

22 September 2023

India | Equity research | Sector Update

Speciality Chemicals

Chemical prices for Jul'23

(Note: All prices are in INR/kg; Q2FY24-TD numbers have data for the month of Jul'23 only)

1) SRF: R-22 prices dipped to INR 321/kg (down 8.3% QoQ) in Q2FY24-TD, volumes were down 18.4% YoY to 770te. In packaging films segment, spreads have improved from lower levels in BOPET and BOPP. **2) Gujarat Fluorochemicals:** PTFE prices rose 2.3% QoQ / 8.8% YoY to INR 1,052 while volumes dipped 41.5% YoY to 694te. Other fluoropolymer prices rose 1.7% QoQ and volumes dipped 10.6% YoY to 286te. **3) Archeon Chemical:** Bromine volumes were negligible thus the data is irrelevant. SOP prices dipped 19.2% QoQ. **4) Clean Science:** Q2FY24-TD volumes in guaiacol dipped 74.4% and prices fell 15.4% QoQ to INR 303, while phenol prices declined 15.0% QoQ to INR 77. **5) EPL:** Gross profit can improve with drop in LLDPE prices, but optically revenue growth may appear soft. **6) Sudarshan Chemical:** Pigment prices were down 5.9% QoQ and volumes were down 17.9% in Q2FY24-TD. **7) PCBL:** Carbon black export prices were down 1% QoQ to INR 105, but export volumes were up 38.2% YoY.

SRF Ltd: R-22 prices dip; packing films spreads improve

- R-22 prices dipped 8.3% QoQ (up 7.5% YoY) to INR 321 in Q2FY24-TD. Fluorspar (acid spar) prices increased 0.9% QoQ / 16.1% YoY to INR 44. R-22 spread (to fluorspar and chloroform) stood at INR 213 vs INR 241 in Q1FY24. R-22 prices dipped to INR 321, down 7.0% MoM, in Jul'23. Export volumes were down 18.4% YoY to 770te.
- MDC (methylene chloride) prices rose 68.1% QoQ / 44.4% YoY to INR 79 on very small volumes which makes the data irrelevant. India has added large capacity, and has turned net exporter. Export price was stable at INR 43 in Jul'23 vs Q1FY24. Methanol and chlorine prices have dipped in Jul'23 vs Q1FY24, which implies a slight improvement in spreads.
- NTCF prices were down 6.8% QoQ / 33.9% YoY to INR 87 in Q2FY24-TD. Caprolactam prices dipped 16% QoQ / 32% YoY to INR 120. NTCF-caprolactam spread was negative at INR 33 vs a negative INR 50 in Q1FY24. Notably, NTCF import volumes rose 13.3% YoY to 6.8kte.
- BOPET prices were up 4.3% QoQ / down 18.0% YoY to INR 133. PTA prices were down 0.6% QoQ / 18.8% YoY to INR 66, and MEG prices were down 0.5% QoQ and 1.9% YoY at INR 43. BOPET-PTA/MEG spread rose 10.6% QoQ and down 20.4% YoY to INR 61 (vs INR 55 in Q1FY24). On MoM basis, spread rose 11.2% to INR 61 in Jul'23.
- BOPP prices fell 2.0% QoQ / 21.2% YoY to INR 145 while polypropylene (PP) prices dipped 7.3% QoQ / 9.0% YoY to INR 79. BOPP-PP spread rose 5.2% QoQ / down 32.1% YoY to INR 66 (vs INR 62 in Q1FY24).

