

March 4, 2025

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Aarti Industries	REDUCE	381	411
Clean Science and Technology	HOLD	1,179	1,329
Deepak Nitrite	HOLD	1,864	1,960
Fine Organic Industries	BUY	3,740	5,199
Gujarat Fluorochemicals	REDUCE	3,538	3,190
Jubilant Ingrevia	HOLD	600	680
Laxmi Organic Industries	HOLD	174	237
Navin Fluorine International	Acc	3,902	4,373
NOCIL	REDUCE	174	209
SRF	HOLD	2,853	2,698
Vinati Organics	Acc	1,545	1,934

Source: PL Acc=Accumulate

Top Picks

Fine Organic Industries

Navin Fluorine International

Vinati Organics

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USA-China trade war: Opportunities and challenges

Quick Pointers:

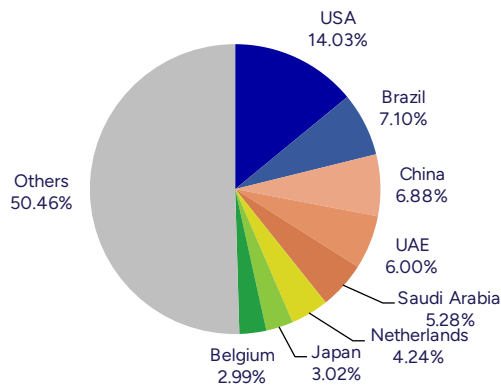
- USA is the largest importer of chemicals from India valued at USD2.9bn in FY24
- Indian companies get a 10% benefit over Chinese counterparts assuming 10% retaliatory tariffs by USA on Indian companies

After levying an initial 10% tariffs across all the imports from China, Trump has now levied an additional 10% tariffs on Chinese imports. In retaliation, China has also imposed tariffs ranging from 10%-15% on key USA exports which includes coal, crude oil, LNG, large vehicles as well as agricultural machinery. We believe that USA levying severe tariffs on Canada, Mexico and China may benefit export to USA market for Indian chemical companies as they may seek alternative to China, while overall sales in India as well as in non-USA market may see flood of cheap imports from China. Indian companies get a 10% benefit over Chinese counterparts considering 10% retaliatory tariffs by USA on Indian companies. USA is largest importer of chemicals of India and accounts for 14% of the total chemical's exports from India. Back in 2018 when first trade war between USA-China began, India was a beneficiary with its total exports to USA increased from USD57bn before the war period to USD73bn during the trade war.

- Indian chemicals exports share to USA stands at 14%:** India exports its chemicals to almost 175+ countries with key export destinations like China, USA, Brazil, Netherlands, Saudi Arabia, Indonesia, UAE, Japan, Germany, etc. USA was the largest importer of chemicals from India in FY23, with total exports standing at USD3.85bn. USA imports dyes and its intermediates, agro chemicals as well as inorganic and organic chemicals from India. In FY24, chemicals exports of India USA reduced by 26% but still has highest share standing at 14%. We may expect these numbers to increase going forward as 20% tariffs on China will compel USA firms to find an alternative supplier for chemicals.
- Chinese exports may be diverted from other countries:** As tariff rates are expected to remain high, Chinese manufacturers may divert their exports to USA from other countries to avoid tariffs. Vietnam and Mexico have been hotspots for Chinese manufacturers to re-ship goods to USA. However, as USA has also imposed 25% tariffs in Mexico, it is no longer an option for rerouting exports.
- Other markets can see flood of cheap Chinese chemicals:** China may flood other markets at cheaper rates which will depress the global prices. Indian companies export to any such countries may be impacted due to stiff competition from China.

- **Vinati, Navin and Aarti have highest exposure to USA:** Vinati Organics exports mainly ATBS, while Navin Fluorine exports HFO and CDMO products, these products don't have major competition from Chinese companies. Any additional tariffs on China by USA will not impact the exports for these products. Aarti industries exports mainly MMA along with a few other products to the USA.
- **Valuation and view:** We are not changing any of our estimates due to lack of clarity on how things will unfold in the future with respect to tariffs on other countries as well as how China will react in terms of pushing its chemicals globally. Our top picks remain Fine Organics (TP:Rs5,199), Navin Fluorine (TP: Rs4,373) and Vinati Organics (TP: Rs: 1,934).

