

Week Gone

- ⇒ RIL and BP announced the start of their new Indian fuels and mobility joint venture, mobility joint venture, Reliance BP Mobilitc (RBML).
- ⇒ Bajaj Finance's asset under management (AUM) under moratorium reduced to about 15.5% as of 30 June from 27% as of end April.
- ⇒ Adani Ports and Special Economic Zone (APSEZ) said it will raise \$1.25 billion through dollar bonds to repay its existing debt.

Week ahead

- ⇒ Infosys will unveil its April-June quarterly result on 15 July 2020.
- ⇒ Overseas, the Bank of Japan will announce its interest rate decision on 15 July 2020.
- ⇒ China will announce industrial production data for June on 16 July 2020

Technical Overview

Index closed with a gain of 1.51% at 10768. Index opened gap up and traded whole week in narrow range of 150 points. Going ahead breakout on it wither side will dictate th trend ahead. Going forward if index surpass and sustains above 10850 will open the gate for 11000 -11150 while on flip side breakdown below 10700 will led profit booking towards 10550-10450.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	10-Jul-20	03-Jul-20	Weekly % Chg
Nifty	10,768	10,607	1.5
Nifty Next 50	26,209	26,146	0.2
Nifty 100	10,920	10,777	1.3
Nifty 500	8,814	8,696	1.4
Nifty Midcap 100	15,254	15,043	1.4
Sensex	36,595	36,021	1.6
BSE 100 Index	10,844	10,708	1.3
BSE 200 Index	4,527	4,476	1.1
BSE 500 Index	13,969	13,799	1.2
BSE Mid-Cap	13,397	13,289	0.8
BSE Small Cap	12,804	12,603	1.6

WORLD INDICES

Index	10-Jul-20	03-Jul-20	Weekly % Chg
Nikkei Index	22,291	22,292	0.0
Hang Sang Index	25,727	25,373	1.4
Kospi Index	2,150	2,152	-0.1
Shanghai SE Composite	3,383	3,153	7.3
Strait Times Index	2,751	2,751	0.0
Dow Jones	25,744	25,827	-0.3
NASDAQ	10,515	10,208	3.0
FTSE	6,088	6,152	-1.0

FOREX

Currency	10-Jul-20	03-Jul-20	Weekly % Chg
US\$ (Rs.)	75.2	74.6	0.8
GBP (Rs.)	95.1	93.0	2.3
Euro (Rs.)	85.1	83.9	1.4
Yen (Rs.) 100 Units	70.5	69.4	1.6

NIFTY TOP GAINERS (WEEKLY)

Scrip	10-Jul-20	03-Jul-20	Weekly % Chg
Bajaj Finance	3314.2	2931.5	13.1
Hindalco	163.7	146.4	11.8
Indusind Bank	539.3	487.2	10.7
SBI	195.6	184.7	5.9
Bajaj Finserv	6483.8	6149.4	5.4

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
10-Jul-20	2,489.5	3,520.5	-1,031.0
09-Jul-20	4,516.6	4,303.8	212.8
08-Jul-20	5,473.2	7,138.3	366.2
07-Jul-20	6,580.2	7,034.7	-1,200.3
06-Jul-20	4,111.4	2,248.7	-1,199.5
<u>MTD</u>	1,09,984.6	1,13,792.7	(3,808.0)

NIFTY TOP LOSERS (WEEKLY)

Scrip	10-Jul-20	03-Jul-20	Weekly % Chg
ITC	194.4	207.6	-6.4
ONGC	78.6	82.4	-4.7
NTPC	90.4	94.5	-4.3
Titan	961.9	1003.5	-4.2
Coal India	131.2	135.3	-3.0