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SRF (HOLD)

Navin Fluorine (REDUCE)

Gujarat Fluorochemicals (BUY)

Archeon Chemical (BUY)

Clean Science (HOLD)

Tatva Chintan (BUY)

Galaxy Surfactants (HOLD)

Rossari Biotech (REDUCE)

EPL (ADD)

Chemplast Sanmar (BUY)

Sudarshan Chemical (HOLD)

PCBL (BUY)

Gujarat Fluorochemicals – PTFE prices rose QoQ

- PTFE prices were up 2.3% QoQ / 8.8% YoY to INR 1,052 (vs INR 1,029 in Q1FY24). PTFE (to R-22) spread rose 28.8% QoQ / 11.1% YoY to INR 378 (vs INR 293 in Q1FY24). PTFE export volumes dipped 41.5% YoY to 694te.
- Other fluoropolymers prices rose 1.7% QoQ / fell 3.9% YoY to INR 2,308 (vs INR 2,269 in Q1FY24). Export volumes dipped 10.6% YoY to 286te.
- R-22 prices dipped 8.3% QoQ / up 7.5% YoY to INR 321. Fluorspar (acid spar) prices were up 0.9% QoQ / 16.1% YoY to INR 44. R-22 spread (to fluorspar and chloroform) stood at INR 213 vs INR 241 in Q1FY24.
- Caustic soda prices fell 11.0% QoQ / 34.7% YoY to INR 37 (vs INR 42 in Q1FY24).
- MDC (methylene chloride) prices rose 68.1% QoQ / 44.4% YoY to INR 79 on very small volumes which makes the data irrelevant. India has added large capacity, and has turned net exporter. Export price was stable at INR 43 in Jul'23 vs Q1FY24. Methanol and chlorine prices have dipped in Jul'23 vs Q1FY24, which implies a slight improvement in spreads.

Archean Chemical – Bromine exports volumes were negligible

- Bromine price for Jul'23 is irrelevant due to negligible volume of just 3te.
- SOP prices dipped 19.2% QoQ / 36.9% YoY to INR 46 (vs INR 57 in Q1FY24). Export volumes were up 39.9% to 62te.

Clean Science – Guaiacol export volumes dipped sharply

- Guaiacol prices were down 15.3% QoQ and 20.7% YoY, to INR 303 (vs INR 358 in Q1FY24). However, on MoM basis, guaiacol prices were down 5.3% to INR 303. Guaiacol export volumes for Q2FY24-TD have declined 74.4% YoY to 33te.
- Phenol prices declined 15.0% QoQ / 37.0% YoY to INR 77 (vs INR 90 in Q1FY24).
- Methanol prices fell 15.6% QoQ / 11.7% YoY to INR 21. Acetic anhydride prices were down 6.0% QoQ / 20.3% YoY to INR 81.

Galaxy Surfactants (GSL): Dip in lauryl alcohol prices

- Lauryl alcohol prices dipped 5.0% QoQ / 33.9% YoY at INR 126 vs INR 133 in Q1FY24. In Jul'23, prices were down 2.9% MoM to INR 126.
- Prices of LAB (linear alkyl benzene), a petroleum-based surfactant, were down 9.9% QoQ, and 25.9% YoY to INR 122.

Rossari Biotech: Input price inflation eases

- Rossari uses four key input materials – surfactants, acetic acid, acrylic acid and silicone oil.
- Price of lauryl alcohol, key raw material for surfactants, dipped 5.0% QoQ / 33.9% YoY at INR 126 vs INR 133 in Q1FY24.
- Acetic acid prices dipped 5.1% QoQ / 30.2% YoY to INR 35 in Q2FY24-TD (vs INR 37 in Q1FY24) and were down 3.8% MoM at INR 35 in Jul'23.
- Acrylic acid prices were down 7.5% QoQ / 48.7% YoY to INR 86 (vs INR 93 in Q1FY24). Price was down 3.8% MoM at INR 86 in Jul'23.

- Silicone oil prices were down 1.5% QoQ / 33.5% YoY to INR 316 in Q2FY24-TD (vs INR 320 in Q1FY24).

EPL Ltd: Polymer prices declined

- Price of LLDPE, key input for laminates, was INR 80, down 6.9% QoQ / 18.2% YoY vs INR 86 in Q1FY24. It was down 6.9% MoM to INR 80 in Jul'23.

