

Rating: Not Rated | CMP: Rs879 | TP: NA

October 4, 2023

## Management Meet Update

### Key Financials - Consolidated

Y/e Mar	FY20	FY21	FY22	FY23
Sales (Rs. m)	5,289	8,074	10,508	16,019
EBITDA (Rs. m)	1,349	1,938	2,970	4,314
Margin (%)	25.5	24.0	28.3	26.9
PAT (Rs. m)	530	703	1,522	2,168
EPS (Rs.)	6.9	8.6	15.2	20.9
Gr. (%)	5.2	23.3	77.8	37.4
DPS (Rs.)	-	-	-	1.5
Yield (%)	-	-	-	0.2
RoE (%)	9.6	6.5	9.2	10.6
RoCE (%)	8.4	7.5	8.8	10.7
EV/Sales (x)	19.4	18.4	12.0	9.3
EV/EBITDA (x)	104.4	72.1	50.2	32.7
PE (x)	125.8	102.0	57.4	41.8
P/BV (x)	NA	5.5	5.1	4.0

### Key Data

ANUY.BO | ANURAS IN

52-W High / Low	Rs. 1,250 / Rs. 570
Sensex / Nifty	65,512 / 19,529
Market Cap	Rs. 93.9bn / \$ 1,127.7m
Shares Outstanding	107.6m
3M Avg. Daily Value	Rs. 186.1m

### Shareholding Pattern (%)

Promoter's	60.77
Foreign	9.79
Domestic Institution	3.74
Public & Others	25.69
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(12.1)	4.1	18.4
Relative	(12.1)	(8.2)	5.4

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## Fluorination chemistry likely to drive growth

We met Mr. Anand Desai (MD) and Mr. Ravish Chaudhary (Sr. manager – Corporate strategy & Investor Relations) of Anupam Rasayan (ANURAS) who highlighted that with India's CSM industry likely to grow at double digit CAGR over next couple of years, primarily driven by increased demand coupled with shift in manufacturing operations from China is driving demand for company's products and solutions. The company is also increasing its focus on fluoro based chemicals and planning to launch over 12-14 molecules over next 12-18 months. We believe ANURAS is well placed to benefit in the long term given 1) its focus on commercialization of new products, 2) strong order book/LOI's worth Rs76,690 mn and 3) expansion in fluorination chemistry. The stock trades at PE of 39.6x/27.7x FY24E/FY25E bloomberg estimates. Not rated.

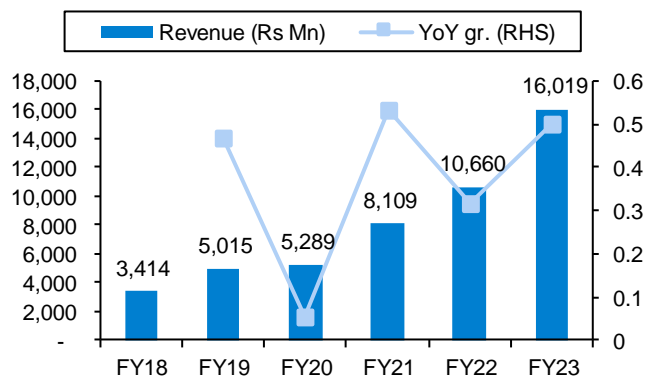
**Strong revenue outlook on back of robust LOI's:** During 1QFY24, the company had signed 3 LOI'S worth Rs40,660mn with a contract period of 5-7 years and currently total order book stands at Rs76,990mn which provides strong revenue visibility for next couple of years. Management iterated 25% CAGR over next 2-3 years, owing to its strong product pipeline.

**New product launches to propel growth:** In 1QFY24, company commercialized 2 new molecules taking the total number of products to 55. For FY24, company plans to commercialize 10 new molecules. Currently there are more than 90+ molecules at R&D and pilot pipeline. Additionally, the company is focusing on expanding its fluorination product portfolio; management highlighted that revenue contribution from fluoro-based is expected to increase to 20% in FY24 and 30% by FY27 from current 15%.

**Capex to support overall growth:** Owing to strong product pipeline company announced a total capex outlay of Rs6700mn. Out of this capex, Rs2500mn capex will be used for contracts/LOI's and rest will be used for fluorination. By the end of 1QFY24, company had spent Rs1240mn and the rest will be invested in 12 months. As on 31<sup>st</sup> March 2023, cash on the books was Rs5510mn. This coupled with strong cash flow from operations will be sufficient for capex.

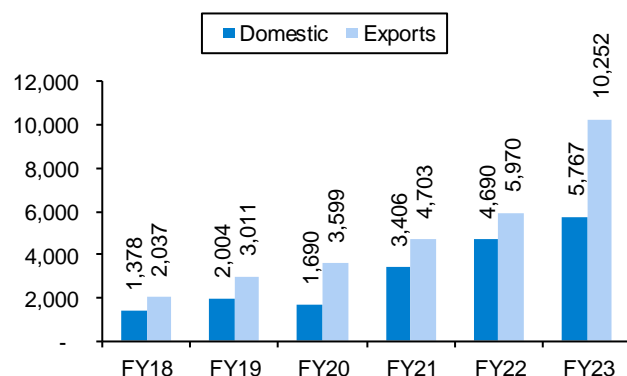
**Focusing on improving working capital:** The inventory days had reduced from 290 in FY22 to 250 FY23. This has helped the company to improve its cash flow from operations. Further, company had highlighted that the inventory days is expected to come down to 220 in FY24.

