

April 22, 2025

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Aarti Industries	REDUCE	422	330
Clean Science and Technology	HOLD	1,199	1,224
Deepak Nitrite	REDUCE	2,018	1,645
Fine Organic Industries	BUY	4,311	4,798
Gujarat Fluorochemicals	REDUCE	3,975	3,328
Jubilant Ingrevia	HOLD	675	616
Laxmi Organic Industries	REDUCE	178	160
Navin Fluorine International	Acc	4,214	4,454
NOCIL	REDUCE	189	156
PCBL Chemical	BUY	427	542
SRF	HOLD	3,029	2,780
Vinati Organics	Acc	1,670	1,620
Source: PL Acc=Ac	cumulo	ate	

Top Picks

Fine Organic Industries

Navin Fluorine International

Vinati Organics

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Chemicals

Sector Update

Stress continues unabated

Quick Pointers:

- Recently released annual reports of several global chemical companies like Bayer, BASF and Syngenta, unanimously highlight the continuation of stress in CY25
- US farm data suggests that crop prices have decreased, leading to lower farmer income and demand for crop inputs going ahead

Chemical companies across the globe saw moderate growth or degrowth in CY24, post bumper earnings in CY22 and CY23. Global chemical output was up by 3.9% in CY24, driven by 6.8% growth in China, which constituted 86% of the global chemical production. Production in the EU was largely stagnant. Demand continues to remain weak in other key markets, leading to pressure on realizations, especially for agrochemicals. Recent commentaries and outlook of global chemical giants suggest that that recovery is not expected in CY25. We continue to maintain our cautious stance on the sector considering muted demand recovery and pricing pressure, especially for agrochemicals. Out of our coverage universe, we remain positive on Fine Organics, Navin Fluorine and Vinati Organics Ltd due to their lower exposure to agrochem.

- Commodity prices on a downtrend: Prices of corn and soyabean, the two largest crops grown in the US, grew by 21% and 11%, respectively, in CY22-23 compared with CY21. We have seen the same reflecting in higher realizations in chemicals. However, prices fell drastically in CY24 by 33%/23%. Though corn/soyabean prices have risen marginally in early CY25, they are still 3%/18% below CY24. Poor realizations are likely to limit expenditure on fertilizers and pesticides, thereby affecting demand recovery in CY25.
- Commentaries of global giants resonate with poor farm income: Syngenta, in its CY24 annual report, mentions that "farmer income is likely to remain under pressure." BASF expects the global chemical industry (excluding pharmaceuticals) to grow at 3% in CY25, slower compared with 3.9% in CY24. China will continue to outpace other regions and is expected to grow at 4.2%, lower than 6.8% growth seen in CY24.
- Poor demand outlook by major players: Some key commentaries by companies for CY25: 1) high tariffs are expected to affect prices, supply chains, and markets; 2) crop protection segments were impacted in CY24 and are expected to perform poorly in CY25 due to lower demand and higher competition; 3) supply of generic products has increased, and realizations are expected to be lower due to increased competitive pressure; and 4) customers in many countries are prioritizing holding lower than historical inventory levels.
- Valuation and view: We continue to remain positive on Fine Organics (capacity addition planned in FY27), Navin Fluorine (recovery seen in HFO and CDMO demand) and Vinati Organics (strong demand for ATBS and growth in antioxidants). These companies also have low exposure to agrochemicals and are also safeguarded from Chinese competition to a large extent.

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Exhibit 2: Soyabean prices declining post their peak in CY22

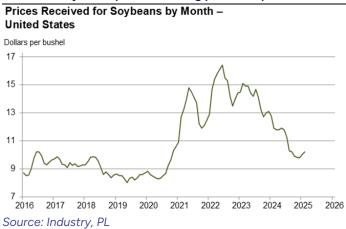
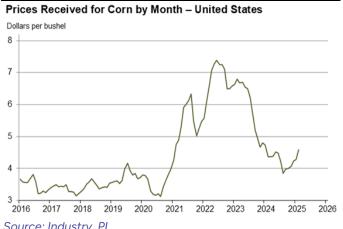


Exhibit 3: Corn prices witnessing marginal recovery, after sharp fall



Source: Industry, PL

Exhibit 4: CY25 outlook for top chemical giants globally

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Company	Management Commentary / Outlook for CY25	Report Release Date
BASF Global	EBITDA from chemicals business to decline	Annual Report, March 21, 2025
Syngenta	Farmer income to remain under pressure, will constrain demand for high-quality crop inputs; overcapacity to continue for generics	Annual Report, March 26, 2025
Dow	Soft macroeconomic conditions to continue; no sign of increased activity in 1QCY25	Presentation, March 2025
DuPont	Mid-single digit organic growth in CY25	February 11, 2025
China Sunsine	Sees cautious optimism driven by China's government stimulus and infrastructure push. Global tire and rubber chemicals industry is expected to face continued pressure from trade protectionism, overcapacity, and pricing competition. Despite challenges, demand for rubber chemicals is expected to grow as Chinese tire companies expand globally	April 14, 2025
Bayer	Flat sales in CY25; EBITDA to decline, sales growth only from CY27, margin expansion only by CY28	Annual Report, March 1,2025
Corteva	Crop protection volume to stabilize, gains to be driven by new products and biologicals	Presentation, February 6, 2025
FMC	Sales: +3% growth, excluding one-offs of CY24. Volume to improve as increase in growth platforms is expected to more than offset weaker demand in the channel as customers in many countries prioritize holding lower than historical inventory. Price to decline in midsingle digits, almost entirely driven by certain contract adjustments	Annual Report, February 4, 2025
Solvay	No significant market rebound expected in CY25	Annual Report, April 3, 2025

