



**3R MATRIX**

	+	=	-
Right Sector (RS)	✓	■	■
Right Quality (RQ)	✓	■	■
Right Valuation (RV)	✓	■	■
	+ Positive	= Neutral	- Negative

**ESG Disclosure Score**

**NEW**

**ESG RISK RATING** **28.08**  
Updated Dec 08, 2022

**Medium Risk**

NEGL	LOW	<b>MED</b>	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

Source: Morningstar

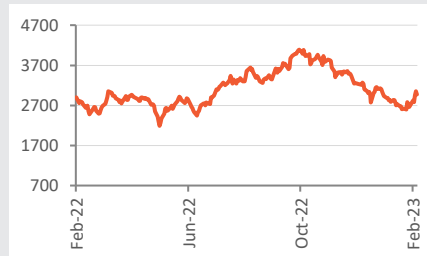
**Company details**

Market cap:	Rs. 32,640 cr
52-week high/low:	Rs. 4,173 / 2,105
NSE volume: (No of shares)	1.8 lakh
BSE code:	542812
NSE code:	FLUROCHEM
Free float: (No of shares)	4.0 cr

**Shareholding (%)**

Promoters	64
FII	6
DII	4
Others	26

**Price chart**



**Price performance**

(%)	1m	3m	6m	12m
Absolute	4.9	-18.4	-13.0	2.3
Relative to Sensex	3.9	-16.6	-15.3	-2.0

Sharekhan Research, Bloomberg

**Gujarat Fluorochemicals Ltd**

**Best bet in fluoropolymers space at attractive valuation**

<b>Specialty Chemical</b>	<b>Sharekhan code: FLUROCHEM</b>	
<b>Reco/View: Positive</b>	<b>CMP: Rs. 2,971</b>	<b>Upside potential: 30%</b>
<p>↑ Upgrade   ↔ Maintain   ↓ Downgrade</p>		

**Summary**

- We initiate viewpoint coverage on Gujarat Fluorochemicals (GFL) and expect an upside of 30%. GFL's massive capex plan of Rs. 2,500 crore would strengthen its position in the fluoropolymers space and drive a robust 25%/33%/32% revenue/EBITDA/PAT CAGR over FY22-25E with strong RoE/RoCE of 23%/26%.
- GFL is more than doubling capacities in new fluoropolymers to 18 ktpa, focusing on new age verticals (EV, solar panels, green hydrogen) and expanding core PTFE/ref-gas capacities. Strict regulations by the West on use of PFAS class products in manufacturing fluoropolymers puts GFL in a sweet spot to capture global market share as it is leading the transition towards Non fluorinated processing aid (NFPA) in the fluoropolymers space.
- The management is addressing investor concerns on related party transaction and already received Rs. 632 crore (out of the total advances of Rs. 877 crore given by GFL to its group company Inox Wind). Management has guided to revoke all bank guarantees given by GFL for loans of Inox Group companies by end-FY24.
- GFL's valuation of 18x FY25E EPS is at a 46% discount versus peer Navin Fluorine despite a similar earnings growth outlook/RoE (Navin Fluorine PAT CAGR is seen at 35% over FY22-25E and FY25E RoE of 23%). A steep fall of 29% in GFL's stock price from 52-week high provides an attractive investment opportunity.

**Gujarat Fluorochemicals Limited's (GFL) massive capex plan of Rs. 2,500 crore and fully integrated business operations make it well-placed to benefit from high growth opportunity in new fluoropolymer space from new age verticals such as EV, solar panel and green hydrogen. Moreover, we expect a strong pricing/margin environment for fluoropolymers to sustain given limited capacity additions or even capacity closures given strict regulation by western countries. We expect GFL's revenues/EBITDA/PAT to clock strong 25%/33%/32% CAGR over FY22-25E along with a high RoE/RoCE of 23%/26% and the stock is available at steep discount to domestic peer Navin Fluorine. The management focus to revoke bank guarantees given by GFL for loans taken by related-parties (within Inox Group) would address key investor concerns.**

- Focus on new fluoropolymers, capex to drive next leg of growth:** GFL has expanded its new fluoropolymers product portfolio (PFA, FEP PVDF among others) and on track to more than double its capacity in new fluoropolymers to 18 ktpa (at a capex of Rs. 550 crore) by end-FY23. Given asset turn of ~1.5-2x and significant ramp-up expected in the next few quarters, we expect incremental revenue potential of Rs. 850-1,100 crore as compared to Rs. 669 crore in FY22. Thus, we believe that new fluoropolymers would drive the next leg of growth GFL and expect its share in revenues to rise to >30% by FY25 (versus 17%/13% in FY22/FY21). GFL's capex plan of Rs. 2,500 crore over FY23E-24E is largely focused to expand new fluoropolymer portfolio and increase existing capacities in PTFE (to 21 ktpa) and ref-gas (R32 capacity of 10 ktpa). Overall, we expect consolidated revenue to clock 25% CAGR over FY22-25E and sustain high EBITDA margins of 35-36% (versus 30% in FY22) as new fluoropolymers command a superior margin and strong pricing momentum in the fluoropolymers/ref-gas space.
- New age verticals – large growth potential for GFL:** The new fluoropolymers have massive growth opportunity as it also has application in sunrise new age verticals of EV (LiPF6 for battery chemical), solar panel (PVDF sheets used as backsheet for solar PV modules), green hydrogen (PEM) and 5G. The company is undergoing investment for LiPF6 plant (expected by Q1FY24) and would further expand to binders, anode materials and electrolytes. Successful commissioning, timely product validation/approvals (expected for LiPF6 by OEMs) and potential medium to long-term supply contract could prove to be incremental growth driver for GFL as we expect it to have a significant scale in new age verticals given first mover advantage and benefit of backward integration.
- Strong growth outlook, robust balance sheet:** We expect GFL's revenues/EBITDA/PAT to clock strong 25%/33%/32% CAGR over FY22-25E led by exponential growth from new fluoropolymers and capacity expansion for PTFE/ref-gas. In case of faster ramp-up of new age verticals, GFL could surprise on growth front. The company's strong balance sheet (low net debt/equity of 0.3x) and our expectation of cumulative OCF generation of Rs. 4,649 crore over FY22-25E would fund the Rs. 2500 crore capex plan. Recent receipt of Rs. 632 crore (out of Rs. 877 crore) in respect of advances given to Inox Wind and management guidance to revoke all bank guarantees given by GFL for loans taken by Inox Group companies would allay investor concerns.

