

## HIMADRI SPECIALITY CHEMICAL LTD.

Sector

Sep 30, 2024

Chemicals

Buy at CMP: Rs 655 | Target: Rs 742 (13%) | SL: Rs 615

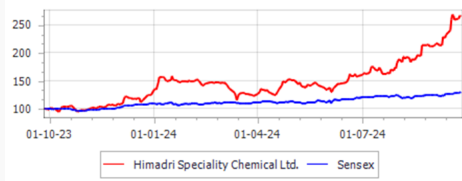
## Script Details

BSE Group	A
BSE Code	500184
NSE Code	HSCL
Bloomberg Code	HSCH IN
Market Cap (INR Cr.)	32,409
Free Float (%)	49.8%
52wk Low/High	689/224
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	1/0.1
Total paid Up Shares (Mn.)	493.7

## Share Holding Pattern (%)

Promoters	Public	Others
50.2%	49.8%	-

## Share Price Relative Performance



Himadri Speciality Chemical Limited, founded on July 28, 1987, is an Indian company specializing in carbon materials and chemicals. It operates in both domestic and international markets. The company has a wholly owned subsidiary, Equal Commoddeal Private Limited (India), a step-down subsidiary, AAT Global Limited (Hong Kong), and a 94% stake in Shandong Dawn Himadri Chemical Industry Limited (China).

Investment Rationale

- ◆ **Dominant presence in coal tar and strong market share in carbon black business:** Himadri Speciality Chemical Limited (HSCL) operates India's largest coal tar distillation plant, offering a significant competitive advantage due to its large-scale and integrated operations. The company holds a strong market position in the domestic coal tar pitch (CTP) and carbon black (CB) sectors, backed by long-standing relationships with key customers and suppliers. With over two decades of proven expertise in CTP and more than a decade in CB production, HSCL demonstrates consistent growth. In FY2024, total sales volume increased to 475,582 MT from 403,826 MT in FY2023, driven by rising demand for specialty oils. This scale and track record make HSCL an attractive investment opportunity.
- ◆ **Foray into battery chemical will drive the feature growth in the business:** The Company is entering the battery chemicals market by manufacturing LFP cathode active material for 100GWh of lithium-ion batteries over 5-6 years. The total capex outlay for project will be Rs 4,800 Cr, with Phase 1 (40,000 tonnes) requiring Rs 1,130. R&D trials are complete, and a pilot plant is being set up. Land is being acquired for a commercial plant. The company has also acquired a 12.79% stake in Sicona Battery Technologies and 40% in Invati Creations to produce anode and lithium-ion battery materials.
- ◆ **Strong financial growth with robust capital structure:** The company's financial risk profile improved in FY2024 and FY2023 due to higher EBITDA/MT and equity infusion, boosting operating profits and debt coverage. Its capital structure remains strong with a gearing of 0.2x and TOL/TNW of 0.5x as of March 31, 2024.
- ◆ **Outlook and Valuations:** We model a Revenue/PAT CAGR of 25%/11% and estimate HSCL to clock PAT of Rs 693 Cr by FY27E. HSCL is trading at forward PE (x) of 46 and we value at 59(x) FY27E and Recommend BUY on HSCL with Target Price of Rs. 742 (13%) .

