

# Specialty Chemicals

## Company

Alkyl Amines

Atul

Clean Science

Deepak Nitrite

Fine Organics

Galaxy Surfactants

Navin Fluorine

NOCIL

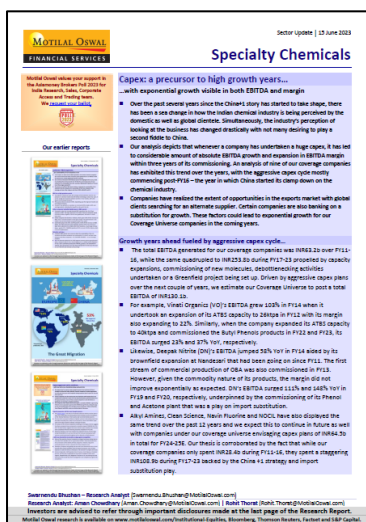
PI Industries

SRF

Tata Chemicals

Vinati Organics

## Our earlier reports



## Tomorrow's veneer over today's disappointment

- Despite the end of destocking, pricing pressure continues in the specialty chemical sector due to sluggish Chinese domestic consumption, with the China+1 strategy being a potential short-term solution. Company managements remain confident about long-term prospects, with capex on track and a gradual recovery expected in 2HFY25. However, pricing pressure is likely to persist through CY24.
- Our coverage universe saw a decline of 8%/18%/29% YoY in revenue/EBITDA/earnings in FY24, with EBITDAM down 240bp YoY. Although raw material prices and operating expenses declined YoY, it was not enough to arrest the decline in EBITDA amid severe pricing pressure. PI Industries was the only bright spot in FY24.
- We estimate a CAGR of 13%/17%/19% in revenue/EBITDA/earnings during FY24-26E, albeit on a lower base. EBITDAM is expected to expand by 160bp by FY26 vs. FY24. AACL, ATLP, NFIL, NOCIL and VO are expected to see the highest earnings growth of 25-40% during FY24-26E. We remain positive on PI, VO and GALSURF.

## Cautiously optimistic outlook for the sector

- While destocking is over for most of the companies, pricing pressure persists in the sector as Chinese domestic consumption is not picking up as expected, with suppliers continuously looking for a market within the region, outside China. That said, the China+1 strategy could be one of the only saving graces in the near term for these chemical companies.
- Managements of various companies sounded confident about their long-term approach starting in FY25, with already announced capex on track to be completed within the guided timelines. For the first time in almost a year, some company managements have clearly stated that 1HFY25 is likely to be subdued, especially for companies with high exposure to agrochemicals, with a gradual recovery expected in 2HFY25.
- Throughout FY24, based on our channel checks and various interactions with companies, we reiterated that pricing pressure would continue in CY24 as well, and that any gradual recovery would happen only after 1HCY24 ([read page 80 of our 4QFY24 preview](#)). We expect pricing pressure to subside in the last quarter of CY24. There could be some earnings surprises as FY25 rolls on.

## Dismal FY24; PI remains the only bright spot

- Destocking, subdued demand and pricing pressure led to an earnings decline for the sector on an aggregate basis in FY24 and continuous downward revisions in estimates over the course of the four quarters by the Street. In FY24, our coverage universe saw a revenue decline of 8% YoY and even a bigger decline of 18%/29% YoY in EBITDA/ earnings, led by pricing pressure in the domestic and export markets. Aggregate gross margin expanded 70bp YoY, while EBITDAM declined 240bp YoY in FY24.
- There was some respite for chemical companies as raw material costs declined 9% YoY on an aggregate basis for our coverage universe after rising 46% YoY in FY22 and 23% YoY in FY23. Operating expenses were also down 3% YoY in FY24 after rising 36% YoY in FY22 and 25% YoY in FY23. However, this was not enough to arrest the decline in EBITDA as pricing pressure and volume decline weighed on the sector.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

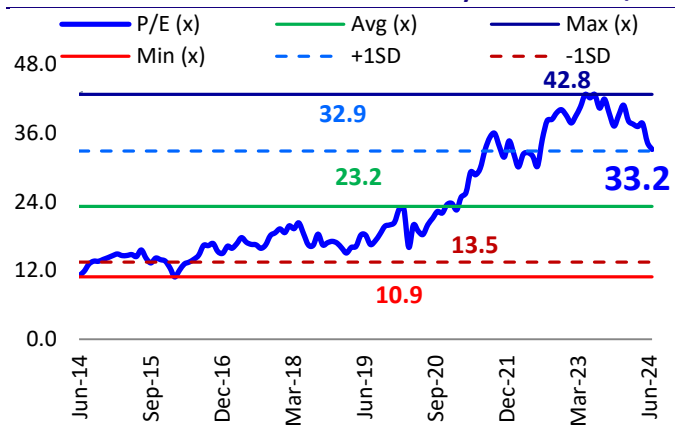
Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Among our coverage companies, PI remained the only bright spot in FY24 in the sector (coverage of 12 companies), with a revenue/EBITDA/earnings growth of 18%/31%/37% YoY. We estimate a revenue/EBITDA/earnings CAGR of 13%/17%/19% during FY24-26E for our coverage universe, albeit on a lower base. EBITDAM is expected to expand 160bp by FY26 vs. FY24. We expect AACL, ATLP, NFIL, NOCIL and VO to report highest earnings growth to the tune of 25-40% during the same period.

