

SRF

Refer to important disclosures at the end of this report

Specialty Chemicals momentum to sustain; margin outlook favorable

- SRF reported 16% yoy sales growth, missing our estimate by 5%, dragged down by lower-than-expected growth in Fluorochemicals while other segments reported solid performance. EBITDA was in line with the expectation on higher-than-anticipated margin expansion in Technical Textiles and Packaging Films. The board announced an interim dividend of Rs19/share.
- Specialty Chemicals reported ~25%/~55% yoy growth in Q3/9MFY21 (as per our estimates), exceeding management's ~20-25% growth guidance for FY21. Fluorochemicals topline was flat qoq, though volumes trended higher. Sequential decline in Packaging revenues was largely due to price moderation, partially offset by improved volumes led by auto and AC recovery.
- Management remains upbeat on strong demand for specialty chemicals mainly led by demand from agrochemicals and would dedicate a large part of capex for the same. SRF already has a pipeline of Rs12-13bn capex, and may announce Rs3-4bn of additional projects.
- Specialty Chemicals outlook has substantially improved on export demand, while better outlook in R-gas business and overall margin profile lead to an earnings upgrade. We increase EPS estimates by 4.2%/7.2% for FY22/23 and raise our TP to Rs6,173. Retain Buy/OW in EAP.

Upbeat on Specialty Chemicals; R-Gas pricing environment firming up, possibly translating into better margins in the longer run: SRF's Chemicals business (CB) reported 11.6% yoy growth, largely driven by growth in Spec Chem business. Growth delivery of ~55% (as per our estimates) for 9MFY21 in the Spec Chem has surpassed management's earlier guidance and the company believes that such momentum is sustainable for the next 3-4 years, mainly aided by agrochemicals space. Incremental capex projects of Rs3-4bn (anticipated) would predominantly cater to this business. **Fluorochemicals** sales were flat qoq, although the quarter saw better volumes. Global prices of key HFCs are seeing a broad uptrend and may consequently benefit margins in upcoming quarters. Inventory levels shall remain elevated in order to capitalize on seasonal demand in Q4FY21/Q1FY22. Fluorspar prices have increased, though management does not see significant margin impact. Restrictions on imported ACs and ongoing Anti-Dumping cases for R32 and HFC blends, in case positive outcome, should be favourable for this segment.

Softness in pricing for packaging products; Domestic preference over imports favorable for TT margins: Although volumes for packaging films progressed positively, pricing pressures impacted sales and margins on a qoq basis. On a yoy basis, performance remained robust. Thailand resin plant commissioned in Nov'20, catering to Thailand BOPET plant, should provide incremental margin benefits at optimum utilization levels. TT business was impacted favorably as end-user industry preference tilted towards domestic buying as opposed to imports. Replacement demand in the tyre industry would provide tailwinds for upcoming quarters.

Growth outlook firm; maintain Buy: Specialty Chemicals outlook has substantially improved on export demand, while better outlook in R-gas business and overall margin profile lead to an earnings upgrade. We increase EPS estimates by 4.2%/7.2% for FY22/23 and raise our TP to Rs6,173 (from Rs5,466). Retain Buy and OW in EAP. Key risks to our call include underperformance in the Specialty Chemicals segment and lower operating performance in R-gas business.

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

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	70,996	72,094	80,814	1,04,108	1,23,863
EBITDA	12,970	14,549	20,844	27,486	32,895
EBITDA Margin (%)	18.3	20.2	25.8	26.4	26.6
APAT	5,916	9,159	11,464	15,855	19,228
EPS (Rs)	101.1	156.6	190.2	263.1	319.1
EPS (% chg)	28.0	54.8	21.5	38.3	21.3
ROE (%)	15.4	20.2	19.6	21.1	20.9
P/E (x)	53.5	34.5	28.4	20.5	16.9
EV/EBITDA (x)	26.8	24.0	16.9	12.8	10.5
P/BV (x)	7.7	6.4	4.8	3.9	3.2

Source: Company, Emkay Research

CMP	Target Price
Rs 5,405 as of (January 25, 2021)	Rs 6,173 (▲) 12 months
Rating	Upside
BUY (■)	14.2 %

Change in Estimates

EPS Chg FY21E/FY22E (%)	(0.3)/ 4.2
Target Price change (%)	12.9
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	190.2	263.1
Consensus	182.9	217.5
Mean Consensus TP (12M)	Rs 5,710	

Stock Details

Bloomberg Code	SRF IN
Face Value (Rs)	10
Shares outstanding (mn)	59
52 Week H/L	6,075 / 2,468
M Cap (Rs bn/USD bn)	320 / 4.39
Daily Avg Volume (nos.)	2,36,416
Daily Avg Turnover (US\$ mn)	16.8

