

# Navin Fluorine

Refer to important disclosures at the end of this report

## Specialty Chemicals outperforms, CRAMS gaining momentum

CMP: Rs 1,602  
as of (June 17, 2020)

TP: Rs 1,850 (▲)  
12 months

Rating: BUY (■)

Upside: 15.5 %



We appreciate your support in the [Asiamoney Brokers Poll 2020](#)

- NFIL's standalone sales were above our estimates (+8.5% yoy). Growth in overseas markets boosted the performance of Specialty Chemicals (51.5% yoy) and CRAMS (26% yoy), whereas R-gas and inorganic fluoride were impacted by the lockdown in March.
- EBITDA grew 28.7% yoy, with margin expansion of 398bps yoy, due to lower raw material costs and improved product mix (higher contribution from Specialty Chemicals and CRAMS). Gross margins expanded 430bps yoy.
- Management is confident of strong performance from CRAMS and Specialty Chemicals segments on the back of strong order books in both the segments. They are evaluating scope for capex in Specialty Chemicals and likely to announce in Q1FY21.
- We remain upbeat on the stock on the back of strong long-term outlook in the Specialty Chemicals segment, CRAMS improvement and a large order win. We maintain our Buy rating on the stock, with revised TP of Rs1850 (29x June'22E EPS) and OW in our EAP.

**Robust Specialty Chemicals' performance:** Q4FY20 revenues were up 8.5% yoy/5.3% qoq to Rs2.65bn, aided by growth in Specialty Chemicals (+51.5% yoy) and CRAMS (+26% yoy). Specialty Chemicals saw strong traction in domestic and export markets, owing to volume growth and opportunities from Agrochem and Pharma. The CRAMS segment grew (+26% yoy/15% qoq) largely from a recent commercial contract with a large US client and benefits accruing from commissioning the new CGMP-3 plant. Inorganic Fluorides fell by 2% yoy/flat qoq, owing to subdued demand in the domestic market and steel, partially offset by price hike in overseas markets, which helped margins. Refrigerants reported a 30% yoy decline, mainly due to softness arising from the Covid-19 lockdown and export restrictions. Revenue loss of Rs260mn was pertaining to Covid-19 issues.

**Strong growth phase ahead:** With the recently commissioned CGMP-3 plant and strong order book in hand, the CRAMS segment should report strong growth in FY21. All capex plans would continue without any delay from the lockdown. NFIL is optimistic of foraying into the new HPP segment, manufacturing for which shall begin from Q4FY22 and commercialization from FY23. The HPP segment would become a high margin accrual business going forward. The company has indicated about exploring new product lines in the R-Gas segment, in addition to the existing HCFC. It expects volume growth in Specialty Chemicals to sustain and is exploring further expansion in the segment.

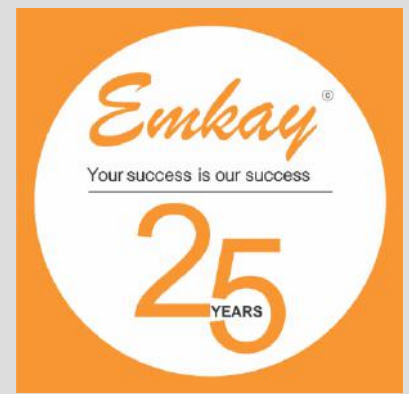
**Robust outlook; maintain Buy:** Strong outlook in high-margin Specialty Chemicals and CRAMS businesses coupled and big order execution remain the key triggers for the stock to perform going forward. We maintain our Buy rating on the stock, with a revised TP of Rs1,850 (29x Jun'22E EPS) and OW in our EAP. Key downside risks are increasing raw material prices and any delay in stabilization of the CGMP-3 plant.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Speciality Chemicals \(Page 11\)](#)

### Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	9,959	10,616	12,210	14,291	20,553
EBITDA	2,184	2,635	3,079	3,699	5,370
EBITDA Margin (%)	21.9	24.8	25.2	25.9	26.1
APAT	1,491	4,086	2,029	2,664	3,991
EPS (Rs)	30.2	82.6	41.0	53.9	80.7
EPS (% chg)	(17.2)	173.9	(50.3)	31.3	49.8
ROE (%)	14.5	32.9	13.7	16.0	20.5
P/E (x)	53.1	19.4	39.1	29.7	19.9
EV/EBITDA (x)	36.2	29.1	25.1	21.2	14.4
P/BV (x)	7.4	5.6	5.1	4.5	3.7

Source: Company, Emkay Research



### Change in Estimates

EPS Chg FY21E/FY22E (%)	(5.1)/2.7
Target Price change (%)	15.6
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	41.0	53.9
Consensus	44.5	55.1
Mean Consensus TP (12M)	Rs 1,671	

### Stock Details

Bloomberg Code	NFIL IN
Face Value (Rs)	2
Shares outstanding (mn)	49
52 Week H/L	1,694 / 570
M Cap (Rs bn/USD bn)	79 / 1.04
Daily Avg Volume (nos.)	1,82,240
Daily Avg Turnover (US\$ mn)	3.5