### Valuation and view

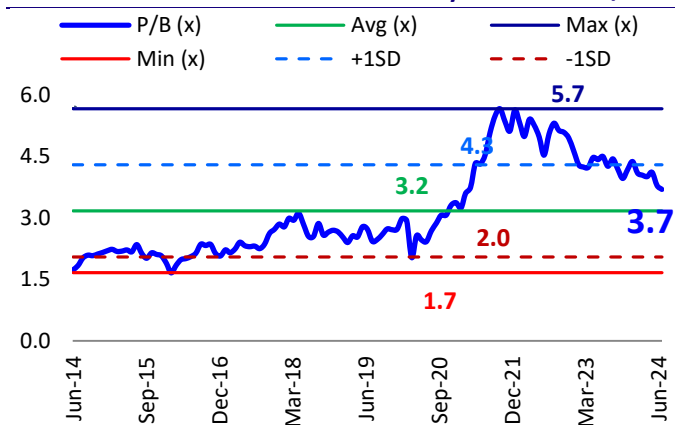
- **PI Industries (PI):** PI has levers in place to sustain near-term growth, led by: 1) consistent growth momentum in the CSM business; 2) product launches in the domestic market; and 3) the recent acquisition in the pharma API and CDMO segments. We expect a CAGR of 17%/18%/9% in revenue/EBITDA/adj. PAT over FY24-26. We reiterate our BUY rating on the stock with a TP of INR4,280.
- **Vinati Organics (VO):** Veeral Organics (VOL) has commissioned a couple of products (MEHQ and Guaiacol), while the rest are expected to be commissioned in 2HFY25. These products are going to be the growth drivers for the company going forward. VO is now the largest and only double-integrated manufacturer of AOs in India. We continue to believe that VO will do well in the long term. We reiterate our BUY rating on the stock with a TP of INR2,080.
- **Galaxy Surfactants (GALSURF):** We estimate a volume CAGR of 9% over FY24-26, led by robust volumes in the domestic market and a volume recovery in specialty care products in the developed markets, which have already started growing. We reiterate our BUY rating on the stock with a TP of INR3,450.

**Exhibit 1: The sector trades at 33.2x one year forward P/E**



Source: Company, MOFSL

**Exhibit 2: The sector trades at 3.7x one year forward P/B**



Source: Company, MOFSL

**Exhibit 3: Performance of our coverage universe vs. our expectation at the start of FY25**

Company Name	At the end of FY24						At the start of FY24						Change (%)					
	Revenue (INR b)		EBIDTA (INR b)		PAT (INR b)		Revenue (INR b)		EBIDTA (INR b)		PAT (INR b)		Revenue		EBITDA		PAT	
	FY24	FY25E	FY24	FY25E	FY24	FY25E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	FY24	FY25E	FY24	FY25E	FY24	FY25E
<b>Aggregate</b>	<b>620.2</b>	<b>697.9</b>	<b>118.7</b>	<b>136.8</b>	<b>68.2</b>	<b>77.1</b>	<b>745.5</b>	<b>832.8</b>	<b>164.9</b>	<b>180.5</b>	<b>104.7</b>	<b>115.7</b>	<b>-17</b>	<b>-16</b>	<b>-28</b>	<b>-24</b>	<b>-35</b>	<b>-33</b>
Alkyl Amines	14.4	17.3	2.5	3.2	1.5	2.0	19.3	23.2	4.0	5.0	2.7	3.5	-26	-26	-37	-36	-45	-42
Atul	47.3	52.8	6.4	7.4	3.0	3.9	55.6	61.0	7.8	9.1	5.0	5.9	-15	-13	-19	-18	-39	-35
Clean Science	7.9	9.5	3.3	3.8	2.4	3.0	10.9	12.2	4.6	5.0	3.4	3.6	-28	-22	-28	-24	-27	-18
Deepak Nitrite	76.8	86.5	11.2	14.5	7.5	9.4	83.5	91.7	16.9	18.9	10.9	12.0	-8	-6	-33	-23	-31	-21
Fine Organic	19.5	20.0	4.8	4.4	3.7	3.4	28.0	27.3	6.3	5.3	4.7	4.1	-30	-27	-23	-17	-22	-17
Galaxy Surfactants	37.9	43.2	4.6	5.5	3.0	3.5	42.6	45.4	5.5	5.8	3.6	3.8	-11	-5	-16	-6	-15	-8
Navin Fluorine	20.7	25.5	4.0	5.4	2.3	3.1	29.9	36.6	8.2	10.2	5.6	7.1	-31	-30	-52	-47	-59	-56
NOCIL	14.4	16.6	1.9	2.6	1.3	1.7	18.3	21.1	2.8	3.4	1.7	2.2	-21	-21	-32	-24	-24	-23
PI Industries	76.7	89.9	20.1	23.8	16.8	17.0	86.5	100.4	21.0	24.2	16.2	19.0	-11	-11	-4	-2	4	-11
SRF	131.4	152.2	26.6	32.3	14.1	16.8	169.0	195.8	42.1	48.6	25.6	30.1	-22	-22	-37	-33	-45	-44
Tata Chemicals	154.2	159.2	28.5	27.5	9.2	8.9	178.9	188.2	39.3	36.4	20.4	18.0	-14	-15	-28	-25	-55	-51
Vinati Organics	19.0	25.2	4.7	6.3	3.2	4.4	22.9	29.8	6.3	8.5	4.8	6.4	-17	-16	-25	-25	-33	-32

Source: Company, MOFSL

**Exhibit 4: Subdued demand and pricing pressure led to decline in revenue in FY24**

Revenue growth (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Aggregate</b>	<b>17%</b>	<b>6%</b>	<b>7%</b>	<b>37%</b>	<b>23%</b>	<b>-8%</b>	<b>13%</b>	<b>12%</b>
AACL	35%	17%	25%	24%	9%	-14%	20%	25%
ATLP	21%	1%	-9%	36%	7%	-13%	12%	9%
CLEAN	63%	7%	22%	34%	37%	-15%	20%	26%
DN	61%	57%	3%	56%	17%	-4%	13%	7%
FINEORG	21%	-2%	9%	66%	63%	-36%	2%	5%
GALSURF	12%	-6%	7%	32%	21%	-15%	14%	14%
NFIL	8%	7%	11%	28%	43%	-1%	24%	23%
NOCIL	5%	-19%	9%	70%	3%	-11%	15%	15%
PI	25%	19%	36%	16%	23%	18%	17%	17%
SRF	27%	2%	17%	48%	20%	-12%	16%	16%
TTCH	1%	0%	-2%	24%	33%	-8%	3%	7%
VO	52%	-9%	-7%	69%	28%	-8%	33%	19%