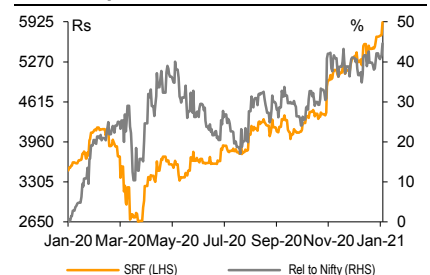
Shareholding Pattern Dec '20

Promoters	50.8%
FIIIs	19.4%
DIIIs	11.2%
Public and Others	18.6%

Price Performance

(%)	1M	3M	6M	12M
Absolute	-	24	42	50
Rel. to Nifty (6)		2	10	26

Relative price chart



Source: Bloomberg

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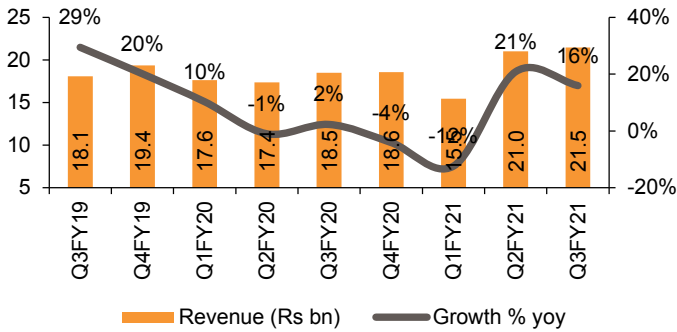
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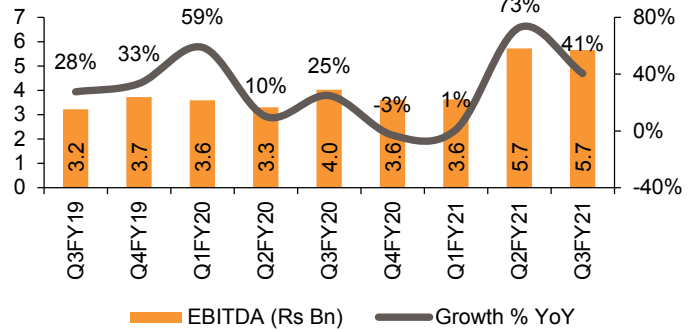
Story in Charts

Exhibit 1: Sequential growth across segments, excluding flattish performance in R-Gas business



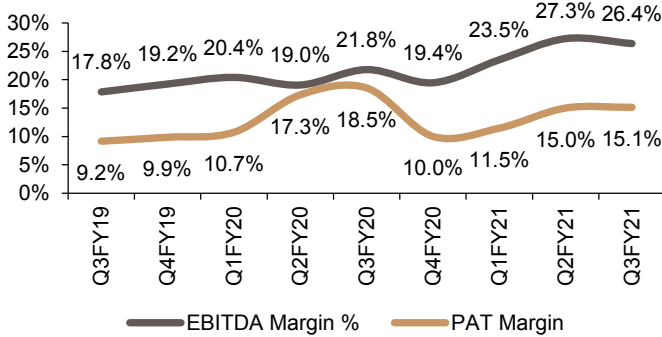
Source: Company, Emkay Research

Exhibit 2: Gross margin wins (+370bps yoy) aid EBITDA growth



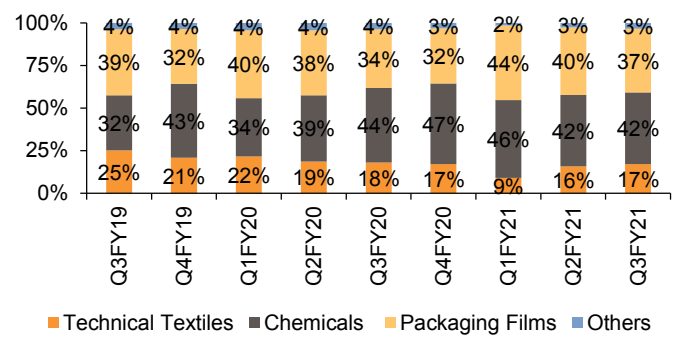
Source: Company, Emkay Research

Exhibit 3: Technical Textiles and Packaging Films' margins improvement better than expected, while interest costs reduction and higher other income benefit bottomline



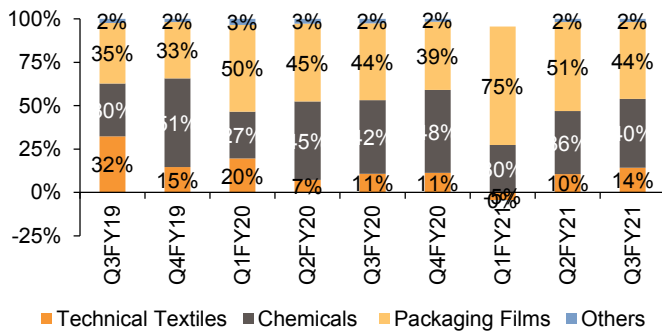
Source: Company, Emkay Research

Exhibit 4: PFB topline struggles on pricing, qoq; revenue contribution



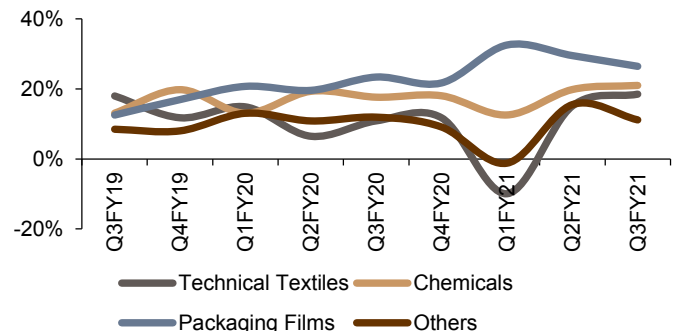
Source: Company, Emkay Research

Exhibit 5: Second sequential margin decline in PFB, while CB gains on higher spec chem proportion; EBIT contribution