**Our Call**

**Valuation – Initiate viewpoint on GFL with Positive view; expect 30% upside:** GFL is the best bet among India fluorochemical space as its strong presence in fluoropolymers and massive capex plan of Rs. 2,500 crore would drive a robust earnings growth of 32% CAGR over FY22-25E. Moreover, the GFL is available at attractive valuation of 18x FY25E EPS, which is at steep discount of 46% versus its peer Navin Fluorine despite similar earnings growth outlook and RoE. Moreover, a steep fall of 29% in GFL's stock price from 52-week high level of Rs. 4,173 provides a good investment opportunity. Hence, we initiate viewpoint coverage on GFL with a Positive view and expect 30% upside potential from CMP.

**Key Risks**

- 1) Delay in commissioning/execution of new fluoropolymers projects, 2) long gestation time in product validation/ approval by customers, 3) Weakness in demand/price of new fluoropolymers, Fluoro-speciality, PTFE and ref-gas and 4) Continuation of related party transactions could remain an overhang on GFL.

**Valuation (Consolidated)**

Particulars	FY22	FY23E	FY24E	FY25E
Revenue	3,954	5,560	6,511	7,663
Operating profit	1,168	1,985	2,364	2,720
OPM (%)	29.6%	35.7%	36.3%	35.5%
Adjusted PAT	786	1,335	1,578	1,807
% YoY growth	115.8%	69.8%	18.2%	14.5%
Adjusted EPS (Rs.)	71.6	121.5	143.6	164.5
P/E (x)	41.5	24.5	20.7	18.1
P/B (x)	7.7	5.9	4.7	3.8
EV/EBITDA (x)	29.1	17.2	14.4	12.4
RoCE (%)	17.7%	27.0%	26.8%	26.2%
RoNW (%)	20.3%	27.3%	25.3%	23.3%

Source: Company; Sharekhan estimates

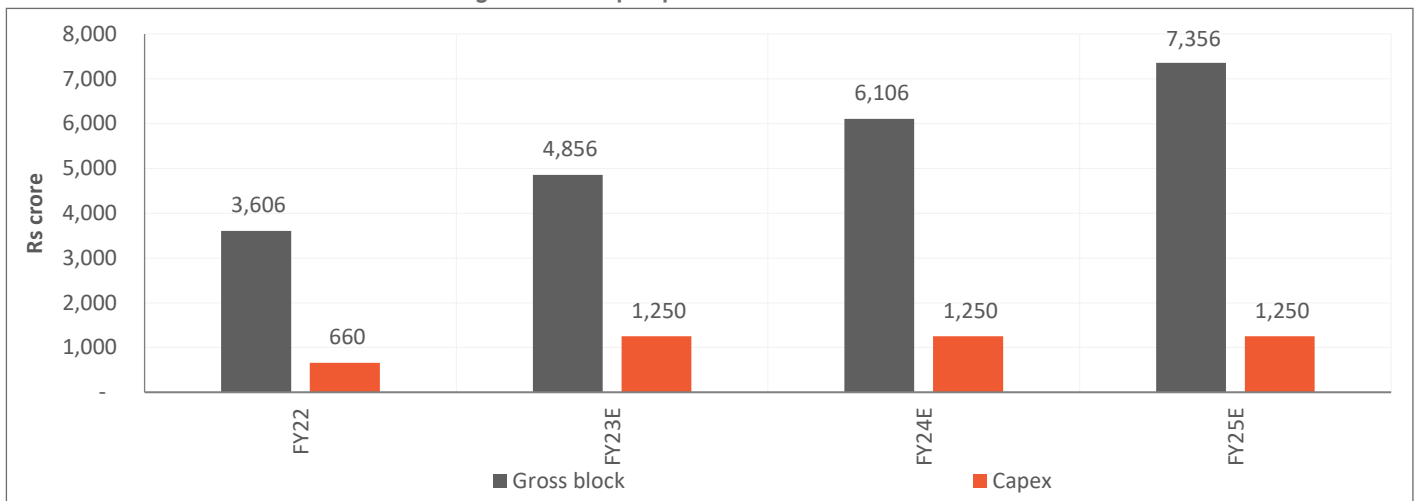
### Massive capex of Rs. 2500 crore to support exponential growth

GFL is undertaking a large capex of Rs. 2,500 crore and expects the capex to further increase given massive growth opportunities in the fluoropolymers space. The current capex would increase GFL’s gross block by 69% to Rs. 6,100 crore by the end of FY24 versus Rs. 3,606 crore in FY22. The capex is largely focused on – 1) more than doubling of new fluoropolymers capacity to 18,000 tpa (already reached 12,000 tpa in 9MFY23), 2) 15% increase in PTFE capacity to 20,000-21,000tpa through debottlenecking, 3) ref-gas R-32 capacity of 10000 tpa, 4) PVDF sheets for solar panels and 5) LiPF6 (battery chemical) plant which is expected by Q1FY24. The management has been guiding for a 20-25% revenue growth annually, over the next couple of years led by the capex plan. Overall, we expect a robust 25% revenue CAGR over FY22-25E and the large part of growth would be led by and doubling of revenue share of new fluoropolymers to >30% by FY25.

### Exit of global players from TFE value-chain amid strict regulations bodes well for GFL

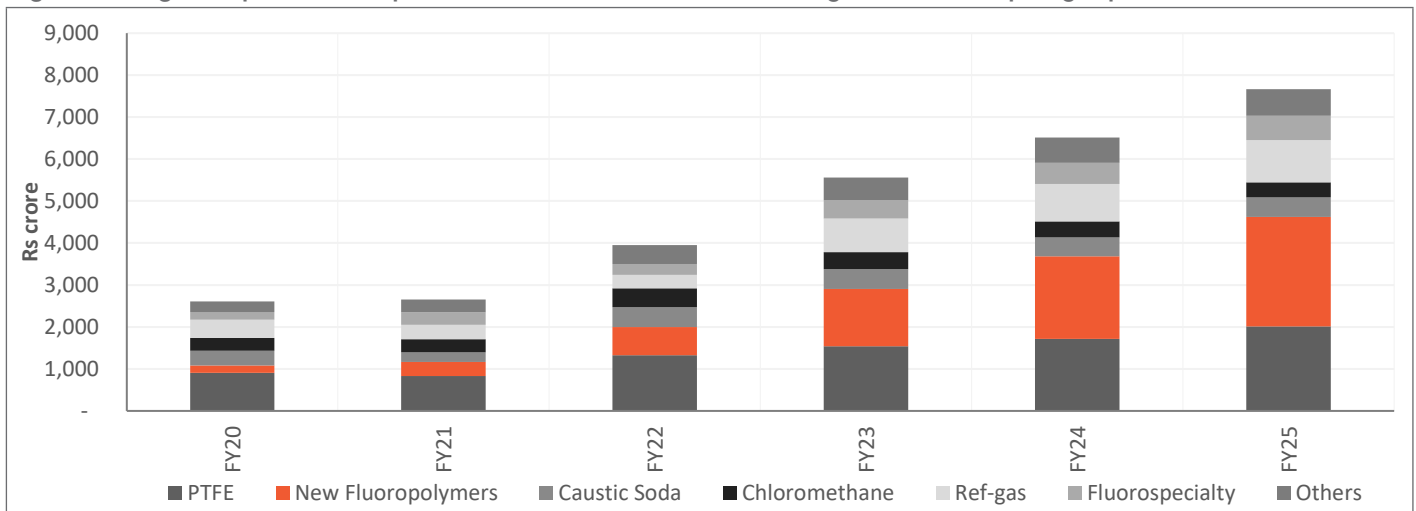
The West’s strict regulations to restrict use of PFAS class products in manufacturing fluoropolymers has led a significant player exiting the fluoropolymers space. Meanwhile, GFL has received a patent for its non-fluorinated processing aid (NFPA) for manufacturing of PVDF & other fluoropolymers and has already implemented NFPA for majority of its fluoropolymer’s product portfolio. This not only safeguards GFL from regulatory risks, but also, the exit of global peers opens up a vast opportunity to capture volume growth and move up the value chain in fluoropolymers.