Source: Company, MOFSL

**Exhibit 5: PI remained the only outlier in terms of operating performance in FY24**

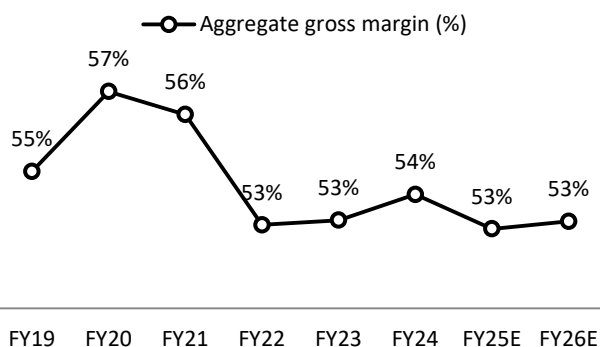
EBITDA growth (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Aggregate</b>	<b>19%</b>	<b>19%</b>	<b>12%</b>	<b>29%</b>	<b>26%</b>	<b>-18%</b>	<b>15%</b>	<b>19%</b>
AACL	41%	56%	67%	-24%	5%	-27%	28%	39%
ATLP	52%	18%	2%	-1%	-15%	-18%	17%	16%
CLEAN	87%	36%	40%	16%	34%	-17%	15%	23%
DN	111%	148%	22%	29%	-20%	-13%	29%	14%
FINEORG	36%	6%	-19%	81%	124%	-38%	-8%	-2%
GALSURF	23%	4%	22%	-11%	42%	-19%	18%	15%
NFIL	4%	20%	19%	14%	55%	-28%	35%	32%
NOCIL	10%	-39%	-28%	123%	-12%	-24%	37%	26%
PI	17%	25%	41%	13%	35%	31%	18%	18%
SRF	46%	10%	46%	45%	17%	-27%	21%	22%
TTCH	-19%	9%	-23%	54%	66%	-26%	-4%	17%
VO	115%	-2%	-15%	23%	32%	-18%	34%	22%

Source: Company, MOFSL

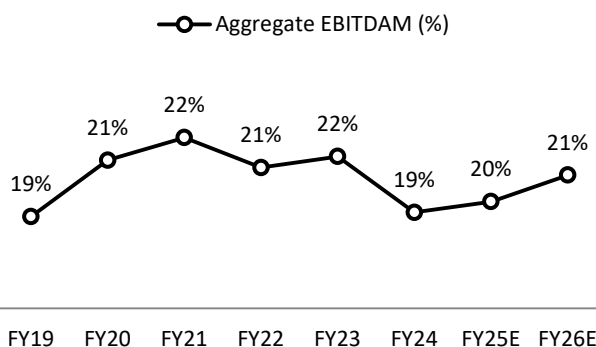
**Exhibit 6: Aggregate earnings declined for our coverage universe for first time since FY15**

PAT growth (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Aggregate</b>	<b>12%</b>	<b>39%</b>	<b>2%</b>	<b>43%</b>	<b>31%</b>	<b>-29%</b>	<b>13%</b>	<b>24%</b>
AACL	30%	125%	57%	-24%	2%	-35%	35%	46%
ATLP	56%	55%	-2%	-9%	-15%	-39%	27%	24%
CLEAN	101%	43%	42%	15%	29%	-17%	22%	23%
DN	120%	252%	27%	37%	-20%	-12%	26%	12%
FINEORG	27%	29%	-31%	118%	136%	-38%	-8%	-2%
GALSURF	21%	21%	31%	-13%	45%	-21%	16%	17%
NFIL	-17%	169%	-37%	5%	43%	-39%	36%	42%
NOCIL	9%	-29%	-34%	103%	-15%	-12%	30%	27%
PI	12%	11%	62%	14%	46%	37%	1%	18%
SRF	48%	49%	29%	53%	25%	-38%	19%	29%
TTCH	-29%	-8%	-68%	390%	85%	-60%	-4%	45%
VO	96%	18%	-19%	29%	21%	-23%	36%	23%

Source: Company, MOFSL

**Exhibit 7: GM expanded by 60bp YoY in FY24 due to ease in raw material prices...**

Source: Company, MOFSL

**Exhibit 8: ...while EBITDAM contracted by 240bp YoY in FY24 due to increase in employee costs**

Source: Company, MOFSL

**Exhibit 9: We expect revenue CAGR of 13% for our coverage universe during FY24-26E**

Revenue (INR b)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	CAGR FY23-26E (%)	CAGR FY24-26E (%)
<b>Aggregate</b>	<b>351.9</b>	<b>371.9</b>	<b>399.4</b>	<b>546.5</b>	<b>674.3</b>	<b>620.2</b>	<b>697.9</b>	<b>785.1</b>	<b>5%</b>	<b>13%</b>
AACL	8.5	9.9	12.4	15.4	16.8	14.4	17.3	21.6	9%	22%
ATLP	40.4	40.9	37.3	50.8	54.3	47.3	52.8	57.4	2%	10%
CLEAN	3.9	4.2	5.1	6.8	9.4	7.9	9.5	11.9	8%	23%
DN	27.0	42.3	43.6	68.0	79.7	76.8	86.5	92.8	5%	10%
FINEORG	10.4	10.3	11.2	18.6	30.3	19.5	20.0	21.0	-11%	4%
GALSURF	27.6	26.0	27.8	36.9	44.6	37.9	43.2	49.5	3%	14%
NFIL	9.6	10.2	11.3	14.5	20.8	20.7	25.5	31.4	15%	23%
NOCIL	10.4	8.5	9.2	15.7	16.2	14.4	16.6	19.1	6%	15%
PI	28.4	33.7	45.8	53.0	64.9	76.7	89.9	105.1	17%	17%
SRF	71.0	72.1	84.0	124.3	148.7	131.4	152.2	175.8	6%	16%
TTCH	103.4	103.6	102.0	126.2	167.9	154.2	159.2	169.6	0%	5%
VO	11.3	10.3	9.5	16.2	20.7	19.0	25.2	29.9	13%	25%