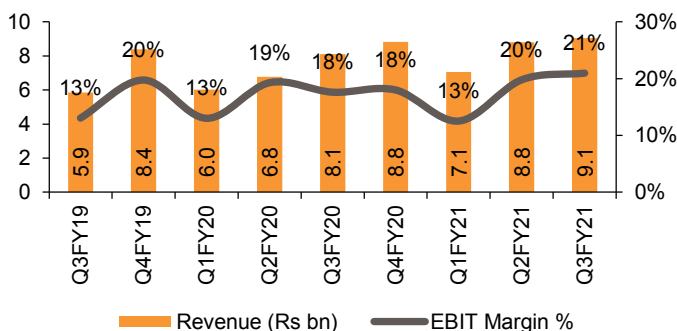
Source: Company, Emkay Research

Exhibit 6: Technical Textiles qoq margin expansion highest across various businesses; EBIT margins



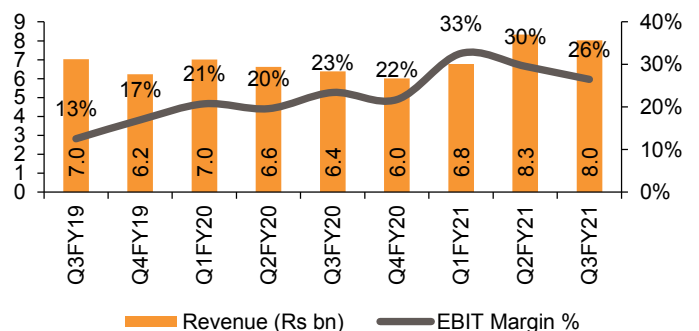
Source: Company, Emkay Research

Exhibit 7: Chemicals business grows on Specialty contribution; R-gas under pressure from subdued demand in end-user industries



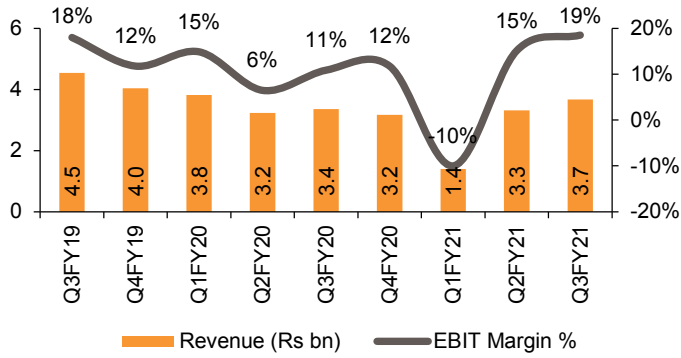
Source: Company, Emkay Research

Exhibit 8: On yoy basis, volume growth beneficial for PFB business, while pricing not so much



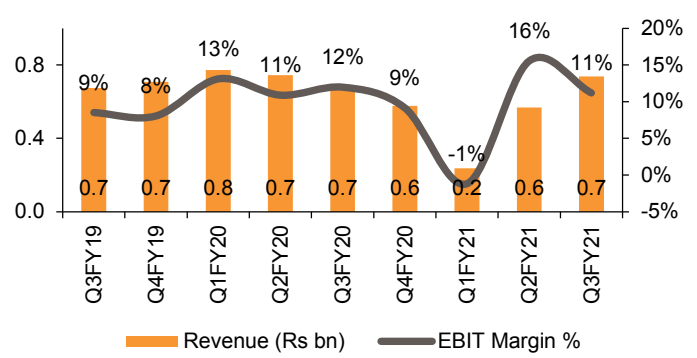
Source: Company, Emkay Research

Exhibit 9: Quicker than expected recovery in Technical Textiles led by underlying pent-up demand from tyre industry supported by domestic sourcing preference



Source: Company, Emkay Research

Exhibit 10: Others segment sales grows on laminated fabrics, while coated fabrics holds steady



Source: Company, Emkay Research

Exhibit 11: Actual vs. Estimates (Q3FY21)

(in Rs Mn)	Actual	Estimates		% Variation		Comment
		(Emkay)	(Consensus)	Emkay	Consensus	
Sales	21,464	22,581	22,203	-4.9	-3.3	Below our expectation mainly due to lower than expected growth in fluorochemicals business.
EBITDA	5,661	5,639	5,611	0.4	0.9	In line with estimates due to better than expected on year margin expansion in PFB and TT.
EBITDA margin %	26.4	25.0	25.3	140.3bps	110.4bps	
APAT	3,247	3,147	3,147	3.2	3.2	Ahead of estimate due to lower interest costs led by debt repayment and jump in other income (interest earned on QIB deposits). Excluding one off tax benefits in Q3FY20, PAT grew 46%.