Exhibit 2: Indian chemical exports to world (USD mn)



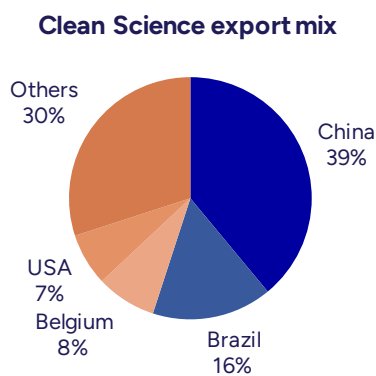
Source: Industry, PL

Exhibit 3: Indian chemical export to USA (USD mn)

Chemical Name	FY22	FY23	% Gr	FY24	% Gr
Dyes	299	226	-24	181	-20
Dye Intermediates	23	32	43	23	-30
Inorganic Chemicals	175	246	40	226	-8
Organic Chemicals	1,520	1,456	-4	1,105	-24
Agro Chemicals	1,099	1,456	8	975	-27
Cosmetics	255	269	6	259	-4
Essential Oils	58	52	-10	49	-6
Castor Oils	138	116	-16	108	-7

Source: Industry, PL

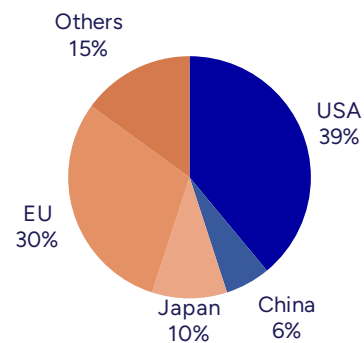
Exhibit 4: China accounts for the largest share for Clean's export



Source: Industry, PL

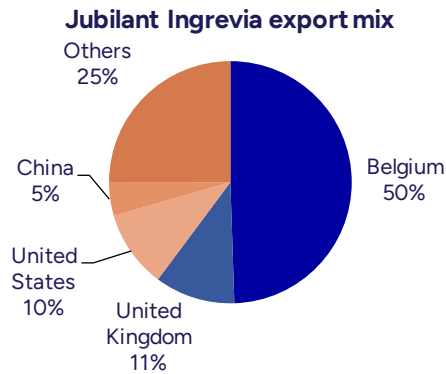
Exhibit 5: USA has the highest share of VO's exports

