Chemicals

Sector Update

November 26, 2025

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Aarti Industries	HOLD	380	403
Clean Science and Technology	HOLD	926	1002
Deepak Nitrite	HOLD	1,581	1768
Fine Organic Industries	BUY	4,410	5386
Gujarat Fluorochemicals	HOLD	3,398	3637
Jubilant Ingrevia	HOLD	727	695
Laxmi Organic Industries	REDUCE	183	192
Navin Fluorine International	Acc	5,783	6441
NOCIL	HOLD	174	185
PCBL Chemical	Acc	326	402
SRF	HOLD	2,794	3,123
Vinati Organics	Buy	1,600	1,915
P.I. Industries	Hold	3,449	3,666

Source: PL Acc=Accumulate

Top Picks

Fine Organic Industries

Navin Fluorine International

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Global commentaries- stress continues unabated

Quick Pointers:

- As per Q3CY25 commentaries from several global chemical companies, including Dow, LyondellBasell and FMC, near-term demand is likely to remain soft.
- The commentaries underscore persistent tariff uncertainty and shifting policy dynamics. These headwinds are limiting demand visibility and contributing to cautious near-term guidance.

Global chemical companies delivered a mixed performance in Q3CY25. Top 10 global players reported a 5% sequential and 3% YoY decline in revenue, reflecting continued weakness in underlying demand. In contrast, our coverage companies recorded a slight rebound, with revenue rising 2% QoQ and 2% YoY.

Production in the EU remained largely stagnant due to muted demand across major end-use segments. Additionally, plant shutdowns and industry-wide overcapacity continued to weigh on realization. Recent management commentaries from leading global players suggest that demand softness is likely to persist in Q4CY25, driven by subdued demand conditions and ongoing pricing pressures.

However, we remain positive on Navin Fluorine as well as Fine Organics. Fine Organics continues to offer strong growth visibility through its Rs7.5bn SEZ project and expanding global presence. Navin's outlook is supported by a robust CDMO pipeline, steady agchem momentum, and upcoming HF and refrigerant capacity addition, positioning the company for sustained multi-year expansion.

- **Global chemical companies see 21% YoY and 29% QoQ EBITDA drop in Q3CY25:** Global companies' revenue declined by 5% QoQ and 3% YoY, while EBITDA dropped by 29% QoQ and 21% YoY. The decline was driven by unfavorable pricing, lower realization, subdued demand across the EU market, and temporary plant shutdowns. Despite sustained margin pressures, revenue of major companies was partly supported by acquisitions, commissioning of new assets, and new product launches.
- **PL coverage universe sees flat QoQ and YoY growth in topline:** In Q2FY26, Indian companies reported 2% QoQ and YoY increase in revenue, while EBITDA grew by 4% QoQ and 8% YoY. However, margin pressures persisted for most of the companies under our coverage driven by US tariff-related headwinds, lower realization, subdued demand, and rising competition from low-cost imports.
- **Selective resilience among top 10 global chemical majors:** Amid a challenging demand environment, a few leading global chemical companies delivered moderate growth in Q3CY25. Linde reported stable performance supported by pricing and contribution from recent acquisitions. 3M witnessed QoQ and YoY improvement driven by robust demand across electrical,

industrial adhesives, safety, electronics, and aerospace segments, supported by new product launches and improved service levels.

- **Selective strength among our coverage universe:** A few Indian chemical companies within our coverage universe delivered resilient performance in Q2FY26. Navin Fluorine's revenue rose 46.3% YoY/4.6% QoQ and EBITDA jumped 129.3% YoY/19% QoQ, driven by strong CDMO and refrigerant demand, better realization, and contributions from the new Fluor specialty plant. Aarti Industries posted strong growth, driven by a 65% QoQ rise in MMA volume and a 118% YoY/48% QoQ increase in the Energy business, with overall margin expanding 190bps YoY, supported by a favorable gasoline–naphtha crack.

- **Plant closures in 2025:** The year witnessed a series of global chemical plant closures as major producers rationalized assets in response to elevated cost pressures and persistently weak demand. Companies including Arlanxeo, Trinseo, Lion Elastomers, Evonik, BASF, Sasol, Huntsman, and INEOS announced shutdowns across facilities producing synthetic rubber, MMA and acetone cyanohydrin, butadiene elastomers, fumed silica, hydrosulfites, phenolics, maleic anhydride, linear alkyl benzene, and synthetic ethanol. These closures were largely concentrated across Europe and North America, reflecting the structural challenges of high energy costs, overcapacity, and tightening regulatory requirements in the regions. We list down few possible Indian beneficiaries of the same in Exhibit 2.

