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Investment Advisor Pvt. Ltd.

## "India's Chemical Industry: Powering Innovation, Shaping a US\$ 1 Trillion Future."

PARTICULAR	CMP	TARGET	% RETURN
1) DEEPAK NITRITE LTD	2545	3210	26.13
2) PCBL LTD	385	520	35.06
3) NAVIN FLUORINE INTERNATIONAL LTD	3250	4074	25.35
4) NEOGEN CHEMICAL LTD	1900	2630	38.42
5) ATUL LTD	7250	8840	21.93
6) PI INDUSTRIES LTD	4243	5156	21.52
7) LINDE INDIA LTD	6700	8775	30.97
8) ELANTAS BECK INDIA LTD	12900	16000	24.03

**DATE - 19/11/2024**



## Chemical : Methodologies

Chemicals are essential compounds or substances used in various industries and everyday applications. They can be elements, compounds, or mixtures that serve as raw materials, intermediates, or final products across diverse sectors. Chemicals are foundational in products and processes, supporting industries like pharmaceuticals, agriculture, manufacturing, consumer goods, and more. Here's a breakdown of chemicals, their types, uses, and the global import and export landscape.

### Types of Chemicals and Their Uses

Chemicals are broadly categorized into two main classes:

**Basic Chemicals:** These include bulk chemicals produced in large quantities for widespread industrial use. They are generally classified into inorganic chemicals (like sulfuric acid and chlorine) and organic chemicals (such as methanol and ethylene).

**Specialty Chemicals:** These are formulated for specific applications, including pesticides, adhesives, dyes, and coatings. They are used in more niche markets due to their specialized functions.

**Fine Chemicals:** Highly pure, single compounds used as ingredients in more advanced industries like pharmaceuticals and electronics.

### Key Chemical Products and Trade Trends

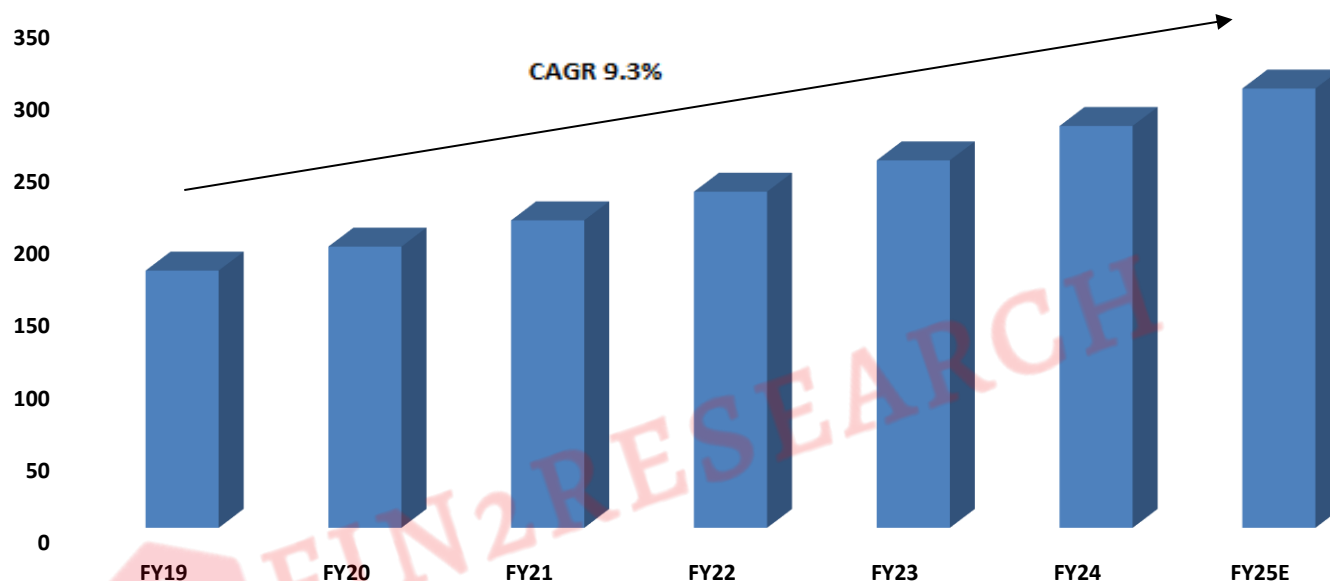
- **Organic Chemicals:** Major products include ethylene, methanol, benzene, propylene, and toluene, which are critical for making plastics, synthetic fibers, and resins. These chemicals are in high demand in the automotive, packaging, and consumer goods sectors. The Asia-Pacific region is seeing rapid growth in organic chemical production, with China and the Middle East emerging as major exporters due to their large manufacturing base.
- **Inorganic Chemicals:** Key products like chlorine, caustic soda, sulfuric acid, and phosphoric acid are primarily used in water treatment, fertilizers, and various manufacturing processes. Demand for these chemicals is rising in developing countries, driven by industrialization and agricultural needs. Germany and China lead in exports due to their extensive production capacities.
- **Pharmaceutical and Fine Chemicals:** This segment includes active pharmaceutical ingredients (APIs), diagnostic reagents, and specialty compounds, which are essential for healthcare and diagnostics. The market is strong in North America and Europe due to their advanced healthcare sectors, while India and China dominate API manufacturing due to cost advantages.
- **Agrochemicals:** Common products such as urea, ammonium nitrate, phosphates, herbicides, and pesticides play a vital role in boosting agricultural productivity. There is high demand in agriculture-focused economies like India and Brazil, while the United States and China are key exporters of agrochemicals.
- **Specialty Chemicals:** Products like dyes, pigments, adhesives, and lubricants are widely used in industries like textiles, construction, automotive, and electronics. Demand for high-performance chemicals is growing, with production hubs located in Europe, the United States, and Japan.

### Segments of Chemical Use Across Industries

- **Agriculture:** Chemicals play a pivotal role in agriculture, supporting farmers in achieving higher yields and protecting crops from pests, diseases, and weeds. Fertilizers like urea and ammonium nitrate supply essential nutrients (nitrogen, phosphorous, and potassium) to the soil, fostering healthy plant growth. Pesticides and herbicides, including both synthetic and organic options, prevent pest infestations and weed growth, reducing crop losses. These chemicals are critical in modern agriculture, where increased food production is necessary to meet the demands of a growing population.
- **Manufacturing:** The manufacturing sector relies on a wide range of chemicals as raw materials. Acids (like sulfuric and hydrochloric acid) are used in metal processing, chemical synthesis, and cleaning applications, while solvents like acetone and ethanol are essential in dissolving substances during production processes. Polymers, such as polyethylene and polypropylene, are used to create plastic products and packaging materials. These chemicals are foundational to multiple industries, from electronics to automotive, driving innovation and production efficiency across sectors.
- **Textiles:** The textile industry uses various chemicals to enhance fabric properties, ensuring durability, colorfastness, and softness. Dyes provide a vibrant range of colors, while finishing chemicals like softeners and flame retardants improve fabric texture and safety. Surfactants, used in processes like scouring and dyeing, help to remove impurities from fibers and enable even dye application. This chemical-based processing allows textiles to meet the high standards required in fashion, home furnishings, and industrial applications.
- **Construction:** Chemicals in construction improve the quality, performance, and lifespan of building materials. Cement additives, such as plasticizers, increase the workability of cement without compromising strength, while waterproofing compounds prevent moisture from damaging structures. Sealants, made from silicones, acrylics, or polyurethanes, provide airtight and watertight seals, essential in buildings, roads, and bridges. These chemicals not only enhance structural integrity but also contribute to energy efficiency and sustainability in construction projects.
- **Healthcare and Pharmaceuticals:** Chemicals are central to the pharmaceutical industry, where Active Pharmaceutical Ingredients (APIs) form the core of medications, treating a range of health conditions. Excipients, or inactive substances, help stabilize, preserve, or enhance drug efficacy. Synthetic chemicals are used in the development of vaccines, diagnostics, and other healthcare products, facilitating breakthroughs in medical science. This industry is highly regulated to ensure safety and efficacy, with countries like India and China leading in API manufacturing for global supply.
- **Automotive:** The automotive sector depends on specialty chemicals for vehicle production and maintenance. Lubricants, such as engine oils and transmission fluids, reduce friction and extend the life of mechanical parts. Synthetic rubbers are used in tires, hoses, and seals, offering durability and resistance to wear and tear. Polymer resins, including polycarbonate and ABS, are used in interior and exterior components, balancing strength and lightweight properties. These chemicals help vehicles perform reliably while meeting environmental standards.
- **Electronics:** The electronics industry utilizes high-purity chemicals to meet stringent quality requirements. Cleaners and etchants are used in semiconductor fabrication to remove impurities and etch precise patterns on silicon wafers. Specialty materials, like photoresists, enable the intricate processes required to produce microchips and printed circuit boards. Chemicals play a crucial role in achieving the accuracy, functionality, and miniaturization demanded by modern electronic devices, supporting advancements in smartphones, computers, and medical equipment.



## Chemical industry market size (US\$ billion)



Source:IBEF

India's chemicals industry is vast and diversified, covering over 80,000 commercial products and contributing significantly to the country's economy by accounting for approximately 7% of its GDP. As the sixth-largest producer globally and the third in Asia, India holds a pivotal role in the international chemicals market, accounting for 2.5% of global chemical sales and exporting to more than 175 countries. This international reach underscores India's status as a key player in the global chemicals trade.