Source: Company, Emkay Research

Exhibit 12: Quarterly performance (consolidated)

Rs Mn	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	YoY (%)	QoQ (%)	9MFY21	9MFY20	YoY %
Revenue	18,505	18,578	15,452	21,008	21,464	16.0	2.2	57,924	53,516	8.2
CoGS	11,148	10,891	8,648	11,448	12,132	8.8	6.0	32,228	32,705	(1.5)
Gross Profit	7,357	7,688	6,804	9,561	9,332	26.8	(2.4)	25,696	20,811	23.5
as % of sales	39.8	41.4	44.0	45.5	43.5			44	39	
SG&A expenses	3,328	4,075	3,171	3,836	3,671	10.3	(4.3)	10,677	9,875	8.1
as % of sales	18.0	21.9	20.5	18.3	17.1			18	18	
EBITDA	4,029	3,613	3,633	5,725	5,661	40.5	(1.1)	15,019	10,937	37.3
Depreciation	1,019	1,014	1,040	1,140	1,166	14.4	2.2	3,346	2,872	16.5
EBIT	3,010	2,599	2,592	4,585	4,496	49.3	(1.9)	11,673	8,064	44.7
Other Income	56	63	101	98	217	289.9	122.4	415	428	(2.9)
Interest Expenses	475	466	432	362	285	(40.1)	(21.2)	1,078	1,541	(30.0)
PBT	2,591	2,196	2,262	4,321	4,428	70.9	2.5	11,010	6,951	58.4
Total Tax	(864)	255	493	1,164	1,185	Nm	1.8	2,842	(266)	Nm
Reported PAT	3,454	1,942	1,769	3,157	3,243	(6.1)	2.7	8,168	7,218	13.2
Profit from discontinued business	(25)	84	(2)	(5)	5			2	1,116	Nm
Adjusted PAT	3,429	1,858	1,771	3,152	3,247	(5.3)	3.0	8,166	6,102	33.8
Reported EPS	60.1	33.8	30.8	54.9	55.0	(8.5)	0.2	141	126	12.1

Margins (%)						(bps)	(bps)			(bps)
EBITDA	21.8	19.4	23.5	27.3	26.4	460	-88	25.9	20.4	549
EBIT	16.3	14.0	16.8	21.8	20.9	468	-88	20.2	15.1	508
EBT	14.0	11.8	14.6	20.6	20.6	663	6	19.0	13.0	602
PAT	18.5	10.0	11.5	15.0	15.1	-340	13	14.1	11.4	270
Effective Tax Rate	-33.3	11.6	21.8	26.9	26.8	6,010	-17	25.8	-3.8	2,964

Segment Revenue	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	YoY (%)	QoQ (%)	9MFY21	9MFY20	YoY %
Technical Textiles	3,357	3,168	1,404	3,321	3,670	9.3	10.5	8,395	10,407	(19.3)
Chemicals	8,119	8,819	7,052	8,812	9,059	11.6	2.8	24,923	20,931	19.1
Packaging Films	6,382	6,015	6,774	8,329	8,020	25.7	(3.7)	23,122	20,025	15.5
Others	691	577	237	569	738	6.9	29.8	1,544	2,207	(30.0)

EBIT Segment wise	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	YoY (%)	QoQ (%)	9MFY21	9MFY20	YoY %
Technical Textiles	365	372	-140	502	679	86.1	35.3	1041	1142	-8.8
Chemicals	1431	1589	886	1744	1899	32.8	8.9	4529	3526	28
Packaging Films	1494	1307	2207	2462	2124	42.2	(13.7)	6793	4249	60
Others	83	53	-3	88	83	(0.1)	(6.6)	168	265	-37

EBIT Margin %						(bps)	(bps)			(bps)
Technical Textiles	10.9	11.7	-10.0	15.1	18.5	764	340	12.4	11.0	143
Chemicals	17.6	18.0	12.6	19.8	21.0	334	117	18.2	16.8	133
Packaging Films	23.4	21.7	32.6	29.6	26.5	307	-307	29.4	21.2	816
Others	12.0	9.2	-1.2	15.5	11.2	-78	-435	10.9	12.0	-111

Source: Company, Emkay Research

Conference call highlights

Chemicals

- Management sees strong demand in agro space (both existing and new products) and would dedicate a large part of capex toward agro-based opportunities as compared to pharma (incl. proceeds from QIB). Growth in Q3 was better than expectations and mgmt. expects sustainable growth in the next 3-4 years. cGMP plant utilization levels at ~50%.
- Production levels remained high this quarter with slightly higher volumes in both domestic and export markets (cars, ACs), though overall sales remained flat qoq. Inventory levels are elevated to accommodate higher seasonal demand in Q4FY21-Q1FY22. Prices for key HFCs visibly on uptrend. OEM market is doing well, while replacement market would kick in Q1FY22. Clarity on HFO plant will be provided in next few months. R467a discussions are taking place in the Middle East. Fluorspar prices have moved up though manageable. HFCs capacity (~35ktpa, excluding R22) are at optimum levels currently; including R22 (~45ktpa), levels should reach peak in next 12-18 months.