Source: Company, MOFSL

**Exhibit 10: We expect EBITDA CAGR of 17% for our coverage universe during FY24-26E**

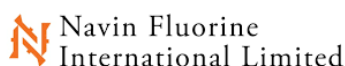
EBITDA (INR b)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	CAGR FY23-26E (%)	CAGR FY24-26E (%)
<b>Aggregate</b>	<b>66.7</b>	<b>79.5</b>	<b>89.3</b>	<b>115.1</b>	<b>145.3</b>	<b>118.7</b>	<b>136.8</b>	<b>162.8</b>	<b>4%</b>	<b>17%</b>
AACL	1.6	2.6	4.3	3.3	3.4	2.5	3.2	4.4	9%	33%
ATLP	7.7	9.0	9.2	9.1	7.7	6.4	7.4	8.7	4%	17%
CLEAN	1.4	1.9	2.6	3.0	4.0	3.3	3.8	4.7	5%	19%
DN	4.1	10.3	12.5	16.0	12.9	11.2	14.5	16.5	9%	21%
FINEORG	2.2	2.4	1.9	3.5	7.8	4.8	4.4	4.4	-18%	-5%
GALSURF	3.5	3.7	4.5	4.0	5.7	4.6	5.5	6.3	3%	17%
NFIL	2.2	2.6	3.1	3.5	5.5	4.0	5.4	7.1	9%	34%
NOCIL	2.9	1.8	1.3	2.8	2.5	1.9	2.6	3.3	10%	31%
PI	5.8	7.2	10.1	11.4	15.4	20.1	23.8	28.1	22%	18%
SRF	13.2	14.6	21.3	31.0	36.3	26.6	32.3	39.5	3%	22%
TTCH	17.8	19.5	15.0	23.0	38.2	28.5	27.5	32.3	-6%	6%
VO	4.2	4.1	3.5	4.3	5.7	4.7	6.3	7.7	10%	28%

Source: Company, MOFSL

**Exhibit 11: We expect earnings CAGR of 19% for our coverage universe during FY24-26E**

Adj. PAT (INR b)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	CAGR FY23-26E (%)	CAGR FY24-26E (%)
<b>Aggregate</b>	<b>36.2</b>	<b>50.4</b>	<b>51.2</b>	<b>73.2</b>	<b>96.2</b>	<b>68.2</b>	<b>77.1</b>	<b>95.9</b>	<b>0%</b>	<b>19%</b>
AACL	0.8	1.9	3.0	2.2	2.3	1.5	2.0	2.9	9%	40%
ATLP	4.3	6.6	6.5	5.9	5.0	3.0	3.9	4.8	-1%	25%
CLEAN	1.0	1.4	2.0	2.3	3.0	2.4	3.0	3.7	7%	22%
DN	1.7	6.1	7.8	10.7	8.5	7.5	9.4	10.5	7%	18%
FINEORG	1.3	1.7	1.1	2.5	5.9	3.7	3.4	3.3	-18%	-5%
GALSURF	1.9	2.3	3.0	2.6	3.8	3.0	3.5	4.1	2%	16%
NFIL	1.5	4.0	2.5	2.6	3.8	2.3	3.1	4.4	5%	39%
NOCIL	1.8	1.3	0.9	1.8	1.5	1.3	1.7	2.2	13%	28%
PI	4.1	4.6	7.4	8.4	12.3	16.8	17.0	20.0	18%	9%
SRF	6.2	9.2	11.9	18.2	22.7	14.1	16.8	21.7	-1%	24%
TTCH	8.8	8.1	2.6	12.6	23.3	9.2	8.9	12.9	-18%	18%
VO	2.8	3.3	2.7	3.5	4.2	3.2	4.4	5.4	9%	29%

Source: Company, MOFSL



## Key strategies, guidance and outlook of our coverage universe going forward

### Alkyl Amines (AACL)

- The company is working to revamp its old ethylamine plant to make it into methylamine, which should happen in the next two years.
- The management remains confident of achieving volume growth of 10-15% in FY25, with some incremental growth from Di-Ethyl Ketone.

### Clean Science & Technology (CLEAN)

- As part of its ESG target for five years, the company aims to keep the emission levels in check and maintain a higher share of renewable electricity and specific energy levels. It has also commercialized a 1.6MW maiden solar rooftop plant at its subsidiary.
- The company aspires to increase its revenue to INR8b in the next 2-3 years on the back of investments made in business. The company has been sustaining an asset turnover of around 2.5-2.7x.
- CLEAN is in the process of firming up its next leg of capex, with trial runs for its new products currently underway.

### Deepak Nitrite (DN)

- DN aims to leverage its strong brand and market position, prioritizing strategic relationships that would enable it to achieve growth in sales volume. Its focus on process efficiency and cost optimization has resulted in better yields and savings in power and fuel costs.
- The management believes that DN's targeted investments in downstream of Phenol and Acetone and also in Spec Chem are well positioned to seize growth opportunities, which would also guarantee value and sustainability with a highly valuable right to win that is well integrated into DN's strategy.
- 2HFY25 is expected to have a much better business outlook across industries and it would be further supported by the commissioning of many of the already announced projects for DN.

### Galaxy Surfactants (GALSURF)

- The management has guided that over the long term, the structural story of the company remains robust. With improvements in accessibility via quick and e-commerce innovation-led premiumization and rising value and quality-based consumption, the growth opportunities would be huge.
- Accelerated approvals would ensure new launches and sustained traction for its new products going ahead. Demand is expected to move toward premium specialties, which would lead to better earnings.

### Navin Fluorine International (NFIL)

- NFIL has a strategic priority to expand its customer base in the US, Europe and the Far East. It has also started exploring opportunities for its performance advanced material businesses.
- The strategy is to secure a right mix of late-stage molecules in the CDMO segment and a strong base load and early stage molecules to create a pipeline





for future growth. This strategy is showing early signs of success. The management has a target to reach USD100m in sales.

- NFIL aims to launch three to four molecules in Spec Chem segment every year, which should provide the pipeline of opportunities to its MPP assets.