The industry is on a notable growth trajectory, with expectations to reach a valuation of USD 304 billion by 2025, propelled by a CAGR of 9.3%. This expansion is largely driven by rising demand in specialty chemicals and petrochemicals, critical for various end-user segments such as manufacturing, consumer goods, healthcare, electronics, and agriculture. By 2040, India's chemicals and petrochemicals demand is expected to nearly triple, reaching a potential USD 1 trillion, reflecting India's rapid industrialization and urbanization.

Within this growth landscape, the dyes and dye intermediates sector has become a significant export contributor. For the fiscal year April 2023 to March 2024, dye exports reached USD 2.32 billion. Early data from FY24 (April-May) alone indicates exports valued at USD 407.48 million, demonstrating strong international demand and India's competitiveness as a leading dye and dye intermediates producer. This growth supports India's trade balance while strengthening its role as a trusted supplier in the global textiles, leather, and printing industries.

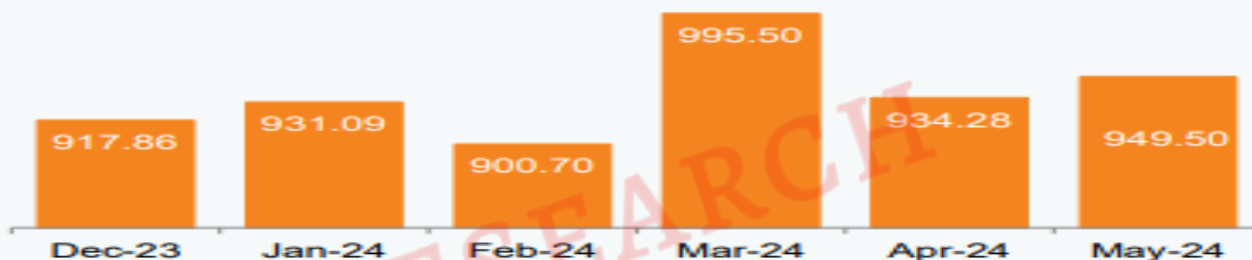
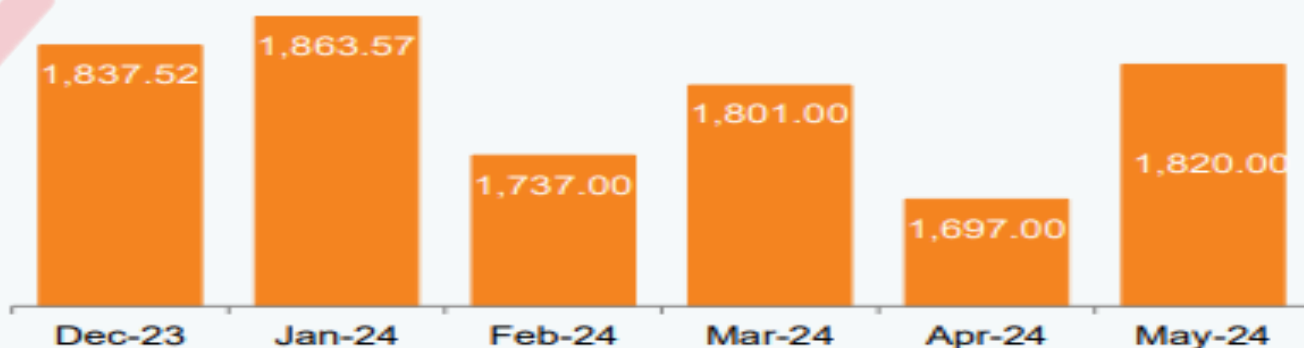
Specialty chemicals, a high-growth segment, represent about 20% of the global chemicals industry's USD 4 trillion value. In India, the specialty chemicals market is forecast to expand at a CAGR of 12%, reaching USD 64 billion by 2025, fueled by robust demand in pharmaceuticals, automotive, electronics, water treatment, and personal care. India's specialty chemical producers are increasingly focusing on import substitution and export opportunities, aligning with the "Atmanirbhar Bharat" (self-reliant India) initiative to reduce dependency on imports. Simultaneously, Indian specialty chemicals are gaining traction in international markets, particularly in North America and Europe, due to India's manufacturing cost advantages and high-quality production standards.

The petrochemicals segment is also vital to India's chemicals industry, with applications in packaging, textiles, consumer goods, and infrastructure. India is currently the third-largest polymer consumer worldwide, and its polymer consumption is projected to rise to 60 million tonnes by 2040, driven by expanding industrial applications and consumer demand. This increase reflects the growing need for polymer-based products, from plastics to synthetic fibers, as India's economy and population continue to expand.

The agrochemical sector plays an essential role in supporting India's agricultural backbone by supplying pesticides, herbicides, and fertilizers critical to boosting crop yields. Between 2021 and 2026, the agrochemicals market is anticipated to grow at a CAGR of 8.6%, potentially reaching USD 7.4 billion. With about 60% of India's population dependent on agriculture, this market growth is crucial for food security and productivity enhancements, which are increasingly vital as India aims to meet both domestic and global food demand.

India's chemicals industry is well-positioned for continued expansion, supported by government initiatives, investments in research and development, and infrastructure improvements. Policies such as the Production Linked Incentive (PLI) scheme and the establishment of Petroleum, Chemicals, and Petrochemicals Investment Regions (PCPIRs) are fostering local manufacturing growth and reducing import dependence. Moreover, the industry is capitalizing on global trends toward sustainable chemicals, exploring innovations such as bio-based chemicals and green processes, which are expected to further drive growth and align with the increasing demand for environmentally friendly solutions.




**Production of Chemicals ('000 MT)**

**Production of Petrochemicals ('000 MT)**


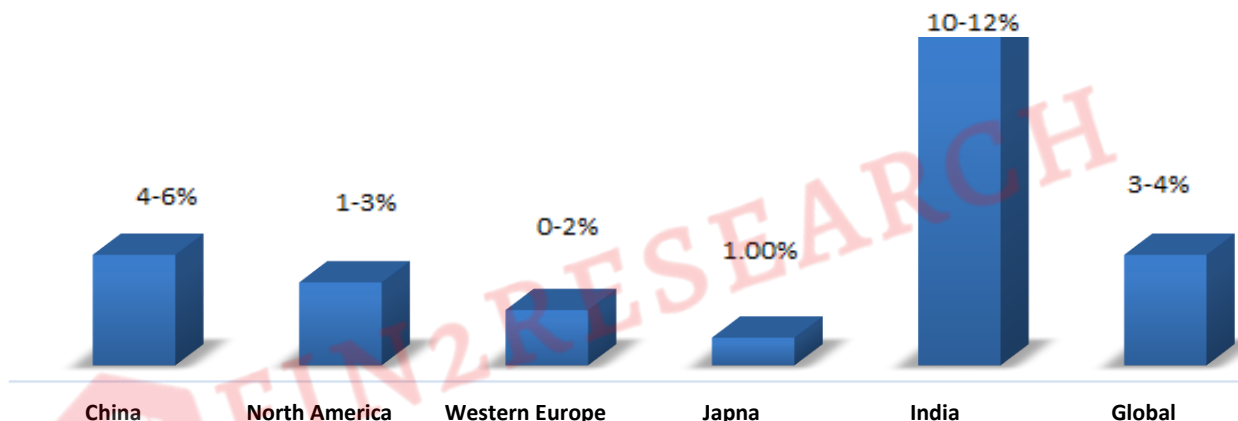
Source:IBEF

India's chemical industry has seen robust production growth, with major chemical output reaching 949.5 million metric tonnes (MMT) and petrochemical production climbing to 1,820.1 MMT as of May 2024. These production levels reflect the sector's strategic importance within India's industrial landscape and underscore its ability to meet both domestic demand and global market needs across a broad array of applications. This impressive production growth is driven by several factors, including rising domestic consumption across industries such as pharmaceuticals, agriculture, textiles, and consumer goods. Additionally, India's expanding petrochemical output aligns with the increasing demand for polymers and synthetic materials critical for sectors like packaging, automotive, electronics, and infrastructure. These sectors have seen a surge in demand due to urbanization, rising middle-class incomes, and the global trend toward lightweight and durable materials.

A significant portion of the chemicals industry's growth also stems from India's commitment to becoming a major global supplier of specialty chemicals and value-added petrochemical products. Rising environmental awareness and advancements in manufacturing technologies are enabling Indian companies to increase production efficiency and adopt sustainable practices, making the industry more competitive on an international scale.

Government support through initiatives such as the Production Linked Incentive (PLI) scheme for chemicals and petrochemicals, as well as infrastructure improvements through the Petroleum, Chemicals, and Petrochemicals Investment Regions (PCPIRs), have been critical in bolstering production capacity and supporting investments in the sector. These policies not only incentivize domestic production but also reduce dependency on imports, driving the industry towards self-reliance while also supporting its expansion in the export market.

India's increased production capabilities, highlighted by the significant output of 949.5 MMT in chemicals and 1,820.1 MMT in petrochemicals, position the country as a critical player in meeting global demand. The industry's trajectory is expected to continue upward, with production scales rising to match growing demand in end-use sectors such as specialty chemicals, agrochemicals, and high-grade polymers. As India capitalizes on this growth, it is set to play an even more substantial role in the global chemicals industry, moving toward the ambitious target of achieving USD 1 trillion in chemical and petrochemical demand by 2040.