Packaging Film

- Margin pressure may remain in the market, given two lines commissioned (Nigeria, Columbia) and price normalization. QoQ sales fell due to price reduction, while volumes were positive. Hungary plant would ramp up in the next few months, while Thailand resin plant has been commissioned and should provide margin gains at optimum levels. Thailand BOPP line expected in Jun'22 while Indore line in Jun'23.

Technical Textiles

- Customer preference is more toward domestic products than imported products. SRF has undertaken debottlenecking 400t/m yarn capacity, which would improve volumes. Sharp reduction in imports has boosted margins. Replacement tyre demand would see an overall steady uptick.

Exhibit 13: Recent capex announcements

Date	Segment	Description	Amount (Rs mn)
April 1, 2016	Refrigeration	To set up a pilot plant for new generation HFO 1234yf	400
10th May 2016	Packaging Films	Setting up of a Bi-axially Oriented Polypropylene (BOPP) Film Line & Metallizer in existing packaging film business Domestic Tariff Area campus at Indore - 35000 MT	2690
8th August 2016	Chemicals	Expanding Chloromethane capacity by 40,000 TPA (existing capacity is 40,000 TPA running at 100% capacity utilization)	1650
8th August 2016	Chemicals	Setting up Multi-purpose plant	1800
8th August 2016	Chemicals	'Electrochemical Research Facility' at Bhiwadi	68
November 11, 2016	Chemicals	New facilities and production of new products in existing multi-purpose plant and setting up of cGMP plant	1280
May 22, 2017	Chemicals	250 MTPA joint agrochemical plant for production of active ingredients	1800
Aug 08, 2017	Chemicals	Setting up 800-1000 TPA plant for producing specialty chemical for agrochemical industry	850
Nov 02, 2017	Chemicals	Acquisition of HFC 125 asset from global major: Mexichem(\$10mn)	650
Nov 10, 2017	Chemicals	Setting up new facility for R 125(adjusted)	660
Nov 10, 2017	Chemicals	New R32 capacity, R134a (debottlenecking), R32 conversion to R134a (Bhiwadi), AHF capacity expansion	2250
Nov 10, 2017	Packaging	Modernization of Belting fabric at TTB, Viralimalai site	169
Feb 07, 2018	Packaging	BOPET film line and a Metallizer in Eastern Europe (Eur58mn)	4570
Feb 07, 2018	Chemicals	Augmenting existing product lines and cost management measures	810
Feb 07, 2018	Textile	Installation of a dipping line brought over from SRF's Overseas	320
July 09, 2018	Packaging	BOPET film line + Resin plant at Thailand subsidiary 40000 MTPA capacity (\$60mn)	4100
Feb 05, 2019	Chemicals	Agrochemical products	1400
Aug 06, 2019	Chemicals	PTFE plant of 5000MTPA and R-gas Plant	4240
Oct 31, 2019	Chemicals	1600MTPA capacity addition in Specialty chem (for agro, pharma & Others)	400
Oct 31, 2019	Packaging	45,000 MTPA BOPP film line in Thailand (\$50mn)	3500
Oct 31, 2019	Textile	Capacity expansion cum modernization of TCF value chain	1250
Feb 4, 2020	Chemicals	Specialty Chemical plant in Dahej (capacity - 2150 MTPA)	2380
Feb 4, 2020	Chemicals	HFC Phase 1 for future incremental capacities	655
July 30, 2020	Chemicals	Chloromethane plant 100ktpa for industrial chemicals (existing 95ktpa)	3150
Nov 04, 2020	Packaging	60,000 MTPA BOPP film line in Indore (existing 45ktpa running at 100%)	4240
Nov 04, 2020	Chemicals	Dedicated facility to produce P16 specialty product for 200mtpa at Dahej	175
Nov 04, 2020	Treatment	Water treatment and thermal oxidation (ROI accretive) at Dahej	2200

Source: Company, Emkay Research

Exhibit 14: Key segment wise assumptions

Key Assumptions	FY19	FY20	FY21E	FY22E	FY23E
Technical Textile Revenue	17,344	13,575	11,880	15,725	17,297
Revenue Growth	-6%	-22%	-12%	32%	10%
EBIT Margins	15%	11%	13%	14%	14%
Chemicals Revenue	24,454	29,750	35,133	47,090	58,377
Revenue Growth	54%	22%	18%	34%	24%
EBIT Margins	16%	17%	19%	21%	23%
Packaging Films Revenue	26,533	26,040	31,719	38,775	45,292
Revenue Growth	51%	-2%	22%	22%	17%
EBIT Margins	15.5%	21.3%	28.2%	24.9%	23.3%
Others	2,716	2,783	2,190	2,518	2,896
Revenue Growth	-41%	2%	-21%	15%	15%
EBIT Margins	8.0%	11.4%	10.6%	10.0%	10.0%
Total Sales	71,047	72,148	80,922	1,04,108	1,23,863
Total EBIT	10,788	12,503	17,343	22,123	26,397

