

Weak Performance ;Amid slowdown

CMP: Rs 272

Rating: Not Rated

Outlook: Neutral

Stock Info

BSE	506685
NSE	ULTRMARINE
Bloomberg	UMP IN
Reuters	ULTR.BO
Sector	Chemicals
Face Value (Rs)	2
Equity Capital (Rs Mn)	58.4
Mkt Cap (Rs Mn)	7950
52w H/L (Rs)	299/ 103
Avg Yearly Vol (in 000')	3519

Shareholding Pattern %

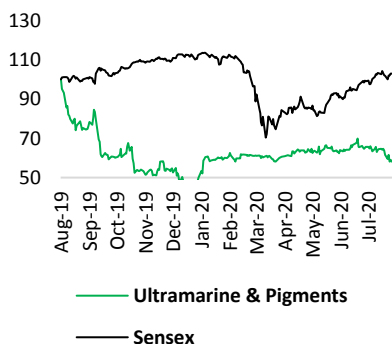
(As on June, 2020)

Promoters	52.5
FII	0.98
DII	6.18
Public & Others	40.34

Stock Performance (%)

	3m	6m	12m
Ultramarine	75.3	52.6	54.0
Sensex	23.38	-6.54	3.82

Ultramarine Vs Sensex



Ultramarine & Pigments Profit for the quarter de-grew by 40.83% YoY/ 32.77% QoQ to Rs 100 mn during Q1FY21. Net sales stood at Rs. 608 mn (-14.19% YoY / 17.47% QoQ) due to disruptions caused by covid-19 . EBITDA was at Rs. 131 mn (-29.67% YoY / -24.48% QoQ) with margin of 21.6% (-476bps YoY / -201bps QoQ). EBITDA margin during the quarter contracted sharply by -476 bps YoY due to sharp fall in gross margin. Gross margin has fallen to 48% from 59% YoY.

Segment Highlights:

- Among its segment verticals, Laundry & Allied Products segment was down by 16.4% QoQ to Rs 526 Mn.
- IT Enabled Services segment also saw weak performance with a fall of 24% QoQ/ 24.6% YoY.
- Windmill saw uptick of 255.6% QoQ/-19.0% to Rs 6 Mn.

Valuation and View: At CMP of Rs 272, Ultramarine & Pigments is trading at PE of 12.8x to its FY20 EPS of Rs 21.2. Company was impacted during the COVID - 19 pandemic. Ultramarine Pigments Ltd is one of the largest Pigment and Surfactant manufacturing company of Indian origin It endeavors to serve the customers with range of inorganic pigments, detergents and cosmetic grade surfactants. The chemical industry remains an attractive hub of opportunity even in an environment of global uncertainties.

Hence, we are Neutral on the company's near term outlook.

Q1FY21 Financial Performance

Rs Mn (Standalone)	Q1FY21	Q4FY20	Q1FY20	Q-o-Q	Y-o-Y
Net Revenue	607	735	707	-17.47%	-14.19%
Material Cost	313	316	289	-1.01%	8.17%
Employee cost	92	118	115	-21.36%	-19.44%
Other Expenses	71	128	117	-44.96%	-39.64%
EBITDA	131	174	186	-24.48%	-29.67%
EBITDA margin %	21.6%	23.6%	26.4%	-201bps	-476bps
Other Income	26	22	19	16.22%	37.97%
Depreciation	21	21	21	-2.84%	-2.38%
EBIT	136	175	184	-21.92%	-25.91%
Finance cost	2	1	3	110%	-19%
Exceptional Item	-	-	-	-	-
PBT	134	174	182	-22.68%	-26.01%
Tax Expense	-34	-44	-34	-21.51%	1.48%
Effective tax rate %	-25.5%	-25.2%	-18.6%	-38bps	-692bps
PAT	100	130	148	-23.08%	-32.30%
MI & Associates	-	-	-	-	-
Consolidated PAT	100	130	148	-23.08%	-32.30%
PAT margin %	16.5%	17.7%	20.9%	-120bps	-441bps
EPS (Rs)	3.4	4.4	5.1	-	-

Source: Arihant Research, Company Filings

Q1FY21 Segment Performance

Particulars Rs Mn	Q1FY21	Q4FY20	Q1FY20	Q-o-Q	Y-o-Y
SEGMENT REVENUE					
Laundry & Allied Products	526	629	600	-16.4%	-12.3%
IT Enabled Services	81	106	107	-24.0%	-24.6%
windmill	6	2	8	255.6%	-19.0%
Total	613	737	714	-16.8%	-14.2%
Less: Inter Segment Revenue	-6	-1.5	-7	300.0%	-18.9%
Sales/Income from Operations	607	735	707	-17.5%	-14.2%
SEGMENT RESULTS					
Laundry & Allied Products	102	147	154	-30.3%	-33.7%
IT Enabled Services	23	29	19	-19.0%	24.5%
windmill	3	-2	4.7	-250.0%	-36.2%
Total	129	174	178	-25.9%	-27.6%
Less: Interest and Finance Charges	-2.1	-1	-2.6	110.0%	-19.2%
Less: Unallocated Expenditure/Income (Net-off)	7.7	0.9	6.3	755.6%	22.2%
Less: Exceptional Items	-	-	-		
Total Profit before Tax	134	174	182	-22.6%	-26.0%
Segment Assets					
Laundry & Allied Products	1920	1908	1513	0.6%	26.9%
IT Enabled Services	165	208	228	-20.7%	-27.5%
windmill	99	100	102	-1.3%	-2.7%
Unallocated / Corporate	1993	1597	2506	24.8%	-20.5%
Total Segment Assets	4,177	3,814	4,348	9.5%	-3.9%
Segment Liabilities					
Laundry & Allied Products	550	595	326	-7.6%	68.8%
IT Enabled Services	111	105	138	6.0%	-19.5%
windmill	0.3	1	0	-72.7%	50.0%
Unallocated / Corporate	116	89	134	29.5%	-13.9%
Total segment Liabilities	777	790	598	-1.66%	29.87%