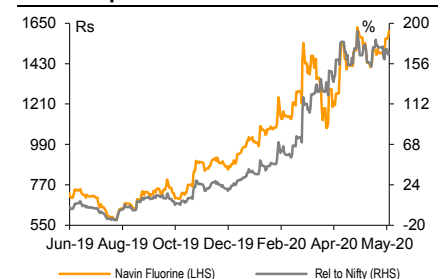
### Shareholding Pattern Mar '20

Promoters	30.5%
FIIs	19.0%
DIIIs	18.6%
Public and Others	31.9%

### Price Performance

(%)	1M	3M	6M	12M
Absolute	6	24	69	115
Rel. to Nifty (2)	13	109	154	

### Relative price chart



Source: Bloomberg

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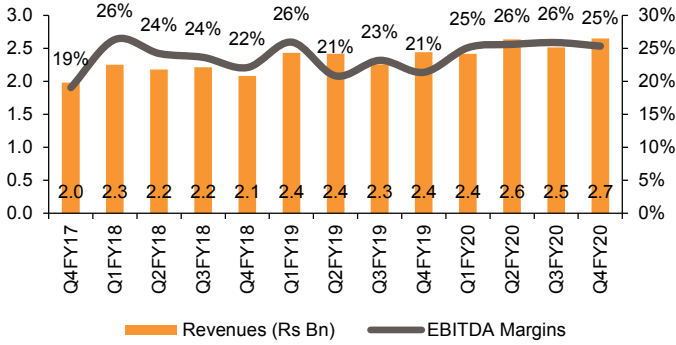
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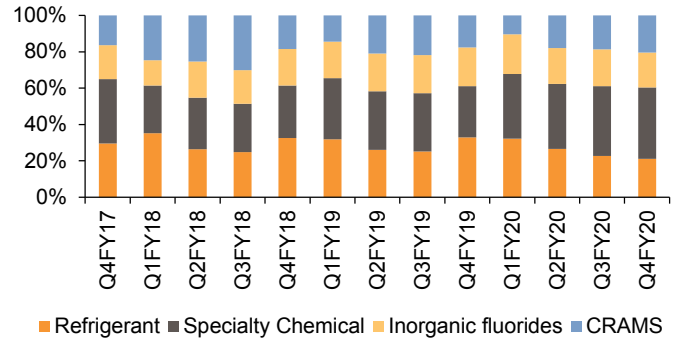
# Story in Charts

**Exhibit 1: Topline growth supported by Specialty Chemicals and CRAMS segments**



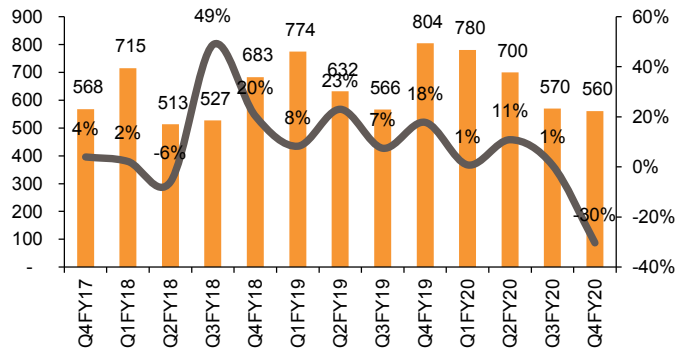
Source: Company, Emkay Research

**Exhibit 2: Specialty leads the team backed by phenomenal exports, Refrigerants second; Revenue mix**



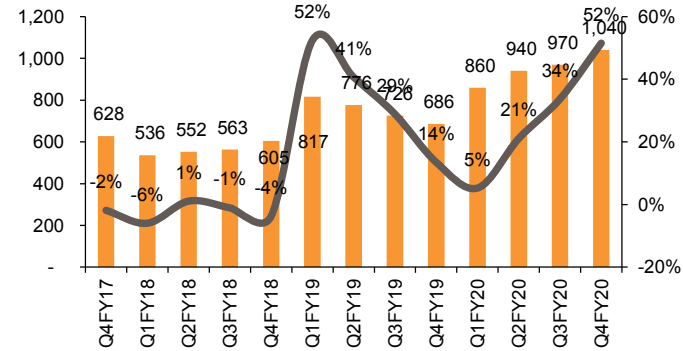
Source: Company, Emkay Research

**Exhibit 3: Refrigerant gas suffers from lockdown and export restrictions**



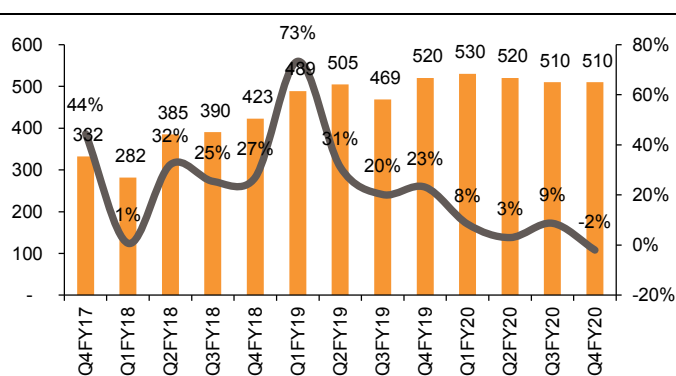
Source: Company, Emkay Research

**Exhibit 4: Specialty Chemical zooms ahead on strong traction from overseas market, supported by pharma, agro and industrials**