Financial Snapshot

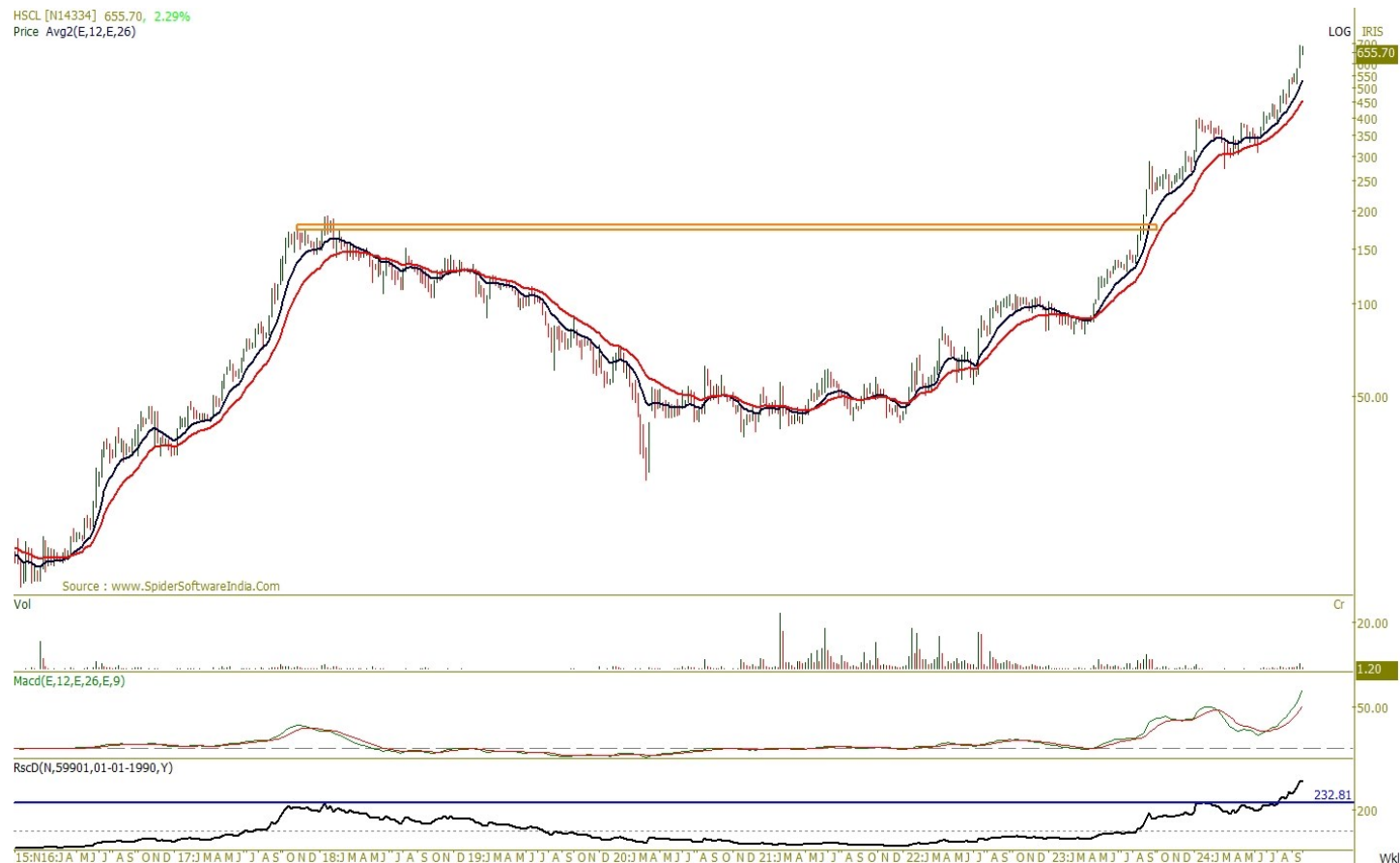
Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	4,434	310	447	72.5	43.2
FY25E	5,543	665	443	73.1	26.4
FY26E	6,929	831	554	58.5	21.1
FY27E	8,661	1,039	693	46.8	16.9

Source: Company Data, Ace Equity, GEPL Research

# TECHNICAL VIEW

## Observation

- HSCL has exhibited a strong price structure across timeframes, following a significant breakout from its 2018 long base in August 2023. Since then, the stock has maintained a rising trend.
- After a 7-month consolidation, HSCL witnessed another breakout in August 2024, supported by volume on the weekly scale, continuing its upward trajectory.
- Momentum indicators further validate this bullish outlook. The MACD is trending higher, signaling accelerating momentum in line with the price trend. Additionally, the ADX, which is above 30 and rising, confirms the strength of the trend, with a +DI at 45 reinforcing the stock's bullish momentum.
- The ratio chart of HSCL versus the NIFTY highlights a breakout from a large base, formed since 2018, breakout occurred in August 2024. This ongoing upswing signals strong outperformance.
- Looking forward, the stock shows potential for further gains, with an upside target of 780. To manage risk, a stop loss at 605 on a closing basis is recommended.



## Inference & Expectations

- Considering these factors, it can be inferred that HSCL stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 742 level.
- The stop loss must be at 615 level, strictly on the closing basis.

Invest Now 

Source: Tradingview.in, GEPL Research



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