

Published Date: February 15, 2021

Journalist: Rajesh Mascarenhas

MAV/CCM: 297,015/36.31

Publication: The Economic Times [New Delhi]

Page No: 5,6

Circulation: 126,805

Lower Input Costs, Capex to Boost Specialty Chem Stocks

Rajesh.Mascarenhas
@timesgroup.com

Mumbai: Specialty chemical companies have witnessed a smart recovery in operations, with cost benefits accruing from benign raw material prices and lower travel-related expenses fattening their margins.

“The chemicals sector, which saw dual effects of the Covid-related economic downturn and disruption in chemical supply chain in the first half of 2020, was among the first few that returned to normalcy,” said Nilesh Ghuge, analyst, HDFC Securities. “Most of them have maintained their pre-Covid capex plans.”

Aarti Industries, Alkyl Amines, Balaji Amines, Navin Fluorine, Galaxy Surfactants, Sudarshan

Chemical, NOCIL and Deepak Nitrite are among the top picks.

Sector leader SRF reported record quarterly revenue of ₹906 crore in December, up 12% year-on-year in the chemical business, due to strong demand for specialty chemicals, a recovery in the refrigerant gas business and sustained performance in the chloromethanes segment.



According to Rohan Gupta, analyst at Edelweiss Securities, SRF is going to benefit strongly from a favourable industry scenario and the ongoing capex in specialty chemicals, while a sustained improvement in margins led by product mix would help Galaxy Surfactants improve its return ratios.

Continued on ►► Smart Investing

Lower Input Costs, Capex to Boost Specialty Chem Stocks

►► From ETMarkets Page 1

Navin Fluorine reported a topline growth of 19% year-on-year to ₹309 crore, largely on contract research and manufacturing services, and specialty chemical segments, which were up 51% and 26% to ₹71 crore and ₹122 crore, respectively.

Aarti Industries' management remains confident of embarking on a strong growth trajectory from FY22 given improvement in demand across specialty chemicals and pharma.

Following good demand recovery at end-user industries in the home market, mainly coatings, plastics and inks, Sudarshan Chemicals has reported a strong performance in the December quarter with revenue and profit growth of 19.6% and 38.3%, respectively. “We are positive on Sudharshan's long-term performance, backed by its strong brand equity, leading position, regular capacity addition and focus on high-margin products,” said Nav Bhardwaj of Anand Rathi Shares and Stock Brokers.