**Key industry trends in the next Coming years**
**Region - wise Expepected Growth In Chemical (CY2020-2025 CAGR)**


Source : CRISIL Research

**India's Specialty Chemicals Sector Positioned for Accelerated Growth Amid Shifting Global Dynamics**

- India's specialty chemicals industry is poised for substantial growth, with a projected CAGR of 10-12% from 2020 to 2025, driven by rising domestic demand and favorable global market shifts. Unlike other regions, India's specialty chemicals sector is benefiting from a series of competitive advantages, including cost efficiency, a skilled workforce, strong compliance practices, and robust government support. The country's growth potential is further amplified by the emerging China strategy, which has led global companies to seek alternative manufacturing bases outside China. This shift positions India as an attractive option for multinational firms looking to diversify supply chains and reduce dependency on Chinese production.
- China, previously a dominant player in the specialty chemicals market, has encountered several headwinds that have impacted its competitiveness. Stricter environmental regulations, rising labor costs, slowing domestic demand, tighter financial policies, and currency appreciation have led to increased capital and operational costs for Chinese chemical companies. As a result, their export competitiveness has diminished, providing Indian specialty chemical manufacturers with an opportunity to expand their market presence. With a lower-cost structure and favorable regulatory environment, Indian companies are well-positioned to capture market share and attract international clients shifting operations.
- The growth outlook for India's specialty chemicals industry is bolstered by domestic consumption trends. Currently, India's per capita consumption of specialty chemicals is around USD 23, markedly lower than the global average of USD 100. This under-penetration signifies considerable growth potential, particularly as India's urban population is expected to increase by 275 million by 2030. As urbanization accelerates, demand for specialty chemicals is expected to rise sharply, driven by the need for consumer goods, electronics, home improvement products, and other applications where specialty chemicals are essential.
- Furthermore, India has the necessary ecosystem to support this growth, with access to raw materials, advanced technological capabilities, and adherence to intellectual property protections and environmental standards. These factors, combined with rising domestic demand and the opportunities stemming from China's market downturn, position India's specialty chemicals industry for sharp growth and international competitiveness in the coming years.





## ■ China Plus One Position India as a Specialty Chemicals Hub

- The China+1 strategy has emerged as a major growth opportunity for India as global companies seek to reduce their dependence on China by diversifying their supply chains. This trend is particularly beneficial for India's chemical industry, valued at around \$150 billion and contributing 7% to the country's GDP. Spanning a diverse range of products, from bulk and specialty chemicals to agrochemicals and polymers, the sector is positioned for significant growth. India's reputation for producing high-quality and reliable chemical products has bolstered its standing as the 14th largest exporter globally. The increasing global demand for specialty chemicals, coupled with government-backed initiatives like the Production Linked Incentive (PLI) scheme, is driving further investments and strengthening India's capacity to meet both domestic and international market needs. As companies look to de-risk their supply chains, India's chemical industry is primed to seize this opportunity and thrive under the China+1 strategy.
- **Capitalizing on the China Plus One Opportunity:**  
 The "China Plus One" strategy presents a major opportunity for India's chemical industry. As companies worldwide look to diversify their supply chains due to the challenges in China, including rising labor costs and geopolitical tensions, India stands as a strong alternative. The country offers a competitive manufacturing cost structure, skilled workforce, and a growing domestic market, making it an attractive location for investment in the chemical sector.  
 Despite this, India has faced challenges in fully capitalizing on the opportunity. Infrastructure gaps, slow capacity expansion, and the disruption caused by the pandemic have limited the sector's global reach. While Europe and other Asian countries continue to dominate, India's chemical industry is well-positioned to take advantage of the China Plus One strategy with targeted investments in production capacity, R&D, and infrastructure.
- **Strategic Focus on Growth and Competitiveness:**  
 The future of India's chemical industry hinges on overcoming these challenges. Companies need to focus on upscaling production, investing in innovation, and enhancing supply chain reliability. Strategic R&D initiatives, along with the government's focus on upgrading infrastructure, will be key to sustaining growth. Additionally, India needs to position its chemical industry as a reliable partner for global companies looking to de-risk their supply chains.
- **Long-Term Growth Potential:**  
 As the Indian chemical industry continues to expand and innovate, it stands to benefit from a long-term shift in global supply chains. Even capturing a small share of the business diverted from China and Europe will significantly boost the sector. The emphasis on high-quality products, timely delivery, and scalability will strengthen India's position in the global chemical market. The ongoing government support through schemes like PLI, along with the industry's commitment to building capacity and expanding into new molecules, will propel India's chemical sector toward global competitiveness.

## ■ Growth Drivers for Indian Chemical Industry: Opportunities from Global Trade Shifts and Specialty Chemicals

- The ongoing trade conflicts, particularly the trade war between China, the United States, and Western Europe, have caused significant disruptions in global supply chains. With the imposition of tariffs, particularly between the US and China, bilateral trade has been adversely affected. As a result, multinational companies that historically sourced a large portion of their chemical requirements from China are now seeking alternative suppliers to reduce risks and costs. This shift in global trade dynamics presents a valuable opportunity for Indian chemical companies to tap into markets previously dominated by China, especially in the downstream sectors.
- **Capitalizing on Specialty Chemicals Growth:**  
 One of the most promising segments for India's chemical industry is specialty chemicals. The global specialty chemicals market is valued at approximately USD 800 billion, with India's share being roughly a quarter of that of China. Despite India's growing presence, many of the largest Indian specialty chemical companies have sales figures under USD 1 billion, while the global market continues to grow. This gap provides a significant runway for growth, as Indian companies explore untapped potential within this lucrative segment.  
 Specialty chemicals are more profitable compared to traditional commodity chemicals, and India has a strong structural advantage in this space. Factors such as cost-effective manufacturing, a large pool of skilled labor, and a favorable regulatory environment position India to dominate this high-margin sector. Additionally, geopolitical shifts, such as environmental concerns and production challenges in China, offer further tailwinds for India to capture a larger share of the global specialty chemicals market.
- **Long-Term Growth Outlook:**  
 As Indian chemical companies continue to innovate and scale, they are well-positioned to seize the growing demand for specialty chemicals worldwide. With the shift in supply chain dynamics and the trade conflicts causing uncertainty in China's manufacturing dominance, India stands ready to be a key supplier in this space. However, in the near term, companies may face risks from margin volatility due to rising input costs and inflation.



■ **Green chemicals**

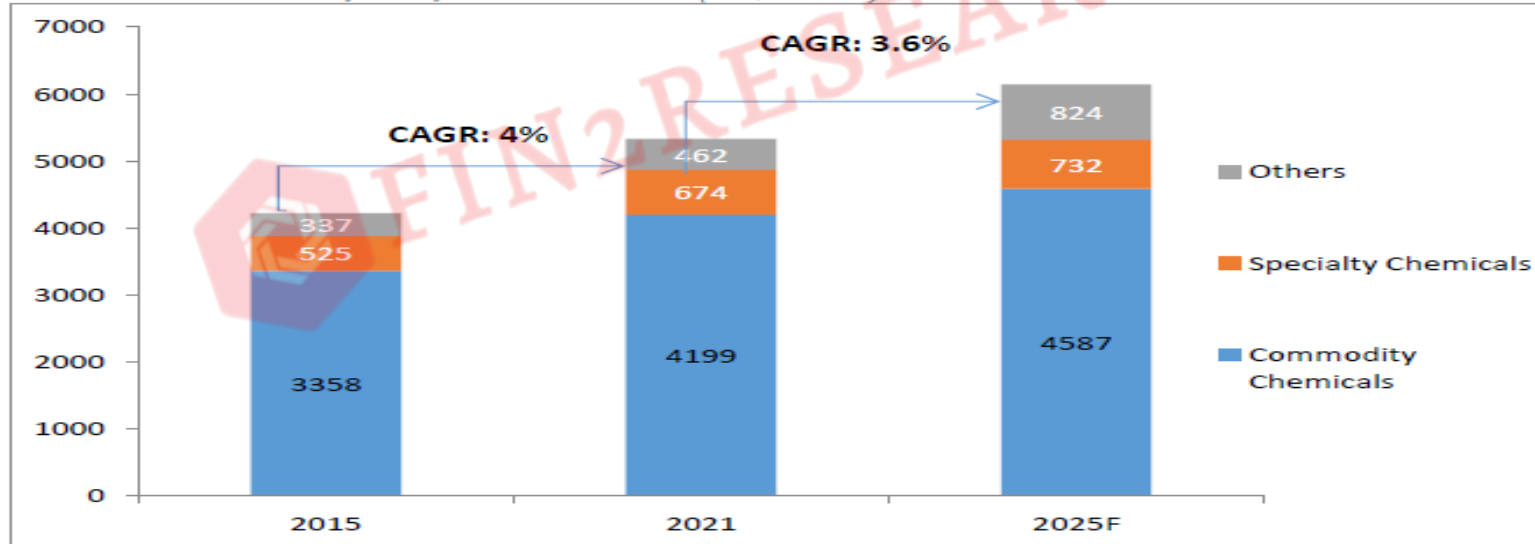
The shift towards green chemicals is rapidly gaining momentum in the global chemicals industry, driven by increased awareness of the harmful environmental impacts of traditional chemicals. Green chemicals are designed to be biodegradable and reduce environmental harm, either through more efficient use of energy and water during production or by minimizing waste and the associated treatment costs. This demand is particularly high in industries like textiles, which are significant consumers of chemicals. As a result, the global green chemicals market is expected to grow at a CAGR of 10.5%, from \$29.5 billion in 2021 to approximately \$40-50 billion by 2025. The evolution of green chemistry is expected to be a key driver of this growth, providing opportunities for companies to innovate and meet rising consumer and regulatory demands for sustainability.