Chemplast Sanmar: S-PVC higher imported volumes sustain

- Paste PVC prices rose 3.0% QoQ / down 4.0% YoY to INR 159. Chemplast buys EDC for paste PVC, price of which dipped 9.3% QoQ / 41.6 % YoY to INR 28. Paste PVC-EDC spread stood at INR 113 in Q2FY24-TD vs INR 104 in Q1FY24. EDC prices decreased 9.7% MoM to INR 28 in Jul'23.
- Suspension PVC (S-PVC) prices were down 10.0% QoQ / 36.4% YoY to INR 63. VCM prices declined 14.1% QoQ / 22.5% YoY to INR 56. S-PVC-VCM spread was INR 7 in Q2FY24-TD vs INR 5 in Q1FY24. VCM prices dipped 6.0% MoM to INR 56.
- MDC (methylene chloride) prices rose 68.1% QoQ / 44.4% YoY to INR 79 on very small volumes which makes the data irrelevant. India has added large capacity, and has turned net exporter. Export price was stable at INR 43 in Jul'23 vs Q1FY24.
- Caustic soda price fell 11.0% QoQ / 34.7% YoY to INR 37 (vs INR 42 in Q1FY24).
- Paste PVC import volumes were down 52.8% YoY to 861te; S-PVC volumes were up 37.7% YoY to 54kte.

Sudarshan Chemical (SCIL): Organic pigment export volumes shrink

- Organic pigment prices dipped 5.9% QoQ / 13.1% YoY to INR 576 in Q2FY24-TD vs INR 613 in Q1FY24. Organic pigments are inclusive of all colours including CPC. Export volumes were down 17.9% YoY at 7.9kte. There has been a slowdown in demand for pigments, which has hurt export volumes.
- Azo pigment mixture prices were down 11.7% QoQ / 14.9% YoY to INR 463.
- Inorganic pigment prices were down 2.2% QoQ / up 2.7% YoY to INR 116 vs INR 118 in Q1FY24.

PCBL: Carbon black export volumes rose in Q2FY24

- Carbon black prices were down 1% QoQ / 24.4% YoY, to INR 105 (vs INR 106 in Q1FY24). Export volumes were up 38.2% YoY to 22kte. Prices dipped 2.6% MoM to INR 105 in Jul'23.

Atul Ltd

- 2,4-D prices were down 16.2% QoQ / 47.0% YoY to INR 140. Export volumes rose 36.3% YoY to 3.4kte.
- Paracresol prices fell 1.6% QoQ / 12.9% YoY at INR 258. Export volumes dipped 64% YoY to 186te.
- Epoxy prices were up 10.3% QoQ / down 21.6% YoY at INR 250. Export volumes were down 24.5% YoY to 2kte.
- Resorcinol prices fell 3.8% QoQ / 27.9% YoY to INR 481. Import volumes declined 39.2% YoY to 350te.

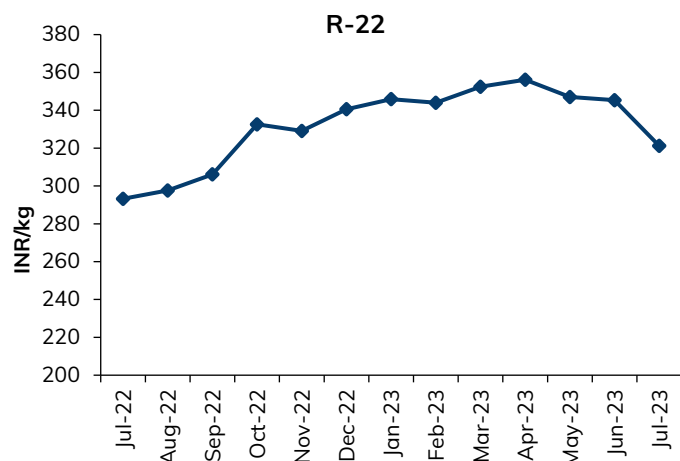
Exhibit 1: Chemical prices and volume trends – a snapshot