Source: Company, Emkay Research

Exhibit 15: Revision is estimates

Rs mn	FY21E			FY22E			FY23E		
	Old	New	% Change	Old	New	% Change	Old	New	% Change
Revenues	82,852	80,814	-2.5	1,04,133	1,04,108	0.0	1,23,088	1,23,863	0.6
EBITDA	20,753	20,844	0.4	26,674	27,486	3.0	31,186	32,895	5.5
EBITDA margins %	25.0	25.8	74bps	25.6	26.4	79bps	25.3	26.6	122bps
Net profits	11,490	11,464	-0.2	15,213	15,855	4.2	17,930	19,228	7.2
EPS (Rs)	190.7	190.2	-0.2	252.4	263.1	4.2	297.5	319.1	7.2

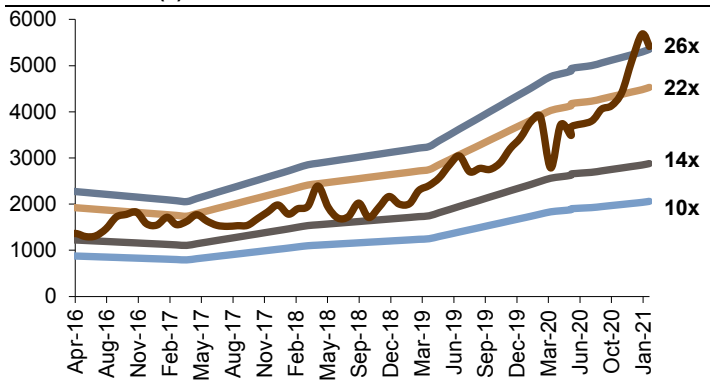
Source: Company, Emkay Research

Exhibit 16: SoTP-based valuation (FY23 earnings)

Segments	EV/EBITDA	FY23E EBITDA (Rs Mn)	EV (Rs Mn)
Chemicals Revenue	16.0x	16,607	2,65,708
R-Gas	15.0x	3,399	50,990
Specialty Chemicals	18.0x	11,435	2,05,837
Chlorinated Chemicals	15.0x	1,772	26,581
Total Chemicals	17.1x	16,607	2,83,407
Technical Textile	5.0x	3,789	18,946
Packaging	6.5x	12,765	82,975
Others	5.0x	434	2,168
Total	11.5x	33,595	3,87,496
Debt (net)			26,352
Mcap			3,61,145
TP			6,173

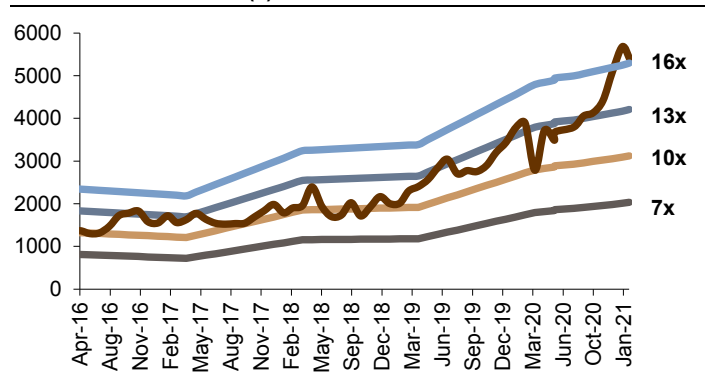
Source: Company, Emkay Research

Exhibit 17: PE (x) Band



Source: Company, Emkay Research

Exhibit 18: EV/EBITDA (x) Band



Source: Company, Emkay Research

Exhibit 19: Peer comparison

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	TP (Rs)	PE				PB (x)				EV/EBITDA			
					FY20	FY21e	FY22e	FY23e	FY20	FY21e	FY22e	FY23e	FY20	FY21e	FY22e	FY23e
Advanced Enzyme Tech	309	35	Buy	368	26.7	23.9	19.4	16.8	4.1	3.5	3.0	2.6	16.8	15.0	11.8	9.9
Apcotex Industries	184	10	Hold	140	57.4	56.7	30.9	19.7	3.8	3.7	3.4	3.0	29.7	25.7	16.8	11.1
BASF India	1629	71	Buy	1630	381.0	51.0	36.2	28.0	5.1	3.6	3.3	3.0	32.7	19.7	16.9	14.7
Camlin Fine Sciences	107	14	Buy	140	42.9	23.5	14.4	11.5	3.2	2.6	2.2	1.9	13.1	11.7	8.9	7.2
GHCL	212	20	Buy	186	5.1	6.6	4.8	4.2	0.9	0.8	0.7	0.6	4.3	4.4	3.2	2.7
Navin Fluorine	2496	123	Buy	2742	66.8	54.6	44.9	28.5	8.7	7.8	6.8	5.7	46.0	37.8	32.2	21.0
SRF	5413	320	Buy	6173	34.5	28.4	20.5	16.9	6.4	4.8	3.9	3.2	24.0	16.9	12.8	10.5
Tata Chemicals	519	132	Hold	324	1.9	24.3	17.5	14.2	1.0	1.0	1.0	0.9	10.7	11.9	10.0	8.8
Vinati Organics	1220	125	Buy	1330	37.5	44.7	32.3	25.6	9.8	8.4	6.9	5.6	30.1	33.4	23.9	18.6