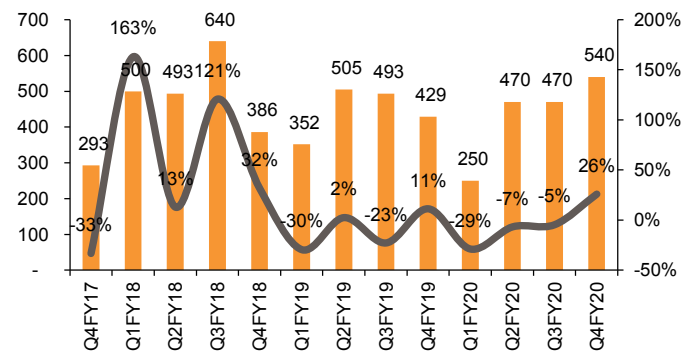
Source: Company, Emkay Research

**Exhibit 5: Domestic demand for inorganic fluorides faces headwinds**



Source: Company, Emkay Research

**Exhibit 6: CRAMS segment sees increased opportunities from plant commissioning**



Source: Company, Emkay Research

**Exhibit 7: Actual vs Estimates**

(in Rs Mn)	Actual	Estimates		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Sales	2650	2262	2788	17.2	-4.9	Above estimates on better than expected performance from Specialty and CRAMS
EBITDA	672	497	737	35.2	-8.8	Above estimates on higher revenue base
EBITDA margin %	25.4	22.0	26.4	340bps	-110bps	
APAT	2687	360	503	646.3	434.1	Above estimates on higher operating income and tax benefits

Source: Company, Emkay Research

**Exhibit 8: Quarterly Performance (Standalone)**

Rs Mn	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	YoY (%)	QoQ (%)	FY20	FY19	YoY %
<b>Revenue</b>	<b>2443</b>	<b>2418</b>	<b>2639</b>	<b>2516</b>	<b>2650</b>	<b>8.5</b>	<b>5.3</b>	<b>10,222</b>	<b>9,551</b>	<b>7.0</b>
CoGS	1218	1149	1220	1071	1209	(0.8)	12.9	4,649	4,554	2.1
Gross Profit	1224	1269	1419	1445	1441	17.7	-0.3	5,573	4,998	11.5
as % of sales	50.1	52.5	53.8	57.4	54.4			54.5	52.3	
SG&A expenses	702	661	743	793	769	9.5	-3.1	2,967	2,817	5.3
as % of sales	28.8	27.4	28.1	31.5	29.0			29.0	29.5	
<b>EBITDA</b>	<b>522</b>	<b>607</b>	<b>676</b>	<b>652</b>	<b>672</b>	<b>28.7</b>	<b>3.1</b>	<b>2,607</b>	<b>2,181</b>	<b>19.5</b>
Depreciation	64	75	77	83	102	59.8	23.1	337	259	30.4
<b>EBIT</b>	<b>458</b>	<b>533</b>	<b>599</b>	<b>568</b>	<b>569</b>	<b>24.3</b>	<b>0.2</b>	<b>2,269</b>	<b>1,922</b>	<b>18.1</b>
Other Income	130	64	87	110	53	(59.2)	(52.2)	313	348	-9.9
Interest Expenses	2	4	3	4	5	119.8	23.6	16	5	239.4
<b>PBT</b>	<b>585</b>	<b>592</b>	<b>682</b>	<b>675</b>	<b>617</b>	<b>5.5</b>	<b>-8.5</b>	<b>2,567</b>	<b>2,265</b>	<b>13.3</b>
Total Tax	226	198	218	222	-2069	-	-	(1,431)	780	-
<b>Adjusted PAT</b>	<b>359</b>	<b>395</b>	<b>464</b>	<b>453</b>	<b>2687</b>	<b>648.2</b>	<b>493.6</b>	<b>3998</b>	<b>1485</b>	<b>169.3</b>
(Profit)/Loss from JV/Ass/MI	0	0	0	0	0			-	-	
<b>APAT after MI</b>	<b>359</b>	<b>395</b>	<b>464</b>	<b>453</b>	<b>2687</b>	<b>648.2</b>	<b>493.6</b>	<b>3998</b>	<b>1485</b>	<b>169.3</b>
Extra ordinary items	0	0	0	0	0			-	-	
<b>Reported PAT</b>	<b>359</b>	<b>395</b>	<b>464</b>	<b>453</b>	<b>2687</b>	<b>648.2</b>	<b>493.6</b>	<b>3998</b>	<b>1485</b>	<b>169.3</b>
<b>Reported EPS</b>	<b>7.3</b>	<b>8.0</b>	<b>9.4</b>	<b>9.1</b>	<b>54.3</b>	<b>648.2</b>	<b>493.6</b>	<b>81</b>	<b>30</b>	<b>169</b>
<b>Margins (%)</b>						<b>(bps)</b>	<b>(bps)</b>			<b>(bps)</b>
EBITDA	21.4	25.1	25.6	25.9	25.4	398	-54	25.5	22.8	267
EBIT	18.7	22.0	22.7	22.6	21.5	274	-110	22.2	20.1	208
EBT	24.0	24.5	25.9	26.8	23.3	-67	-353	25.1	23.7	139
PAT	14.7	16.3	17.6	18.0	101.4	8668	8339	39.1	15.5	2356
Effective Tax Rate	38.6	33.4	32.0	32.9	-335.2	NA	NA	-55.8	34.5	NA

**Segmental Financial Summary**

Revenue - Segment wise	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	YoY (%)	QoQ (%)	FY20	FY19	YoY (%)
Refrigerant	804	780	700	570	560	(30.3)	-1.8	2610	2776	-6.0
Specialty Chemical	686	860	940	970	1,040	51.5	7.2	3810	3005	26.8
Inorganic fluorides	520	530	520	510	510	(2.0)	-	2070	1983	4.4
CRAMS	429	250	470	470	540	25.9	14.9	1730	1779	(2.8)

