet							
YE March(INR. Mn)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Liabilities							
Equity Capital	56	56	56	56	56	56	56
Reserves & Surplus	2,000	2,413	3,058	3,329	3,742	4,190	4,955
Equity	2,056	2,469	3,114	3,384	3,798	4,246	5,011
Net Worth	2,056	2,469	3,114	3,384	3,798	4,246	5,011
Minority Interest							
Net Deferred tax liability/(Asset)	465	506	643	697	687	687	687
Total Loans	698	1,801	1,202	769	713	463	213
Capital Employed	3,219	4,777	4,959	4,850	5,198	5,396	5,911
Assets							
Gross Block	1,258	1,972	2,685	3,430	3,719	3,919	4,519
Less: Depreciation	86	185	320	563	848	1,149	1,495
Net Block	1,171	1,786	2,365	2,867	2,871	2,770	3,024
Capital WIP	130	564	328	186	139	139	139
Investments	35	79	62	55	22	31	41
Non Current investment	1,308	1,435	1,490	1,179	1,421	1,421	1,421
Current Assets							
Inventories	371	460	561	497	367	524	691
Sundry Debtors	672	935	935	920	761	1,085	1,433
Cash and Bank Balance	13	16	8	11	222	377	421
Current Investments	0	0	0	0	0	0	0
Loans and Advances	109	361	208	179	177	252	333
Other Current Assets	29	1	16	1	10	10	10
Total Current Assets	1,194	1,772	1,727	1,608	1,537	2,247	2,889
Less:Current Liabilities & Provisions							
Sundry Creditors	339	545	592	522	362	599	791
Provisions	40	24	54	17	5	7	9
Other Current Liabilities	266	318	381	520	428	610	806
Total Current Liabilities & Provisions	645	887	1,028	1,059	794	1,215	1,605
Capital Applied	3,219	4,777	4,959	4,850	5,198	5,396	5,911

Source: Ace Equity, BP Equities Research



Transpek Industry Ltd.

Initiating Coverage Report

Key Ratios

YE March (Rs. mn)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Key Operating Ratios							
EBITDA Margin (%)	16.6%	13.0%	19.6%	20.8%	13.9%	17.4%	20.0%
Tax / PBT (%)	29.3%	24.6%	35.1%	22.0%	8.7%	25.2%	25.2%
Net Profit Margin (%)	9.5%	7.3%	11.1%	12.9%	6.9%	10.1%	12.6%
RoE (%)	20.2%	11.7%	23.5%	22.4%	6.5%	12.2%	17.4%
RoCE (%)	24.8%	19.4%	21.6%	28.0%	13.6%	9.1%	17.9%
Current Ratio (x)	1.9x	2.0x	1.7x	1.5x	1.9x	1.8x	1.8x
Dividend Payout (%)	16.8%	19.0%	17.0%	7.7%	18.0%	18.0%	18.0%
Book Value Per Share (Rs.)	368.1	442.1	557.5	605.9	680.0	760.2	897.1

Financial Leverage Ratios

Debt/ Equity (x)	0.3x	0.7x	0.4x	0.2x	0.2x	0.1x	0.0x
Interest Coverage (x)	5.8x	4.0x	6.1x	7.4x	4.5x	12.5x	41.0x

Growth Indicators %

Growth in Net Block (%)	24.7%	52.5%	32.4%	21.2%	0.1%	(3.5%)	9.2%
Sales Growth (%)	11.6%	14.1%	64.6%	(4.9%)	(40.0%)	42.6%	32.1%
EBITDA Growth (%)	12.8%	(10.7%)	147.6%	1.1%	(60.0%)	78.6%	51.4%
Net Profit Growth (%)	40.9%	(11.9%)	149.0%	11.0%	(68.1%)	110.2%	64.7%
Diluted EPS Growth (%)	40.9%	(11.9%)	149.0%	11.0%	(68.1%)	110.2%	64.7%

Turnover Ratios

Debtors Days	78	94	57	59	82	82	82
Creditors Days	47	63	45	43	45	45	45
Inventory Days	43	46	34	32	39	39	39

Source: Ace Equity, , BP Equities Research

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