#### NOCIL

- As part of its strategic roadmap to continue to expand its market presence, the company's board has approved investment of INR2.5b in its Dahej facility for further expansion of its rubber chemical capacities. Sustainability, too, remains at the core of its business strategy.



#### PI Industries (PI)

- PI continues to actively evaluate inorganic opportunities in line with its long-term strategic direction and growth aspirations, backed by strong science and technological capabilities.
- The management's outlook for FY25 remains positive. The focus would be on portfolio diversification and the implementation of its differentiated CRDMO offerings for global customers. PI aims to double its revenue in the next 3-4 years.



#### SRF

- The chemical business is expected to witness ~20% growth in FY25, with significant growth expected in 2HFY25. Improved performance of the Hungary plant, ramp-up of the aluminum plant, and increased VAP mix will drive sales growth in FY25.

### TATA CHEMICALS

#### Tata Chemicals (TTCH)

- In the UK, the company continues to focus on value-added products to boost growth.
- The next phase of capacity expansion with a capex of INR20b (increasing soda ash/bicarb/silica capacities by 30%/40%/5x) will be completed between FY25 and FY28. This includes the ongoing soda ash expansion of 300ktpa in Kenya and 400ktpa in the US, which are likely to be completed over the next couple of years.



#### Vinati Organics (VO)

- The long-term outlook for antioxidants remains positive. VO has a strong presence in AO market because of the value created through the synergies of double backward integration.
- The management has a robust guidance of a revenue CAGR of 20% over the next three years, mainly driven by new products and strong momentum in some of the existing ones.

Exhibit 12: Peer comparison for our coverage universe

Spec Chem	Reco	TP (INR)	EPS (INR)			P/E (x)			P/BV (x)			EV/EBITDA (x)			ROE (%)		
			FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
Alkyl Amines	Neutral	2,010	29.1	39.4	57.4	67.5	49.8	34.2	7.9	7.2	6.3	40.0	31.1	22.2	12.2	15.1	19.6
Atul	Neutral	5,670	103.4	131.0	162.0	56.5	44.7	36.1	3.4	3.2	2.9	27.5	23.8	20.4	6.2	7.3	8.4
Clean Science	Neutral	1,375	23.0	27.9	34.4	57.5	47.2	38.4	11.7	9.6	7.9	42.2	36.6	29.4	22.1	22.3	22.5
Deepak Nitrite	Neutral	2,320	55.1	69.2	77.3	41.4	33.0	29.5	6.5	5.5	4.8	27.5	21.6	19.2	16.9	18.1	17.3
Fine Organic	Sell	3,785	120.0	109.9	108.1	37.4	40.8	41.5	7.4	6.3	5.6	26.6	28.2	28.0	21.8	16.7	14.3
Galaxy Surfact.	Buy	3,450	85.0	98.5	115.0	30.2	26.1	22.4	4.2	3.7	3.3	19.5	16.3	13.9	14.8	15.1	15.7
Navin Fluorine	Neutral	3,110	46.1	62.7	88.9	72.1	53.1	37.4	6.9	6.3	5.6	44.7	33.6	25.1	10.0	12.4	15.9
NOCIL	Neutral	260	7.9	10.2	13.0	32.7	25.2	19.8	2.5	2.4	2.2	22.0	16.0	12.8	8.1	9.8	11.7
P I Industries	Buy	4,280	110.6	111.8	131.9	32.9	32.6	27.6	6.3	5.4	4.6	25.5	21.5	18.0	21.1	17.9	17.9
SRF	Neutral	2,100	47.5	56.6	73.1	48.6	40.8	31.6	6.0	5.4	4.8	27.4	22.6	18.5	13.0	13.9	16.0
Tata Chemicals	Neutral	980	36.1	34.9	50.4	29.2	30.3	20.9	1.2	1.2	1.1	11.0	11.1	9.0	4.4	4.0	5.5
Vinati Organics	Buy	2,080	31.2	42.3	52.0	55.1	40.6	33.1	7.2	6.4	5.5	37.6	28.0	23.0	13.8	16.7	17.9

