

**13 February 2013**
**CMP:** Rs.3.93

**Industry:** Specialty chemicals

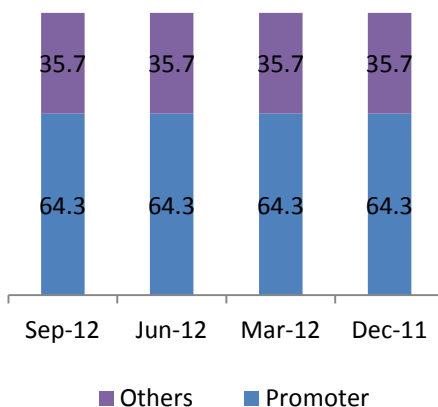
**BSE group:** B

**Promoters**

 Bipin M. Manek (Shares held: 28.3%),  
 Pravina B. Manek (Shares held: 36.0%)

**Key Data** (as on 25 Jan' 13)

BSE	531717
ISIN	INE632C01026
Face Value (Rs.)	1.0
Mkt Cap (Rs. mn)	196.3
Current P/E	5.0
Current P/BV	0.7
52 week low-high	3.00-5.58
30 days avg. daily trading volume	7400
Equity capital (Rs mn)	50.0
Net worth (Rs mn)	291.3

**Shareholding Pattern (%)**

 Click here for:  
[Initiation Report](#)

 Write to us at:  
[equity.research@outlook.com](mailto:equity.research@outlook.com)
**Company business**

Vidhi Dyestuffs Manufacturing Limited (VDML) is engaged in the manufacturing and trading of food colors and trading of chemicals. VDML manufactures edible food colors as ingredient for foodstuffs, pharmaceuticals, confectionary, health care, pet foods, dairy, soft drinks and cosmetic industries. VDML's products include synthetic food colors, FD&C (Food, Drug and Cosmetic) colors, D&C colors and blends. VDML has two manufacturing facilities and these are located at Roha in Maharashtra. It has set up a research and development unit near its manufacturing facility. VDML exports its entire output to Australia and countries in Europe, North America, Africa, and Asia. Bipin M. Manek and Mrs. Pravina B. Manek represent the promoters of VDML. Bipin M. Manek is the chairman and managing director of the company while Pravina B. Manek is the non-executive director.

**Financials**

Particulars (Rs in mn)	Jul '12 to Sep '12	Jul '11 to Sep '11	% Change <sup>1</sup>	Apr'12 to Jun '12	% Change <sup>2</sup>
Total income	236.3	245.0	(3.6%)	273.4	(13.6%)
Total expenditure	203.7	224.3	(9.2%)	245.2	(16.9%)
EBIDTA	32.6	20.7	57.5%	28.2	15.6%
EBIDTA margin	13.80%	8.45%	63.3%	10.31%	33.8%
PBT	16.5	10.6	55.7%	15.5	6.5%
PAT	11.1	7.9	40.5%	10.6	4.7%
PAT margin	4.70%	3.22%	45.7%	3.88%	21.2%
Cash accruals	15.5	9.6	61.5%	13.8	12.3%
EPS	0.22	0.16	37.5%	0.21	4.8%

<sup>1</sup> compared to corresponding quarter in the previous year

<sup>2</sup> sequential comparisons

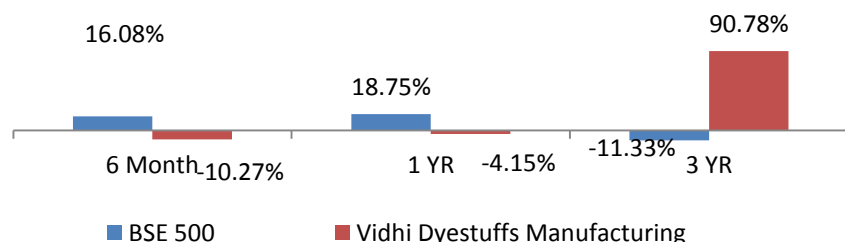
Source: Moneycontrol, Company

**Financial Performance**

On a Y-o-Y basis, total income slightly decreased by 3.6% to Rs 236 mn from Rs 245 mn in Sep-11 quarter. However, EBIDTA increased by 57.5% Y-o-Y to Rs 32.6 mn due to 77% lower cost of goods purchase. Net profit for Sep-12 quarter was Rs 11.1 mn, up 40% Y-o-Y.

The company has not paid any dividend at least since FY08. In November 2012, the company has declared an interim dividend of Rs .20 per equity share of Rs 1.0 each for FY13 i.e. 20% dividend.

The P/E multiple has increased to 5.8 times (for trailing 12 months ended September 2012) from 4.8 times (for trailing 12 months ended June 2012) on account of decrease in earnings per share.

**Share Price Performance**


**Financials**

P&L (Rs. mn)	FY10	FY11	FY12	Balance Sheet (Rs. mn)	FY10	FY11	FY12
<b>Total income</b>	724.3	1001.9	1147.5	Equity share capital	50.0	50.0	50.0
<b>EBIDTA</b>	<b>66.2</b>	<b>92.2</b>	<b>97.4</b>	Reserves & surplus	170.8	207.6	241.4
EBIDTA margin	9.1%	9.2%	8.4%	Net worth	220.8	257.6	291.4
Depreciation	9.9	9.2	9.4	Borrowings	121.2	259.8	373.3
EBIT	56.3	83.0	88.0	Current liabilities	75.2	147.5	155.8
Interest	11.6	22.6	38.0	Deferred tax liabilities	0.0	0.0	5.9
PBT	44.7	60.4	50.0	<b>Total liabilities</b>	<b>417.2</b>	<b>664.9</b>	<b>826.3</b>
Tax	16.2	23.6	16.3	Fixed assets	52.5	109.2	173.2
<b>PAT</b>	<b>28.5</b>	<b>36.8</b>	<b>33.7</b>	Investments	2.1	1.3	1.2
PAT margin	3.9%	3.7%	2.9%	Long term loans & advances	0.0	2.7	4.0
Dividend (including tax)	-	-	-	Other non-current assets	0.0	0.3	6.1
Dividend per share	-	-	-	Current assets	362.6	551.4	641.8
				<b>Total assets</b>	<b>417.2</b>	<b>664.9</b>	<b>826.3</b>
Valuation ratios	FY10	FY11	FY12	Cash Flow (Rs. mn)	FY10	FY11	FY12
P/E	0.4	0.6	0.6	PBT	44.7	60.4	50.0
P/BV	0.1	0.1	0.1	<b>CF from Operation</b>	<b>(40.4)</b>	<b>(49.8)</b>	<b>14.7</b>
				<b>CF from Investment</b>	<b>(19.6)</b>	<b>(64.1)</b>	<b>(71.1)</b>
				<b>CF from Financing</b>	<b>70.1</b>	<b>123.7</b>	<b>81.5</b>
				Inc/(dec) in Cash	10.1	9.7	25.1
				<b>Closing Balance</b>	<b>17.1</b>	<b>26.8</b>	<b>51.9</b>

Source: Company

**Disclaimer**

The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Our company shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation which may affect their investment in the securities of companies referred to in this document (including the merits and risks involved). The discussions or views expressed may not be suitable for all investors. This information is strictly confidential and is being furnished to you solely for your information.