**KEY CHEMICALS DYNAMICS**

<p><b>BATTERY MATERIALS</b></p> <p><b>GROWING</b></p> <ul style="list-style-type: none"> <li>Lithium</li> <li>Cobalt-free cathodes</li> <li>High-nickel cathodes</li> <li>Silicon anodes</li> </ul> <p><b>DECLINING</b></p> <ul style="list-style-type: none"> <li>Lead-acid</li> <li>Nickel-metal hydride (NiMH)</li> </ul>	<p><b>PACKAGING</b></p> <p><b>GROWING</b></p> <ul style="list-style-type: none"> <li>Bioplastics</li> <li>Water soluble packaging</li> <li>Nanotechnology</li> </ul> <p><b>DECLINING</b></p> <ul style="list-style-type: none"> <li>Multi-layer plastics</li> <li>Expanded polystyrene (EPS)</li> </ul>	<p><b>GREEN HYDROGEN</b></p> <p><b>GROWING</b></p> <ul style="list-style-type: none"> <li>Proton exchange membranes</li> <li>Alkaline electrolyzer catalysts</li> <li>Anion exchange Membranes</li> </ul> <p><b>DECLINING</b></p> <ul style="list-style-type: none"> <li>Grey hydrogen production</li> <li>Brown hydrogen production</li> </ul>	<p><b>COMPOSITES &amp; LIGHTWEIGHTING</b></p> <p><b>GROWING</b></p> <ul style="list-style-type: none"> <li>Thermoplastic composites</li> <li>Bio-based composites</li> </ul> <p><b>DECLINING</b></p> <ul style="list-style-type: none"> <li>Thermoset composites</li> <li>Hand Layup technologies</li> </ul>
<p><b>GREEN &amp; SYNTHETIC FUELS</b></p> <p><b>GROWING</b></p> <ul style="list-style-type: none"> <li>Power-to-X (PtX)</li> <li>Fischer-Tropsch synthesis</li> <li>Biorefineries</li> </ul> <p><b>DECLINING</b></p> <ul style="list-style-type: none"> <li>First-generation biofuels</li> </ul>	<p><b>LUBRICANT</b></p> <p><b>GROWING</b></p> <ul style="list-style-type: none"> <li>High-Performance lubricants</li> <li>EV fluids</li> <li>Smart lubrication systems</li> <li>Bio-based lubricants</li> </ul> <p><b>DECLINING</b></p> <ul style="list-style-type: none"> <li>Mineral oils</li> <li>Lead &amp; zinc-based additives</li> </ul>	<p><b>COATINGS &amp; ADHESIVES AND SEALANTS</b></p> <p><b>GROWING</b></p> <ul style="list-style-type: none"> <li>UV-curable coatings</li> <li>Plasma-assisted deposition</li> <li>Bio-based resins</li> <li>Nanocomposite coatings</li> </ul> <p><b>DECLINING</b></p> <ul style="list-style-type: none"> <li>Solvent-based coatings</li> <li>Chlorinated solvents</li> </ul>	<p><b>WATER TREATMENT</b></p> <p><b>GROWING</b></p> <ul style="list-style-type: none"> <li>Forward Osmosis</li> <li>UHPRO Membrane</li> </ul> <p><b>DECLINING</b></p> <ul style="list-style-type: none"> <li>Single-use membranes</li> <li>Chlorine-based disinfectants</li> </ul>

Growth Intensity: ■■■■ High ■ Low      Decline Intensity: ■■■■ High ■ Low

Global chemicals market, 2015, 2021 and 2025F (US\$ billion)



Source: Company Commissioned F&S Report





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**Thematic Report**

**Europe:** The European chemical industry continues to lead globally in terms of both imports and exports. In 2022, Europe accounted for the largest share of global chemical trade, driven by the presence of major multinational companies. European manufacturers are committed to innovation, with a focus on sustainable practices. However, high energy costs and environmental regulations present challenges, pushing companies to seek out more cost-effective and greener alternatives.

**United States:** The U.S. chemical industry is heavily reliant on natural gas and petrochemical production, which has been bolstered by the shale gas boom. While the U.S. market saw a 3.9% growth in chemical production in 2022, it faces a slowdown due to global economic uncertainties and a strong dollar. However, the industry is poised for recovery, with a renewed focus on innovation, sustainability, and advanced materials, particularly in the semiconductor and battery sectors. Despite short-term challenges, the U.S. chemical industry remains a vital player in the global market.

**Asia-Pacific:** China and India stand at the forefront of the chemicals market, with China being the largest consumer globally. China's chemical production is expected to continue its dominance, contributing significantly to the world's chemical exports. India, with a growing chemical industry driven by domestic demand and an expanding manufacturing base, is expected to play an increasingly prominent role, both regionally and globally. The rising demand for specialty chemicals, agrochemicals, and pharmaceuticals in India presents vast opportunities for growth.

**Japan:** Japan's chemical sector is well-established, with strengths in petrochemicals, industrial gases, and advanced chemicals for electronics and pharmaceuticals. However, it faces challenges from rising domestic production costs and intense competition from China and the U.S. Geopolitical tensions, particularly with China, are influencing Japan's chemical industry, which is looking to diversify its supply chain and seek new trading partners like India. This shift presents an opportunity for Indian chemical manufacturers to enter the Japanese market and strengthen their global presence.

### Key Drivers of Global Chemical Industry Growth

The global chemical industry is positioned for growth due to several factors, including:

**Rising Demand for Chemical Products:** Chemical products are at the core of modern life, from the raw materials used in manufacturing to the specialized products needed in advanced sectors like electronics and renewable energy. As industries continue to evolve, the demand for chemicals like plastics, petrochemicals, and specialty chemicals is expected to rise.

**Technological Advancements:** Innovations in chemical processes and the development of sustainable practices, such as green chemistry and eco-friendly production methods, are driving industry transformation. For instance, in regions like the U.S. and Europe, there has been a significant push toward reducing carbon emissions, recycling, and enhancing the energy efficiency of chemical manufacturing.

**Geopolitical Shifts:** Trade relationships and international policies, including sustainability goals and ESG regulations, are shaping the global chemicals market. For example, the growing trade tensions between major chemical producers, such as the U.S., China, and the EU, may spur shifts in supply chains, encouraging reshoring and local manufacturing of key chemical products like high-tech materials, battery components, and petrochemicals.

**Environmental and Sustainability Pressures:** As climate change concerns rise, the chemical industry faces increasing pressure to adopt more sustainable practices. The focus on ESG (Environmental, Social, and Governance) factors is driving companies to innovate with cleaner processes, reduce waste, and lower emissions. Many chemical companies are shifting toward renewable feedstocks, reducing energy consumption, and embracing circular economy principles.

## Growth Factor

### Decarbonization of Supply Chain

In 2024, the global chemical industry is set to experience a profound shift toward decarbonizing supply chains, driven by growing environmental responsibilities and stricter regulatory requirements. Chemical companies are prioritizing reducing their carbon footprint, which has led to substantial investments in advanced technologies. Nearly 50% of supply chain organizations within the chemical sector are expected to adopt applications that utilize artificial intelligence and advanced analytics, driving operational efficiencies that reduce emissions throughout the value chain. Additionally, the rise in battery electric commercial vehicles (BECVs) is projected to further support decarbonization efforts in transport and logistics, with BECVs achieving a sales penetration between 15% and 34%. Alongside these trends, investments in renewable energy and clean technology are anticipated to increase by 15%, reflecting a concentrated focus on using low-carbon electricity sources and minimizing material consumption. As chemical companies embrace these decarbonization efforts, they are better positioned to meet both regulatory demands and customer expectations for sustainable practices.

### Development of Smart Materials

The development of smart materials stands out as a key growth factor within the chemical industry. To meet the demands of specialized industrial applications, material science innovations have enabled the creation of smart materials that exhibit unique, programmable properties, responding to external stimuli such as temperature, electricity, or light. Startups are especially active in this field, creating materials with cutting-edge features such as shape memory, piezoelectricity, self-healing, and thermo- or photo-chromism. For example, German startup Memetis has developed ultra-compact miniature actuators using shape memory alloys that can withstand substantial deformations before returning to their original shape, making them suitable for intricate applications. Similarly, UK-based startup Sorex Sensors uses thin-film piezoelectric materials in Micro-electromechanical System (MEMS) sensors, achieving high sensitivity through FBAR (Film Bulk Acoustic Resonator) technology. This evolution in smart materials not only expands the industry's technological capabilities but also opens new avenues in sectors that demand highly specialized and adaptive materials.





#### Challenges: Excess Manufacturing Capacity in China

Despite advancements in decarbonization and materials science, the chemical industry faces significant challenges, particularly from an oversupply of petrochemicals. Heightened production, primarily in China and the U.S., has led to a global surplus of industrial chemicals essential for plastics, driving down the cost of virgin materials. This lower cost makes recycled alternatives less competitive, posing a challenge for companies committed to reducing plastic waste. China alone contributed approximately 60% of the rise in global petrochemical capacity in 2023, fueled by policies promoting domestic production. The increased output has impacted Europe as Asian exports create downward price pressure, challenging European producers striving to remain competitive. To address this oversupply, the petrochemical industry may need to close uncompetitive facilities and reassess new projects, aligning production levels more closely with demand to maintain a sustainable balance.

#### Opportunity: Industry 5.0 and Sustainability in the Chemical Value Chain

Industry 5.0 offers a significant opportunity for the chemical sector by emphasizing human-centric, sustainable manufacturing. Going beyond Industry 4.0's focus on automation, Industry 5.0 advocates for collaborative relationships between humans and machines to foster sustainable growth and societal well-being. For chemical companies, this shift represents a reorientation of priorities toward both economic progress and the well-being of workers and the environment. As manufacturers reassess their operations, they are setting benchmarks for sustainable practices, identifying areas for cost reduction, and strategically focusing on net-zero carbon emissions. Industry 5.0's focus on sustainability aligns with the chemical industry's evolving approach to environmental responsibility, offering a pathway to address both climate change and operational efficiency. By prioritizing sustainable innovation, chemical companies can better position themselves to meet future regulatory standards and contribute positively to the global sustainability agenda.