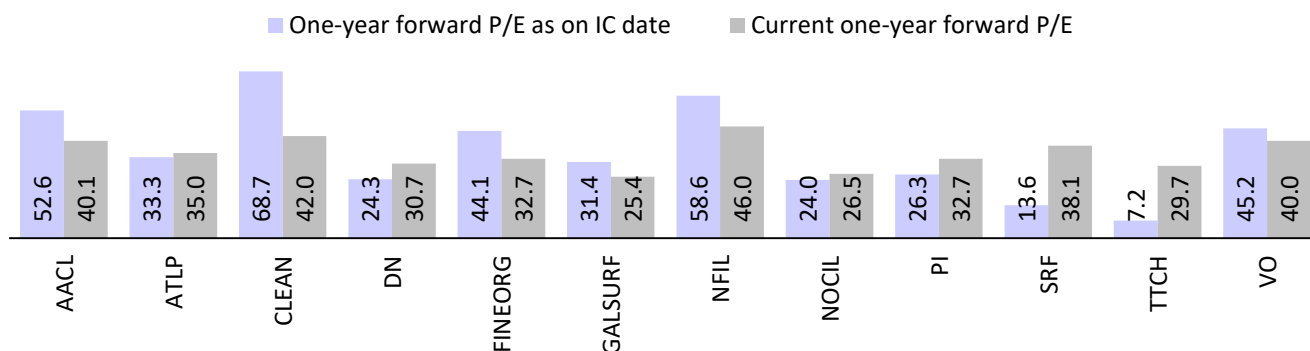
Source: Company, MOFSL

Exhibit 13: The sector is trading at a premium to historical averages

Companies	Current P/E (x)	Average P/E (x)			Prem / Disc P/E (%)		
		15 YR	10 YR	5 YR	15 YR	10 YR	5 YR
<b>Chemicals</b>	<b>33.2</b>	<b>17.9</b>	<b>23.2</b>	<b>30.7</b>	<b>85.6</b>	<b>43.0</b>	<b>8.2</b>
Alkyl Amines	45.5	23.8	33.1	53.3	91.4	37.7	-14.5
Atul	43.1	22.3	31.0	44.0	92.9	38.7	-2.0
Deepak Nitrite	32.3	16.8	20.9	24.6	92.0	54.7	31.5
Fine Organic	42.0	33.9	33.9	36.1	23.9	23.9	16.2
Galaxy Surfactants	25.7	25.5	25.5	26.6	1.0	1.0	-3.4
Navin Fluorine	49.7	23.8	33.6	52.9	108.3	47.7	-6.1
NOCIL	24.3	14.8	17.2	22.4	64.2	40.9	8.1
PI Industries	31.2	24.9	31.8	34.9	25.1	-2.1	-10.7
SRF	38.8	17.5	23.7	30.7	122.2	63.4	26.5
Tata Chemicals	28.0	9.8	12.6	18.2	186.6	122.5	53.6
Vinati Organics	39.7	25.9	33.5	45.9	53.7	18.6	-13.4

Source: Company, MOFSL

Exhibit 14: The sector is trading at 34.9x on one year forward as of date

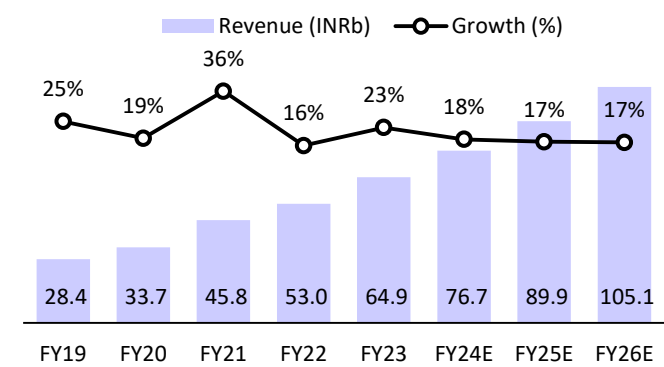


Source: Bloomberg, MOFSL



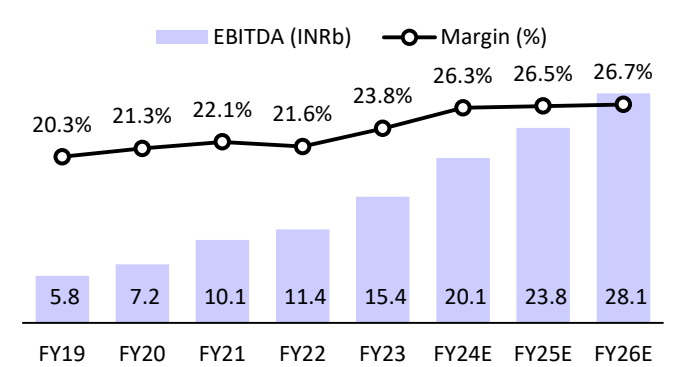
## PI- Financial summary and assumptions (TP: INR4,280) – BUY

Exhibit 15: Expect 17% revenue CAGR over FY24-26



Source: Company, MOFSL

Exhibit 16: EBITDA expected to expand by 40bp



Source: Company, MOFSL

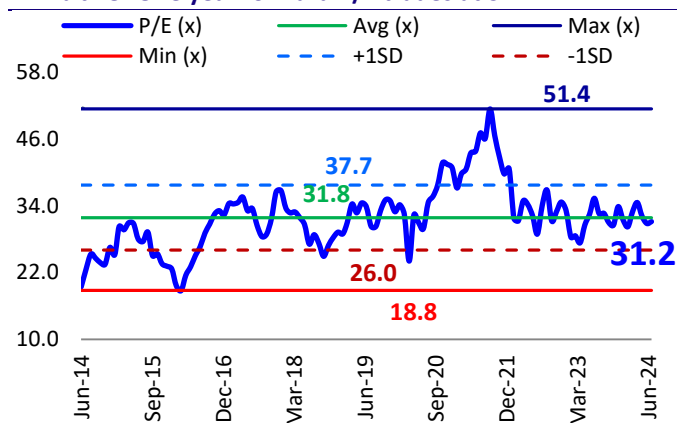
Exhibit 17: Financial summary

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Sales	28.4	33.7	45.8	53.0	64.9	76.7	89.9	105.1
EBITDA	5.8	7.2	10.1	11.4	15.4	20.1	23.8	28.1
Adj. PAT	4.1	4.6	7.4	8.4	12.3	16.8	17.0	20.0
EBITDA Margin (%)	20.3	21.3	22.1	21.6	23.8	26.3	26.5	26.7
Cons. Adj. EPS (INR)	27.0	30.0	48.6	55.5	80.9	110.6	111.8	131.9
EPS Gr. (%)	11.6	11.3	61.7	14.3	45.7	36.8	1.1	18.0
BV/Sh. (INR)	150.4	172.3	351.5	402.7	473.6	574.4	674.7	795.1
<b>Ratios</b>								
Net D:E	-0.1	0.1	-0.4	-0.3	-0.4	-0.4	-0.4	-0.4
RoE (%)	19.5	18.6	18.5	14.7	18.5	21.1	17.9	17.9
RoCE (%)	19.2	17.3	17.2	14.1	18.5	21.1	17.7	17.8
Payout (%)	16.4	14.7	10.3	9.0	12.4	9.0	10.3	8.7
<b>Valuations</b>								
P/E (x)	134.7	121.0	74.8	65.5	44.9	32.9	32.5	27.6
EV/EBITDA (x)	95.7	77.5	53.5	47.4	34.4	26.1	22.0	18.5
Div. Yield (%)	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3
FCF Yield (%)	0.0	0.1	0.5	0.3	2.1	1.7	1.1	1.4