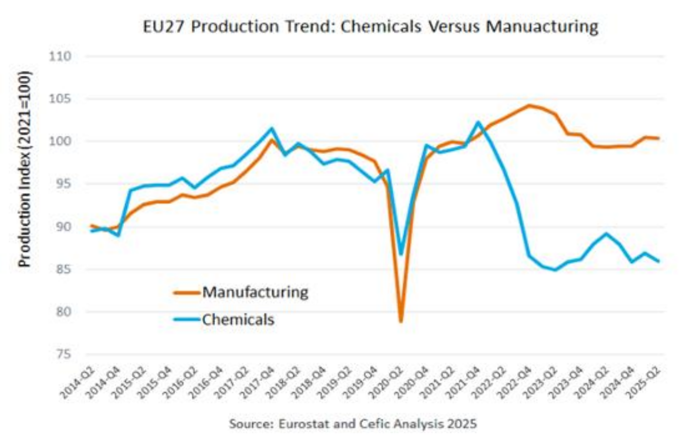
- **Valuation and view:** We continue to remain positive on Fine Organics as it executes the Rs7.5bn greenfield SEZ project at JNPA, slated to begin production by FY27/FY28 with peak revenue potential of Rs26bn, which could double its topline by FY29/FY30. Its newly formed subsidiaries in the USA and UAE further strengthen manufacturing and supply-chain capabilities. We also remain positive on Navin Fluorine, which is entering a strong multi-year upcycle driven by a robust CDMO pipeline, expanding refrigerant gas capacity, steady agchem momentum, and peak visibility from contact with Fermion (~USD60mn opportunity).

Exhibit 2: Major plant closures in 2025

Company Name	Chemical	Location	Indian Companies likely to benefit
Sasol	Phenolic plants (2 facilities)	Texas	Deepak Nitrite Ltd
Huntsman	Maleic anhydride	Germany	IG Petro, Thirumalai
Sasol	Linear alkyl benzene plant	UK	Tamilnadu Petro, refiners
Arlanxeo	Synthetic rubber	France	
Trinseo	MMA & acetone cyanohydrin	Italy	
Lion Elastomers	Butadiene elastomers	Orange, TX	
Evonik	Fumed silica	Waterford, NY	
BASF	Hydrosulfites	Germany	
INEOS	Synthetic ethanol plant	Scotland	

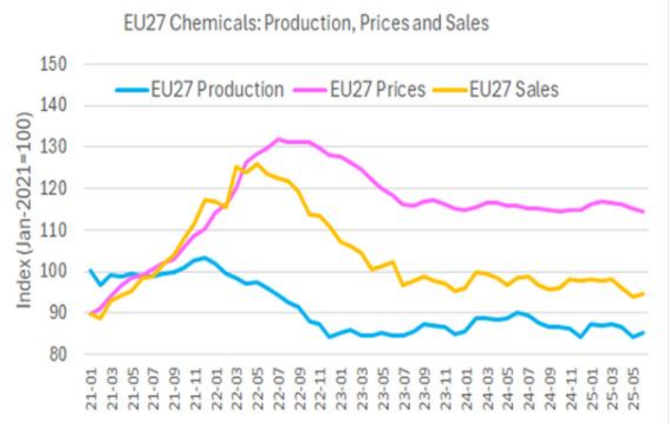
Source: PL, Company

Exhibit 3: EU27 production trends – Chemicals vs. manufacturing



Source: Cefic

Exhibit 4: EU27 chemicals – Production, prices and sales



Source: Cefic

Exhibit 5: Global companies' commentaries – Q3CY25

Company	Management commentary / Outlook for CY26
BASF Global	BASF expects to close its €7.7bn coatings transaction in Q2 2026, while keeping large acquisitions off the table and maintaining capex well below depreciation through 2028.
ARKEMA	With visibility remaining low amid geopolitical tensions, higher tariffs, and soft demand, the group is prioritizing strict cost, capex, and working-capital management
DOW	Anticipates a challenging near-term environment, with lower capex following the deferral of the Alberta project until market conditions improve.
DUPONT	Strong healthcare and water demand drive YoY growth, while ongoing construction-market weakness to partially offset gains
LYONDELLIBASELL	In Q4CY25demand remains soft due to seasonal slowdown, higher feedstock costs, and weak European industrial demand; temporary shutdowns at Wesseling and Channelview to balance supply
BAYER	Performance will be shaped by upcoming product launches, patent expirations, innovation in Crop Science, stable Consumer Health trends, and continued currency headwinds
CORTEVA	Global agchem outlook remains mixed, but demand is improving with higher 2025 corn acreage (notably in North America and recovering in Latin America), decade-low corn stocks, stabilizing crop protection volumes, and firmer pricing expected in CY26. Additionally, stronger seeds from new hybrids/varieties and solid CP and biologicals-driven volume gains support the outlook.
FMC	For CY26, visibility remains limited due to several uncertainties, particularly potential tariffs on China and India.
LINDE	Remains cautious on near-term industrial recovery
SABIC	Expects demand to remain stable next quarter, with future momentum hinging on accommodative monetary policies, improved geopolitical stability, and broader global economic recovery