Source: Company, Emkay Research

**Exhibit 9: Quarterly performance (Consolidated)**

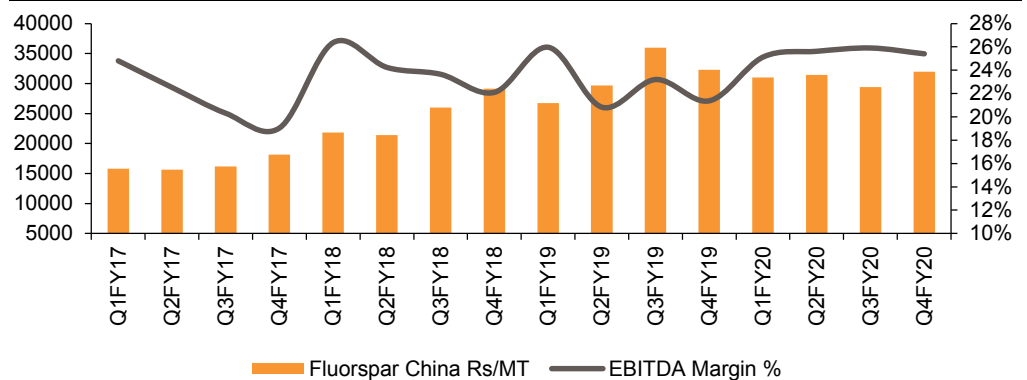
Rs Mn	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	YoY (%)	QoQ (%)	FY20	FY19	YoY %
<b>Revenue</b>	<b>2526</b>	<b>2516</b>	<b>2729</b>	<b>2605</b>	<b>2766</b>	<b>9.5</b>	<b>6.2</b>	<b>10,616</b>	<b>9,959</b>	<b>6.6</b>
CoGS	1273	1203	1267	1112	1257	(1.2)	13.0	4,838	4,766	1.5
Gross Profit	1253	1313	1463	1493	1509	20.4	1.1	5,777	5,194	11.2
as % of sales	49.6	52.2	53.6	57.3	54.5			54.4	52.1	
SG&A expenses	737	702	781	838	821	11.4	-2.0	3,142	3,010	4.4
as % of sales	29.2	27.9	28.6	32.2	29.7			29.6	30.2	
<b>EBITDA</b>	<b>516</b>	<b>611</b>	<b>681</b>	<b>655</b>	<b>688</b>	<b>33.3</b>	<b>5.0</b>	<b>2,635</b>	<b>2,184</b>	<b>20.7</b>
Depreciation	67	82	85	92	111	65.1	20.8	337	259	30.4
<b>EBIT</b>	<b>449</b>	<b>529</b>	<b>596</b>	<b>563</b>	<b>577</b>	<b>28.5</b>	<b>2.4</b>	<b>2,297</b>	<b>1,925</b>	<b>19.4</b>
Other Income	113	68	92	116	0	(100.0)	(100.0)	276	344	-19.7
Interest Expenses	3	5	4	6	0	(100.0)	(100.0)	15	8	81.8
<b>PBT</b>	<b>558</b>	<b>592</b>	<b>684</b>	<b>673</b>	<b>577</b>	<b>3.3</b>	<b>-14.3</b>	<b>2,559</b>	<b>2,260</b>	<b>13.2</b>
Total Tax	223	196	219	222	-2072	(1,029.6)	-1,035.2	(1,436)	770	-286.5
<b>Adjusted PAT</b>	<b>335</b>	<b>396</b>	<b>466</b>	<b>451</b>	<b>2649</b>	<b>690.0</b>	<b>486.9</b>	<b>3994</b>	<b>1491</b>	<b>167.9</b>
(Profit)/Loss from JV/Ass/MI	-17	-35	-8	-3	-26			(72)	(17)	
<b>APAT after MI</b>	<b>352</b>	<b>431</b>	<b>473</b>	<b>454</b>	<b>2675</b>	<b>660.3</b>	<b>489.0</b>	<b>4066</b>	<b>1507</b>	<b>169.8</b>
Extra ordinary items	0	0	0	0	0			-	-	
<b>Reported PAT</b>	<b>352</b>	<b>431</b>	<b>473</b>	<b>454</b>	<b>2675</b>	<b>660.3</b>	<b>489.0</b>	<b>4066</b>	<b>1507</b>	<b>169.8</b>
<b>Reported EPS</b>	<b>7.1</b>	<b>8.7</b>	<b>9.6</b>	<b>9.2</b>	<b>55.1</b>	<b>675.1</b>	<b>500.4</b>	<b>83</b>	<b>30</b>	<b>174.0</b>
<b>Margins (%)</b>						<b>(bps)</b>	<b>(bps)</b>			<b>(bps)</b>
EBITDA	20.4	24.3	25.0	25.1	24.9	444	-27	24.8	21.9	290
EBIT	17.8	21.0	21.8	21.6	20.9	309	-76	21.6	19.3	232
EBT	22.1	23.5	25.1	25.8	20.9	-125	-498	24.1	22.7	141
PAT	13.9	17.1	17.3	17.4	96.7	8279	7928	38.3	15.1	2317
Effective Tax Rate	39.9	33.1	32.0	32.9	-359.2	NA	NA	-56.1	34.0	NA