#### Gross block to double over FY22-25E led by massive capex plan



Source: Company; Sharekhan Research

#### High revenue growth potential – expect 25% CAGR over FY22-24E driven by new FP and capacity expansion

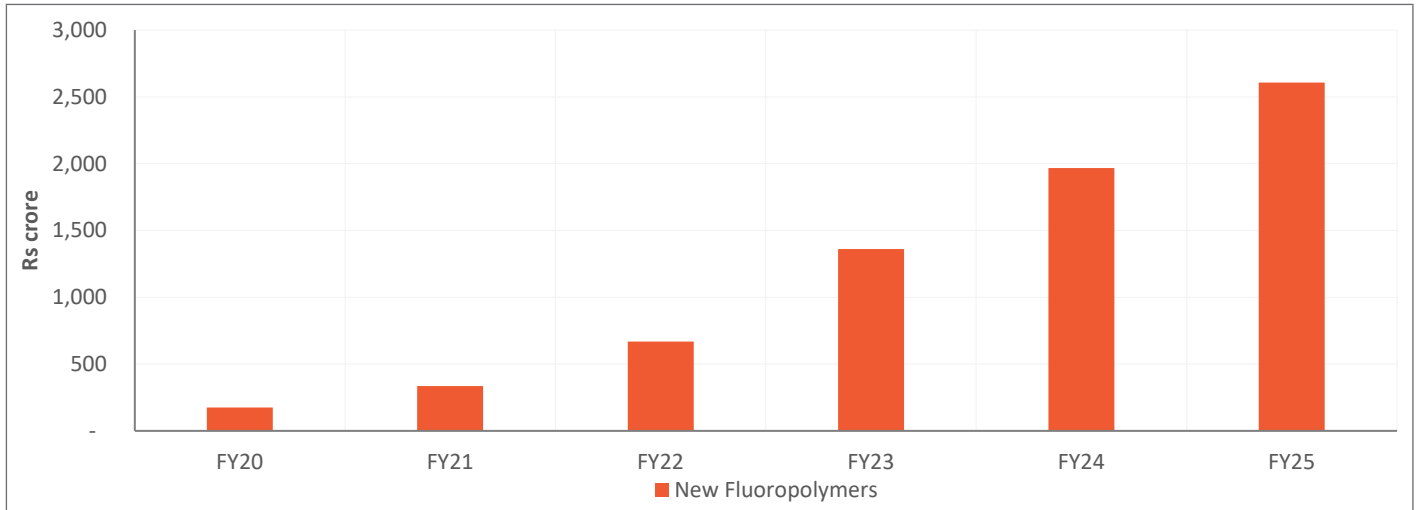


Source: Company; Sharekhan Research

### New fluoropolymers key growth engine

We expect exponential growth in new fluoropolymers segment and believe that it would drive next leg of growth for GFL. We model a 57% revenue CAGR over FY22-25E as GFL would gradually ramp-up new capacities. This segment has more growth opportunities from new age verticals such as EVs, solar panels, green hydrogen. GFL has already developed LiPF6 for battery chemical and expects to start production of the same from Q1FY24, while ramp-up may take some quarters given customer validation process takes time. GFL plan to expand product offers in battery chemical and intend to move manufacturing of electrolytes. The company is also in the process of manufacturing PVDF sheets, (used as a backsheet for solar PV module) and PEM for green hydrogen.

#### New fluoropolymers' revenue to clock 57% CAGR over FY22-25E



Source: Company; Sharekhan Research

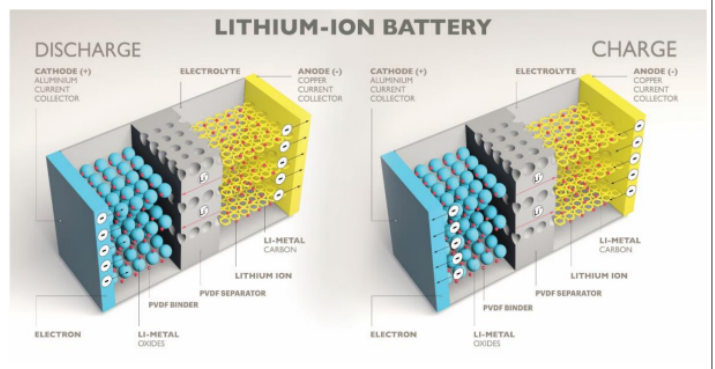
### New age vertical-Electric Vehicle Batteries

APPLICATIONS	ELECTRIC VEHICLES BATTERIES
PRODUCTS	<ul style="list-style-type: none"> <li>• PVDF Electrode Binders</li> <li>• Battery Chemicals</li> <li>• LiPF6</li> <li>• Additives</li> <li>• Electrolyte Formulations</li> </ul>

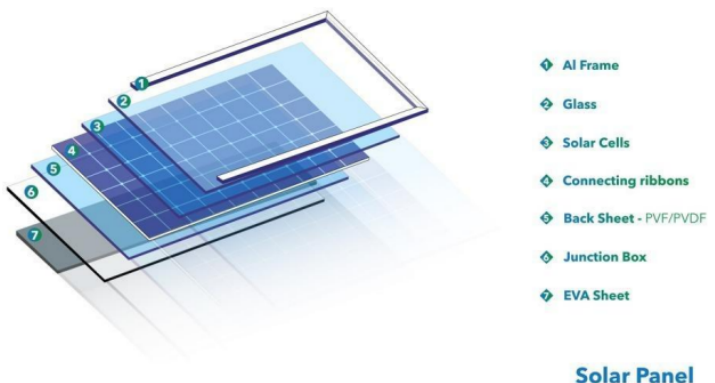
  

- Battery demand 2030 for EVs, energy storage and consumer electronics is estimated at 2633 GWH with EV battery chain providing revenue opportunities of 300 Billion US\$ by 2030. (Source: World Economic Forum, Mckinsey Analysis dated October 2019).
- Almost a dozen companies are planning to set up EV Battery manufacturing plants in India over the next few years, in line with the Government push to make India a significant global manufacturer of EV vehicles.
- GFL is in the process of setting up an integrated battery chemicals complex. In addition, GFL has developed suitable PVDF grades for cathode binder application.
- This initiative will require significant capex in the next few years and will ensure a robust growth in revenues and profits.

