

Jaysynth Dyestuff

₹77

*Dyestuffs Major Consumer Is Textiles...!!!***Buy**

July 14, 2017

Company Background

Jaysynth Dyestuff is engaged in the manufacture of reactive dyes, disperse dyes and pigments. The company is incorporated in 1985, has 3 units, at Vapi, Gujarat; Turbhe and Patalganga, Maharashtra. While the reactive and disperse dyes are high growth products, pigments also enjoy a good market both in India and abroad. It has implemented a forward integration programme to manufacture pigments at a cost of Rs 9.25 cr in 1995. Production capacity for pigments is 670 tpa. In 1994, the company had implemented a balancing-cum-expansion scheme at a cost of Rs 25 cr at its plants at Turbhe and Patalganga to increase its dyestuff manufacturing capacity from 4680 tpa to 6000 tpa. Starting from a modest production of 6 metric tons the company has today become one of the largest dyes and pigments businesses in India. Jaysynth products are now exported to over 50 countries, including the very countries from which dyes were imported earlier. Today, Jaysynth has grown into a professionally managed group with annual revenues of USD 40 million. Jaysynth's corporate policy can be summed up as customer satisfaction, reliability, innovation, quality and service. Customer needs are the center of all activity at Jaysynth.

Key Highlights

- ➔ Textile Dyes Market Expected to Grow at 8.13% CAGR during 2016-2023 to Reach USD 8.75 Billion by 2023.
- ➔ At present, India adds approx. 6% share in the global market with a 15% CAGR. The dye markets are mostly led by reactive and disperse dyes. The demand for reactive and disperse dyes is expected to grow in future.
- ➔ China, Korea and Taiwan are strong players in disperse dyes, while India leads in the production of reactive dyes due to an availability of intermediate vinyl sulphone in the country.
- ➔ Over April-December 2016, exports of dyes increased 0.48 % year-on-year to US\$ 1.42 billion and exports of intermediates stood at US\$ 140.48 million.
- ➔ Maharashtra and Gujarat account for 90% of dyestuff production in India due to the availability of raw materials and dominance of textile industry in these regions.

Key Financials

Year Ended 31 st	Mar 14	Mar 15	Mar 16
Revenue (INR mn)	1,384.7	1,280.3	1,273.1
Rev. growth (%)	7.42	(7.54)	(0.56)
EBITDA (INR mn)	113.5	141.8	95.4
Net profit (INR mn)	90.6	51.5	62.0
Shares outstanding (mn)	8.7	8.7	8.7
EPS (INR)	10.4	5.9	7.1
EPS growth (%)	28.59	(43.41)	20.24
P/E (x)	2.60	5.87	7.91
RONW (%)	15.49	9.16	8.70
ROCE (%)	22.59	14.18	12.43

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Info Codes

Reuters	: JYSD.BO
Bloomberg	: JDI IN
NSE	: JAYDYSTUF
BSE	: 506910

Market Data

52 Wk Range (₹)	: 66/97
Shares in Issue (mn)	: 8.7
Market. Cap (bn)	: 0.67
BSE 2 Wk Avg Vol	: 1482

Share Holding Pattern (%)

Promoters Holding	: 70.09
Public & Others	: 23.25
Corporate Holding	: 06.16
Foreign Institution	: 00.43
Institutions	: 00.07

Investment Theme

Jaysynth Dyestuff (India) Ltd. was incorporated with the main objective to carry on business of manufactures and dealers in dyes, dyes intermediates, organic chemicals, textile auxiliaries, pigments, resins, plasticizers and emulsions. Export opportunities created by the closure of several units in countries like USA and Europe due to enforcement of strict pollution control norms, has resulted in a spurt of capacity building in India. Export opportunities created by the closure of several units in countries like USA, Europe and China due to enforcement of strict pollution control norms. China was implemented strict law, leading to closure of certain dyestuff and chemical units has resulted in creation of temporary demand for Indian products. Products are now exported to over 50 countries.

India is 2nd largest producer of dyes and intermediaries in Asia...!!!

Financial Statements

Income Statement

(₹ mn)

Year end	Mar 14	Mar 15	% Chg	Mar 16	% Chg
Net Sales	1,292.2	1,200.3	(7.1)	1,192.3	(0.7)
Other Income	24.4	13.5	(44.7)	20.5	51.9
Change in Stocks	54.8	16.5	(69.9)	13.8	(16.4)
Raw Material Con.	973.1	865.7	(11.0)	842.1	(2.7)
Employee Exp.	50.2	61.0	21.5	69.2	13.4
Indirect Taxes	68.1	66.5	(2.3)	60.3	(9.3)
Other Exp.	138.3	141.8	2.5	147.9	4.3
Operating Exp.	1,229.7	1,135.0	(7.7)	1,119.5	(1.4)
Operating Profit	141.7	95.3	(32.7)	107.1	12.4
Total Interest	3.9	2.5	(35.9)	2.0	(20.0)
Gross Profit	137.8	92.8	(32.7)	105.1	13.3
Net Dep.	9.3	14.9	60.2	17.9	20.1
Total Taxation	37.9	26.4	(30.3)	25.2	(4.5)
Net Profit/Loss	90.6	51.5	(43.2)	62.0	20.4

4 Years Balance Sheet

(₹ mn)