## China's Chemical Sector Recovery and Its Global Impact

China plays a pivotal role in the global chemical market, with its vast manufacturing capabilities, significant investments, and strategic government support contributing to its dominance. Over the past decade, China has been the world's largest producer and exporter of chemicals, with its industries benefiting from a combination of low-cost manufacturing, economies of scale, and extensive government subsidies. The country's chemical sector has witnessed periods of rapid expansion and restructuring, largely driven by efforts to modernize and increase production capacity, while also addressing rising pollution concerns.

#### China's Chemical Sector Growth and Global Impact

China's chemical companies have seen a substantial increase in capacity additions over the years, particularly after the challenges posed by the COVID-19 pandemic. This growth has been fueled by heavy investments in new enterprises and capacity expansions from CY19-23, which helped stabilize the sector after the sharp decline in revenues during the global supply chain disruptions. However, despite the growth in production capacity, the profitability of Chinese chemical companies has faced downward pressure, with profit margins in CY23 being the lowest in the past decade. This has been attributed to the country's aggressive pricing strategies, which focus on market share expansion at the expense of margins, and a significant increase in working capital to support extended payment terms and inventory buildup.

For global markets, China's chemical sector is both a source of competition and opportunity. The country's ability to produce chemicals at lower costs, aided by government subsidies and favorable policies, has led to its dominance in sectors like industrial chemicals, agrochemicals, and specialty chemicals. As China ramps up its production of value-added chemicals, which have seen a sharp recovery post-COVID, global manufacturers are facing increased competition, particularly in the branded and generics segments. This has the potential to disrupt pricing and profitability for chemical companies in other countries, as China's lower prices, fueled by subsidies, could undercut competitors globally.

#### Government Support and Its Implications

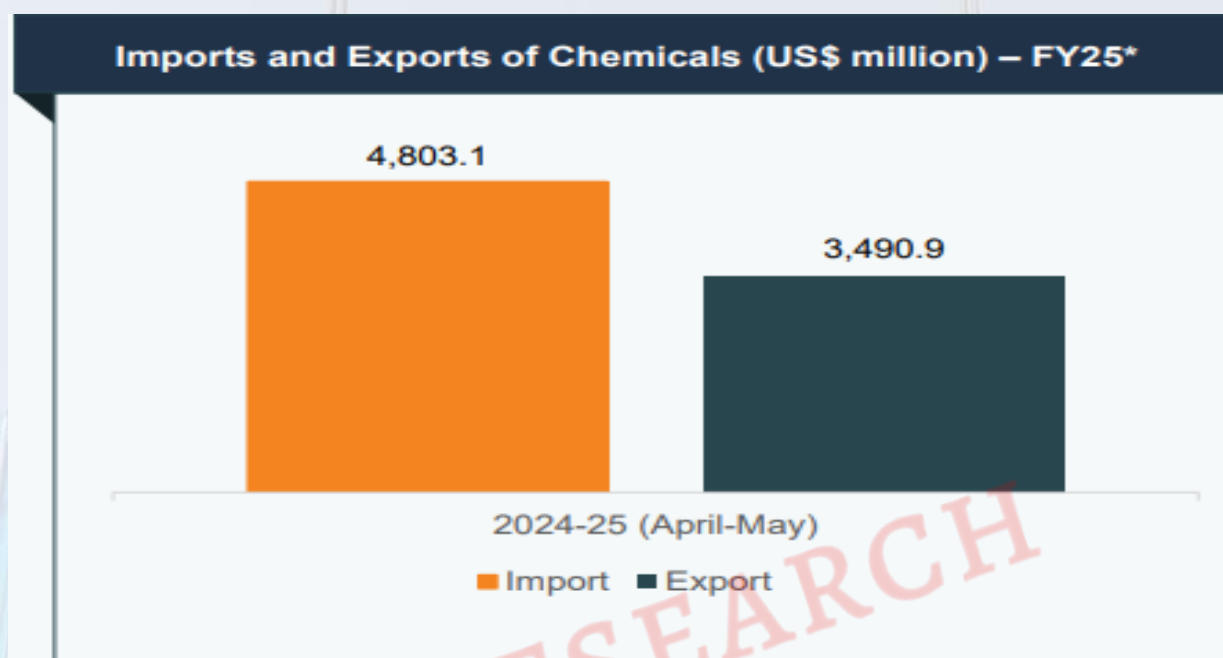
China's chemical sector receives substantial government support, which enhances its competitive advantage on the global stage. The government's subsidies are aimed at increasing capacity, reducing costs, and maintaining China's leadership in the chemical industry. In 2019, Chinese industrial subsidies amounted to EUR 221 billion, which was several times higher than that of other major economies. These subsidies include direct financial support, below-market credit to state-owned enterprises (SOEs), and other tax incentives, giving Chinese chemical companies a significant edge in terms of cost structure.

The government's targeted investments in strategic sectors, such as green technologies and chemicals, further bolster the country's position. By offering such incentives, China is able to produce chemicals at a fraction of the cost of its competitors, enabling it to offer products at lower prices globally. This has a deflationary effect on global chemical prices, as China can afford to sell its chemicals at near marginal cost, especially when faced with excess production.





## India's Position in Global Rankings for Chemical Trade



Source:IBEF

India's chemical industry has emerged as a powerhouse in global trade, reflecting the sector's strength in production, export capability, and its essential role across various industries. From April to May 2024, trade data underscored India's dual role as a global supplier and significant domestic consumer of chemical products. Organic chemical exports reached US\$ 1.29 billion, while inorganic exports were valued at US\$ 358.68 million. However, domestic demand led to even higher imports: organic chemicals at US\$ 2.69 billion and inorganic chemicals at US\$ 1.09 billion. This dynamic highlights India's reliance on imports to fuel growth across sectors like pharmaceuticals, agriculture, and industrial manufacturing, where complex chemical inputs are vital.

In the specialty chemicals segment, India maintained its dominant position, particularly in castor oil, essential oils, cosmetics, and toiletries, with exports totaling US\$ 765.5 million. As the world's largest exporter of castor oil, with 85-90% of global exports, India's leadership is reinforced by a strong supply chain from raw material production to refined products used in diverse sectors, including pharmaceuticals, cosmetics, and lubricants. Imports in this category, amounting to US\$ 388.64 million, highlight demand for specialized formulations and premium products catering to the Indian market's evolving needs.

The agrochemicals segment is another vital area, with exports reaching US\$ 661.18 million, demonstrating India's robust production base that supports both its domestic agriculture and international markets. Approximately half of India's agrochemical output is exported, enhancing crop yields and farming efficiency worldwide. Imports of agrochemicals at US\$ 367.70 million show that domestic agricultural demands continue to grow. India also plays a significant role in the global dye industry, with dye exports at US\$ 379.61 million and dye intermediates at US\$ 27.87 million. This export strength supports the textile industry worldwide. The import figures for dyes and intermediates at US\$ 56.09 million and US\$ 199.88 million respectively, underscore the need for specific inputs to sustain India's vast textile sector.

In 2022-23, India's chemical exports reached over 175 countries, with major markets including the USA, China, and newer destinations like Turkey, Russia, and parts of North-East Asia, such as Japan, South Korea, and Taiwan. India's broad export reach reflects the quality, competitive pricing, and reliability of its chemical products. Ranked as the world's 9th largest chemical exporter and 6th largest importer, India's position in global chemical trade emphasizes its impact on the industry, built on large-scale production facilities, competitive pricing, and technological advancements. The high export ranking underscores India's robust manufacturing capabilities, while the strong import ranking reflects the country's demand for chemical inputs across diverse industries, including construction, automotive, and healthcare.





- **India's Specialty Chemicals Sector Positioned for Accelerated Growth Amid Shifting Global Dynamics**  
*"Specialty chemicals fuel India's ascent as a global leader, transforming challenges into growth opportunities."*
- **China Plus One Positions India as a Chemicals Hub**  
*"Global supply chain shifts crown India as the emerging hub for specialty chemicals innovation."*
- **Growth Drivers for Indian Chemical Industry: Opportunities from Global Trade Shifts and Specialty Chemicals**  
*"India's chemical industry thrives on trade shifts, leveraging specialty chemicals for unparalleled growth."*
- **Green Chemicals**  
*"Green chemistry sparks a sustainable revolution in India's thriving chemical sector."*
- **India's chemical industry stands as a global trade powerhouse, blending export strength with high domestic demand across diverse sectors.**  
*"A dynamic force in global trade, India's chemical industry balances export prowess with rising domestic demand."*

## OUR TOP PICKS

- 1) DEEPAK NITRITE LTD
- 2) PCBL LTD
- 3) NAVIN FLUORINE INTERNATIONAL LTD
- 4) NEOGEN CHEMICAL LTD
- 5) ATUL LTD
- 6) PI INDUSTRIES LTD
- 7) LINDE INDIA LTD
- 8) ELANTAS BECK INDIA LTD


**DEEPAK NITRITE LTD**
**BUY RANGE: @ 2600-2500**
**TARGET : @3210**
**RATING : BUY**


Stock Info	Amount
Mkt Cap(cr)	35,881.00
52-weeks high	3169.00
52-weeks low	2021.00
No. of eq shares(cr)	13.64
Face Value	2.00
Bse Code	506401
Nse Code	DEEPAKNT
Free Float Mcap(cr)	18052.00

Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	49.24%
DIs Holding	22.30%
FIs Holding	6.68%
Public	21.79%
<b>Total</b>	<b>100.00%</b>

Source : BSE,NSE

Particulars	FY2023	FY2024
ROCE	29%	23%
ROE	23%	18%
ROA	18%	14%
Current Ratio	3.5	3.6
Quick Ratio	2.3	2.7
Cash Ratio	0.5	0.7
EPS	62.4	59.5

Source : Company Research

Source : Company Report

**About:** Founded in 1970 by Mr. C.K. Mehta, Deepak Nitrite Limited, the flagship entity of the Deepak Group, began as a manufacturer of sodium nitrite and sodium nitrate. Over time, it has diversified into offering over 100 products across Advanced Intermediates and Phenolics. With a strong market presence both domestically and globally, the company operates five manufacturing facilities in Gujarat, Maharashtra, and Telangana, alongside an R&D center in Nandesari. Its growth has been fueled by strategic acquisitions and the 2018 establishment of a phenol and acetone plant at Dahej through its wholly-owned subsidiary, Deepak Phenolics Limited, solidifying its leadership in the chemical industry.