Exhibit 6: Financial performance of top 10 global chemical companies

	Sales					EBITDA				
USD mn	Q3CY25	Q2CY25	Q3CY24	QoQ gr	YoY gr	Q3CY25	Q2CY25	Q3CY24	QoQ gr	YoY gr
LINDE	8,615	8,495	8,356	1%	3%	2,558	2,556	2,477	0%	3%
FMC	542	1,051	1,065	-48%	-49%	236	207	202	14%	17%
DUPONT	3,072	3,257	2,862	-6%	7%	840	859	791	-2%	6%
CORTEVA	2,618	6,456	2,326	-59%	13%	49	2,164	-100	-98%	-149%
LYONDELLBASELL	7,727	7,658	8,604	1%	-10%	-480	606	1,170	-179%	-141%
BASF	17,797	15,769	17,290	13%	3%	1,804	1,772	1,782	2%	1%
DOW	9,973	10,104	10,879	-1%	-8%	868	703	1,382	23%	-37%
SABIC	9,160	9,490	9,835	-3%	-7%	1,330	1,392	1,483	-4%	-10%
ARKEMA	2,187	2,395	2,394	-9%	-9%	310	364	407	-15%	-24%
CHEMOURS	1,495	1,615	1,508	-7%	-1%	195	253	202	-23%	-3%
Total	**63,186**	**66,290**	**65,119**	**-5%**	**-3%**	**7,710**	**10,876**	**9,796**	**-29%**	**-21%**

Source: Company, PL

Exhibit 7: Financial performance of companies under PL's coverage

	Sales					EBITDA				
Rs mn	Q2FY26	Q1FY26	Q2FY25	QoQ gr	YoY gr	Q2FY26	Q1FY26	Q2FY25	QoQ gr	YoY gr
Fine Organic	5,973	5,884	5,958	2%	0%	1,352	1,236	1,506	9%	-10%
Jubilant Ingrevia Ltd	11,706	10,380	10,452	13%	12%	1,355	1,421	1,246	-5%	9%
Laxmi Chemicals	6,997	6,929	7,713	1%	-9%	371	308	747	20%	-50%
NOCIL	3,206	3,362	3,627	-5%	-12%	223	306	378	-27%	-41%
Aarti Organics	21,000	16,750	16,280	25%	29%	2,910	2,110	1,960	38%	48%
Deepak Nitrite	19,019	18,899	20,320	1%	-6%	2,043	1,896	2,975	8%	-31%
SRF Ltd	36,402	38,186	34,243	-5%	6%	8,048	8,212	5,606	-2%	44%
Vinati Organics Ltd	5,502	5,420	5,533	2%	-1%	1,673	1,597	1,337	5%	25%
Navin Fluorine Int. Ltd	7,584	7,254	5,186	5%	46%	2,462	2,068	1,074	19%	129%
Gujarat Fluorochemicals Ltd	12,100	12,810	11,880	-6%	2%	3,640	3,440	2,950	6%	23%
P I Industries Ltd	17,911	19,005	22,210	-6%	-19%	4,818	5,191	6,282	-7%	-23%
PCBL	21,141	20,875	21,436	1%	-1%	3,191	2,977	3,583	7%	-11%
CSTL	2,446	2,429	2,381	1%	3%	871	999	897	-13%	-3%
Total	**1,70,987**	**1,68,183**	**1,67,219**	**2%**	**2%**	**32,957**	**31,761**	**30,541**	**4%**	**8%**