Vinati Organics geographical export mix



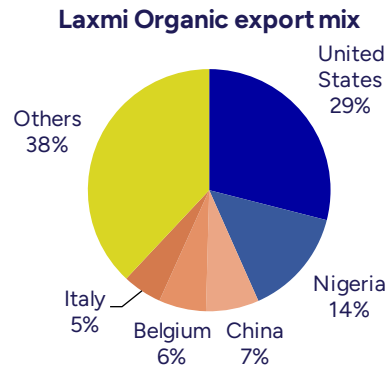
Source: Industry, PL

Exhibit 6: USA accounts for 10% of Jubilant's export share



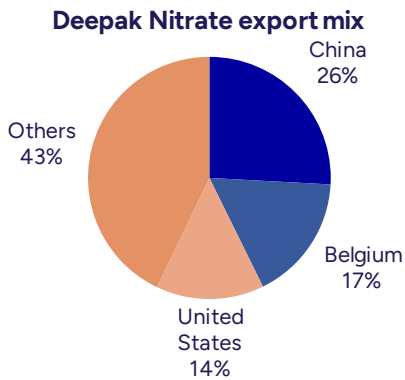
Source: Industry, PL

Exhibit 7: USA accounts for 29% of Laxmi's export



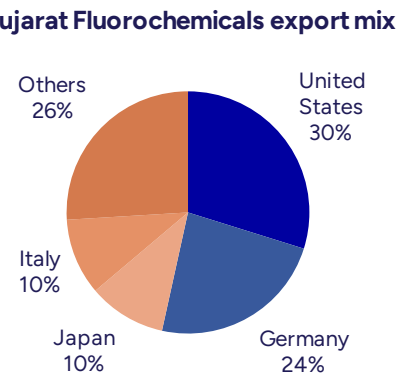
Source: Industry, PL

Exhibit 8: USA accounts for 14% of DN's exports



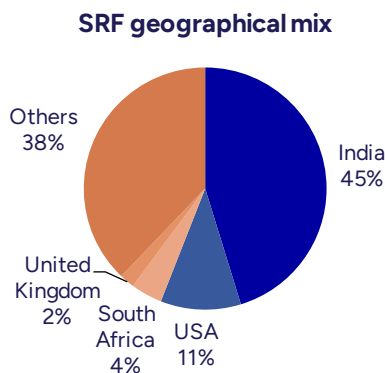
Source: Industry, PL

Exhibit 9: USA accounts for 30% of GFL's exports



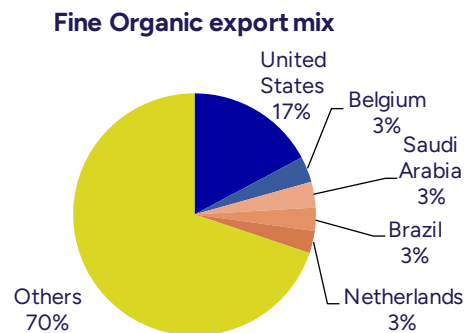
Source: Industry, PL

Exhibit 10: USA accounts for 11% of overall SRF's revenue



Source: Company, PL

Exhibit 11: USA has 17% share in Fine's export



Source: Industry, PL

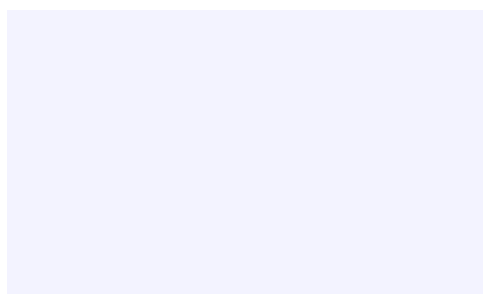
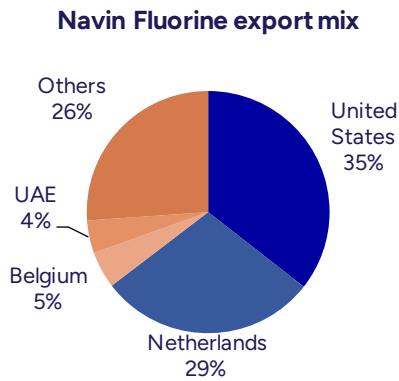
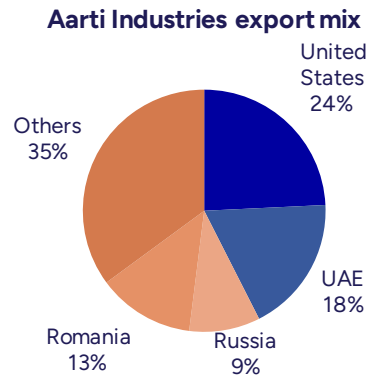