**Key Highlights:**

- In Q1 FY25, the company reported strong growth, achieving a revenue increase of 21% YoY to reach ₹2,186 crores, up from ₹1,800 crores in Q1 FY24. Operational efficiency led to a robust 36% rise in EBITDA, totaling ₹328 crores and improving margins by 2%. Domestic revenue stood at ₹1,786 crores, complemented by ₹399 crores from exports, reflecting balanced growth across markets.
- The Advanced Intermediates segment generated ₹716 crores in revenue, with an EBIT margin of 9%. Meanwhile, Deepak Phenolics achieved record sales of Isopropyl Alcohol (IPA) at 22,000 KT, marking a 37% year-on-year revenue growth. This segment's EBITDA saw a substantial 117% boost, reaching ₹231 crores with an EBIT margin of 14%.
- With a committed investment of ₹14,000 crores, the company is advancing several strategic projects, including those in MIBK, nitric acid, nitration, and hydrogenation, along with specialty chemicals. Approximately ₹2,000 crores in new assets are slated for commissioning within this fiscal year. A new R&D center in Vadodara, set for completion by the end of FY25, will enhance the company's innovation and product development capabilities.
- The company introduced a new optical brightener to address evolving market demands and is progressing with an acetophenone project using byproducts from phenol production. This project will cater to both domestic and export markets, with global demand for acetophenone estimated at 60,000-70,000 tonnes per year, positioning the company to meet emerging needs in this segment.

**Risk :**

- **Currency Risk**  
Currency risk arises from exchange rate fluctuations impacting foreign currency balances, trade payables, exports, and borrowings.
- **Interest Rate Risk**  
Interest rate risk stems from changes in market interest rates affecting borrowing costs and financial stability.





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Thematic Report

**NEOGEN CHEMICAL**

**BUY RANGE: @ 2000-1800**

**TARGET : @ 2630**

**RATING : BUY**



Stock Info	Amount
Mkt Cap(cr)	5,213.00
52-weeks high	2390.00
52-weeks low	1176.00
No. of eq shares(cr)	2.55
Face Value	10.00
Bse Code	542665
Nse Code	NEOGEN
Free Float Mcap(cr)	2175.00

Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	51.22%
DII's Holding	22.48%
FII's Holding	8.17%
Public	18.12%
<b>Total</b>	<b>100.00%</b>

Source : BSE,NSE

Particulars	FY2023	FY2024
ROCE	15.5%	11.5%
ROE	10.8%	5.7%
ROA	5.4%	2.8%
Current Ratio	1.6	1.5
Quick Ratio	0.9	0.8
Cash Ratio	0.24	0.02
EPS	20.0	14.0

Source : Company Research

**About:**

Established in 1989, Neogen Chemicals Ltd. is a prominent Indian manufacturer specializing in Bromine-based and Lithium-based specialty chemicals. With over 248 products, the company serves diverse industries globally, including pharmaceuticals, agrochemicals, electronics, and lithium-ion battery materials for energy storage and Electric Vehicles (EV). Neogen is recognized for its custom synthesis and contract manufacturing capabilities, tailoring products to meet specific customer needs while maintaining a commitment to high-quality specialty chemicals.

**Key Highlights:**

- Revenue growth was driven by increased volumes in the core business and contributions from BuLi Chem, despite a challenging operating environment with weak pricing. Softness in agchem was partially offset by positive demand in other end-use applications.
- Neogen Ionics, specializing in battery chemicals, recorded initial commercial sales of Lithium Salts and Electrolytes, receiving a strong customer response. It is well-positioned for substantial growth in the next financial year.
- EBITDA improvement was attributed to higher plant throughput and better operational efficiencies. Margins remained strong at 17.9% despite weak pricing and startup costs at Neogen Ionics. Strong operational performance led to robust PAT growth.
- Increased CAPEX intensity in Battery Chemicals is expected to drive higher depreciation and interest costs going forward.
- The company, a leading manufacturer of Bromine and Lithium-based specialty chemicals, has been operating since 1991, with over 30 years of industry experience.
- It is the largest importer of Lithium Carbonate and Lithium Hydroxide for the past three decades, with strong relationships with global lithium miners and processors.

**Key Risk:**

- **Forex Risks:** Exposure to exchange rate fluctuations affects financial stability, with 48% of revenue from exports.
- **Raw Material Risk:** Price volatility of raw materials, crucial for chemical processes, can impact product costs.


**ELANTAS BECK INDIA LTD**
**BUY RANGE: @ 13000-12800**
**TARGET : @ 16000**
**RATING : BUY**


Stock Info	Amount
Mkt Cap(cr)	10,226.00
52-weeks high	14980.00
52-weeks low	6445.00
No. of eq shares(cr)	0.79
Face Value	10.00
Bse Code	500123
Nse Code	ELANTAS
Free Float Mcap(cr)	2556.68

Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	75.00%
DIs Holding	11.88%
FIs Holding	0.67%
Public	12.44%
<b>Total</b>	<b>100.00%</b>

Source : BSE,NSE

Particulars	FY2022	FY2023
ROCE	22.8%	26.9%
ROE	17.7%	20.6%
ROA	14.6%	17.1%
Current Ratio	5.69	6.12
Quick Ratio	4.9	5.5
Cash Ratio	3.9	4.6
EPS	123.3	173.2

Source : Company Research

Source : Company Report

**About:** ELANTAS Beck India Limited, a part of the global ALTANA Group, is a leader in specialty chemicals, serving industries such as electrical insulation and construction. With a legacy spanning over 60 years in India, the company is committed to developing innovative products and processes that align with ALTANA's global vision and address the evolving needs of customers. Leveraging its strengths and expertise, it focuses on delivering solutions that drive customer success. The ALTANA Group, with over 6,200 employees worldwide, achieved sales exceeding two billion Euros in 2018, underscoring its position as a key player in the specialty chemicals sector.

**Key Highlights:**
**Financial Performance:**

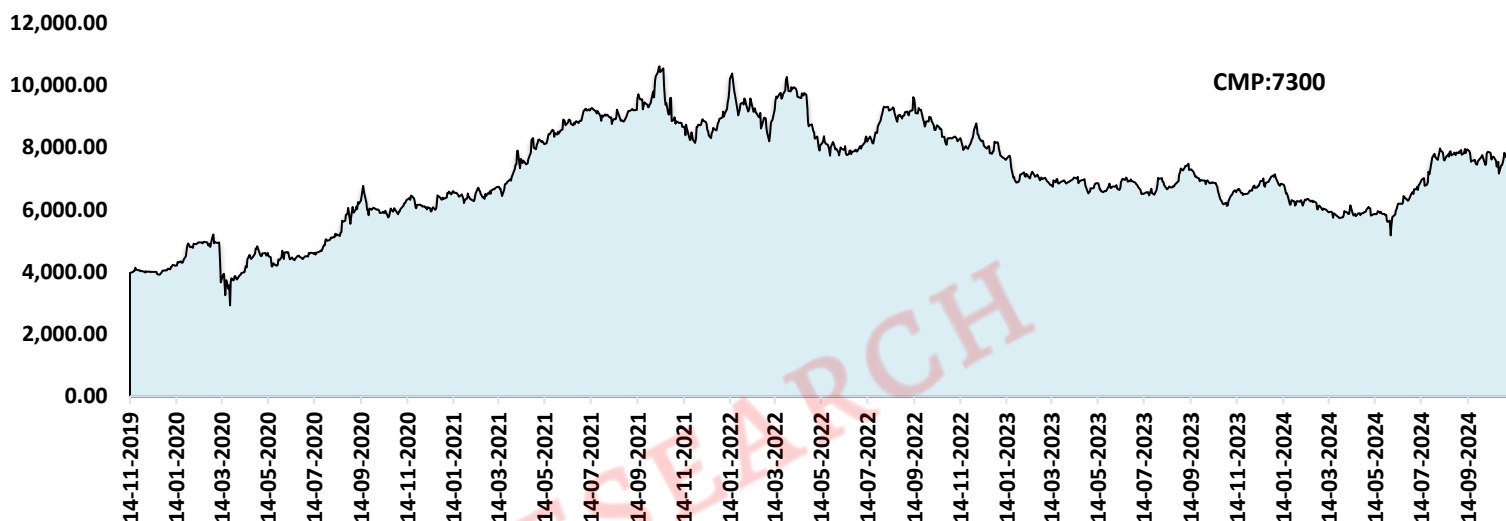
- **Revenue Growth:** ELANTAS Beck India reported a revenue growth of 5.46%, achieving ₹67,989 Lakhs for the fiscal year ending 31 December 2023, up from ₹64,470.13 Lakhs in the previous year.
- **Sales Quantity Increase:** Sales volume surged by 9.65% compared to the prior year, showcasing robust market demand.
- **Profit Before Tax:** Profit before tax grew significantly by 42.20%, totaling ₹18,362.24 Lakhs compared to ₹12,913.14 Lakhs last year.
- **Net Profit Growth:** Net profit, including comprehensive income, saw a substantial rise of 40.31%, amounting to ₹13,735.77 Lakhs as against ₹9,789.12 Lakhs in the previous year.
- **Capital Expenditure:** The company invested ₹1,236.28 Lakhs in capital expenditure for the year ending 31 December 2023, underpinning its commitment to growth and innovation.
- **Technical Symposia:** Established a platform for customer innovation exchange, boosting productivity and process efficiency.
- **Collaborations:** Engaged in Six Sigma projects to elevate insulation standards.
- **Pilot Plant Trials:** Conducted technology trials to aid customer investment decisions.
- **R&D Innovations:** Launched eco-friendly wire enamels, high-class insulation materials, and specialty resins, supporting sustainability and safety.