| INR/kg | Q2FY23 | Q3FY23 | Q4FY23 | Q1FY24 | Q2FY24 | QoQ (%) | YoY (%) | Q2FY24 | YoY (%) |
|-----------------------------------|------------------------|-------------|-------------|-------------|-------------|---------------|---------------|--------------------|---------|
| SRF Ltd | Prices (INR/kg) | | | | | | | Volume (te) | |
| R-22 | 299 | 335 | 349 | 350 | 321 | (8.3) | 7.5 | 770 | (18.4) |
| Fluorspar | 38 | 38 | 40 | 43 | 44 | 0.9 | 16.1 | 20,166 | 60.8 |
| Chloroform | 49 | 48 | 41 | 35 | 34 | (4.1) | (30.5) | | |
| <i>R-22 spread</i> | <i>177</i> | <i>213</i> | <i>235</i> | <i>241</i> | <i>213</i> | <i>(11.3)</i> | <i>20.9</i> | | |
| MDC | 55 | 41 | 45 | 47 | 79 | 68.1 | 44.4 | 44 | (99.0) |
| BOPET | 162 | 138 | 130 | 128 | 133 | 4.3 | (18.0) | 9,557 | 13.0 |
| <i>BOPET-PTA/MEG spread</i> | <i>77</i> | <i>64</i> | <i>60</i> | <i>55</i> | <i>61</i> | <i>10.6</i> | <i>(20.4)</i> | | |
| BOPP | 184 | 166 | 145 | 148 | 145 | (2.0) | (21.2) | 8,928 | (19.1) |
| <i>BOPP/PP spread</i> | <i>97</i> | <i>85</i> | <i>58</i> | <i>62</i> | <i>66</i> | <i>5.2</i> | <i>(32.1)</i> | | |
| NTCF | 132 | 124 | 97 | 94 | 87 | (6.8) | (33.9) | 6,835 | 13.3 |
| Caprolactum | 177 | 146 | 126 | 143 | 120 | (16.0) | (32.0) | | |
| <i>NTCF/Cap spread</i> | <i>(45)</i> | <i>(22)</i> | <i>(28)</i> | <i>(50)</i> | <i>(33)</i> | <i>(33.3)</i> | <i>(26.3)</i> | | |
| Gujarat Fluorochemicals | | | | | | | | | |
| PTFE | 967 | 1,023 | 1,050 | 1,029 | 1,052 | 2.3 | 8.8 | 694 | (41.5) |
| <i>PTFE-R22 spread</i> | <i>340</i> | <i>321</i> | <i>317</i> | <i>293</i> | <i>378</i> | <i>28.8</i> | <i>11.1</i> | | |
| Other fluoropolymers | 2,402 | 2,382 | 2,285 | 2,269 | 2,308 | 1.7 | (3.9) | 286 | (10.6) |
| Archean Chemical | | | | | | | | | |
| Bromine | 431 | 431 | 423 | 249 | 1,077 | 332.7 | 150.0 | 3 | (99.8) |
| SOP | 73 | 47 | 51 | 57 | 46 | (19.2) | (36.9) | 62 | 39.9 |
| Clean Science | | | | | | | | | |
| Guaicol | 382 | 384 | 357 | 358 | 303 | (15.3) | (20.7) | 33 | (74.4) |
| Phenol | 122 | 103 | 91 | 90 | 77 | (15.0) | (37.0) | | |