Source: Company, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	70,996	72,094	80,814	1,04,108	1,23,863
Expenditure	58,026	57,545	59,970	76,622	90,968
EBITDA	12,970	14,549	20,844	27,486	32,895
Depreciation	3,582	3,886	4,670	6,063	7,198
EBIT	9,388	10,663	16,175	21,423	25,697
Other Income	280	491	505	360	360
Interest expenses	1,984	2,007	1,442	1,456	1,405
PBT	7,684	9,147	15,238	20,327	24,652
Tax	1,769	(12)	3,774	4,472	5,423
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	5,916	9,159	11,464	15,855	19,228
Adjusted PAT	5,916	9,159	11,464	15,855	19,228

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	585	585	603	603	603
Reserves & surplus	40,708	48,748	66,809	81,941	1,00,446
Net worth	41,293	49,333	67,412	82,544	1,01,049
Minority Interest	0	0	0	0	0
Loan Funds	33,454	33,916	28,916	27,916	23,916
Net deferred tax liability	0	0	0	0	0
Total Liabilities	74,746	83,249	96,327	1,10,460	1,24,965
Net block	63,630	77,609	80,939	90,877	99,678
Investment	8,222	7,990	7,990	7,990	7,990
Current Assets	27,027	23,027	30,486	39,318	48,196
Cash & bank balance	1,989	1,506	2,196	2,873	4,835
Other Current Assets	0	0	0	0	0
Current liabilities & Provision	24,133	25,376	23,088	27,724	30,899
Net current assets	2,894	(2,349)	7,399	11,594	17,297
Misc. exp	0	0	0	0	0
Total Assets	74,746	83,249	96,327	1,10,460	1,24,965

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	7,405	8,656	14,733	19,967	24,292
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(2,310)	4,761	(9,058)	(3,518)	(3,741)
Operating Cashflow	7,609	17,492	7,076	18,400	22,685
Capital expenditure	(10,408)	(17,865)	(8,000)	(16,000)	(16,000)
Free Cash Flow	(2,799)	(373)	(924)	2,400	6,685
Investments	(687)	233	0	0	0
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	(11,095)	(17,632)	(8,000)	(16,000)	(16,000)
Equity Capital Raised	1	0	18	0	0
Loans Taken / (Repaid)	5,197	463	(5,000)	(1,000)	(4,000)
Dividend paid (incl tax)	690	805	723	723	723
Other Financing Cash Flow	3,818	(1,147)	891	(2,446)	(5,446)
Financing Cashflow	4,508	(342)	1,614	(1,723)	(4,723)
Net chg in cash	1,022	(483)	690	677	1,962
Opening cash position	967	1,989	1,506	2,196	2,873
Closing cash position	1,989	1,506	2,196	2,873	4,835

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	18.3	20.2	25.8	26.4	26.6
EBIT Margin	13.2	14.8	20.0	20.6	20.7
Effective Tax Rate	23.0	(0.1)	24.8	22.0	22.0
Net Margin	8.3	12.7	14.2	15.2	15.5
ROCE	13.9	14.1	18.6	21.1	22.1
ROE	15.4	20.2	19.6	21.1	20.9
RoIC	15.7	15.4	20.2	23.1	24.3

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	101.1	156.6	190.2	263.1	319.1
CEPS	162.4	223.0	267.7	363.7	438.5
BVPS	705.9	843.3	1,118.6	1,369.7	1,676.8
DPS	11.8	13.8	12.0	12.0	12.0

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	53.5	34.5	28.4	20.5	16.9
P/CEPS	33.3	24.3	20.2	14.9	12.3
P/BV	7.7	6.4	4.8	3.9	3.2
EV / Sales	4.9	4.8	4.4	3.4	2.8
EV / EBITDA	26.8	24.0	16.9	12.8	10.5
Dividend Yield (%)	0.2	0.3	0.2	0.2	0.2

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	0.8	0.7	0.4	0.3	0.2
Net Debt/EBIDTA	2.4	2.2	1.3	0.9	0.6
Working Cap Cycle (days)	4.7	(19.5)	23.5	30.6	36.7

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	27.0	1.5	12.1	28.8	19.0
EBITDA	36.2	12.2	43.3	31.9	19.7
EBIT	47.4	13.6	51.7	32.4	19.9
PAT	28.1	54.8	25.2	38.3	21.3

Quarterly (Rs mn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Revenue	18,505	18,578	15,452	21,008	21,455
EBITDA	4,029	3,613	3,633	5,725	5,652
EBITDA Margin (%)	21.8	19.4	23.5	27.3	26.3
PAT	3,405	1,773	1,773	3,147	3,243
EPS (Rs)	59.2	30.9	29.4	54.8	54.7

Source: Company, Emkay Research

Shareholding Pattern (%)	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Promoters	52.3	52.3	52.3	52.3	50.8
FIs	18.4	18.3	17.1	17.1	19.4
DIs	11.6	11.3	11.3	11.3	11.2
Public and Others	17.7	18.1	19.3	19.2	18.6