Source: Company, Emkay Research

## Performance of key segments

- Refrigerants:** Due to the overall Covid-19 impact on automotive and white goods sectors, this segment reported a decline of 30% yoy/ 2% qoq to Rs560mn. The volume decline from OEMs in R-gas was offset by a price hike and strong demand from the non-emissive sectors, which aided profitability. Exports fell 40% yoy to Rs223mn and domestic market too slipped 22% yoy to Rs337mn on account of the Mar'20 lockdown and quota issues. We expect a revenue decline of 3.8% in FY21E and a growth of 10.4% in FY22E.
- Specialty Chemicals:** The segment delivered strong growth of 51.5% yoy/7.2% qoq to Rs1.04bn, aided by a phenomenal performance in exports (+128% yoy to Rs575mn; highest ever) and normalized growth in domestic markets (+7% yoy to Rs465mn; lowest in FY20). Management expects similar growth to repeat in FY21, however, it sees no further significant brownfield/debottlenecking expansion to undertake at the Surat site. We expect 23%/16% revenue growth for FY21/22E.
- CRAMS:** The segment reported revenue growth of 26% yoy /16% qoq to Rs540mn (100% exports; highest in last 9 quarters). With the recently commissioned CGMP-3 plant, it expects CRAMS volumes to drive growth further. NFIL has a very strong order book for this segment, starting into FY21. We expect this segment to report 46%/23% revenue growth in FY21/22E.
- Inorganic Fluorides:** Reported results from this segment were flat qoq/ down 2% yoy to Rs510mn due to the softness in domestic demand from end-user industries, offset in part by strong export volumes in addition to a price hike, which supported margins. Exports came in at Rs77mn (+30% yoy). Domestic sales, however, faced headwinds and reported a decline of 6% yoy to Rs433mn, owing to slowdown in stainless steel and glass industry. We forecast revenue growth of 2%/15% in FY21/22E.

**Exhibit 10: Fluorspar prices steady which aids in EBITDA stability**



Source: Emkay Research, Company

## Key conference call highlights

### High performance product segment

- The new HPP-based intermediate and final product to be developed by NFIL is only made by one entity, the client itself. In case of any termination of contract, there are clauses in place for both the parties. Manufacturing for the seven-year contract will start by Q4FY22, and sales shall accrue from FY23.

### CRAMs business

- CRAMs: The CGMP-3 plant was commissioned and commercialized in Q4FY20, however, due to the lockdown, no significant volumes emerged. Main benefit will come in FY21, backed by the strong confirmed order book going into FY21. Expects asset turnover of 2.25-2.5 from this facility in 3-4 years.

### Specialty Chemicals

- Management sees similar growth in FY21 for the segment as seen in FY20. As per management, there is limited headroom to expand capacity by brownfield/debottlenecking projects at the Surat site. Also, the company expects margins for HPP and Specialty to be better than the existing legacy business.
- NFIL has exposure to China for small raw materials in the Specialty and CRAMs segments (in process of b/w integration and sourcing alternate supplies).

### R-22

- On the R-Gas front, it sees flat revenues in FY21, and may see a volumes dip in the short term, which may be compensated for by a price hike and steady demand from non-emissive segments. NFIL is only present in HCFC category and is evaluating options in HFC and another category. (flat is only based on existing HCFC)
- R-Gas and Inorganic Fluorides businesses have only industrial exposure, except R22 which has some applications in pharma.

### Inorganic segment

- The segment should deliver single-digit growth due to muted demand growth in stainless steel and the glass industry. Expects similar volume momentum to continue in this segment for the next couple of quarters.

### Capex and others

- NFIL would announce capex plans for Specialty Chemicals and a multipurpose plant in Q1FY21.
- Based on industries, it sees growth for pharma from India, whereas agrochemical and industrial from international markets, going forward.
- Loss of sales due to Covid-19 impact was in the range of Rs260mn, mainly from inorganic fluorides and R-gas.

### Tax rate

- NFIL has recognized entire benefit for tax from past years. However, some part from specific years may be contested by tax authorities. Management holds a positive view on the legal outcome. NFIL will continue to operate at earlier tax levels and take benefit from MAT credits.

**Exhibit 11: Key assumptions (Standalone basis)**

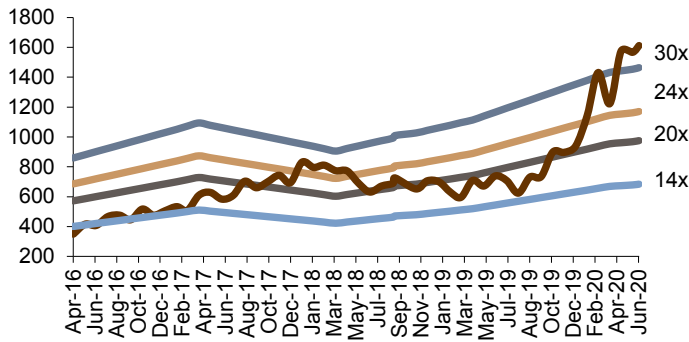
Parameters	FY19	FY20	FY21E	FY22E	FY23E
<b>Segmental revenues</b>					
Refrigerant	2,888	2,610	2,510	2,770	3,000
Specialty Chemicals	3,087	3,551	4,083	5,397	6,329
Inorganic fluorides	2,091	2,196	2,350	2,424	2,732
CRAMS	1,892	2,871	3,871	3,100	3,750
High Performance Products	-	-	-	-	4,143
EBITDA margins (%)	21.9%	24.8%	25.2%	25.9%	26.1%