| Methanol | 24 | 26 | 27 | 25 | 21 | (15.6) | (11.7) | | |
| Acetic Anhydride | 102 | 106 | 89 | 86 | 81 | (6.0) | (20.3) | | |
| Galaxy Surfactants | | | | | | | | | |
| Lauryl Alcohol | 191 | 148 | 133 | 133 | 126 | (5.0) | (33.9) | 8,622 | 1.7 |
| LAB | 165 | 153 | 141 | 136 | 122 | (9.9) | (25.9) | | |
| Rossari | | | | | | | | | |
| Acetic acid | 50 | 41 | 37 | 37 | 35 | (5.1) | (30.2) | | |
| Acrylic acid | 167 | 110 | 91 | 93 | 86 | (7.5) | (48.7) | | |
| Silicone oil | 475 | 442 | 337 | 320 | 316 | (1.5) | (33.5) | | |
| EPL | | | | | | | | | |
| LLDPE | 98 | 89 | 85 | 86 | 80 | (6.9) | (18.2) | | |
| Chemplast | | | | | | | | | |
| Paste PVC | 166 | 174 | 128 | 154 | 159 | 3.0 | (4.0) | 861 | (52.8) |
| <i>P-PVC - EDC spread</i> | <i>87</i> | <i>114</i> | <i>88</i> | <i>104</i> | <i>113</i> | <i>9.0</i> | <i>30.5</i> | | |
| S-PVC | 99 | 76 | 71 | 70 | 63 | (10.0) | (36.4) | 54,067 | 37.7 |
| <i>S-PVC - VCM spread</i> | <i>27</i> | <i>15</i> | <i>6</i> | <i>5</i> | <i>7</i> | <i>43.7</i> | <i>(73.3)</i> | | |
| Caustic Soda | 57 | 59 | 54 | 42 | 37 | (11.0) | (34.7) | | |
| Sudarshan Chemical | | | | | | | | | |
| Pigments | 663 | 640 | 612 | 613 | 576 | (5.9) | (13.1) | 7,896 | (17.9) |
| Azoic | 545 | 519 | 508 | 525 | 463 | (11.7) | (14.9) | | |
| Inorganic | 113 | 121 | 110 | 118 | 116 | (2.2) | 2.7 | | |
| Phillips Carbon black | | | | | | | | | |
| Carbon black | 139 | 125 | 108 | 106 | 105 | (1.0) | (24.4) | 22,038 | 38.2 |
| Atul Ltd | | | | | | | | | |
| 2,4 D | 264 | 265 | 223 | 167 | 140 | (16.2) | (47.0) | 3,414 | 36.3 |
| Para Cresol | 296 | 304 | 277 | 262 | 258 | (1.6) | (12.9) | 186 | (64.0) |
| Epoxy | 318 | 253 | 246 | 226 | 250 | 10.3 | (21.6) | 2,021 | (24.5) |
| <i>Epoxy/ECH & BPA spread</i> | <i>102</i> | <i>91</i> | <i>111</i> | <i>92</i> | <i>117</i> | <i>27.8</i> | <i>14.7</i> | | |
| Resorcinol | 666 | 610 | 562 | 499 | 481 | (3.8) | (27.9) | 350 | (39.2) |
| Vinati Organics | | | | | | | | | |
| Ibuprofen | 1,144 | 1,504 | 1,163 | 848 | 1,123 | 32.5 | (1.8) | | |
| IBB | 198 | 200 | 202 | 202 | 210 | 4.0 | 6.0 | | |