Source: Company

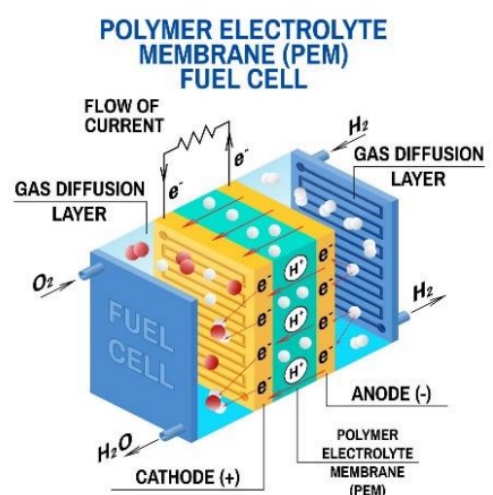


**New Age Vertical-Solar Panels**

APPLICATIONS	SOLAR PANELS
<b>PRODUCTS</b>	<ul style="list-style-type: none"> <li>• PVDF Film</li> <li>• Back-sheet</li> </ul>
<ul style="list-style-type: none"> <li>➤ Under the Solar Mission, to reduce both the carbon emissions and the dependance on imports of oil, the Indian Government has announced a very ambitious target of achieving 450 GW of renewable energy by 2030.</li> <li>➤ Solar panels are the heart of solar power plants and these contain back-sheet based on PVDF film.</li> <li>➤ GFL is setting up India's first PVDF solar film project which will be commissioned in the next financial year. With our own integrated PVDF manufacturing facilities, this plant will be ideally suited to cater to both the domestic and international markets.</li> </ul>	
	

Source: Company

**New Age Vertical-Hydrogen Fuel Cells / Electrolysers**

APPLICATIONS	HYDROGEN FUEL CELLS / ELECTROLYZERS
<b>PRODUCTS</b>	<ul style="list-style-type: none"> <li>• Fluoropolymers(FKM, PTFE, FEP)</li> <li>• Membranes</li> <li>• Charging Accessories</li> </ul>
<ul style="list-style-type: none"> <li>➤ Green hydrogen has the potential to decarbonise industry, transport, energy and heating leading to significant emission reductions. There are around 200 hydrogen fuel cell projects currently announced in Europe alone, with investments focussed across multiple industries, from transport to heavy industry. (Source: Hydrogen Council, Europe). In India, major business houses have already announced huge capital outlay in the hydrogen sector.</li> <li>➤ Electrolysers enable the transformation of renewable energy such as wind and solar power into green hydrogen. Fluoropolymers are integral to the functioning of Electrolysers. In addition, fluoropolymer based proton exchange membranes (PEM) form the heart of fuel cells and electrolysers.</li> <li>➤ GFL with its rich experience and a portfolio of major Fluoropolymers is well equipped to cater to the Fluoropolymers required for the hydrogen electrolysers, fuel cells and charging stations. GFL has also taken up the project to indigenously develop and produce the PEM membranes.</li> <li>➤ GFL expects this initiative to offer a sustained business growth over the foreseeable future.</li> </ul>	
	

Source: Company

### Key business segments, product portfolio and its applications

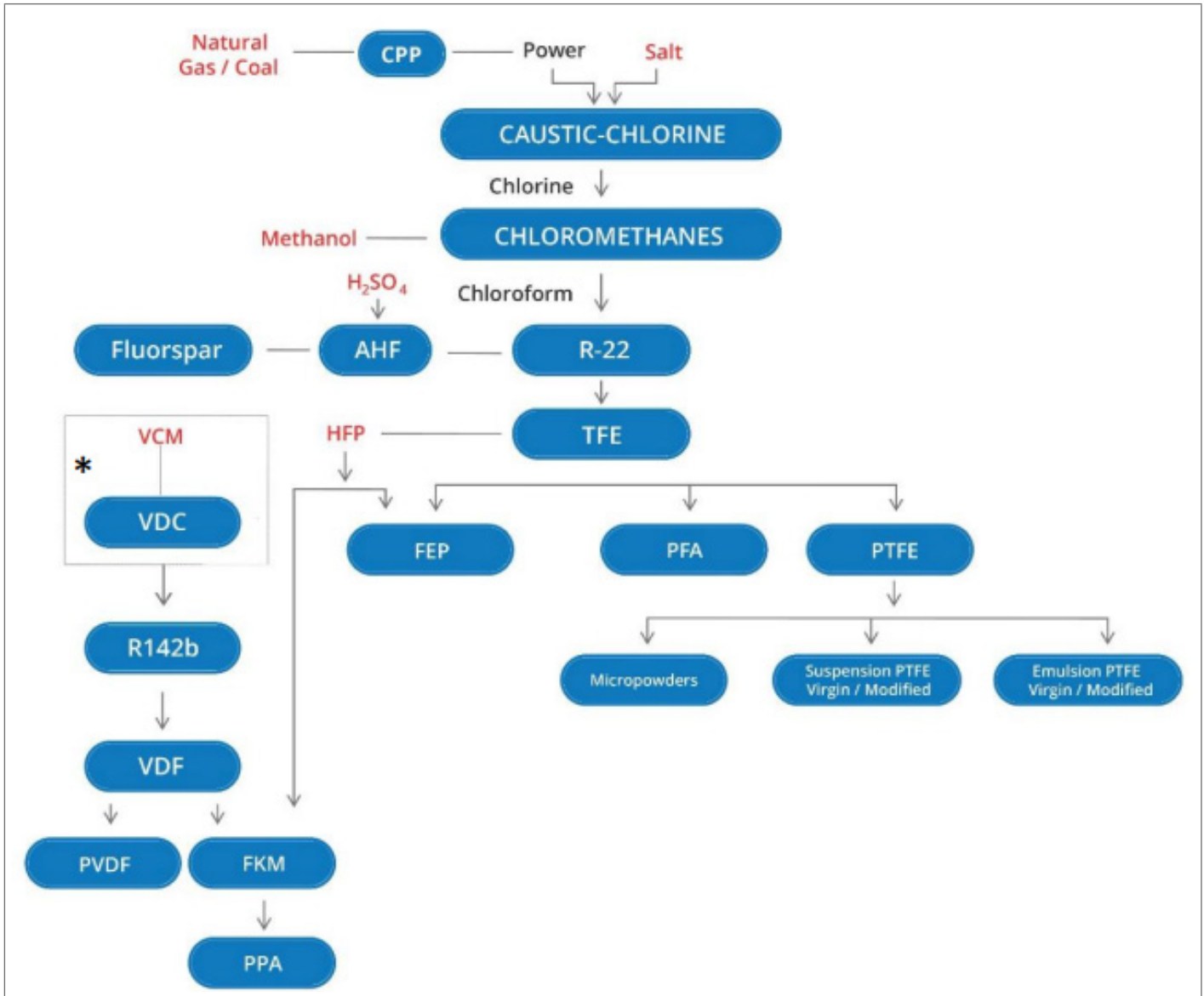
Particulars	Q4FY22	Q-o-Q %
Fluoropolymers	PTFE	Oil & Gas, Pharma & CPI, Food, Automotive Aero-space & Defence, Electricals, Electronics & Semi-conductors, Cookware, Construction & Mechanical Parts
	Micro Powders	Printing Inks, Engineering plastics Coatings, Industrial Finishes Paints, Elastomers, Oils & Greases
	PFA	Semi-conductors, Aero-space Chemical Processing, Corrosion Resistant Fluid Transfer Wire & Cables, Telecom
	PVDF	Chemical Processing, Electronics Architecture, Pharma, EV Batteries, Solar Panels Water Treatment Membranes, Oil & Gas
	FEP	Wire & Cable, Defence, Aerospace Telecom, Chemical Processing
	FKM	Automotive, Chemicals, Refineries, Semiconductors, Aviation, Food & Pharma
	PPA	Improve Surface Finish & Gloss for LLDPE HDPE & PP Films, Partitioning Agent
Specialty Chemicals	HF Based	Agrochemical majorly Insecticides, Herbicides & Fungicides Pharma & API, Plant Growth Regulators, Automotive
	TFE Based	Pharmaceutical Intermediates, Agrochemical Pesticide & Intermediates
	KF Based	Pharmaceutical Intermediates, Agrochemical Pesticide & Intermediates
Bulk Chemicals	Caustic Soda	Textiles, Soaps & Detergents, Alumina
	Chloroform	Feedstock for Refrigerant Gas R 22 Solvent Pharma
	Methylene Chloride	Pharma API, Foam manufacturing Agro chem & Pharma Formulations
	Refrigerants	Air-conditioners
	CTC	Pesticides, Agricultural Chemicals Plastics, Resins
New Age Products	PVDF Electrode Binders, Battery Chemicals, LiPF <sub>6</sub> , Additives, Electrolyte Formulations Battery casing	Electric Vehicles
	PVDF Films, Back sheet	Solar Panels
	Fluoropolymers (FKM, PTFE, FEP), Membranes Charging Accessories	Hydrogen Fuel Cells/ Electrolysers

