



February 24, 2025

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Aarti Industries	REDUCE	413	411
Clean Science and Technology	HOLD	1,299	1,329
Deepak Nitrite	HOLD	1,933	1,960
Fine Organic Industries	BUY	3,850	5,199
Gujarat Fluorochemicals	REDUCE	3,704	3,190
Jubilant Ingrevia	HOLD	678	680
Laxmi Organic Industries	HOLD	191	237
Navin Fluorine International	Acc	4,037	4,373
NOCIL	REDUCE	193	209
SRF	HOLD	2,779	2,698
Vinati Organics	Acc	1,585	1,934

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 |

Expectations falling like nine pins

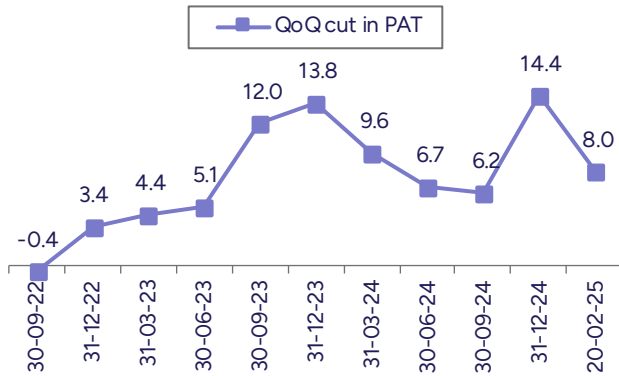
Quick Pointers:

- Consensus estimates for FY25 EPS of our coverage cut down for past 11 quarters
- Consensus estimates for FY26 also cut continuously for the past 7 quarters

Aggravating demand, inventory stocking, and continued dumping combined with lack of visibility have led to sharp downward revisions in consensus estimates for specialty chemical companies under our coverage. As a result, sliding stock prices, with a few having almost halved in past few quarters, resonate more with EPS cuts rather than downgrades. Some companies like Aarti Industries and Gujarat Fluoro have witnessed as much as 70-75% cut in their FY25 consensus estimates since they began appearing, while most companies like Deepak Nitrite, Navin Fluorine, NOCIL and SRF have witnessed +50% cut. As if it were not enough, FY26 consensus estimates for the pack have been cut by 30% over the past 1.5 years. In contrast, current consensus estimates for Fine Organics for FY25 and FY26 are 3-6% higher than when they started appearing. We continue with our positive stance on Fine Organics, Navin Fluorine and Vinati Organics.

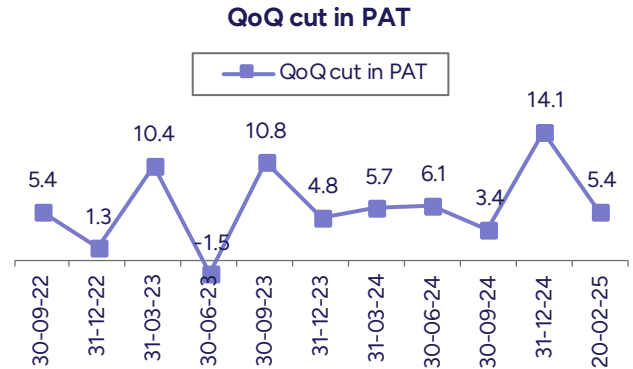
- Ever changing scenarios, mostly downwards:** Facing ever challenging macros, our coverage companies have shown marked decline in gross margins since FY20. Aarti Industries saw its gross margin plummeting to 33.2% in Q3FY25 from a peak of 61% in Q3FY22. Deepak Nitrite saw the second worst erosion from 50.7% in Q2FY21 to 26.8% in Q3FY25. Least decline was witnessed in SRF and Navin Fluorine, which saw gross margins declining from high of 54.5%/59.3% in Q2FY21/Q4FY23 to 46.4%/50% in Q2FY25/Q4FY24.
- Lack of clarity continues:** Amidst demand recovery challenges and inventory destocking in a few regions, China continues to dump chemical products. CEFIC observes that Chinese production grew by 10.1%, whereas global production grew by only 6.1% in Jan-Jul'24. Continued tariff wars may further slow down the global economy and increase dumping in both domestic as well as non-US export markets. Commentaries from global chemical companies continue to be bearish.
- Positive on Fine Organics, Navin Fluorine and Vinati Organics:** Fine Organics has announced a capex of Rs7.5bn, which would be commercialized from FY27, and with 3.5x asset turnover, this capex will help the company to double its revenue by FY29. The stock trades at 23x FY27 and provides an upside of ~35%. Navin's expansion of R-32 capacity, in line with demand, is on track and is expected to be commissioned this month, while AHF capex shall be commissioned by early FY26. Specialty segment has also started gaining traction with strong order book visibility going ahead. CDMO revenue is targeted to reach USD100mn in FY27, with order received from an EU major and a scale order received from a US major. The stock trades at 47x FY27 and offers ~9% upside. Vinati Organics' ATBS demand continues to remain robust with the company also expanding its capacity from 40,000mtpa to 60,000mtpa by the end of FY25, while ramp-up in antioxidants is expected to pick up soon along with the commercialization of MEHQ/Guaiacol. The management has guided 20% revenue growth for FY25-27E. The stock trades at 34x FY27 and offers 20% upside.