Source: I-Sec research, Company data

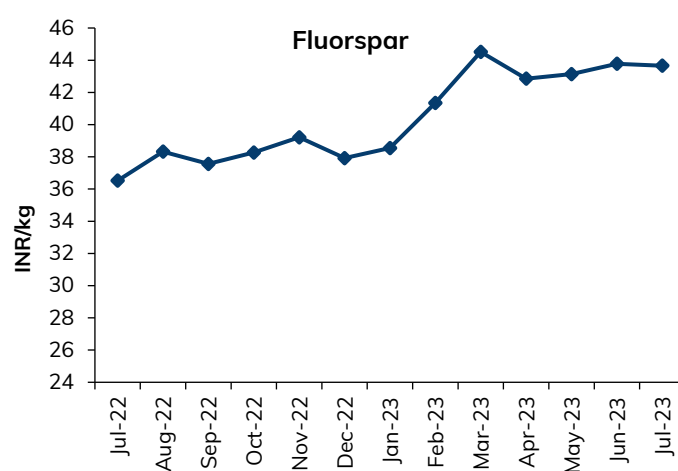
SRF Ltd

Exhibit 2: R-22 prices dipped 8.3% QoQ



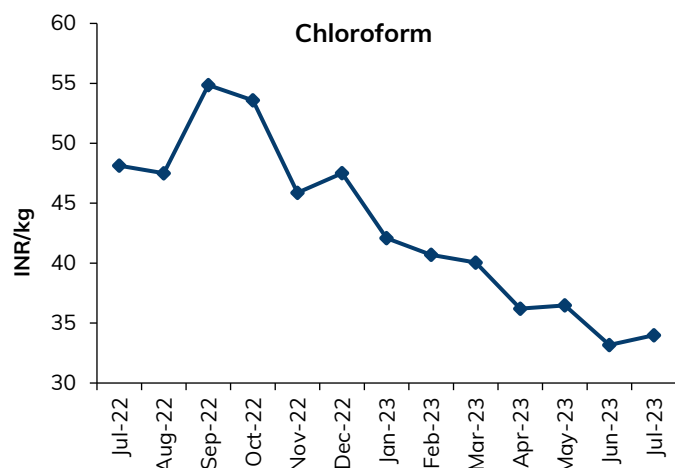
Source: I-Sec research, Company data

Exhibit 3: Fluorspar prices rose 0.9% QoQ



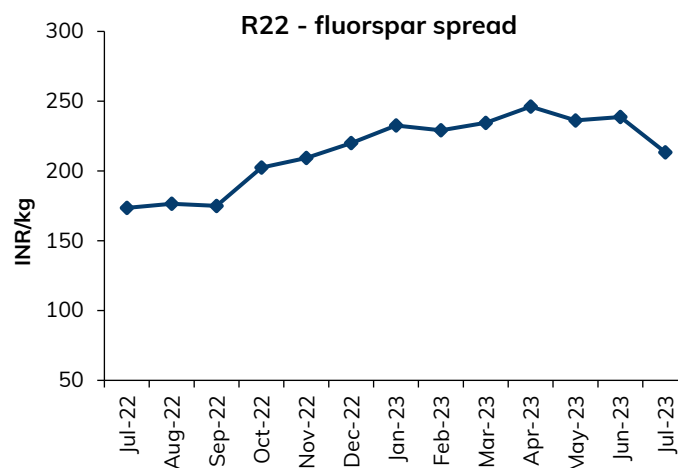
Source: I-Sec research, Company data

