



ABOUT THE COMPANY

HP Adhesives Limited is an adhesives and sealants company. The company manufactures a wide range of consumer adhesives and sealants such as PVC, cPVC, and uPVC solvent cement, synthetic rubber adhesive, PVA adhesives, silicone sealant, acrylic sealant, gasket shellac, other sealants, and PVC pipe lubricants. These adhesives and sealant products have applications in multiple industries such as plumbing and sanitary, drainage and water distribution, general-purpose building/ construction, and interior operations as well as for glazing operations, woodwork, footwear, automotive, foam-furnishing, and other varied industries. Apart from the above products, the company also sells ancillary products like ball valves, thread seals, and other tapes and FRP products for drainage and architectural solutions. As of September 30, 2021, the company has a distribution network of 4 depots situated in Delhi, Kolkata, Bengaluru, and Indore and more than 750 distributors who cater to more than 50,000 dealers in India. The company's manufacturing facility is located at Village Narangi, Raigad (Maharashtra) which is a multi-product manufacturing facility. During the FY2020-21, the company sold its products in 21 countries.

OUTLOOK

For the first half of FY22 ended on September 30, 2021, it has earned a net profit of Rs. 3.10 cr. on a turnover of Rs. 72.73 cr on account of spiralling prices of raw materials. In the last three fiscals, the company has posted an average EPS of Rs. 3.19 and an average RoNW of - (18.38) %. The issue is priced at a P/BV of 10.38 based on its NAV of Rs. 26.39 as of September 30, 2021, and at a P/BV of 3.33 based on its post-issue NAV of Rs. 82.18 (at the upper cap). The company has paid a dividend for the last three fiscals including the ongoing one. For FY19 it paid 30% for FY20 50% and for FY21 30% till filing of RHP. The company's listed peer is Pidilite Ind. which is has a stronger market presence and valuations. On the basis of the valuations of **HP Adhesives**, we suggest investors to avoid the subscription right now and watch the future growth of the company for fresh investment.

QUERIES & FEEDBACK

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Disclosure:

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