Source: Company, PL

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Exhibit 5: Valuation Summary

Campany Names	S/ C	S/	S/	S/	S/	S/	S/	Dating	СМР	TP	MCap	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
Company Names		Rating	(Rs)	(Rs)	(Rs bn)	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E F	Y26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	Y27E						
Aarti Industries	С	REDUCE	422	330	152.8	63.7	71.9	80.4	91.9	9.8	9.7	12.7	15.4	4.2	2.9	4.7	6.5	11.5	7.9	13.1	17.9	8.1	5.2	8.0	10.0	36.7	53.3	32.2	23.6						
Clean Science and Technology	С	HOLD	1,199	1,224	127.3	7.9	9.4	11.4	12.7	3.3	3.8	4.7	5.4	2.4	2.6	3.3	3.7	23.0	24.1	31.1	35.0	22.1	19.6	21.6	20.6	52.2	49.7	38.5	34.3						
Deepak Nitrite	С	REDUCE	2,018	1,645	275.3	76.8	80.1	82.2	90.1	11.2	9.6	11.4	13.3	8.1	6.0	6.9	8.0	59.4	44.2	50.9	58.7	18.2	11.9	12.3	12.8	33.9	45.6	39.6	34.4						
Fine Organic Industrie	s C	BUY	4,311	4,798	132.2	21.2	21.9	23.9	26.2	5.3	4.8	5.7	6.3	4.1	3.9	4.5	4.8	135.2	127.8	147.3	157.3	23.9	18.6	18.1	16.5	31.9	33.7	29.3	27.4						
Gujarat Fluorochemicals	С	REDUCE	3,975	3,328	436.6	42.8	47.5	52.9	59.6	9.5	11.7	13.8	15.7	4.3	5.0	6.1	7.0	39.6	45.6	55.5	64.0	7.6	8.1	9.1	9.6	100.4	87.2	71.6	62.1						
Jubilant Ingrevia	С	HOLD	675	616	106.7	41.4	41.9	45.7	48.7	4.2	5.1	6.0	6.6	1.8	2.5	2.8	2.9	11.6	15.6	17.7	18.4	6.8	8.6	8.9	8.6	58.3	43.2	38.2	36.7						
Laxmi Organic Industries	С	REDUCE	178	160	49.2	28.7	30.0	33.8	36.6	2.6	2.7	3.7	4.2	1.2	1.1	1.6	1.9	4.4	3.9	6.0	6.9	7.5	5.9	8.6	9.2	40.8	46.0	29.9	26.0						
Navin Fluorine International	С	Acc	4,214	4,454	208.8	20.7	22.7	28.0	33.1	4.0	5.1	6.9	8.2	2.2	2.8	4.0	4.9	44.1	57.4	80.9	99.0	9.6	11.4	14.5	15.8	95.6	73.4	52.1	42.6						
NOCIL	S	REDUCE	189	156	31.5	14.4	13.6	14.7	16.2	2.0	1.3	1.8	2.1	1.3	0.9	1.2	1.4	8.0	5.6	7.3	8.2	8.2	5.6	7.1	7.6	23.7	33.6	26.0	23.1						
PCBL Chemical	С	BUY	427	542	161.1	64.2	84.4	97.8	109.3	10.4	13.6	16.0	18.8	4.9	4.4	6.5	8.5	13.0	11.8	17.2	22.6	16.1	13.2	17.5	20.0	32.8	36.3	24.9	18.9						
SRF	С	HOLD	3,029	2,780	897.9	131.4	139.9	154.8	169.8	25.8	24.7	28.4	33.9	13.4	10.6	13.0	16.4	45.1	35.8	44.0	55.2	12.3	8.9	10.0	11.5	67.2	84.7	68.9	54.9						
Vinati Organics	S	Acc	1,670	1,620	173.1	19.0	22.1	25.6	28.2	4.7	5.7	6.7	7.4	3.2	4.0	4.5	4.9	31.2	39.0	43.7	47.7	13.8	15.4	15.3	14.9	53.5	42.8	38.3	35.0						

Source: Company, PL S=Standalone / C=Consolidated / Acc = Accumulate

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Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	330	356
2	Bharat Petroleum Corporation	Hold	261	274
3	Bharti Airtel	Accumulate	1,916	1,720
4	Clean Science and Technology	Hold	1,224	1,167
5	Deepak Nitrite	Reduce	1,645	1,835
6	Fine Organic Industries	BUY	4,798	3,960
7	GAIL (India)	Accumulate	185	169
8	Gujarat Fluorochemicals	Reduce	3,328	3,671
9	Gujarat Gas	Hold	395	393
10	Gujarat State Petronet	Hold	288	288
11	Hindustan Petroleum Corporation	Hold	322	353
12	Indian Oil Corporation	Hold	125	128
13	Indraprastha Gas	Reduce	152	179
14	Jubilant Ingrevia	Hold	616	604
15	Laxmi Organic Industries	Reduce	160	169
16	Mahanagar Gas	Accumulate	1,393	1,316
17	Mangalore Refinery & Petrochemicals	Sell	109	129
18	Navin Fluorine International	Accumulate	4,454	3,880
19	NOCIL	Reduce	156	166
20	Oil & Natural Gas Corporation	BUY	264	220
21	Oil India	BUY	659	343
22	Petronet LNG	Reduce	248	278
23	Reliance Industries	BUY	1,481	1,166
24	SRF	Hold	2,780	2,721
25	Vinati Organics	Accumulate	1,620	1,459

PL's Recommendation Nomenclature

 Buy
 : > 15%

 Accumulate
 : 5% to 15%

 Hold
 : +5% to -5%

 Reduce
 : -5% to -15%

 Sell
 : < -15%</td>

Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

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