Exhibit 4: Chloroform prices were down 4.1% QoQ



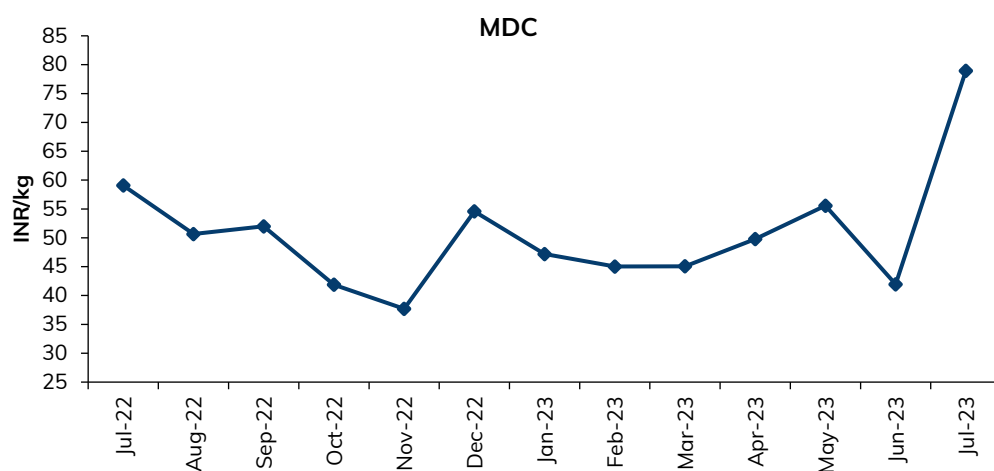
Source: I-Sec research, Company data

Exhibit 5: R-22 spread dipped

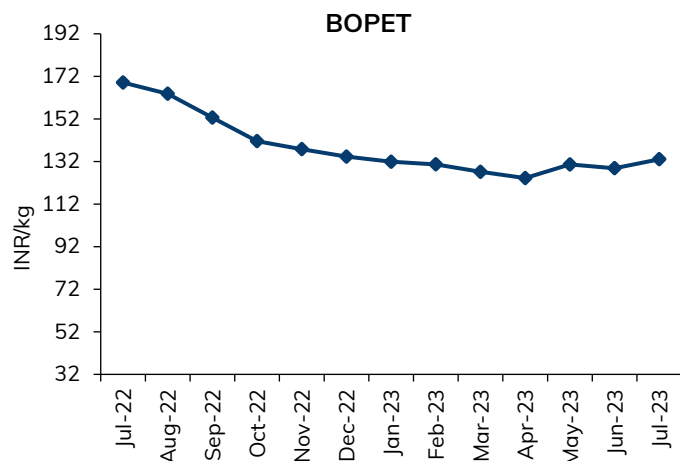


Source: I-Sec research, Company data

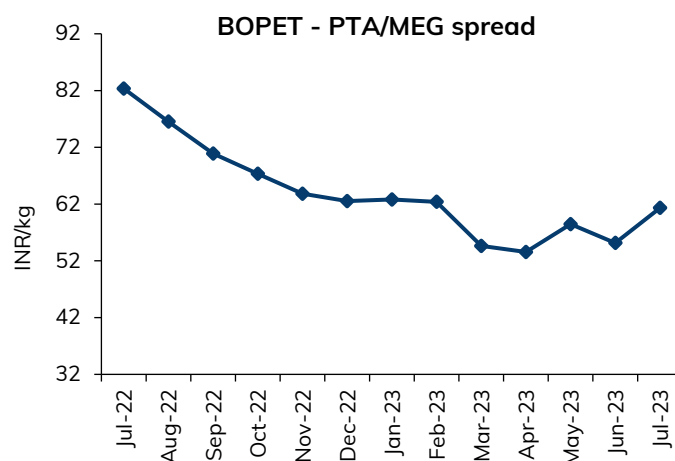
Exhibit 6: MDC prices were up 68.1% QoQ (irrelevant on low volumes)