Source: Company; Sharekhan Research

### Integrated business model – provide competitive edge to GFL

GFL has fully integrated operations right from basic chemicals like chlor-alkali and chloromethanes up to fluoropolymers. The company is also backward integrated into fluorspar mining through its joint venture, GFL GM Fluorspar SA, located in Taourirt, Morocco. This insulates it from supply chain disruptions and secures raw material availability. The business also derives a substantial moat as entry barriers are large since the capital investment required for fluoropolymers is very high. Backward integration will provide better acceptability for GFL, which will enable it to be a vital vendor.

Integrated operations – tapping margin benefit at all levels in value chain

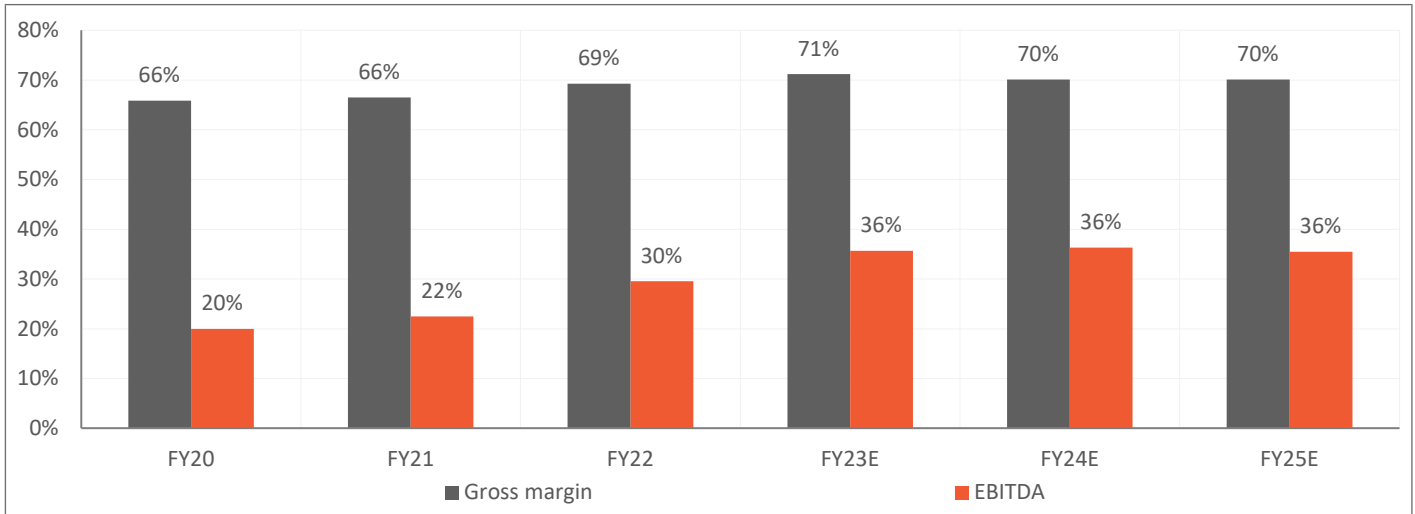


Source: Company

**EBITDA margin to stay above 35% given strong PTFE/ref-gas price and rise in share of new fluoropolymers**

GFL has consistently improved its margin to 36%/30% in 9MFY23/FY22 as compared to 20-22% over FY20-21. We believe that EBITDA margin to 35-36% is sustainable over FY23E-25E as pricing environment for key product segments such as PTFE/ref-gas remain strong and the benefit of fully backward integrated operations. Moreover, we expect revenue share of high margin new fluoropolymers to increase substantially to over 30% by FY25E (versus 15-16% in FY22). This coupled with ramp-up of new capacities would drive the benefit of operating leverage and all above factors bodes well for sustained strong margins with the potential for further expansions in case of faster ramp-up of new age verticals.