Exhibit 2: Change in FY25 consensus PAT of coverage companies (%)



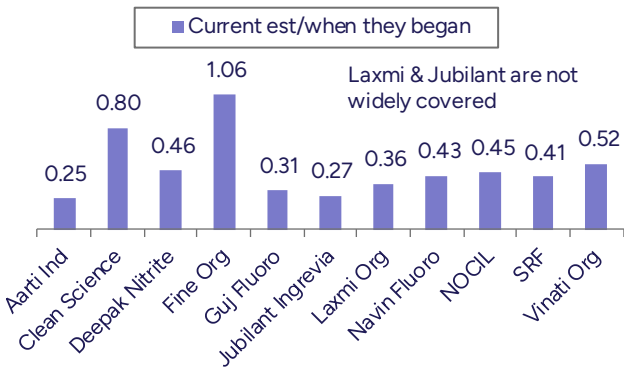
Source: Company, PL

Exhibit 3: Change in FY26 consensus PAT of coverage companies (%)



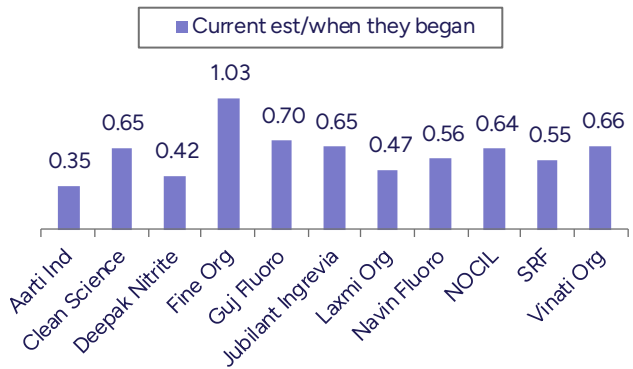
Source: Company, PL

Exhibit 4: Change in FY25 EPS consensus estimates (x)



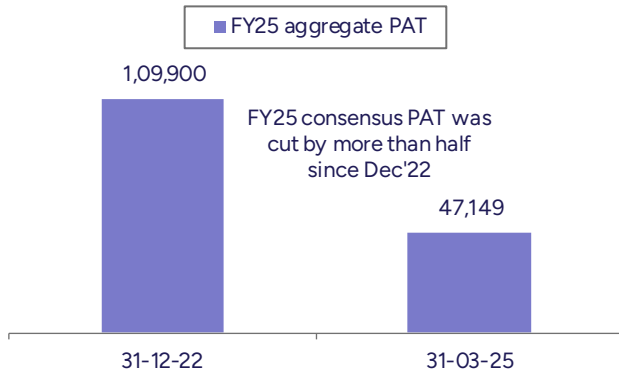
Source: Company, PL

Exhibit 5: Change in FY26 EPS consensus estimates (x)



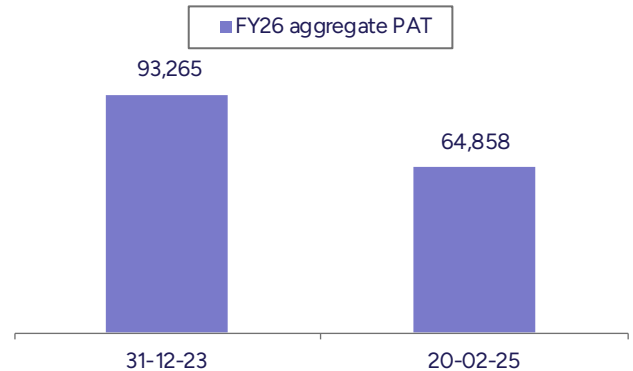
Source: Company, PL

Exhibit 6: Cut in consensus FY25 aggregate PAT Est. (Rs mn)



Source: Company, PL

Exhibit 7: Cut in consensus FY26 aggregate PAT Est. (Rs mn)