Source: Company, Emkay Research

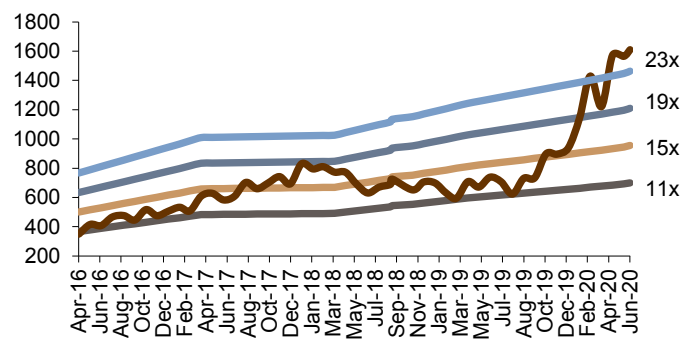
**Exhibit 12: Change in estimates**

Rs mn	FY21E			FY22E			FY23E
	Old	New	% Change	Old	New	% Change	Introduced
Revenues	11,897	12,210	2.6	13,995	14,291	2.1	20,553
EBITDA	2,891	3,079	6.5	3,503	3,699	5.6	5,370
EBITDA margins %	24.3	25.2	92.1	25.0	25.9	85.4	26.1
Net profits	2,136	2,029	-5.0	2,596	2,665	2.7	3,991
EPS (Rs)	43.2	41.0	-5.0	52.47	53.9	2.7	80.7

Source: Company, Emkay Research

**Exhibit 13: PE Band**

Source: Company, Emkay Research

**Exhibit 14: EV/EBITDA Band**

Source: Company, Emkay Research

**Exhibit 15: Peer comparison**

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	TP (Rs)	PE			PB (x)			EV/EBITDA		
					FY20e	FY21e	FY22e	FY20e	FY21e	FY22e	FY20e	FY21e	FY22e
Advanced Enzyme Tech	166	19	Buy	214	14.4	14.3	11.8	2.2	1.9	1.7	8.9	8.4	6.8
Apcotex Industries	115	6	Buy	120	35.7	29.2	18.3	2.4	2.3	2.1	18.8	15.1	10.8
BASF India	1094	47	Hold	1185	92.9	33.4	23.0	3.4	3.1	2.8	19.7	13.9	11.3
Camlin Fine Sciences	41	5	Buy	70	16.1	9.1	6.9	1.7	1.5	1.2	7.8	5.5	4.5
GHCL	136	13	Buy	155	3.3	4.3	3.3	0.6	0.5	0.5	3.1	3.5	2.6
<b>Navin Fluorine</b>	<b>1602</b>	<b>77</b>	<b>Buy</b>	<b>1850</b>	<b>19.4</b>	<b>39.1</b>	<b>29.7</b>	<b>5.6</b>	<b>5.1</b>	<b>4.5</b>	<b>29.1</b>	<b>25.1</b>	<b>21.2</b>
SRF	3615	208	Buy	4156	22.7	24.0	17.2	4.2	3.6	3.0	16.5	13.8	10.4
Tata Chemicals	306	78	Hold	302	1.1	11.3	8.7	0.6	0.6	0.6	6.8	7.2	6.0
Vinati Organics	974	100	Hold	1110	29.9	31.8	26.8	7.8	6.6	5.5	24.0	23.5	19.5