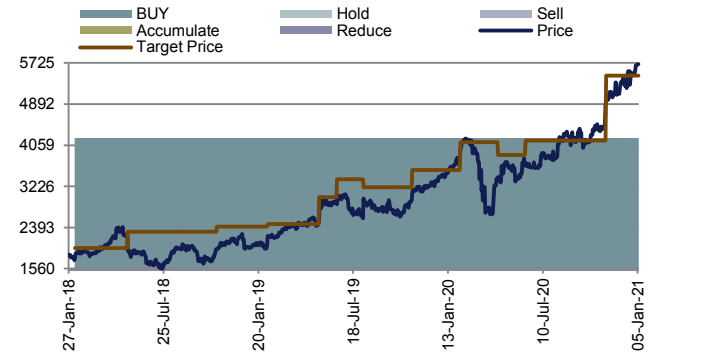
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
06-Nov-20	4,967	5,466	12m	Buy	Rohit Sinha
04-Nov-20	4,443	4,156	12m	Buy	Rohit Sinha
02-Aug-20	3,793	4,156	12m	Buy	Rohit Sinha
07-Jun-20	3,650	4,156	12m	Buy	Rohit Sinha
16-Apr-20	3,414	3,860	12m	Buy	Rohit Sinha
07-Feb-20	4,110	4,122	12m	Buy	Rohit Sinha
05-Feb-20	3,987	4,122	12m	Buy	Rohit Sinha
06-Jan-20	3,409	3,558	12m	Buy	Rohit Sinha
06-Nov-19	3,067	3,558	12m	Buy	Rohit Sinha
23-Sep-19	2,949	3,210	12m	Buy	Rohit Sinha
18-Sep-19	2,740	3,210	12m	Buy	Rohit Sinha
06-Aug-19	2,981	3,210	12m	Buy	Amar Mourya
17-Jun-19	2,863	3,367	12m	Buy	Amar Mourya
14-May-19	2,600	3,008	12m	Buy	Amar Mourya
01-Apr-19	2,361	2,464	12m	Buy	Amar Mourya
06-Feb-19	2,223	2,464	12m	Buy	Amar Mourya
02-Nov-18	1,959	2,409	12m	Buy	Amar Mourya
08-Aug-18	1,853	2,305	12m	Buy	Amar Mourya
09-Jul-18	1,727	2,305	12m	Buy	Amar Mourya
18-May-18	1,924	2,305	12m	Buy	Amar Mourya
07-Feb-18	1,776	1,978	12m	Buy	Amar Mourya

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Speciality Chemicals



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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)
Speciality Chemicals	0.19	0.19	-1%	0	100.00
Advanced Enzyme Tech	0.00	0.00	NA	0	1.93
Apcotex Industries	0.00	0.00	NA	0	1.17
BASF India	0.00	0.00	NA	0	0.89
Camlin Fine Sciences	0.00	0.02	NA	2	7.81
GHCL	0.00	0.01	NA	1	5.06
Navin Fluorine	0.00	0.05	NA	5	23.51
Orient Refractories	0.00	0.01	NA	1	3.84
SRF	0.19	0.09	-52%	-10	47.75
Tata Chemicals	0.00	0.01	NA	1	4.31
Vinati Organics	0.00	0.01	NA	1	3.15
Cash	0.00	0.00	NA	0	0.58

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	24-Jan-20	24-Jul-20	23-Oct-20	23-Dec-20	22-Jan-21
EAP - Speciality Chemicals	100.0	136.7	138.7	165.3	200.2	198.3
BSE200 Neutral Weighted Portfolio (ETF)	100.0	139.6	134.8	157.2	196.6	192.2

*Performance measurement base date 1st April 2019

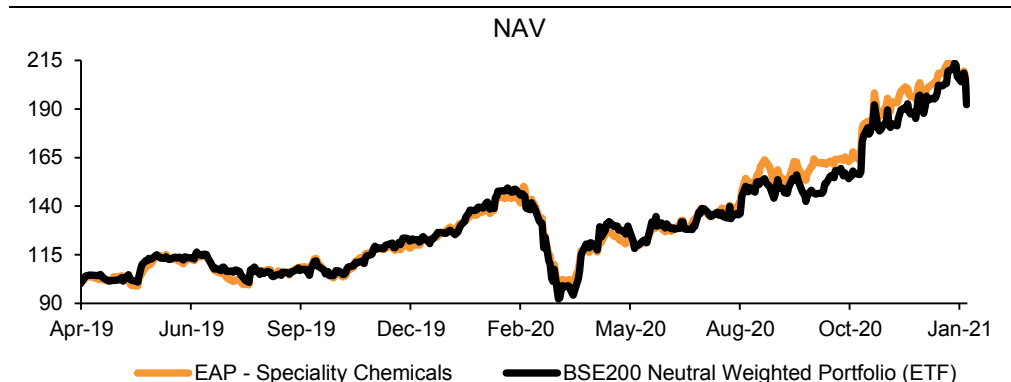
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Speciality Chemicals	-1.0%	19.9%	42.9%	45.0%
BSE200 Neutral Weighted Portfolio (ETF)	-2.2%	22.3%	42.6%	37.7%

Source: Emkay Research

NAV chart



Source: Emkay Research

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

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

“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: 25 Jan 2021 14:35:44 (SGT)

Dissemination Date: 25 Jan 2021 14:36:44 (SGT)

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