Exhibit 1: Strong revenue growth over the years



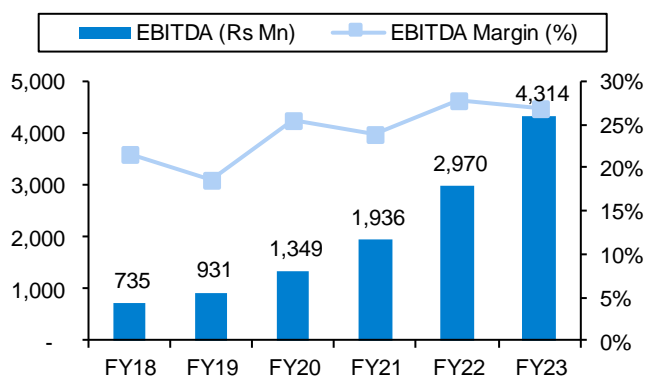
Source: Company, PL

Exhibit 2: Revenue- Break Down



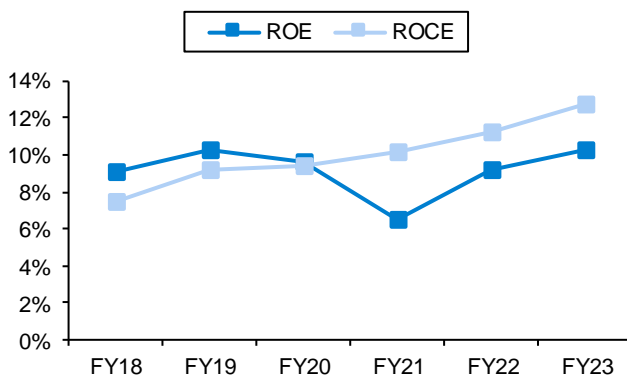
Source: Company, PL

Exhibit 3: Stable EBITDA margins



Source: Company, PL

Exhibit 4: Return profile



Source: Company, PL

Exhibit 5: Strong Revenue Visibility over next couple of years

### Strong Order Book – Recent LOI/Contracts Signed

Signing Quarter	Segment	Customer	LOI/Contract	Tenor (Years)	Value(₹ Crores)
Q1FY22	Life Science	Multinational Life Science Company	LOI	5	₹1,100
Q1FY22	Life Science	Two Multinational Companies	Contract	5	₹540
Q2FY22	Life Science	European Multinational Company	Contract	5	₹144
Q3FY22	Life Science	Japanese Multinational Company	Contract	4	₹135
Q4FY22	Life Science	Multinational Crop Protection Company	LOI	5	₹700
Q4FY23	Life Science	Japanese Chemical Company	LOI	6	₹984
Q1FY24	Other Specialty Chemical	Japanese Multinational	LOI	7	₹1,500
Q1FY24	Other Specialty Chemical	American Multinational	LOI	5	₹380
Q1FY24	Life Science	Japanese Chemical Company	LOI	5	₹2,186
Total					₹7,669

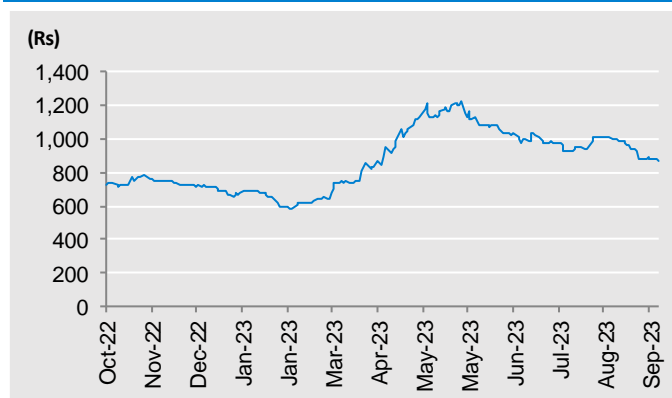
LOI/Contracts signed worth **₹7,669 crores** in last two years provides strong visibility of revenue for coming years.

Source: Anupam Rasayan Investor Presentation



## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
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## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Hold	495	473
2	Bharat Petroleum Corporation	Hold	353	352
3	Bharti Airtel	Accumulate	935	890
4	Clean Science and Technology	Hold	1,206	1,298
5	Deepak Nitrite	Reduce	1,803	2,092
6	Gujarat Fluorochemicals	Accumulate	3,230	3,125
7	Gujarat Gas	Accumulate	516	455
8	Gujarat State Petronet	BUY	327	276
9	Hindustan Petroleum Corporation	Hold	263	261
10	Indian Oil Corporation	Hold	97	92
11	Mahanagar Gas	Hold	1,056	1,056
12	Navin Fluorine International	Accumulate	5,064	4,544
13	NOCIL	Hold	230	228
14	Oil & Natural Gas Corporation	BUY	218	177
15	Oil India	BUY	341	277
16	Reliance Industries	BUY	2,898	2,444
17	SRF	Hold	2,143	2,371
18	Vinati Organics	Accumulate	1,955	1,815

## PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: >15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



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