Source: Company, Emkay Research

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>9,959</b>	<b>10,616</b>	<b>12,210</b>	<b>14,291</b>	<b>20,553</b>
<b>Expenditure</b>	<b>7,776</b>	<b>7,981</b>	<b>9,130</b>	<b>10,592</b>	<b>15,183</b>
<b>EBITDA</b>	<b>2,184</b>	<b>2,635</b>	<b>3,079</b>	<b>3,699</b>	<b>5,370</b>
Depreciation	275	370	443	463	592
<b>EBIT</b>	<b>1,908</b>	<b>2,265</b>	<b>2,636</b>	<b>3,235</b>	<b>4,778</b>
Other Income	344	333	250	250	250
Interest expenses	8	20	20	45	40
<b>PBT</b>	<b>2,244</b>	<b>2,578</b>	<b>2,866</b>	<b>3,440</b>	<b>4,988</b>
Tax	770	(1,436)	917	866	1,097
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	(17)	(72)	(80)	(90)	(100)
<b>Reported Net Income</b>	<b>1,491</b>	<b>4,086</b>	<b>2,029</b>	<b>2,664</b>	<b>3,991</b>
<b>Adjusted PAT</b>	<b>1,491</b>	<b>4,086</b>	<b>2,029</b>	<b>2,664</b>	<b>3,991</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	99	99	99	99	99
Reserves & surplus	10,626	14,023	15,507	17,628	21,074
<b>Net worth</b>	<b>10,724</b>	<b>14,122</b>	<b>15,606</b>	<b>17,727</b>	<b>21,173</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>272</b>	<b>303</b>	<b>303</b>	<b>1,303</b>	<b>1,053</b>
Net deferred tax liability	0	0	0	0	0
<b>Total Liabilities</b>	<b>10,997</b>	<b>14,425</b>	<b>15,909</b>	<b>19,030</b>	<b>22,226</b>
<b>Net block</b>	<b>4,695</b>	<b>5,676</b>	<b>7,813</b>	<b>10,440</b>	<b>11,948</b>
<b>Investment</b>	<b>5,084</b>	<b>3,713</b>	<b>3,793</b>	<b>3,883</b>	<b>3,983</b>
<b>Current Assets</b>	<b>3,293</b>	<b>6,745</b>	<b>6,123</b>	<b>6,644</b>	<b>9,090</b>
Cash & bank balance	370	2,838	2,111	2,261	2,787
Other Current Assets	0	0	0	0	0
<b>Current liabilities &amp; Provision</b>	<b>2,075</b>	<b>1,710</b>	<b>1,820</b>	<b>1,937</b>	<b>2,795</b>
<b>Net current assets</b>	<b>1,218</b>	<b>5,035</b>	<b>4,303</b>	<b>4,707</b>	<b>6,295</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>10,997</b>	<b>14,425</b>	<b>15,909</b>	<b>19,030</b>	<b>22,226</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>1,900</b>	<b>2,245</b>	<b>2,616</b>	<b>3,190</b>	<b>4,738</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(339)	(1,350)	5	(253)	(1,063)
<b>Operating Cashflow</b>	<b>1,228</b>	<b>3,034</b>	<b>2,477</b>	<b>2,875</b>	<b>3,520</b>
Capital expenditure	(493)	(1,351)	(2,580)	(3,090)	(2,100)
<b>Free Cash Flow</b>	<b>735</b>	<b>1,683</b>	<b>(103)</b>	<b>(215)</b>	<b>1,420</b>
Investments	(226)	1,371	(80)	(90)	(100)
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>(719)</b>	<b>20</b>	<b>(2,580)</b>	<b>(3,090)</b>	<b>(2,100)</b>
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(111)	30	0	1,000	(250)
Dividend paid (incl tax)	386	544	544	544	544
Other Financing Cash Flow	(899)	(1,130)	(1,168)	(178)	(1,438)
<b>Financing Cashflow</b>	<b>(513)</b>	<b>(586)</b>	<b>(624)</b>	<b>366</b>	<b>(894)</b>
<b>Net chg in cash</b>	<b>(5)</b>	<b>2,467</b>	<b>(727)</b>	<b>151</b>	<b>526</b>
Opening cash position	374	370	2,838	2,111	2,261
<b>Closing cash position</b>	<b>370</b>	<b>2,837</b>	<b>2,111</b>	<b>2,261</b>	<b>2,787</b>

Source: Company, Emkay Research



**Key Ratios**

<b>Profitability (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EBITDA Margin	21.9	24.8	25.2	25.9	26.1
EBIT Margin	19.2	21.3	21.6	22.6	23.2
Effective Tax Rate	34.3	(55.7)	32.0	25.2	22.0
Net Margin	14.8	37.8	16.0	18.0	18.9
ROCE	21.2	20.4	19.0	20.0	24.4
ROE	14.5	32.9	13.7	16.0	20.5
RoIC	36.3	33.8	29.5	28.3	33.7

<b>Per Share Data (Rs)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EPS	30.2	82.6	41.0	53.9	80.7
CEPS	35.7	90.1	50.0	63.2	92.6
BVPS	216.9	285.4	315.4	358.3	427.9
DPS	7.8	11.0	11.0	11.0	11.0

<b>Valuations (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
PER	53.1	19.4	39.1	29.7	19.9
P/CEPS	44.9	17.8	32.1	25.3	17.3
P/BV	7.4	5.6	5.1	4.5	3.7
EV / Sales	7.9	7.2	6.3	5.5	3.8
EV / EBITDA	36.2	29.1	25.1	21.2	14.4
Dividend Yield (%)	0.5	0.7	0.7	0.7	0.7

<b>Gearing Ratio (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Net Debt/ Equity	0.0	(0.2)	(0.1)	(0.1)	(0.1)
Net Debt/EBIDTA	0.0	(1.0)	(0.6)	(0.3)	(0.3)
Working Cap Cycle (days)	31.1	75.6	65.5	62.4	62.3

<b>Growth (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Revenue	9.1	6.6	15.0	17.0	43.8
EBITDA	1.6	20.7	16.9	20.1	45.2
EBIT	8.9	18.7	16.4	22.7	47.7
PAT	(17.1)	174.0	(50.3)	31.3	49.8

<b>Quarterly (Rs mn)</b>	<b>Q4FY19</b>	<b>Q1FY20</b>	<b>Q2FY20</b>	<b>Q3FY20</b>	<b>Q4FY20</b>
Revenue	2,526	2,516	2,729	2,605	2,766
EBITDA	516	611	681	655	688
<b>EBITDA Margin (%)</b>	<b>20.4</b>	<b>24.3</b>	<b>25.0</b>	<b>25.1</b>	<b>24.9</b>
PAT	352	431	473	454	2,727
<b>EPS (Rs)</b>	<b>7.1</b>	<b>8.7</b>	<b>9.6</b>	<b>9.2</b>	<b>55.1</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Mar-19</b>	<b>Jun-19</b>	<b>Sep-19</b>	<b>Dec-19</b>	<b>Mar-20</b>
Promoters	31.0	31.0	31.0	31.0	30.5
FIIIs	16.2	15.8	17.1	18.0	19.0
DIIs	17.9	18.5	17.9	17.4	18.6
Public and Others	34.9	34.7	34.0	33.6	31.9