### Improving margin trajectory

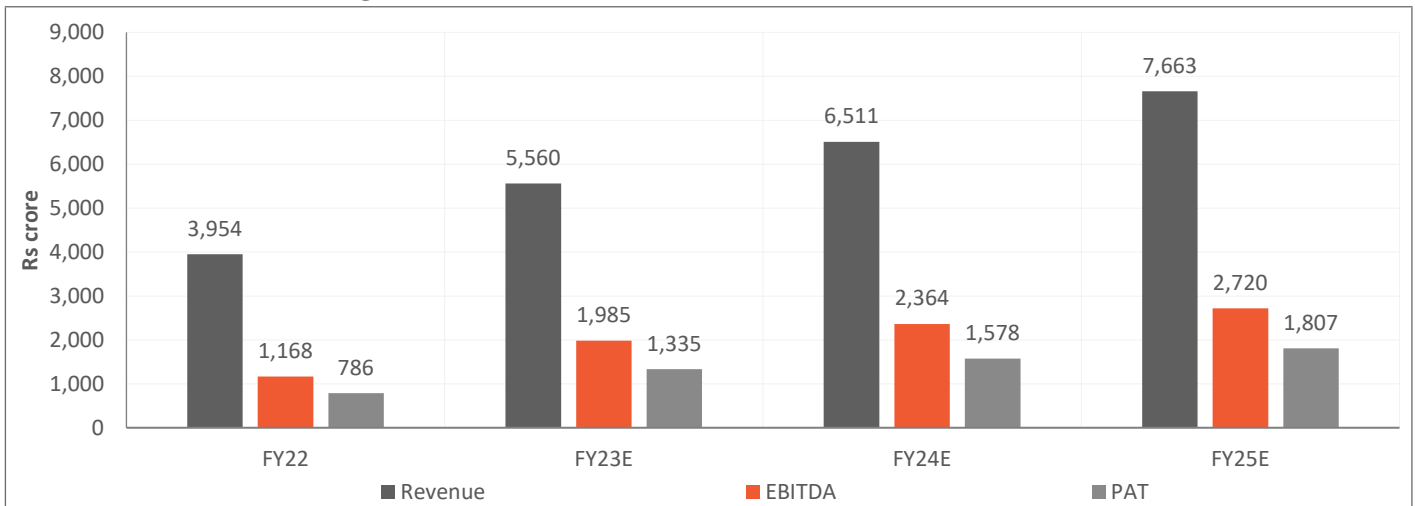


Source: Company; Sharekhan Research

### Expect robust revenue/EBITDA/PAT CAGR of 25%/33%/32% over FY22-25; high RoE of 23%

GFL's revenues are expected to clock a robust 25% CAGR over FY22-25E driven multiple growth levers including exponential growth from new fluoropolymers, PTFE capacity expansion and ref-gas R-32 plant of 10000 tpa. Apart from the above levers, faster ramp-up of new age verticals could surprise on revenue growth. Strong PTFE/ref-gas prices and potential rise in share of new fluoropolymers would keep margins high at 35-36% (versus 20-22% over FY20-21). We thus expect GFL's to clock strong EBITDA/PAT CAGR of 33%/32% over FY22-25E along with high return ratios (RoE/RoCE of Rs. 23%/26%).

### Revenue/EBITDA/PAT to clock high CAGR of 25%/33%/32% over FY22-25E

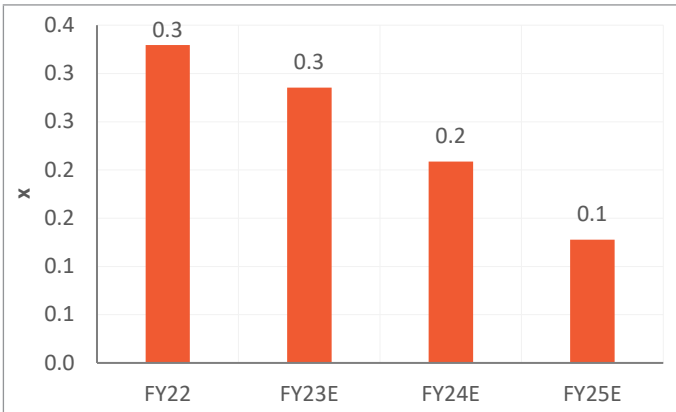


Source: Company; Sharekhan Research

### Strong balance sheet; better operating cashflow to support capex plans

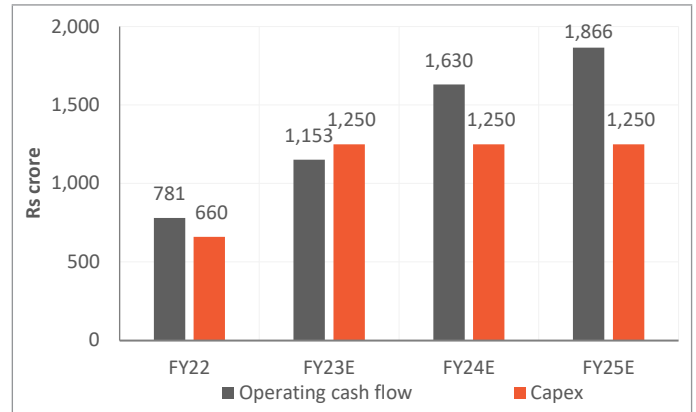
GFL has a strong balance sheet with low net debt/equity of 0.3x and expected to generate strong cumulative cashflow of Rs. 4,649 crore over FY23E-25E. We believe that GFL would be able to meet its massive capex plan of Rs. 2500 crore through internal accruals and thus expect the already low net debt/equity to further decline to just 0.1x.

**Strong B/S with low net debt/equity ratio of 0.3x**



Source: Company, Sharekhan Research

**Robust OCF to meet capex requirement**



Source: Company, Sharekhan Research

**Management addressing investor concern on related party transaction**

Historically, GFL has faced investor concerns with respect to its related party transaction which included a Rs. 877 crore advance to Inox Group company Inox Wind and bank guarantees of Rs. 1825 crore for loans taken by Inox Wind and Inox Wind Infrastructure Services. These related party transactions have been a key overhang for GFL's stock price. However, recently GFL is taking corrective steps and have already received Rs. 632 crore of the advance given to Inox Wind and guided to revoke all bank guarantees for loans taken by Inox Group companies.

