



WORTH PERIPHERALS LIMITED

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Date: 17th April, 2018

To,
The Manager, Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, Plot No. C/1, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400051

NSE Symbol : WORTH

Sub: Article Press Release

Dear Sir/Madam,

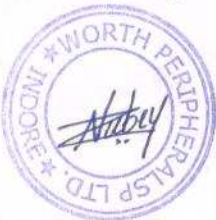
Please find enclosed herewith copy of Article on Worth Peripherals Limited published in “**75 HIDDEN GEMS**” a Magazine for the people who are really interested in the Indian Stock Markets & Economy.

Kindly take the above intimation on your record.

Thanking you.

Yours faithfully,

For Worth Peripherals Limited



CS Neetu Dubey
Company Secretary & Compliance Officer

Encl. Clipping of Magazine

**INDIAN
ECONOMY
& MARKET**

1st

**SPECIAL
INITIATIVE**



75 HIDDEN GEMS

75 BEST SMALL CAP INVESTORS & THEIR 75 BEST SMALL CAP PICKS



Chintan Antani

CFA, FRM

Independent Investor. Currently working as a Senior Portfolio Manager at CIIE.

Active in the market **10 years**

An avid reader. Likes to travel. Faulty contrarian. Always skeptical. A wannabe value investor as still finding his sweet spot as far as investing method is concerned. Heavily influenced by Warren Buffet, Graham, Peter Lynch and all super investors.

My Mantra

If you are entering the markets today, please be aware risk reward is not in your favor. A lot of multi-baggers have run their course. Being stock specific with an incremental focus on valuation and what you are paying to own that business will ensure that you will do well irrespective of market condition. It does not matter if you are buying the bluest of chips out there. Pay too much for anything and your portfolio will be black-blue & red for a long time.

Disclosure

The author is not a registered analyst under SEBI guidelines. He and his family have a position in the stock. Readers must do their own research before investing in the company.



WORTH PERIPHERALS LTD.

CMP: ₹110

INDUSTRY DYNAMICS

The Indian packaging industry grew at a CAGR of 16% over the last few years. It stood at \$32 billion a couple of years ago. Globally, this industry stands at \$700 billion, India contributes about 4-5%. There is a stark difference of per capita packaging consumption as well. India stands at 4kg, Germany at 42kgs and Taiwan at 19kgs. It is estimated that the Indian packaging industry can grow at 15% in the coming decade. Packaging is mainly of two types - Rigid and Flexible. Flexible packaging, due to its inherent characteristics, anticipates a higher growth trajectory than its traditional sibling. Features such as convenient transport, disposal & handling, cheaper movement assembly put flexible packaging as preferred type. Factors such as an increase in income, expansion of organized retail market, e-commerce boom will catapult the use of corrugated boxes. Demand for packaged food will also lead to a significant rise in the use of corrugated boxes. The pharmaceutical industry will be the next biggest consumer of packaging material like corrugated boxes. Corrugated box manufacturing is one of the most fragmented and unorganized sector (there are close to about 5000 scattered box plants). High prices of Kraft paper, inefficient operations for box manufacturing, increasing competition offer some hurdles to the sector. High tech machinery from China and Korea along with Germany will give immense potential for efficiency and growth along with innovation to corrugated box manufacturers.

THE COMPANY

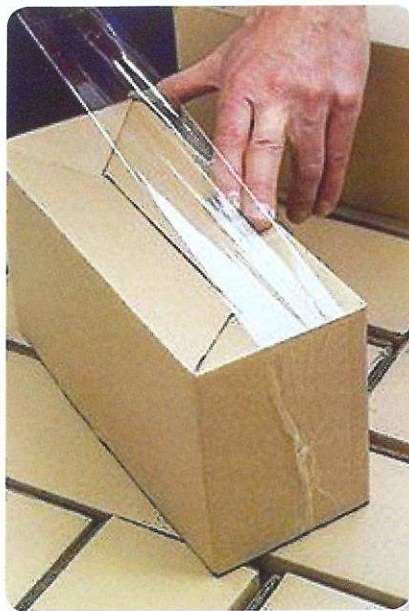
Established in 1996 the company has two manufacturing units in Indore, Madhya Pradesh and Mr. Raminder Chadha has been running the show for the past two decades. A self-made entrepreneur and industrialist, he has pioneered the corrugated box manufacturing. The company designs and makes boxes as per the customer's requirement so as to bring down the eventual cost of transporting the final product. The company has its own fleet of GPS enabled trucks to ensure that there is timely delivery to the end client. All types of in-transit breakages, delays are avoided as the company doesn't rely on 3rd party logistics. With an in-house testing facility, it focuses on quality and durability of the boxes.

The company has repeat orders and customers list extends from HUL, Adani Wilmar, Cargill to Parle, Bira91 and Lupin. Perhaps the biggest competitive advantage the business has, is the state of the art machinery. It has a fully automated unit with Programmable Logic Centers. The raw material supplies and losses due to inventory pile up are minimized due to

the entire automated system that is in place. Over the last year the company has procured state of the art automated machinery. The company is looking to aggressively invest in upgrading its machines and putting up more units catering to various aspects of making a corrugated box. It plans to expand its products to fruits and vegetable boxes for supermarkets as well. Fully automated color printed boxes are something the promoter is banking on, with an extreme focus on quality and serving the big players. Also, the company is banking on a geographical expansion in the next 5 years. Being family owned and started from scratch the founder, Raminder Chadha has his skin in the game. The 2nd generation – Jayvir Chadha also dedicates his time and energy behind learning the tricks for growing the company.

FINANCIALS & VALUATIONS

The company has performed well in the past. It came out with a decent set of numbers for H1FY18. With the capex and machinery upgrades lined up, the company should post a decent growth of double digits in the next 5-6-year time frame. Growth and return ratios are pretty decent given the commoditized business. The company came out with an IPO of about ₹18 crore with a post money valuation of ₹67 crore. It was available at dirt cheap price. At the time of writing this report the price is hovering around 110. Debt is under control and the cash profit more than covers interest payments. The company ended FY17 with ₹130 crore sales and ₹7.3 crore PAT. In the first half of FY18 it delivered a topline and bottomline of ₹75



crore and ₹5.7 crore respectively. The coming quarters are expected to be robust too.

MANAGEMENT & CORPORATE GOVERNANCE

It is worth mentioning about the founder and his team. Mr. Reminder is an absolute down to earth personality. Having started from scratch, he has an understanding of stakeholder engagement – be it, importance of clients, suppliers or shareholders. Another observation – he will never give future guidance on the sales number, and profits etc. And that's how true entrepreneurs work – focus is business, focus is profitability – price of share is a byproduct and the management led by an able leader understand this. Whether or not Worth will create history is a question of time – but it is worth partnering with them. I have and I intend to do so in the foreseeable future. It is one of India's best corrugated box makers in the country.

“If you're looking for a home run -- a great investment for five years or 10 years or more -- then the only way to beat this enormous fog that covers the future is to identify a long-term trend that will give a particular business some sort of edge.”

– Ralph Wanger