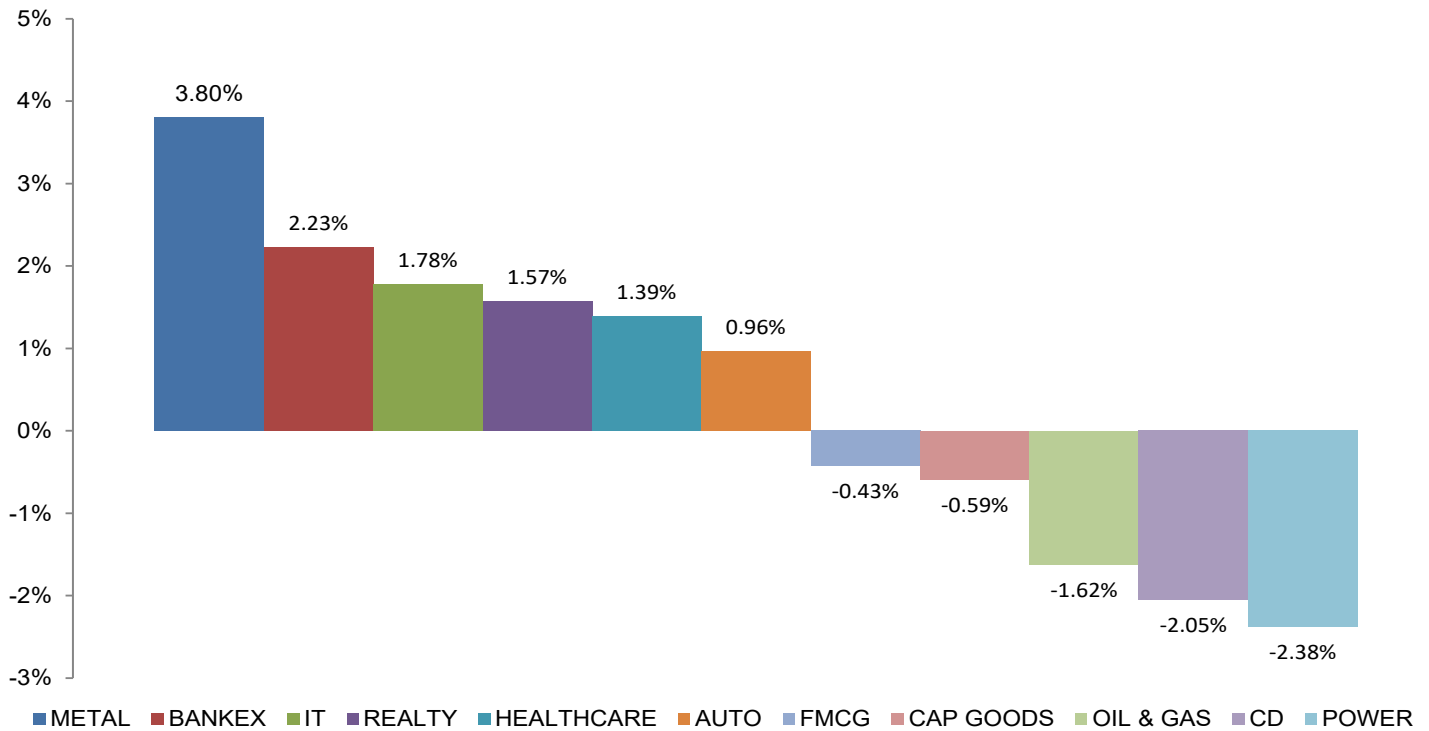
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
10-Jul-20	2,777.6	3,208.8	-431.2
09-Jul-20	2,872.1	3,675.5	-803.4
08-Jul-20	3,721.8	4,575.2	-853.4
07-Jul-20	3,512.2	4,296.7	-784.5
06-Jul-20	4,205.9	3,942.5	263.5
<u>MTD</u>	75,367.6	73,994.3	1,373.3

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	10-Jul-20 Share Price (Rs.)	03-Jul-20 Share Price (Rs.)	Weekly % Chg	10-Jul-20 Open Interest	03-Jul-20 Open Interest	Weekly % Chg
TATACHEM	301	308.5	-2.4	3932000	1712000	129.7
MGL	973.6	1073.15	-9.3	1290600	673800	91.5
L&TFH	69.3	67.65	2.4	32062000	20488400	56.5
IGL	409.45	448.55	-8.7	9521875	7100500	34.1
BALKRISIND	1270.75	1317.5	-3.5	1459200	1093600	33.4

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	10-Jul-20 Share Price (Rs.)	03-Jul-20 Share Price (Rs.)	Weekly % Chg	10-Jul-20 Open Interest	03-Jul-20 Open Interest	Weekly % Chg
IBULHSGFIN	236	230.75	2.3	9907600	16191300	-38.8
BHEL	41.65	38.8	7.3	45318000	61005000	-25.7
M&MFIN	203.15	182.9	11.1	10038000	13200600	-24.0
NIITTECH	1592.95	1425.9	11.7	463875	580500	-20.1
SAIL	37.1	30.85	20.3	41192000	50977000	-19.2

Chemicals

Company Overview

Incorporated in 1998, Navin Fluorine International Ltd (NFIL) is engaged in fluorine chemistry, producing refrigeration gases, some basic building block fluorides and specialty organofluorines. Its business units include refrigerants, which manufactures refrigerant gases under the Mafron brand; inorganic fluorides, which offers a portfolio of products that have applications in industries, such as stainless steel, glass, oil and gas, abrasives, electronics, pharma and agro, and specialty chemicals, which is engaged in manufacturing of fluorine-based molecules for applications in pharmaceuticals, agrochemicals and petrochemicals industries. Its principal products include hydrofluoric acid and other fluorine chemicals, synthetic cryolite, aluminium fluoride and fluorocarbon gases. Company's manufacturing facilities are located in Surat, Gujarat, and Dewas, Madhya Pradesh which are strategically located near ports.