**RISK :**

- Foreign exchange risks are managed within the company's framework, with continuous monitoring and hedging, ensuring compliance with regulations.
- The company mitigates procurement risks by entering annual purchase contracts for key raw materials and follows a de-risking policy to avoid reliance on single sources.




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**Thematic Report**
**ATUL LTD**
**BUY RANGE: @ 7400-7200**
**TARGET : @ 8840**
**RATING : BUY**


Stock Info	Amount
Mkt Cap(cr)	21,631.00
52-weeks high	8180.00
52-weeks low	5174.00
No. of eq shares(cr)	2.94
Face Value	10.00
Bse Code	500027
Nse Code	ATUL
Free Float Mcap(cr)	11673.00

Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	45.17%
DII's Holding	24.54%
FII's Holding	9.66%
Public	20.63%
<b>Total</b>	<b>100.00%</b>

Source : BSE,NSE

Particulars	FY2023	FY2024
ROCE	14%	9%
ROE	11%	7%
ROI	10.0%	5.7%
Debt/Equity	0.01	0.05
Current Ratio	2.49	2.56
Quick Ratio	1.5	1.8
EPS	174.1	109.5

Source : Company Report

Source : Company Report

**About:**

Atul Ltd is a public company incorporated and domiciled in India, with its shares listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The company's registered office is located at Atul House, Ahmedabad, Gujarat, and it operates principal manufacturing facilities in Atul, Kharod, Ankleshwar, Gujarat, and Tarapur, Maharashtra. The company specializes in Life Science Chemicals and Performance and Other Chemicals, serving a diverse range of industries globally, including Adhesives, Agriculture, Automotive, Construction, Cosmetics, Defence, Food, Pharmaceuticals, Rubber, Textile, Tyre, and Wind Energy, among others.

**Key Highlights:**

Revenue increase driven by higher volumes across all sub-segments in both domestic and international markets.

Stabilization of operations at Atul Products Ltd and increased sales from Group companies like Amal Ltd, Rudolf Atul Chemicals Ltd, and DPD Ltd contributed to volume growth.

Despite lower selling prices, reduced input costs led to an increase in profit.

Non-current assets rose primarily due to a higher valuation of long-term investments.

Trade receivables grew in line with the increase in revenue.

Higher inventory levels, mainly for estimated future sales, supported by increased trade payables.

**Life Science Chemicals Segment:**

Increased demand for intermediates in the Pharmaceuticals and Personal Care industries boosted sales and profitability.

Higher sales in the active pharmaceutical ingredient product group and growing international demand for crop protection chemicals drove growth.

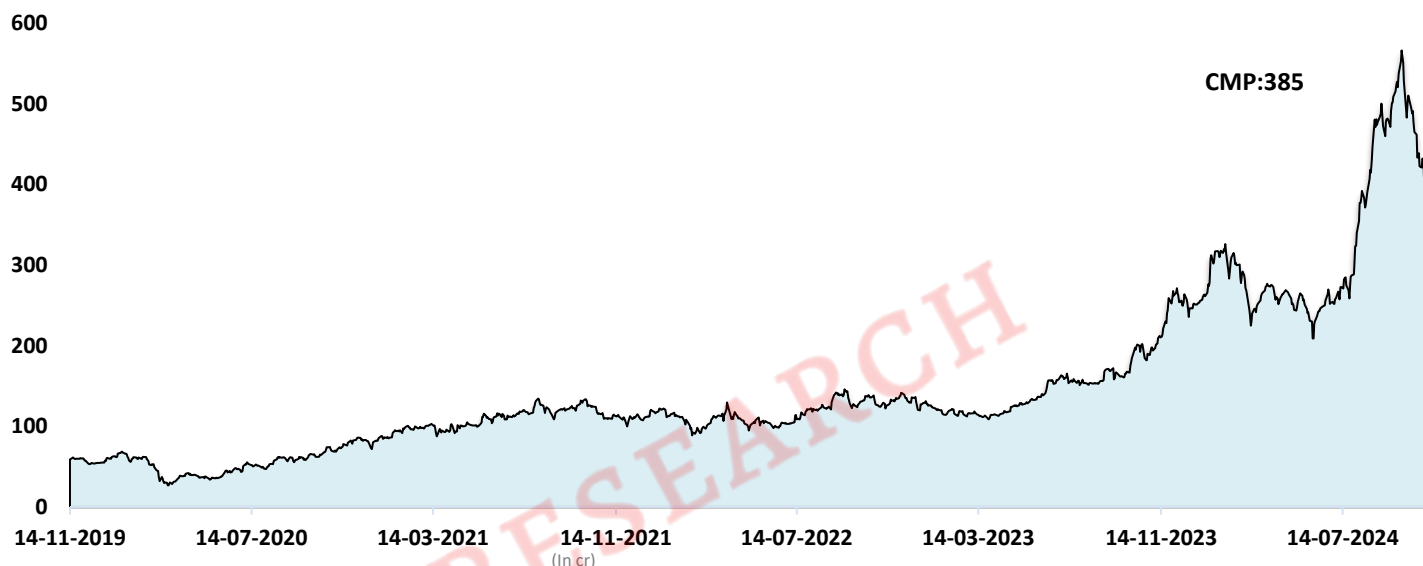
**Performance and Other Chemicals Segment:**

Increased demand for epoxy and sulphones in the Polymers-Performance Materials business contributed to higher sales and profitability.

Improved performance from Group companies further supported growth in this segment.

**Key Risk:**

- Foreign exchange risks are managed within the company's framework, with continuous monitoring and hedging, ensuring compliance with regulations.
- The company mitigates procurement risks by entering annual purchase contracts for key raw materials and follows a de-risking policy to avoid reliance on single sources.


**PCBL LTD**
**BUY RANGE: @ 390-380**
**TARGET : @ 520**
**RATING : BUY**


Stock Info	Amount
Mkt Cap(cr)	15,041.00
52-weeks high	584.00
52-weeks low	209.00
No. of eq shares(cr)	3.77
Face Value	1.00
Bse Code	506590
Nse Code	PCBL
Free Float Mcap(cr)	6942.00

Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	51.41%
Dils Holding	6.80%
Fils Holding	4.99%
Public	36.80%
<b>Total</b>	<b>100.00%</b>

Source : BSE,NSE

Particulars	FY2023	FY2024
ROCE	19%	15%
ROE	16%	16%
ROA	9%	6%
Current Ratio	1.09	1.07
Quick Ratio	0.78	0.76
Cash Ratio	0.05	0.13
EPS	11.7	13.0

Source : Company Research

Source : Company Report

**About:**

PCBL Limited, part of the RP-Sanjiv Goenka Group, is India's largest manufacturer of carbon black, backed by over 60 years of expertise. Operating four state-of-the-art plants and R&D centers in India and Belgium, PCBL serves diverse sectors, including tires, plastics, inks, and batteries, across more than 50 countries. With a production capacity of 770,000 MT and 122 MW of green power generation, the company is committed to innovation, ESG practices, and sustainable growth.

**Key Highlights:**

- PCBL Limited reported strong Q2 FY25 results, with a 14% YoY increase in carbon black sales volume to 1.48 lakh tonnes, driving a 45% rise in revenue to ₹2,163 crores. EBITDA grew 53% YoY to ₹369 crores, while PAT stood at ₹123 crores. EBITDA per tonne in carbon black increased to ₹21,324.
- **Carbon Black Demand & Utilization:** Carbon black volumes grew with Chennai plant at 85% utilization. Export demand surged, especially from Europe, following the Russian carbon black ban. Domestic volumes rose 9.9% YoY, while exports grew 55.5% YoY. Specialty carbon black volumes increased 33% YoY, now representing 10.2% of total volumes.
- **Capacity Expansion Plans:** Company plans a 20 KT expansion at Mundra and 90 KT at Chennai by FY26. Total capacity to rise by 400 KT in the next 4-5 years with a capex of ₹20-22 billion.
- **New Market & Financial Outlook:** Diversifying into silicon anode materials, targeting ₹10-12 billion in revenue over 5 years. Projected cash flow of ₹100 billion to support expansion and debt reduction.
- **Aquapharm Chemicals Acquisition:** Acquired Pune-based Aquapharm Chemicals for ₹3,800 crore. Aquapharm to add 38 KT capacity with ₹2.15 billion capex in 2-3 quarters, expanding further by 100 KT in 4-5 years with an additional ₹4-5 billion capex.

