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Initiating Coverage @MotilalOswalLtd specialty chem



https://t.co/aJEVR9nfEK

Initiating coverage with a positive outlook on Specialty Chemicals space

- **Atul | Ideogram of integration**: We forecast a 13% revenue CAGR over FY21–24E (v/s 8% over FY15–20;-9% YoY in FY21) and a 14% PAT CAGR over FY21–24E.
- **Deepak Nitrite | Amoeba of growth**: Its valuation is the most attractive in this space. We expect a 19% PAT CAGR (on a higher base) over FY21–24E.
- **Vinati Organics | Preacher of purity**: Its process efficiencies and market share stand at over 99.5% and 65%. We expect a 33% PAT CAGR over FY21–24E.
- **Alkyl Amines | Growing tall:** Revenue could double over the next three years to INR21.5b. We expect margins to normalize to ~30% (from FY21 highs of 35%).
- **Navin Fluorine | Biggest beneficiary of China+1**: It has announced two new projects in the past year. We expect revenue to double by FY23E (39% CAGR).
- **Galaxy Surfactants | Pseudo-FMCG company**: We expect a ~10% volume CAGR over FY22–24E, with management's increased focus on high margin products.
- **Fine Organics | Stable outlook ahead**: Utilization ramp-up would boost growth. We forecast an ~18% revenue CAGR over FY21–24E (v/s 10% over FY15-21).
- **NOCIL | Multifold growth ahead**: Asset turnover would increase to ~1.0x by FY24E from 0.7x in FY21 (revenue/PAT CAGR of 25%/48% over FY21-24E).