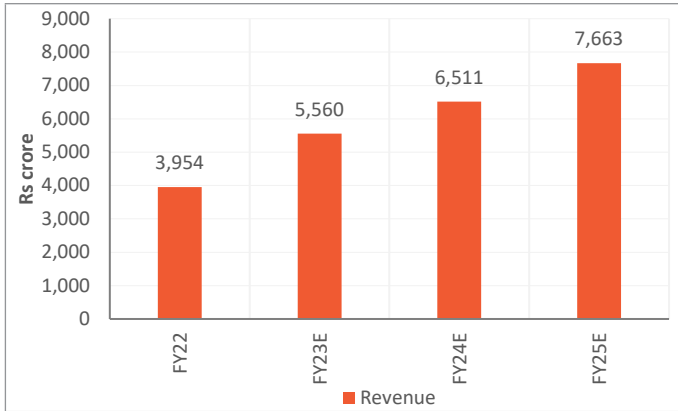
**Details of related part transaction of GFL**

Particulars	FY21	FY22
<b>Net receivables</b>		
Inox Wind Ltd	120	181
Inox Green Energy Services Ltd	31	2
Resco Global Wind Service Pvt Ltd	-	49
<b>Advances for purchase of assets</b>		
Inox Wind Ltd	710	710
Inox Green Energy Services Ltd	167	-
Resco Global Wind Service Pvt Ltd	-	167
<b>Guarantees given</b>		
Inox Wind Ltd	557	869
Inox Green Energy Services Ltd	663	561
Resco Global Wind Service Pvt Ltd	-	395

Source: Company; Sharekhan Research; Note: The company has received Rs. 632 crore of advances given to Inox Wind

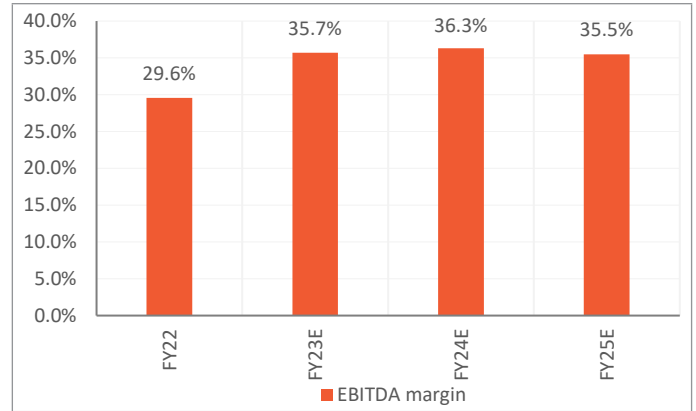
Financials in charts

Robust revenue growth outlook



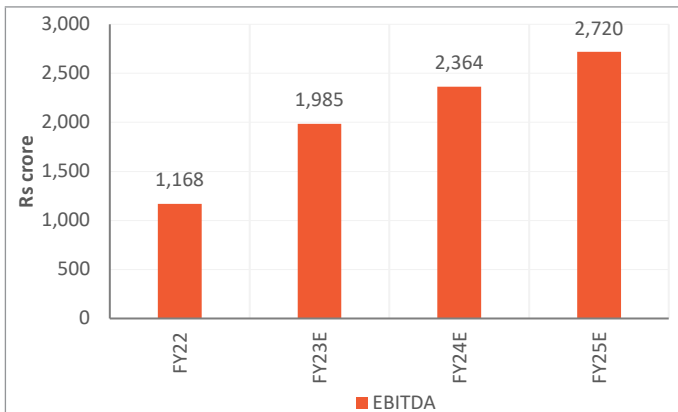
Source: Company, Sharekhan Research

Margin to remain strong



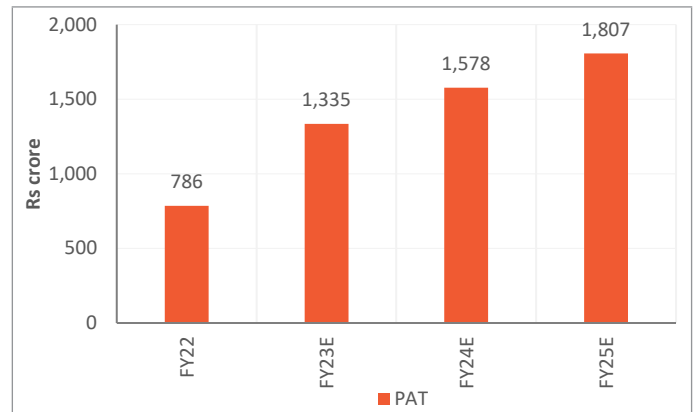
Source: Company, Sharekhan Research

EBITDA to post robust 33% CAGR over FY22-25E



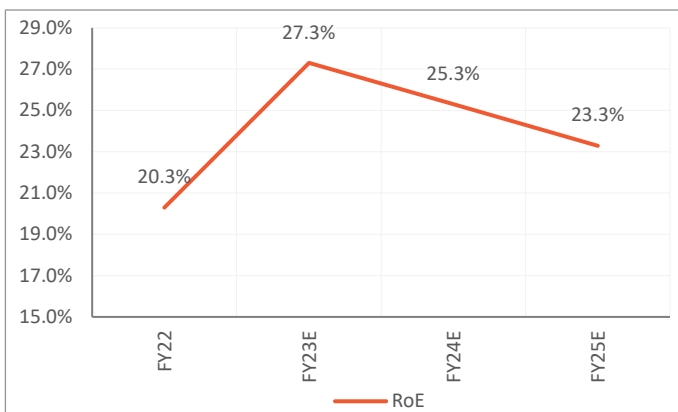
Source: Company, Sharekhan Research

PAT to clock 32% CAGR over FY22-FY25E



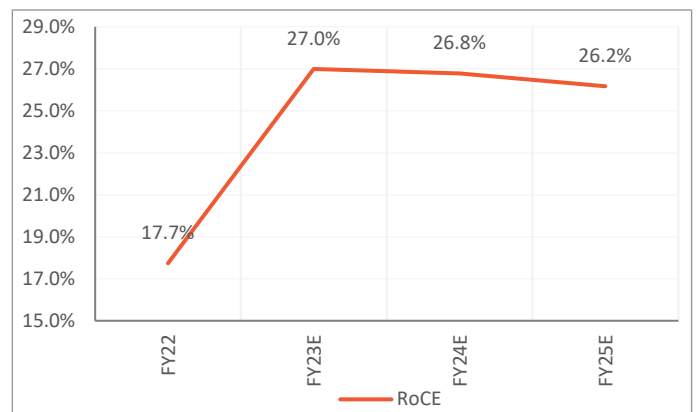
Source: Company, Sharekhan Research

RoE trend



Source: Company, Sharekhan Research

RoCE trend



Source: Company, Sharekhan Research

## Outlook and Valuation

### ■ Sector View – Structural growth drivers to propel sustained growth for the specialty chemical sector

We remain bullish on medium to long-term growth prospects of the specialty chemicals sector, given a massive revenue opportunity from the perspective of import substitution (India's total specialty chemical imports are estimated at \$56 billion), a potential increase in exports given the China Plus One strategy followed by global customers, and favourable government policies (such as tax incentive and production-linked incentive scheme similar to that of the pharmaceutical sector). We believe that conducive government policies, product innovation and massive export opportunities would help the sector report a high double-digit earnings growth trajectory on a sustained basis in the next 2-3 years. More importantly, fluoropolymer space is growing at fast pace while global capacity addition are limited given strict regulations by western countries and thus we believe that fluoropolymer space would outperform overall growth in the specialty chemicals sector along strong pricing environment for key products (PTFE, FKM, PVDF, etc).