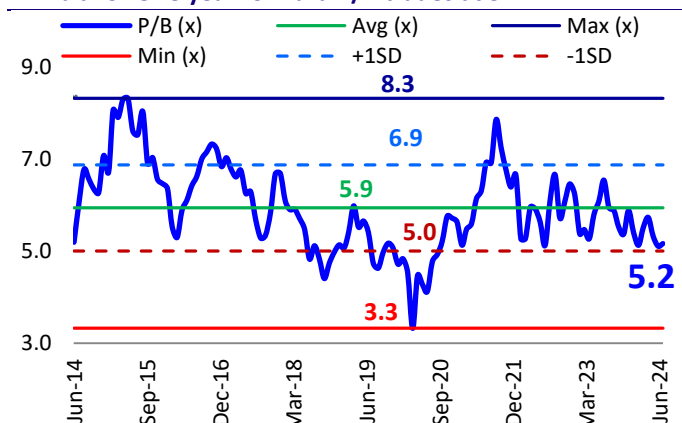
Source: Company, MOFSL

Exhibit 18: One year forward P/E trades at 31.2x



Source: Company, MOFSL

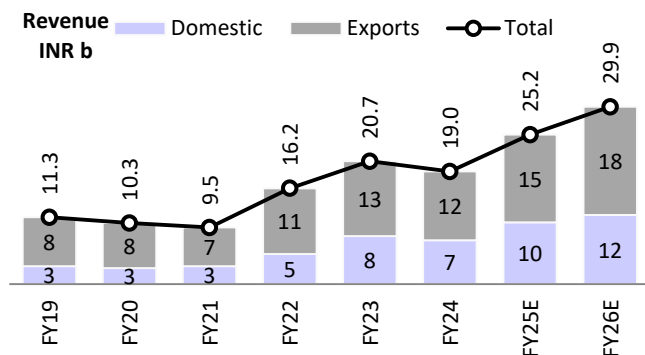
Exhibit 19: One year forward P/B trades at 5.2x



Source: Company, MOFSL

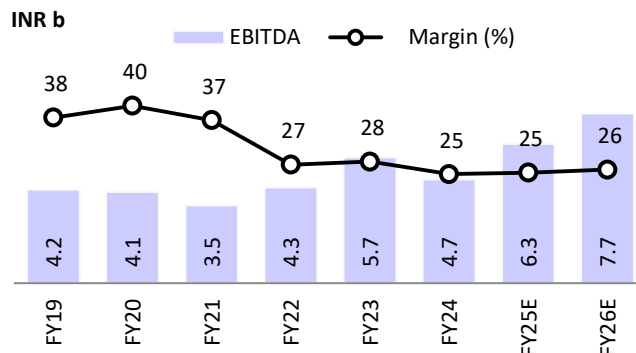
## VO – Financial summary and assumptions (TP: INR2,080) – BUY

Exhibit 20: : Expect 25% revenue CAGR over FY24-26



Source: Company, MOFSL

Exhibit 21: EBITDAM to gradually improve during FY25-26



Source: Company, MOFSL

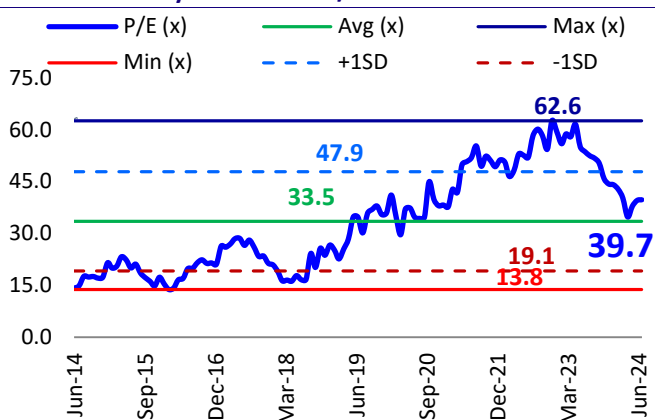
Exhibit 22: Financial summary

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Sales	11.3	10.3	9.5	16.2	20.7	19.0	25.2	29.9
EBITDA	4.2	4.1	3.5	4.3	5.7	4.7	6.3	7.7
PAT	2.8	3.3	2.7	3.5	4.2	3.2	4.4	5.4
EPS (INR)	27.2	32.2	26.0	33.4	40.4	31.2	42.3	52.0
EPS Gr. (%)	94.7	18.2	-19.3	28.7	20.9	-22.8	35.7	22.9
BV/Sh.(INR)	101.4	123.4	148.9	176.3	213.5	237.7	270.5	310.9
<b>Ratios</b>								
Net D:E	-0.0	-0.0	-0.0	0.0	0.0	-0.0	0.1	0.1
RoE (%)	30.6	28.6	19.1	20.6	20.7	13.8	16.7	17.9
RoCE (%)	27.9	26.9	18.1	19.5	19.6	13.1	14.9	15.5
Payout (%)	9.9	31.6	23.1	19.4	17.3	22.4	22.4	22.4
<b>Valuations</b>								
P/E (x)	65.7	55.6	68.9	53.5	44.3	57.4	42.3	34.4
P/BV (x)	17.7	14.5	12.0	10.2	8.4	7.5	6.6	5.8
EV/EBITDA (x)	43.8	44.7	52.6	42.8	32.5	39.5	30.0	24.5
Div. Yield (%)	0.1	0.3	0.3	0.4	0.4	0.4	0.5	0.7
FCF Yield (%)	0.8	0.6	0.9	-0.2	1.2	0.6	-1.0	1.6

