

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=Accumulate

Top Picks

Fine Organic Industries

Navin Fluorine International

Vinati Organics

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Saurabh Ahire

saurabhahire@plindia.com |

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.

Exhibit 2: Soyabean prices declining post their peak in CY22

Prices Received for Soybeans by Month – United States



Source: Industry, PL

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

Prices Received for Corn by Month – United States



Source: Industry, PL

Exhibit 4: CY25 outlook for top chemical giants globally

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 Sunshine	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 mid-single 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

Exhibit 5: Valuation Summary

Company Names	S/ C	Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
						FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
Aarti Industries	C	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	C	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	C	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 Industries	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	C	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	C	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	C	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	C	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	C	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	C	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

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

ANALYST CERTIFICATION

(Indian Clients)

We/I Mr. Swarnendu Bhushan- IIT, MBA Finance, Mr. Saurabh Ahire- MBA, Passed CFA Level II Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Swarnendu Bhushan- IIT, MBA Finance, Mr. Saurabh Ahire- MBA, Passed CFA Level II Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com