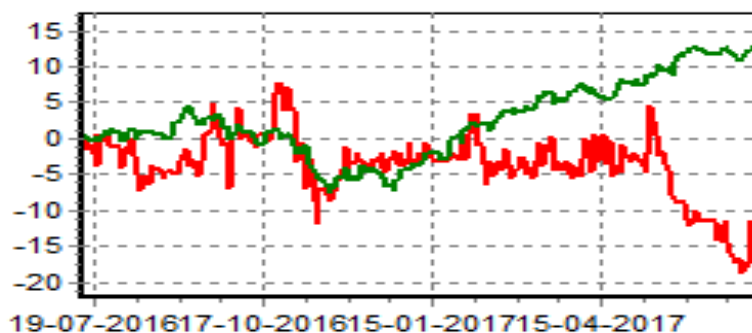
Balance Sheet as on 31 st	Mar 13	Mar 14	Mar 15	Mar 16
SOURCES OF FUNDS	456.1	541.5	592.1	651.8
Equity Share capital	8.7	8.7	8.7	8.7
Equity Application Money	0.0	0.0	0.0	0.0
Equity Share Warrants	0.0	0.0	0.0	0.0
Reserves & Surplus	444.1	528.8	578.2	637.0
Secured Loans	0.0	0.0	0.0	0.0
Unsecured Loans	3.3	4.0	5.2	6.1
USES OF FUNDS	456.1	541.5	592.1	651.8
Gross Block	154.6	163.6	185.3	202.5
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	26.0	33.9	48.7	64.8
Net Block	128.6	129.7	136.6	137.7
Capital Work in Progress	2.5	0.6	1.3	0.5
Investments	77.6	120.0	108.5	139.8
Current Assets	550.8	614.5	655.6	703.3
Less : Current Liabilities	296.4	315.1	300.7	320.5
Total Net Current Assets	254.4	299.4	354.9	382.8
Misc. Expenses not writtenoff	(7.0)	(8.2)	(9.2)	(9.0)
NOTE				
Book Value of Unquoted Investments	0.0	51.7	51.6	118.7
Market Value of Quoted Investments	80.3	73.5	68.8	26.4
Contingent Liabilities	0.0	0.0	0.0	0.0
Dividend (%)	0.0	20.0	20.0	30.0

Quarterly Income Sheets

(₹ mn)

Quarter Ended	Jun 16	Sep 16	Dec 16	Mar 17
Net Sales	303.4	306.0	278.8	279.3
Cost Of Sales	289.8	287.8	281.7	277.7
Operating Profit	13.6	18.2	(2.9)	1.6
Other Income	9.7	10.3	11.2	10.3
Adjusted PBDIT	23.3	28.5	8.3	11.9
Financial Expenses	0.1	0.0	0.1	0.0
Depreciation	4.5	4.7	4.6	4.8
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	18.7	23.8	3.6	7.1
Tax Charges	6.4	8.1	1.6	0.9
Reported Profit	12.3	15.7	2.0	6.2
Extra Ordinary Items	0.0	0.0	0.0	0.0
Other Non Cash Adjust	0.0	0.0	0.0	0.0
Adjusted Net Profit	12.3	15.7	2.0	6.2

52 Week Index Relative Percentage Appreciation



Jaysynth Dyestuff vs SENSEX

Risks Associated

- The main weakness of the industry today is the high cost of inputs. The price of some of the basic chemicals like nitric acid, benzene are very high, just about double of its price in Europe. To compete in the global market India will have to bring down the input costs. The high cost of the raw material is mainly on account of administered prices and high indirect taxes.
- The government acknowledges that manufacture of dyes can be dangerous under improper conditions, and its effluents are harmful to the environment if not properly treated before discharge.
- According to industry sources, China has been giving a tough beating to the Indian exports both at the price and quality levels. Any regulatory change in the government policies, local environment regulations and changes in tax, increase in interest rate due to inflation pressure may affect our business operations, financial performance and future growth.
- The biggest threat to Indian exports comes not only from the unorganized sectors but also from across the border. China has demonstrated that it can produce good quality dyes at affordable prices. In fact the prices offered by the Chinese are 30% lower in some dyes than those of the Indian.
- The dyestuff industry faces volatility in the price of inputs and the volatility of the Rupee vis a vis the US Dollar which is a matter of concern and is required to be tackled.
- The growth of dye sector in the future continues to depend on the performance of end user industries like paints, textiles, printing inks, paper, plastics and foodstuffs.

In a Nutshell

Jaysynth Dyestuff is engaged in the manufacture of reactive dyes, disperse dyes and pigments. It has 3 units, at Vapi, Gujarat; Turbhe and Patalganga, Maharashtra. Starting from a modest production of 6 metric tons the company has today become one of the largest dyes and pigments businesses in India. Jaysynth products are now exported to over 50 countries, including the very countries from which dyes were imported earlier. Today, Jaysynth has grown into a professionally managed group with annual revenues of USD 40 million. The main weakness of the industry today is the high cost of inputs. The price of some of the basic chemicals like nitric acid, benzene are very high, just about double of its price in Europe. The government acknowledges that manufacture of dyes can be dangerous under improper conditions, and its effluents are harmful to the environment if not properly treated before discharge. According to industry sources, China has been giving a tough beating to the Indian exports both at the price and quality levels. Textile Dyes Market Expected to Grow at 8.13% CAGR during 2016-2023 to Reach \$ 8.75 bn by 2023. Export opportunities created by the closure of several units in countries like USA and Europe due to enforcement of strict pollution control norms, has resulted in a spurt of capacity building in India. Stricter law implementation in major competitor country China leading to closure of certain dyestuff and chemical units has resulted in creation of temporary demand for Indian products. Such situations will create an opportunity for Indian Companies to tap the market and create a niche for themselves in the world market.

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Rating Interpretation

Buy : Expected to appreciate 20% or more over 12-months

Accumulate : Expected to appreciate 10% to 20% over 12-months

Trade Buy : Expected to appreciate more than 10% over 45-days

Reduce : Expected to depreciate up to 10% over 12-months

Sell : Expected to depreciate 10% or more over 12-months

Trade Sell : Expected to depreciate more than 10% over 45-days

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