**Risk :**

- **Crude Oil Prices** Higher crude oil prices may increase working capital needs, potentially affecting financial stability.
- **Tyre Sector Slowdown** Reduced demand in the tyre sector could lower carbon black sales, posing revenue risks.




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**Thematic Report**
**LINDE INDIA LTD**
**BUY RANGE: @ 6760-6640**
**TARGET : @ 8775**
**RATING : BUY**


Stock Info	Amount
Mkt Cap(cr)	59,197.00
52-weeks high	9935.00
52-weeks low	5325.00
No. of eq shares(cr)	8.52
Face Value	10.00
Bse Code	523457
Nse Code	LINDEINDIA
Free Float Mcap(cr)	14595.00

Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	75.00%
DIs Holding	6.88%
FIs Holding	2.42%
Public	15.70%
<b>Total</b>	<b>100.00%</b>

Source : BSE,NSE

Particulars	FY2023	FY2024
ROCE	15.3%	15.5%
ROE	16.2%	12.5%
ROA	10.9%	9.0%
Current Ratio	1.80	1.9
Quick Ratio	1.8	1.8
Cash Ratio	0.48	0.95
EPS	63.1	50.9

Source : Company Research

Source : Company Report

**About:** Linde India Limited is a prominent industrial gases company in India, operating through two key segments: Gases and Related Products, and the Project Engineering Division (PED). The Gases and Related Products segment provides essential pipeline gas supplies to industries such as steel, glass, and chemicals, along with liquefied gases transported in cryogenic tankers for mid-size industrial needs. It also supplies compressed gases in cylinders to meet smaller demands across fabrication, manufacturing, and construction sectors. The PED segment specializes in designing, supplying, and commissioning medium to large air separation units (ASUs), nitrogen plants, pressure swing adsorption (PSA) plants, and gas distribution systems. Additionally, it manufactures cryogenic vessels for both in-house applications and sales to external customers, underscoring its comprehensive capabilities in gas and engineering solutions.

**Key Highlig**
**Financial Performance**

- Revenue increased by 48%, driven by economic recovery and extended reporting period (15 vs. 12 months).
- Gases revenue rose by 33%, supported by higher merchant liquid demand, helium, and special product sales.
- PED revenue surged by 104% due to a strong order book.

**Cash Flow & Financial Position**

- Generated strong operational cash flow of approximately 8,200 MINR.
- Maintained a healthy cash balance of 11,866 MINR as of March 2023.

**PED Projects**

- PED achieved revenue of 9,202 MINR from Jan'22 to Mar'23.
- Order book positioned at 14,200 MINR as of March 2023, supporting growth in 2024.

**Joint Ventures**

- **Bellary Oxygen Company Pvt. Ltd.:** Joint venture with Inox Air Products for gases business, operated 855 tpd Air Separation Unit for JSW Steel Ltd. in Bellary. Asset Sale Agreement with JSW Steel Ltd. completed post contract expiry; joint venture liquidation proposed.
- **Linde South Asia Services Pvt. Ltd.:** JV between Linde India Ltd. and Praxair India Pvt. Ltd., providing O&M Services, including Procurement, SHEQ, HR, Finance, IT, and other support services for both partners.

**RISK :**

- Foreign exchange risks are managed within the company's framework, with continuous monitoring and hedging, ensuring compliance with regulations.
- The company mitigates procurement risks by entering annual purchase contracts for key raw materials and follows a de-risking policy to avoid reliance on single sources.


**NAVIN FLUORINE INTERNATIONAL Ltd**
**BUY RANGE: @ 3300-3200**
**TARGET : @ 4074**
**RATING : BUY**


Stock Info	Amount
Mkt Cap(cr)	16,280.00
52-weeks high	3979.00
52-weeks low	2875.00
No. of eq shares(cr)	4.96
Face Value	2.00
Bse Code	532504
Nse Code	NAVINFLUOR
Free Float Mcap(cr)	11392.00

Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	28.43%
DIIs Holding	28.18%
FIs Holding	18.23%
Public	25.15%
<b>Total</b>	<b>100.00%</b>

Source : BSE,NSE

Particulars	FY2023	FY2024
ROCE	21%	13%
ROE	19%	12%
ROA	13%	7%
Current Ratio	2.7	1.8
Quick Ratio	1.8	1.4
Cash Ratio	0.1	0.6
EPS	75.4	54.5

Source : Company Research

Source : Company Report

**About:** Navin Fluorine International Limited (NFIL), established in 1967, is a leading Indian manufacturer of specialty fluorochemicals and a pioneer in refrigerant gases as part of the Padmanabh Mafatlal Group. With extensive expertise across life sciences, crop sciences, and performance materials, NFIL operates one of India's largest integrated fluorochemical complexes with facilities in Gujarat and Madhya Pradesh. The company's innovation center, NRIC, enhances its capabilities in developing over 60 fluorinated products across specialty chemicals, high-performance products, and CDMO services. Serving both domestic and international markets, NFIL holds key certifications, including "Responsible Care," and is expanding with a new Multi-Purpose Plant to drive future growth.

**Key Highlights:**
**\$410 Million Multi-Year HPP Contract**

Recently secured a significant multi-year contract in the High-Performance Product (HPP) segment, emphasizing the company's leadership and capabilities in high-value material solutions.

**New Agrochemical Partnership**

Entered into a multi-year supply contract with a new partner in the agrochemical sector, expanding the company's footprint in this fast-growing market.

**Launch of Agrochemical Products**

Introduced new products in the agrochemical segment through its Multi-Purpose Plant (MPP), demonstrating a commitment to product innovation and sectoral diversification.

**cGMP4 Capex Investment of ₹288 Crore**

Committing ₹288 crore for a phased cGMP4 project, with an initial ₹160 crore earmarked for Phase 1, which will support a Master Service Agreement (MSA) with a European CDMO customer. Commissioning is expected by end of CY2025, enhancing European market engagement.

**₹84 Crore R32 Capacity Expansion**

An ₹84 crore investment will increase R32 production capacity by 4,500 MT, scheduled for commissioning in February 2025 to meet growing demand.

**₹450 Crore HF Capacity Expansion at Dahej**

A major new project with an outlay of ₹450 crore to establish a 40,000 TPA HF capacity at the Dahej facility, expected to be operational by FY2025-end or early FY2026, supporting robust capacity growth and market expansion.

**RISK :**

- **Physical Risks:** Extreme weather events like cyclones and floods can disrupt operations and increase costs.
- **Transition Risks:** Shifting to sustainability can lead to regulatory, market, and reputational challenges.


**PI INDUSTRIES LTD**
**BUY RANGE: @ 4300-4200**
**TARGET : @ 5156**
**RATING : BUY**


Stock Info	Amount
Mkt Cap(cr)	67,242.00
52-weeks high	4804.00
52-weeks low	3220.00
No. of eq shares(cr)	15.17
Face Value	1.00
Bse Code	523642
Nse Code	PIIND
Free Float Mcap(cr)	35910.00

Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	46.09%
Dils Holding	26.21%
Fils Holding	19.02%
Public	8.54%
<b>Total</b>	<b>100.00%</b>

Source : BSE,NSE

Particulars	FY2023	FY2024
ROCE	22%	24%
ROE	18%	21%
ROA	15%	17%
Current Ratio	4.8	3.9
Quick Ratio	3.6	3.1
Cash Ratio	2.7	2.3
EPS	1.0	1.0

Source : Company Research

Source : Company Report

**About:**

PI Industries Limited is a leading integrated agrisciences company committed to advancing global food security and environmental sustainability. With expertise spanning custom synthesis, large-scale manufacturing, and distribution, it is one of the few Asian companies offering a comprehensive range of services across the agricultural value chain. Founded in 1946, it has become a significant player in India's crop protection market, benefiting over three million farmers. Fueled by innovation and a strong research and development program, the company focuses on enhancing food production efficiency and sustainability, generating value for customers, shareholders, and society through collaborative efforts across the agricultural ecosystem.

**Key Highlights:**
**➤ Financial Performance:**

Revenue for Q1 FY25 increased by 8% year-on-year to ₹20,689 million. Agchem export revenue grew by 14%, driven by volume and new product growth, while domestic revenue declined by 8% due to delayed sowing from erratic monsoons. Profit after tax rose by 17% to ₹4,488 million, driven by improved gross margins and EBITDA.

➤ Biologicals revenue grew 39% year-on-year, supported by a favorable mix and operating leverage. The company launched two new products, PRESSEDO and OSHEEN ULTRA, with over 20 products planned for domestic launches.

➤ The management maintains a positive long-term outlook for agrochemical demand, supported by government initiatives and technological advancements, with reassessments of growth guidance planned after Q2 FY25.

➤ The acquisition of Plant Health Care (PHC) will enhance capabilities in peptide technology and expand the biological product portfolio globally. The company is on track to commercialize 6-7 new molecules and continues progressing with its integrated CRDMO strategy.

➤ The company plans to invest ₹800 crore to ₹900 crore in CAPEX for capacity expansion and plant optimization to support new product commercialization.

➤ The company continues to diversify, with 50% of new inquiries from non-Agchem segments, strengthening its market position and growth potential.

**Key Risk:**

➤ **Physical Risks:** Extreme weather events like cyclones and floods can disrupt operations and increase costs.

➤ **Transition Risks:** Shifting to sustainability can lead to regulatory, market, and reputational challenges.





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**Thematic Report**

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