Exhibit 12: USA has the highest share of Navin's exports at 35%



Source: Industry, PL

Exhibit 13: USA has the highest share of Aarti's exports at 24%



Source: Industry, PL



Exhibit 14: 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	381	411	138.2	63.7	71.9	80.4	91.9	9.8	9.4	12.8	15.6	4.2	3.0	4.7	6.5	11.5	8.4	13.1	17.9	8.1	5.5	8.0	10.0	33.2	45.6	29.1	21.4
Clean Science and Technology	C	HOLD	1,179	1,329	125.2	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	24.3	31.1	35.0	22.1	19.8	21.6	20.5	51.3	48.6	37.8	33.7
Deepak Nitrite	C	HOLD	1,864	1,960	254.3	76.8	81.6	91.2	99.9	11.2	10.1	13.1	15.3	8.1	6.4	8.3	9.5	59.4	46.9	60.7	70.0	18.2	12.6	14.5	14.7	31.4	39.8	30.7	26.6
Fine Organic Industries	C	BUY	3,740	5,199	114.7	21.2	22.5	24.6	27.0	5.3	5.2	6.1	6.8	4.1	4.3	4.9	5.2	135.2	138.9	159.0	170.5	23.9	20.1	19.2	17.4	27.7	26.9	23.5	21.9
Gujarat Fluorochemicals	C	REDUCE	3,538	3,190	388.7	42.8	47.5	52.9	59.6	9.5	11.8	13.7	15.6	4.3	5.1	6.1	7.0	39.6	46.4	55.2	63.8	7.6	8.3	9.0	9.6	89.4	76.2	64.2	55.5
Jubilant Ingrevia	C	HOLD	600	680	94.8	41.4	42.1	45.7	48.7	4.2	5.1	5.9	6.5	1.8	2.5	2.8	2.9	11.6	15.7	17.7	18.4	6.8	8.6	8.9	8.6	51.8	38.1	33.9	32.6
Laxmi Organic Industries	C	HOLD	174	237	48.0	28.7	30.5	34.3	37.1	2.6	2.9	3.7	4.2	1.2	1.3	1.7	1.9	4.4	4.6	6.1	7.1	7.5	7.0	8.8	9.4	39.8	37.4	28.3	24.6
Navin Fluorine International	C	Acc	3,902	4,373	193.4	20.7	22.7	28.0	33.1	4.0	5.0	6.3	7.4	2.2	2.8	3.5	4.3	44.1	56.9	71.0	86.6	9.6	11.3	12.8	14.1	88.5	68.5	55.0	45.1
NOCIL	S	REDUCE	174	209	29.0	14.4	14.0	15.1	16.8	2.0	1.3	1.7	2.0	1.3	1.0	1.1	1.3	8.0	5.9	6.8	7.7	8.2	5.8	6.7	7.2	21.8	29.7	25.5	22.5
SRF	C	HOLD	2,853	2,698	845.8	131.4	139.7	154.5	169.8	25.8	23.9	27.8	33.4	13.4	10.2	12.5	16.0	45.1	34.3	42.3	53.8	12.3	8.5	9.7	11.3	63.3	83.2	67.5	53.0
Vinati Organics	S	Acc	1,545	1,934	160.1	19.0	22.4	25.5	28.1	4.7	5.8	6.6	7.3	3.2	4.0	4.5	4.9	31.2	38.5	43.2	47.2	13.8	15.3	15.2	14.8	49.5	40.1	35.8	32.8

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	411	453
2	Bharat Petroleum Corporation	Hold	286	251
3	Bharti Airtel	Accumulate	1,827	1,677
4	Clean Science and Technology	Hold	1,329	1,385
5	Deepak Nitrite	Hold	1,960	1,899
6	Fine Organic Industries	BUY	5,199	4,350
7	GAIL (India)	Accumulate	204	180
8	Gujarat Fluorochemicals	Reduce	3,190	3,537
9	Gujarat Gas	Sell	395	461
10	Gujarat State Petronet	Hold	327	334
11	Hindustan Petroleum Corporation	Hold	319	319
12	Indian Oil Corporation	Hold	125	120
13	Indraprastha Gas	Sell	150	192
14	Jubilant Ingrevia	Hold	680	660
15	Laxmi Organic Industries	Hold	237	226
16	Mahanagar Gas	Accumulate	1,412	1,267
17	Mangalore Refinery & Petrochemicals	Accumulate	168	145
18	Navin Fluorine International	Accumulate	4,373	3,908
19	NOCIL	Reduce	209	223
20	Oil & Natural Gas Corporation	BUY	288	249
21	Oil India	BUY	711	424
22	Petronet LNG	Reduce	276	291
23	Reliance Industries	Accumulate	1,472	1,266
24	SRF	Hold	2,820	2,768
25	Vinati Organics	Accumulate	1,934	1,749

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

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