Source: Company, PL

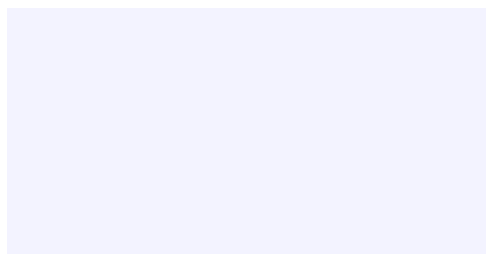
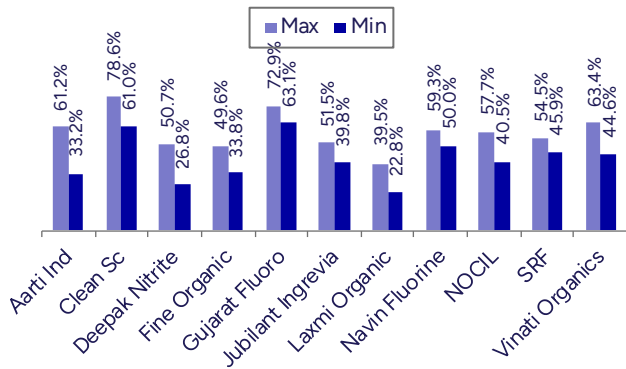
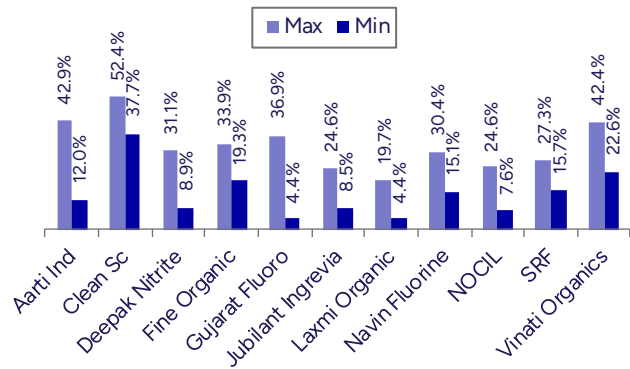


Exhibit 8: Max/Min gross margins since Q1FY20



Source: Company, PL

Exhibit 9: Max/Min EBITDAM since Q1FY20



Source: Company, PL

Exhibit 10: Commentaries of global companies

Company name	Date	Outlook for CY25
3M	21-Jan-25	Organic sales growth 2-3%; macro environment uncertain
Corteva	06-Feb-25	Improving agrochem fundamentals; crop protection market flat; pricing stabilization
Dow	30-Jan-25	Focus on achieving annualized cost saving of ~USD1bn; reduction of USD300-500mn in earlier planned capex for CY25; soft macro-economic conditions to persist in near term across end-markets and regions
FMC	04-Feb-25	3% rev growth in FY25; low-to -middle-single digit price decline; vol growth but cautious customer purchasing behavior
Chemours	18-Feb-25	5% sales CAGR from CY24-27

Source: Company, PL

Exhibit 11: Change in our FY25 forecasts

Change in our FY25 estimates	30-06-22	30-09-22	31-12-22	31-03-23	30-06-23	30-09-23	31-12-23	31-03-24	30-06-24	30-09-24	31-12-24	20-02-25
Aarti Ind	23.5	21.2	23.5	21.2	19.0	17.7	18.4	16.6	16.8	13.6	9.3	8.4
Clean Science						25.1	25.0	25.0	31.8	25.5	25.4	24.3
Deepak Nitrite						82.0	78.0	68.3	64.5	59.1	63.1	46.9
Fine Org	175.2	175.2	175.2	175.2	166.8	166.8	136.9	104.8	125.9	135.9	144.7	138.9
Guj Fluoro						124.7	65.7	56.2	55.5	40.9	42.9	46.4
Jubilant Ingrevia	44.8	42.7	44.8	42.7	36.5	36.5	22.6	22.6	15.4	16.5	13.2	15.7
Laxmi Org	14.6	12.7	14.6	12.7	9.8	9.8	8.3	6.1	6.1	6.1	5.3	4.6
Navin Fluoro						115.8	112.3	77.2	63.3	53.6	55.4	56.9
NOCIL	15.4	13.5	15.4	13.5	11.5	11.5	9.3	9.0	8.1	7.2	7.7	5.9
SRF						65.2	65.4	55.4	55.9	44.1	40.5	34.3
Vinati Org						48.9	43.5	36.2	37.2	36.1	33.7	38.5

Source: Company, PL

Exhibit 12: 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	413	411	149.6	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	35.9	49.3	31.5	23.1
Clean Science and Technology	C	HOLD	1,299	1,329	138.0	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	56.6	53.5	41.7	37.1
Deepak Nitrite	C	HOLD	1,933	1,960	263.6	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	32.5	41.2	31.8	27.6
Fine Organic Industries	C	BUY	3,850	5,199	118.0	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	28.5	27.7	24.2	22.6
Gujarat Fluorochemicals	C	REDUCE	3,704	3,190	406.9	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	93.6	79.8	67.2	58.1
Jubilant Ingrevia	C	HOLD	678	680	107.1	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	58.5	43.1	38.3	36.8
Laxmi Organic Industries	C	HOLD	191	237	52.6	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	43.6	41.0	31.1	27.0
Navin Fluorine International	C	Acc	4,037	4,373	200.0	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	91.6	70.9	56.9	46.6
NOCIL	S	REDUCE	193	209	32.1	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	24.2	32.9	28.2	25.0
SRF	C	HOLD	2,779	2,698	823.7	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	61.7	81.0	65.8	51.6
Vinati Organics	S	Acc	1,585	1,934	164.3	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	50.8	41.1	36.7	33.6

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	271
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	373	353
12	Indian Oil Corporation	Hold	124	123
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	2,698	2,831
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

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