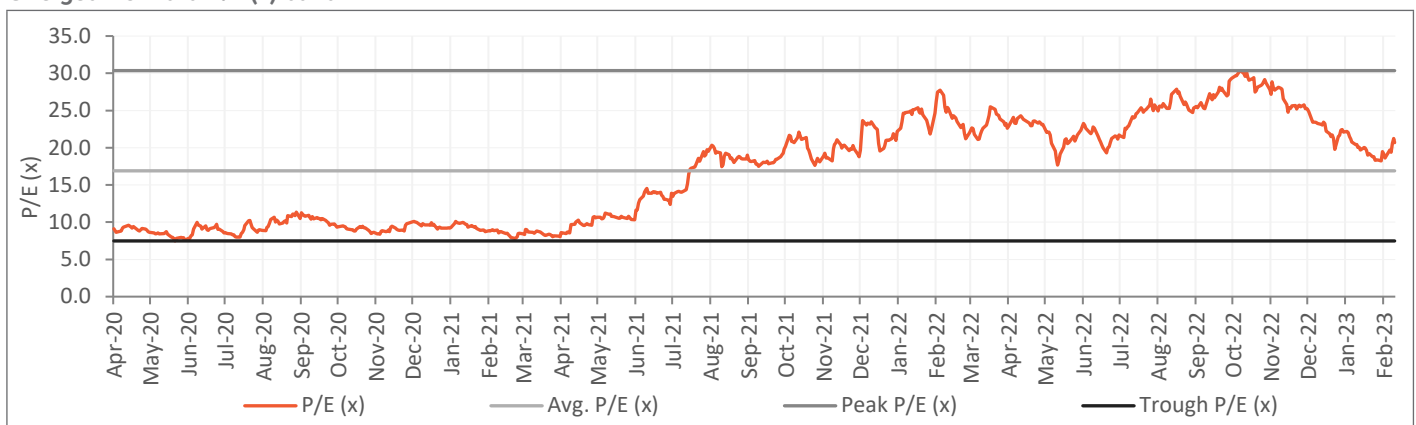
### ■ Company Outlook – Dominant fluoropolymer player in India; expect superior PAT CAGR of 32% over FY22-25E:

GFL's revenues are expected to grow at robust 25% CAGR over FY22-25E driven multiple growth levers including exponential growth from new fluoropolymers, PTFE capacity expansion and ref-gas R-32 plant of 10000 tpa. Apart from the above levers, a faster ramp-up of new age verticals could surprise on the revenue growth front. Strong PTFE/ref-gas prices and a potential rise in share of new fluoropolymers would keep margin high at 35-36% (versus 20-22% over FY20-21). We thus expect GFL to clock strong EBITDA/PAT CAGR of 33%/32% over FY22-25E along with high return ratios (RoE/RoCE of Rs. 23%/26%).

### ■ Valuation – Initiate viewpoint on GFL with Positive view; expect 30% upside:

GFL is the best bet among India fluorochemical space as its strong presence in fluoropolymers and massive capex plan of Rs. 2,500 crore would drive a robust earnings growth of 33% CAGR over FY22-25E. Moreover, the GFL is available at attractive valuation of 18x FY25E EPS, which is at steep discount of 46% versus its peer Navin Fluorine despite similar earnings growth outlook and RoE. Moreover, a steep fall of 29% in GFL's stock price from 52-week high level of Rs. 4,173 provides a good investment opportunity. Hence, we initiate viewpoint coverage on GFL with a Positive view and expect 30% upside potential from CMP.

#### One-year forward P/E (x) band



Source: Sharekhan Research

#### Peer Comparison

Particulars	MCAP (Rs Cr)	P/E (x)		EV/EBITDA (x)		P/BV (x)		RoE (%)		PAT CAGR FY22-25E
		FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	
SRF	67,881	25.6	22.5	16.1	13.6	5.1	4.2	22.2%	20.5%	17.2%
Navin Fluorine	21,535	43.6	33.4	30.0	22.8	8.5	7.0	21.4%	23.4%	34.8%
GFL	32,640	20.7	18.1	14.4	12.4	4.7	3.8	25.3%	23.3%	32.0%

Source: BSE, Sharekhan Research; Note: Navin Fluorine financial and valuation data is based on Bloomberg consensus earnings estimates

## About company

Gujarat Fluorochemicals Limited (GFL) is an Indian Chemicals Company with over 30 years of expertise in Fluorine Chemistry. GFL holds domain expertise in Fluoropolymers, Fluorospecialties, Refrigerants and Chemicals, catering to the material requirements of modern world viz. EV- Batteries, Solar Panels & Hydrogen Fuel Cells. It is the only PTFE / fluoropolymer manufacturer in India.

## Investment theme

GFL has planned capex of Rs. 2,500 crores over FY23E-FY24E, which would largely spent towards new fluoropolymers, PTFE, ref-gas and backward integration. The company's focus on new age verticals with application in EV battery, solar panel and green hydrogen provides exponential growth opportunities and is expected to drive next leg of earnings growth for GFL. The company's also addressing investor concern on related party transaction. The stock is available at discount to peers despite superior earning and return ratios.

## Key Risks

- ◆ Delay in execution of new Fluoropolymers expansion projects or product approvals by customers.
- ◆ Weakness in demand/price of new fluoropolymers, fluorospecialty, PTFE and ref-gas.
- ◆ Continuation of related part transaction could remain an overhang on GFL.

## Additional Data

### Key management personnel

Vivek Jain	Managing Director
Dr. Bir Kapoor	CHIEF EXECUTIVE OFFICER
Manoj Agrawal	Chief Financial Officer
V.K Soni	Head of Projects & New Initiatives

Source: Company Website

### Top shareholders

Sr. No.	Holder Name	Holding (%)
1	Bhanshali Akash	4.92
2	HDFC Asset Management Co Ltd	2.62
3	Blue Diamond Properties Pvt Ltd	1.54
4	Vanguard Group Inc	1.00
5	Capital Group Cos Inc	0.58
6	Dimensional Fund Advisors Ltd	0.57
7	Aditya Birla Sun Life Asset Management Co Ltd	0.56
8	Blackrock Inc	0.43
9	William Blair & Co LLC	0.30

Source: Bloomberg

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## Understanding the Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Sharekhan Research

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