Investment Rationale

Diversified revenue stream with strong presence in fluorine value chain

Navin Fluorine product portfolio covers wide range of fluorine value chain and operates through four business verticals namely Contract Research and Manufacturing Services (CRAMS), specialty fluorochemicals, refrigerant gases, and inorganic fluorides. Through its long presence in the industry and in house research and development expertise, company has been successful in establishing expertise in handling complex fluorine chemistry and with a core focus on development of specialty chemicals and CRAMS business verticals. Therefore, such strong presence in high fluorine value chain coupled with diversified revenue stream will lead to a sustainable topline growth.

CRAMS business segment to witness strong growth in long term

Few years ago, company entered into the CRAMS business and acquired UK-based Manchester Organics. In this business, it manufactures fluorine-based advanced intermediates for innovator pharmaceutical companies. Over the years, it has developed a strong footprint in CRAMS business. Going ahead, its ability to ramp-up its CRAMS business and recently commissioned CGMP-3 plant with strong order book pipeline reflects surplus demand from its customers. Therefore, owing to such factors, we believe company's CRAMS segment is expected to witness strong growth which will augur well for long term.

Valuation and Outlook

NFIL is engaged in refrigerant gases, inorganic fluorides, specialty fluorochemicals and CRAMS. Company's high value driven business CRAMS and specialty chemicals and its strong order book are the key growth drivers, which likely enable it to increase operating margins in coming quarters. However, an uncertain environment led by the recent outbreak of Covid-19 and nationwide lockdown has refrained production from its new plant. On valuation front, we valued the company based on a 26x P/E multiple of FY23E and recommend BUY rating on this stock with a price target of INR 2,080 (21% upside from CMP) with a 12 months' investment horizon.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

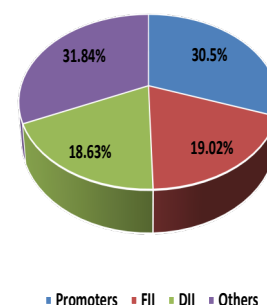
Stock

CMP (INR)	1718
Target Price (INR)	2080
NSE Symbol	NAVINFUOR
Bloomberg	NFIL IN
Reuters	NAFL.BO

Key Data

Nifty	10,768
52WeekH/L(INR)	1777/570
O/s Shares (Mn)	49.5
Market Cap (INR bn)	85
Face Value (INR)	2
3 months	198,000
6 months	233,000
1 year	156,000

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	9,959	10,616	12,261	14,394	20,685
<i>Revenue Growth (Y-o-Y)</i>	9.1%	6.6%	15.5%	17.4%	43.7%
EBIDTA	2,184	2,635	3,139	3,282	4,861
<i>EBIDTA Growth (Y-o-Y)</i>	1.6%	20.7%	19.1%	4.6%	48.1%
Net Profit	1,491	4,086	2,023	2,634	3,951
<i>Net Profit Growth (Y-o-Y)</i>	(17.1%)	174.0%	(50.5%)	30.2%	50.0%
Diluted EPS	30.1	82.6	40.9	53.2	79.8
<i>Diluted EPS Growth (Y-o-Y)</i>	(17.1%)	174.0%	(50.5%)	30.2%	50.0%

Key Ratios

EBIDTA margin (%)	21.9%	24.8%	25.6%	22.8%	23.5%
NPM (%)	15.0%	38.5%	16.5%	18.3%	19.1%
RoE (%)	13.9%	28.6%	12.8%	14.8%	18.6%
RoCE (%)	20.3%	18.1%	19.6%	17.9%	22.4%

Valuation Ratios

P/E (x)	57.0x	20.8x	42.0x	32.3x	21.5x
EV/EBITDA(x)	38.8x	31.3x	26.8x	25.8x	17.4x
P/BV (x)	7.9x	6.0x	5.4x	4.8x	4.0x
Market Cap. / Sales (x)	8.5x	8.0x	6.9x	5.9x	4.1x



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