

Ajmera x-change
The Growth Catalyst



Mobile Application

#Letsgetgoing



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EQUITY, DERIVATIVES, CURRENCY, COMMODITY, DEPOSITORY, MUTUAL FUNDS, INSURANCE* & NBFC*

VOL. 01/27

COMPANY REPORT

29 March 2018

Dynemic Products

Price: Rs 180

Displaying bright show

BSE Sensex: 32,969

Nifty-50: 10,114

Standalone financials

	SALES	OPM (%)	OP	OTHER INC.	PBIDT	INTEREST	PBDT	DEP.	PBT	TOTAL TAX	PAT	EPS (RS)*
1403 (12)	116.36	16	18.63	0.37	19	1.37	17.63	1.81	15.82	5.59	10.23	9
1503 (12)	128.36	13.9	17.8	0.28	18.08	2.25	15.83	3.02	12.81	3.47	9.34	8.2
1603 (12)	129.07	12.9	16.69	0.02	16.71	2.09	14.62	3.14	11.48	3.96	7.52	6.6
1703 (12) &	128.61	19.5	25.13	0.2	25.33	1.5	23.83	3.17	20.66	7.18	13.47	11.9
1803 (12P) &	163.98	19.1	31.39	0.2	31.59	1.15	30.44	3.35	27.09	9.39	17.7	15.6
1903 (12P) &	183.65	19.3	35.45	0.18	35.63	0.92	34.7	3.68	31.02	9.31	21.72	19.2

*Annualised on equity of Rs 11.3284 crore. Face value of Rs 10 each. EO: Extraordinary items. EPS is adjusted after EO and relevant tax. (P): Projections. Figures in crore. Source: Capitaline Databases

STOCK DATA

BSE Code	:	532707
BSE Group	:	B
NSE Code	:	DYNPRO
Bloomberg	:	DYPL.IN
Reuters	:	DYPR.BO
Par Value	:	Rs 10
52-week High/Low	:	Rs 236 / Rs 101
Sector	:	Chemicals

Dynemic Products is one of the major manufacturers and exporters in India, offering complete range of Food Colors, Lake Colors, Blended Colors, FD&C Colors & Dye Intermediates.

The company's products are essential ingredient of food, drug, cosmetic, personal care and FMCG industries.

All the products manufactured by Dynemic meet the regulatory requirement of BIS, EU, FDA & WHO Specification, also it fulfill criteria of Kosher & Halal Certification.

Its manufacturing facilities include two well equipped plants spread over 24000 Sq Mt of area that are HACCP (Hazardous Analytical Critical Control Point) & ISO 9001:2000, ISO 14001 certified.

It has various packing options for convenience of its customer. Dynemic provides from bulk packing to small packing. It also provides durable and flexible packing options. Food Colors are packed in dust free area.

SHAREHOLDING PATTERN*

Category	% of equity
Foreign	-
Promoter & Group	40.06
Institution	0.27
Non-Institution	59.68
Total	100

* as on 31/12/2017.

Source: Capitaline Database

One of the very few in the world to offer complete range of Water Soluble and Lake Colors

Dynemic manufactures complete range of Water soluble Colors and Lake Colors.

In the entire world there are very few manufacturers, who produce complete range of colors.

There are many small producers, who produce 2-3 colors and that too in small quantity.

So the company has large customer base as they can be sure that they buy from manufacturer, who can offer complete range of colors, in big quantum, best quality &

with prompt delivery for long-term business.

Its products have wide applications

Synthetic food colors are used to enhance the original colors associated with a given product. Also due to light, air, temperature and moisture many time product's color fade or disappear, so color are added to give a colorful identity to the colorless or dull looking foods. Also colors are used to provide a colorful appearance to "fun foods."

Primary Food Colors are easily soluble in water and have wide application like in Foodstuff, Beverages, Animal feeds, Sea-Foods, Meat & Fish products, Cosmetics, Toiletry products etc.

Lake Colors are widely used in cosmetic, pharmaceuticals, bakery products, Dairy products Packaging for Foodstuffs etc.

The company's products also find application in Confectionary (almost all confectionery has added colorants in them). Most common ones are candies, jellies, coated candies and chocolates, Beverages (Represent one of the top market segments for the use of colors), Proceed Food, Bakery Products (The consumer appeal of baked goods and cereals can be greatly enhanced through the use of colors), Dairy Product (Most of the dairy products like oil based coatings, retorted milk products, sauces, wax coating for cheese and cheese are coated with lakes rather than dyes), Pet Foods (Lakes are preferred because of the presence of proteins as they are more stable colorants in semi-moist foods), Pharmaceuticals, and Cosmetic & Personal Care Products.