Source: Arianth Research, Company Filings, Ace Equity, Bloomberg

Income Statement

Y/E March (Rs Mn)	FY17	FY18	FY19	FY20
Revenues	2,554	2,774	3,069	3,062
Change (%)		8.6%	10.6%	-0.2%
Cost of Goods Sold	1,267	1,350	1,408	1,331
Employee costs	336	382	438	482
Other expenses	452	440	520	491
Total operating Expense	2,056	2,172	2,366	2,304
EBITDA	498	602	702	758
Other Income	28	87	102	115
Depreciation	42	48	58	86
Interest	2	6	1	11
PBT	482	634	745	776
Extra-ordinary	0	0	59	0
PBT after ext-ord.	482	634	804	776
Tax	-157	-198	-239	-156
Rate (%)	-32.6%	-31.2%	-29.7%	-20.1%
PAT	325	436	565	620
Change (%)		34.4%	29.4%	9.8%

Key Ratios

Y/E March (Rs Mn)	FY17	FY18	FY19	FY20
Per share (Rs)				
EPS	11.1	14.9	19.3	21.2
CEPS	12.5	0.2	0.1	0.1
BVPS	26.8	43.8	33.0	25.9
Valuation (x)				
P/E	24.5	18.2	14.1	12.8
P/CEPS	21.7	16.4	12.8	11.3
P/BV	10.1	6.2	8.3	10.5
EV/EBITDA	16.3	13.5	11.7	11.0
Return Ratios (%)				
Gross Margin	50.4%	51.3%	54.1%	56.5%
EBIDTA Margin	17.8%	21.3%	22.9%	24.8%
PAT Margin	12.7%	15.7%	18.4%	20.3%
ROE	10.4%	8.5%	14.7%	20.5%
ROCE	14.6%	10.8%	16.7%	20.8%
Leverage Ratio (%)				
Total D/E	0.0	0.0	0.0	0.1
Turnover Ratios				
Asset Turnover (x)	0.7	0.5	0.7	0.8
Inventory Days	73	68	70	93
Receivable Days	49	34	39	47
Payable days	35	38	26	35

Balance Sheet

Y/E March (Rs Mn)	FY17	FY18	FY19	FY20
Sources of Funds				
Share Capital	58	58	58	58
Reserves & Surplus	3,077	5,052	3,790	2,966
Net Worth	3,135	5,111	3,849	3,025
Borrowings	-	-	-	203
Lease liabilities	-	-	-	62
Provisions	8	10	11	10
Deferred Tax Liabilities (net)	117	123	110	72
Deferred Income	5	4	4	4
Total Non-Current Liabilities	130	137	124	350
Trade payables	246	287	219	293
Lease liabilities	-	-	-	21
Other financial Liabilities	66	61	79	86
Other current Liabilities	25	32	34	37
Provisions	10	3	3	2
Total Current Liabilities	347	384	335	440
Total Liabilities	3,613	5,631	4,308	3,814
Property, Plant and Equipment	601	699	784	845
Right of use assets	-	-	-	67
Capital work in progress	2	7	25	354
Other Intangible assets	3	2	2	2
Investments	1,865	3,718	1,850	764
loans	17	11	31	0
Others	1	0	0	10
other non-current assets	91	100	139	129
Total Non-Current Assets	2,578	4,537	2,831	2,170
Inventories	254	251	272	338
Investments	204	278	470	289
Trade Receivables	340	261	330	392
Cash and cash equivalents	150	143	272	197
Bank balances other than cash and cash equivalents	5	6	7	7
Loans	23	51	72	343
Others	7	10	13	36
Current Tax Assets (Net)	0	2	5	0
Other current assets	52	31	36	42
Assets held for sale	-	60	-	-
Total Current Assets	1,035	1,094	1,477	1,645
Total Assets	3,613	5,631	4,308	3,814
Cash Flow Statement				
Y/E March (Rs Mn)	FY17	FY18	FY19	FY20
PBT	482	634	804	776
Net Cash From Operating Activities	304	549	302	475
		-37	-61	-41
Net Cash (used in)/from Investing Activities	-268	-409	-22	-387
Net Cash (used in)/from Financing Activities	-2	-147	-151	-163
Net (decrease)/increase In Cash & Equivalents	34	-7	129	-75
Opening balance of cash	116	150	143	272
Closing balance of cash	150	143	272	197

Source: Arihant Research, Company Filings, Ace Equity, Bloomberg

Arihant Research DeskEmail: research@arihantcapital.com

Tel. : 022-42254800

Head Office

#1011, Solitaire Corporate Park
 Building No. 10, 1st Floor
 Andheri Ghatkopar Link Road
 Chakala, Andheri (E)
 Mumbai – 400093
 Tel: (91-22) 42254800
 Fax: (91-22) 42254880

Registered Office

Arihant House
 E-5 Ratlam Kothi
 Indore - 452003, (M.P.)
 Tel: (91-731) 3016100
 Fax: (91-731) 3016199

Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return**Research Analyst
Registration No.**

INH000002764

Contact

SMS: 'Arihant' to 56677

Websitewww.arihantcapital.com**Email Id**research@arihantcapital.com

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Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
 Andheri Ghatkopar Link Road, Chakala, Andheri (E)
 Tel. 022-42254800 Fax. 022-42254880