Source: Company, PL

Exhibit 8: Valuation Summary

Company	Rating	CMP	TP	Mcap	Revenues (Rs m)				PAT (Rs m)				EPS (Rs)				RoE (%)				PER (x)			
Names		(Rs)	(Rs)	(Rs bn)	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Aarti Industries	HOLD	380	403	137	72,710	80,449	91,858	1,01,688	3,290	3,265	5,428	6,743	9.1	9.0	15.0	18.6	6.0	5.7	8.8	10.0	41.8	42.2	25.4	20.4
Clean Science and Technology	HOLD	926	1002	98	9,666	10,710	13,392	16,058	2,644	2,894	3,865	4,652	24.9	27.2	36.4	43.8	20.2	18.8	21.2	21.4	37.2	34.0	25.5	21.2
Deepak Nitrite	HOLD	1,581	1768	216	82,819	79,378	88,355	1,01,031	6,974	6,239	7,999	9,222	51.1	45.7	58.6	67.6	13.7	11.0	12.8	13.2	30.9	34.6	27.0	23.4
Fine Organic Industries	BUY	4,410	5386	135	22,691	24,280	26,465	33,081	4,105	4,626	4,957	6,838	133.9	150.9	161.7	223.0	19.5	18.4	16.8	19.6	32.9	29.2	27.3	19.8
Gujarat Fluorochemicals	HOLD	3,398	3637	373	47,370	51,442	61,640	68,506	5,460	6,911	8,591	9,570	49.7	62.9	78.2	87.1	8.3	9.1	10.3	10.4	68.4	54.0	43.5	39.0
Jubilant Ingrevia	HOLD	727	695	115	41,776	46,198	52,335	55,751	2,512	3,211	3,583	4,117	15.9	20.3	22.7	26.0	8.9	10.3	10.4	11.0	45.8	35.8	32.1	27.9
Laxmi Organic Industries	REDUCE	183	192	51	29,854	32,489	36,134	42,446	1,135	1,302	1,706	2,135	4.1	4.7	6.2	7.7	6.1	6.6	8.1	9.4	44.7	38.9	29.7	23.7
Navin Fluorine International	ACCUMULATE	5,783	6441	287	23,494	29,980	36,251	42,995	2,886	5,007	6,157	7,719	58.2	100.9	124.1	155.6	11.5	17.7	18.8	20.2	99.4	57.3	46.6	37.2
NOCIL	HOLD	174	185	29	13,927	14,110	14,821	16,024	1,029	782	1,096	1,199	6.2	4.7	6.6	7.2	5.9	4.4	6.0	6.4	28.3	37.2	26.5	24.3
PCBL Chemical	Accumulate	326	402	123	84,043	88,587	1,07,468	1,16,980	4,352	3,112	6,504	9,329	11.5	8.2	17.2	24.7	12.5	8.3	16.1	20.2	28.3	39.6	18.9	13.2
P.I. Industries	HOLD	3,449	3666	523	79,778	80,728	86,682	93,598	16,602	16,738	18,452	19,898	109.4	110.3	121.6	131.2	0.2	0.1	0.1	0.1	31.5	31.3	28.4	26.3
SRF	HOLD	2,794	3123	831	1,46,931	1,61,870	1,77,733	1,96,650	12,508	17,275	19,089	22,799	42.1	58.1	64.2	76.7	10.4	12.9	12.7	13.6	66.4	48.1	43.5	36.4
Vinati Organics	BUY	1,600	1915	166	22,482	25,283	28,795	32,019	4,053	4,771	4,889	5,564	39.1	46.0	47.2	53.7	15.4	15.9	14.4	14.5	40.9	34.8	33.9	29.8

Source: Company, PL

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Hold	403	392
2	Bharat Petroleum Corporation	Hold	361	357
3	Bharti Airtel	Accumulate	2,259	2,113
4	Clean Science and Technology	Hold	1,002	981
5	Deepak Nitrite	Hold	1,768	1,741
6	Fine Organic Industries	BUY	5,386	4,346
7	GAIL (India)	BUY	211	180
8	Gujarat Fluorochemicals	Hold	3,637	3,480
9	Gujarat Gas	Hold	415	408
10	Gujarat State Petronet	Hold	311	301
11	Hindustan Petroleum Corporation	Hold	476	476
12	Indian Oil Corporation	Accumulate	166	155
13	Indraprastha Gas	Reduce	201	213
14	Jubilant Ingrevia	Hold	695	677
15	Laxmi Organic Industries	Reduce	192	198
16	Mahanagar Gas	BUY	1,531	1,271
17	Mangalore Refinery & Petrochemicals	Accumulate	159	142
18	Navin Fluorine International	Accumulate	6,441	6,025
19	NOCIL	Hold	185	181
20	Oil & Natural Gas Corporation	BUY	292	249
21	Oil India	BUY	532	436
22	Petronet LNG	Hold	290	275
23	Reliance Industries	BUY	1,668	1,417
24	SRF	Hold	3,123	3,028
25	Vinati Organics	BUY	1,915	1,662

PL's Recommendation Nomenclature

Buy : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

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