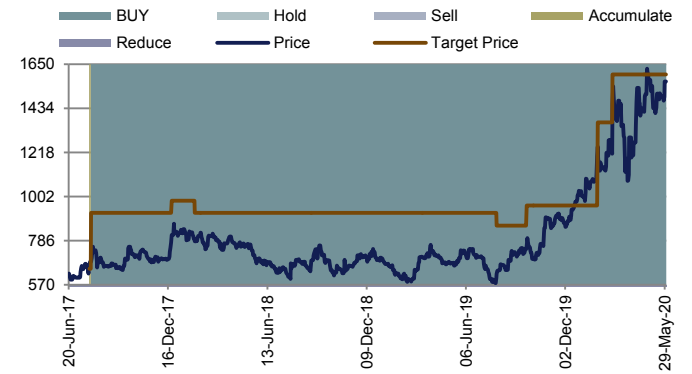
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
16-Apr-20	1,437	1,600	12m	Buy	Rohit Sinha
25-Feb-20	1,454	1,600	12m	Buy	Rohit Sinha
07-Feb-20	1,140	1,365	12m	Buy	Rohit Sinha
29-Jan-20	1,246	1,364	12m	Buy	Rohit Sinha
06-Jan-20	980	958	12m	Buy	Rohit Sinha
13-Dec-19	938	958	12m	Buy	Rohit Sinha
24-Oct-19	826	958	12m	Buy	Rohit Sinha
23-Sep-19	762	958	12m	Buy	Rohit Sinha
31-Jul-19	623	860	12m	Buy	Rohit Sinha
07-May-19	678	922	12m	Buy	Amar Mourya
02-Apr-19	751	922	12m	Buy	Amar Mourya
25-Jan-19	642	922	12m	Buy	Amar Mourya
01-Nov-18	639	922	12m	Buy	Amar Mourya
26-Jul-18	649	922	12m	Buy	Amar Mourya
09-Jul-18	647	922	12m	Buy	Amar Mourya
11-May-18	768	922	12m	Buy	Amar Mourya
02-Feb-18	783	922	12m	Buy	Amar Mourya
22-Dec-17	814	982	12m	Buy	Amar Mourya
30-Jul-17	683	922	12m	Buy	Amar Mourya
27-Jul-17	670	648	12m	Accumulate	Amar Mourya

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Speciality Chemicals



### Analyst: Rohit Sinha

#### Contact Details

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#### Sector

Speciality Chemicals

#### Analyst bio

Rohit Sinha holds a CFA degree and comes with total four years of experience in the Specialty Chemicals sector. He currently covers nine stocks in the Specialty Chemicals space.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>Speciality Chemicals</b>	<b>0.19</b>	<b>0.17</b>	<b>-10%</b>	<b>-2</b>	<b>100.00</b>
Advanced Enzyme Tech	0.00	0.00	NA	0	2.16
ApcoTex Industries	0.00	0.00	NA	0	2.05
BASF India	0.00	0.00	NA	0	1.48
Camlin Fine Sciences	0.00	0.00	NA	0	1.95
GHCL	0.00	0.00	NA	0	2.50
Navin Fluorine	0.00	0.04	NA	4	22.39
Orient Refractories	0.00	0.01	NA	1	3.07
SRF	0.19	0.09	-54%	-10	46.49
Tata Chemicals	0.00	0.01	NA	1	5.83
Vinati Organics	0.00	0.00	NA	0	1.87
<b>Cash</b>	<b>0.00</b>	<b>0.02</b>	<b>NA</b>	<b>2</b>	<b>10.23</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

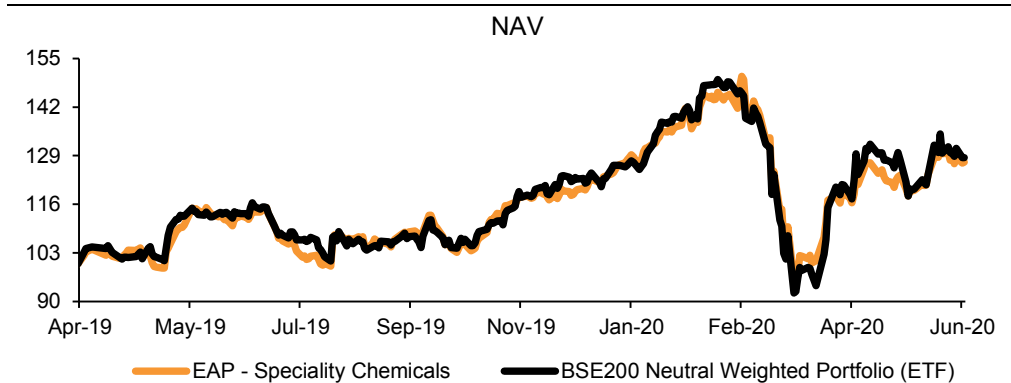
### Sector portfolio NAV

	Base					Latest
	1-Apr-19	13-Sep-19	17-Dec-19	17-Mar-20	15-May-20	16-Jun-20
EAP - Speciality Chemicals	100.0	108.6	121.9	114.7	123.8	127.3
BSE200 Neutral Weighted Portfolio (ETF)	100.0	107.3	122.0	110.1	127.8	128.5

\*Performance measurement base date 1<sup>st</sup> April 2019

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 18 Jun 2020 08:45:21 (SGT)

Dissemination Date: 18 Jun 2020 08:46:21 (SGT)

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