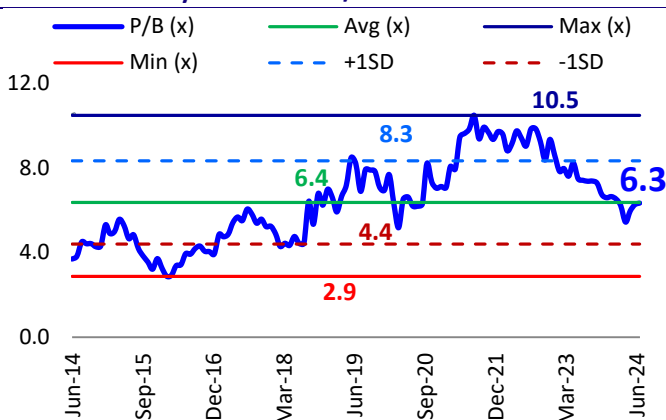
Source: Company, MOFSL

Exhibit 23: One year forward P/E trades at 39.7x



Source: Company, MOFSL

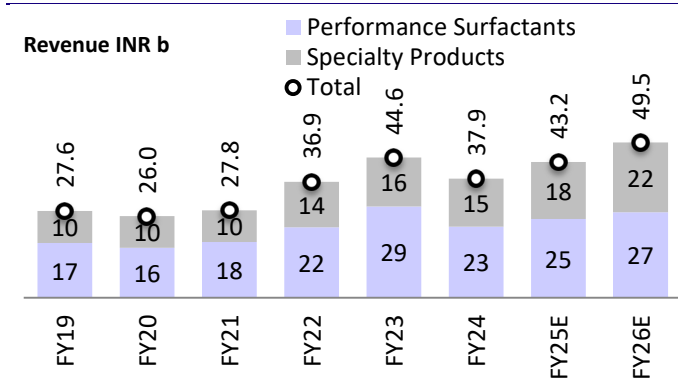
Exhibit 24: One year forward P/B trades at 6.3x



Source: Company, MOFSL

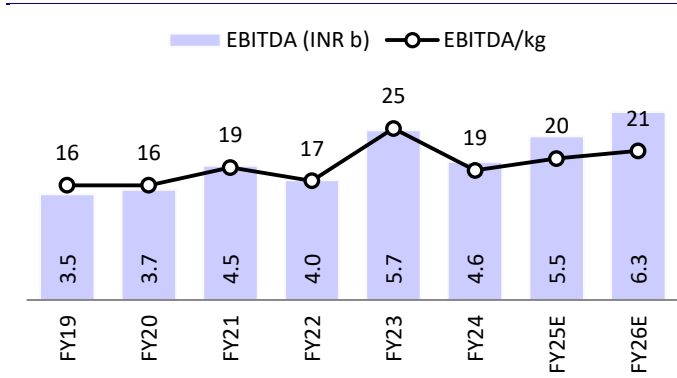
## GALSURF – Financial summary and assumptions (TP: INR3,450) – BUY

**Exhibit 25: Specialty products share to increase going forward**



Source: Company, MOFSL

**Exhibit 26: EBITDA/mt set to expand in FY25E/26E**



Source: Company, MOFSL

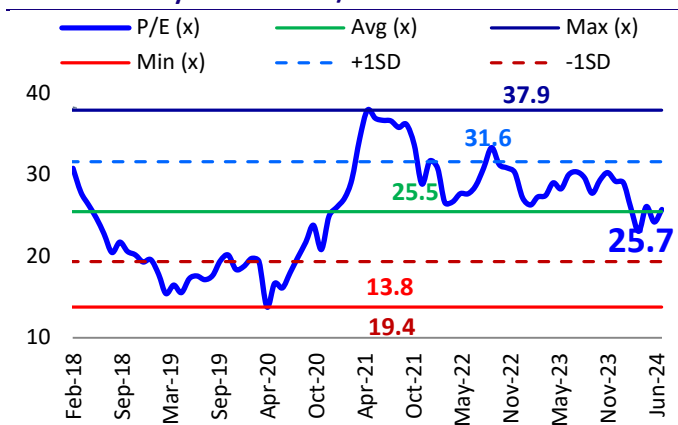
**Exhibit 1: Financial summary**

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Sales	27.6	26.0	27.8	36.9	44.6	37.9	43.2	49.5
EBITDA	3.5	3.7	4.5	4.0	5.7	4.6	5.5	6.3
PAT	1.9	2.3	3.0	2.6	3.8	3.0	3.5	4.1
EPS (INR)	54	65	85	74	107	85	99	115
EPS Gr. (%)	20.9	20.6	31.1	-13.0	45.0	-20.9	15.9	16.7
BV/Sh.(INR)	247	301	367	444	531	615	688	773
<b>Ratios</b>								
Net D:E	0.3	0.2	0.1	0.2	0.0	-0.0	-0.1	-0.1
RoE (%)	23.9	23.7	25.5	18.3	22.0	14.8	15.1	15.7
RoCE (%)	18.4	19.1	21.1	15.5	19.2	14.1	15.0	15.8
Payout (%)	26.9	31.5	21.1	24.3	20.5	25.9	25.9	25.9
<b>Valuations</b>								
P/E (x)	49.1	40.7	31.0	35.7	24.6	31.1	26.9	23.0
P/BV (x)	10.7	8.8	7.2	6.0	5.0	4.3	3.8	3.4
EV/EBITDA (x)	27.3	26.1	21.2	24.1	16.5	20.1	16.7	14.3
Div. Yield (%)	0.5	0.6	0.7	0.7	0.8	0.8	1.0	1.1
FCF Yield (%)	1.2	1.9	2.7	(1.6)	4.6	3.9	2.4	2.9

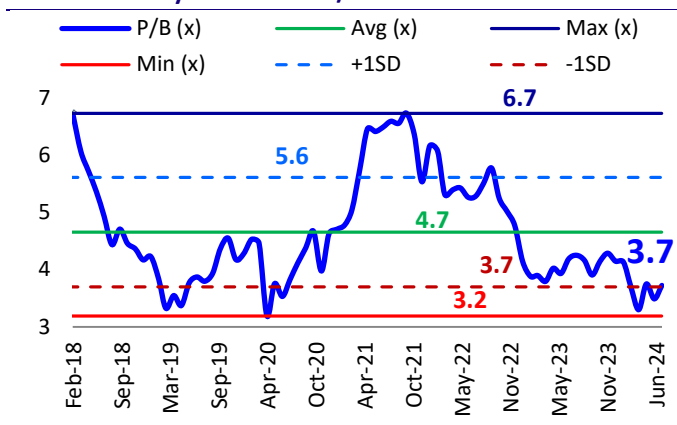
Source: Company, MOFSL

**Exhibit 2: One year forward P/E trades at 25.7x**



Source: Company, MOFSL

**Exhibit 3: One year forward P/B trades at 3.7x**



Source: Company, MOFSL

## NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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