Fast growing global food industry presents buoyant export market

Around 58% of the company's net sales are being exported world-wide including USA, UK, Germany, South America, Middle East, South East Asia, South Africa, Indonesia, Thailand, Philippines, China, Brazil, Argentina, Chile etc.

Food colors are widely used in applications such as beverages, bakery, confectionary, dairy & frozen products, meat products, and others. And with the increase in demand of these products the demand for the company's product too increases.

The food colors market size is projected to reach USD 3.75 Billion by 2022, at a CAGR of 8.40% from 2016. Asia-Pacific is the fastest growing region in the food colors market.

Consumers in countries such as India, China, Indonesia,

Australia, and Japan are gradually demanding better food products with increased shelf-life, texture, and appearance. Increase in consumer expenditures in these countries for food & beverages have been driving the market in the region. The market is expected to be of great potential in the region in the next five years and projected to grow significantly at the higher growth rate between 2016 and 2022.

The Indian Dyestuffs and Pigments industry has transformed from being import dependent to one driven by exports. Developed countries are now focusing on sourcing dyestuffs and pigments from cost effective Asian markets, thanks to stringent environmental constraints back home.

Exports have grown in double-digits over the last few years. Going forward, availability of skilled professionals and low cost of manufacturing coupled with Research and Development (R & D) capabilities are seen as strong growth drivers for the dyestuffs and pigments industry in India.

Impressive performance

The company has performed well in all the three quarters of the current year.

For the quarter ended December 2017, sales jumped 37% to Rs 45.70 crore. OPM improved 10 basis points from 19.7% to 19.8% taking OP up 38% to Rs 9.05 crore. Other income fell 8% to Rs 3 lakh and interest cost fell 46% to Rs 21 lakh.

As depreciation grew 6% to Rs 84 lakh, PBT jumped 48% to Rs 8.03 crore. As provision for taxation went up 45% to Rs 2.60 crore, PAT grew 50% to Rs 5.42 crore.

For the nine months ended December 2017, sales jumped 33% to Rs 119.68 crore. OPM fell 70 basis points to 19.6% taking OP up 28% to Rs 23.42 crore. Other income grew 5% to Rs 12 lakh and interest cost fell 25% to Rs 86 lakh. As depreciation grew 5% to Rs 2.49 crore, PBT grew 36% to Rs 20.18 crore. As provision for taxation grew 35% to Rs 5.18 crore. PAT grew 36% to Rs 13.18 crore.

Expanding

The company plans to set up unit-III in Dahej. It is waiting for environment clearance from GPCB and as soon as environment clearance is received it will start the plant work.

Valuation

In FY 2018 we expect the company to register sales and net profit of Rs 163.98 crore and Rs 17.70 crore respectively. EPS works out to Rs 15.6. This EPS is likely to rise to Rs 19.2 in FY 2019 on sales of Rs 183.65 crore and net profit of Rs 21.72 crore. The scrip trades at Rs 180. P/E on FY 2019 projected EPS works out to 9.4.

Dynamic Products: Standalone results

	1712(3) ₹	1612(3) ₹	VAR.(%)	1712(9) ₹	1612(9) ₹	VAR.(%)	1703(12) ₹	1603(12)	VAR.(%)
Sales	45.70	33.34	37	119.68	90.10	33	128.61	129.07	0
OPM (%)	19.8	19.7		19.6	20.2		19.5	12.9	
OP	9.05	6.57	38	23.42	18.24	28	25.13	16.69	51
Other inc.	0.03	0.03	-8	0.12	0.12	5	0.20	0.02	752
PBIDT	9.08	6.60	38	23.54	18.35	28	25.33	16.71	52
Interest	0.21	0.38	-46	0.86	1.14	-25	1.50	2.09	-28
PBDT	8.87	6.22	43	22.68	17.21	32	23.83	14.62	63
Dep.	0.84	0.80	6	2.49	2.37	5	3.17	3.14	1
PBT	8.03	5.42	48	20.18	14.84	36	20.66	11.48	80
Total Tax	2.60	1.79	45	7.01	5.18	35	7.18	3.96	81
PAT	5.42	3.62	50	13.18	9.67	36	13.47	7.52	79
EPS (Rs) *	19.2	12.8		15.5	11.4		11.9	6.6	

* Annualised on equity of Rs 11.3284 crore; Face value of Rs 10 each. EO: Extraordinary items.
EPS is adjusted after EO and relevant tax. Figures in crore.
Source: Capitaline Databases