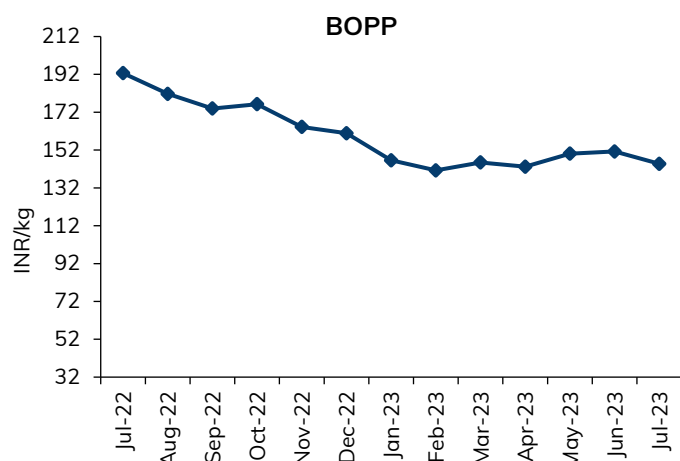
Source: I-Sec research, Company data

Exhibit 7: BOPET prices rose 4.3% QoQ

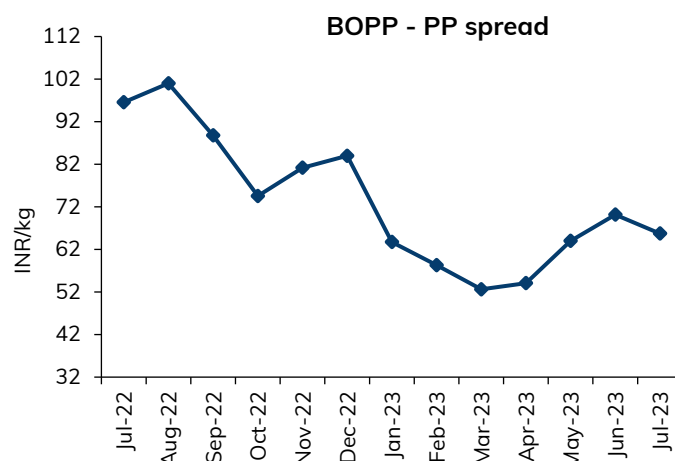
Source: I-Sec research, Company data

Exhibit 8: BOPET/PET spread expanded 10.6% QoQ

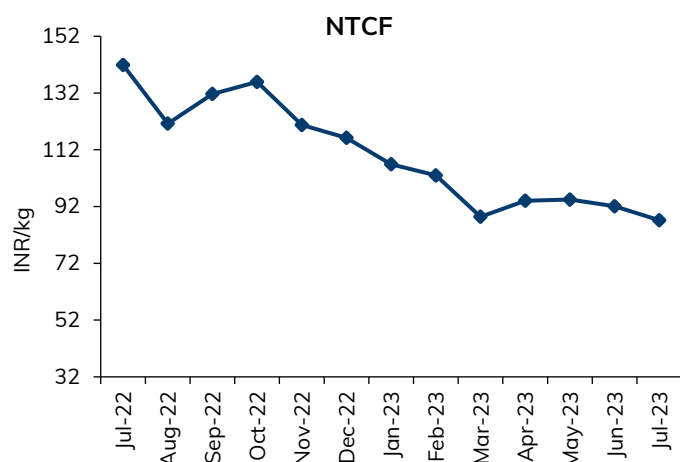
Source: I-Sec research, Company data

Exhibit 9: BOPP prices were down 2.0% QoQ

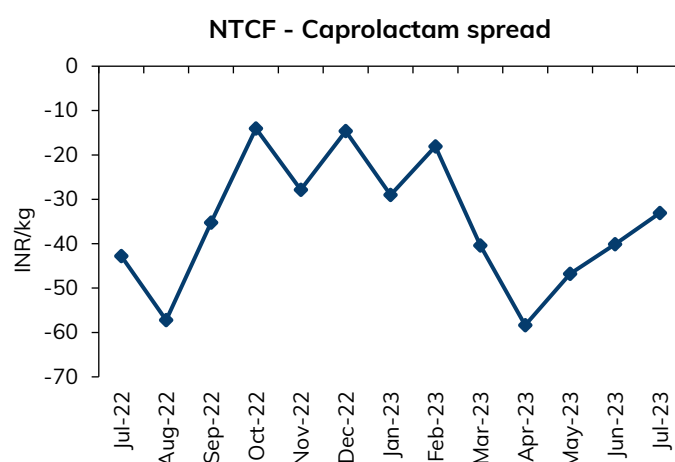
Source: I-Sec research, Company data

Exhibit 10: BOPP/PP spread expanded 5.2% QoQ

Source: I-Sec research, Company data

Exhibit 11: NTCF prices were down 6.8% QoQ

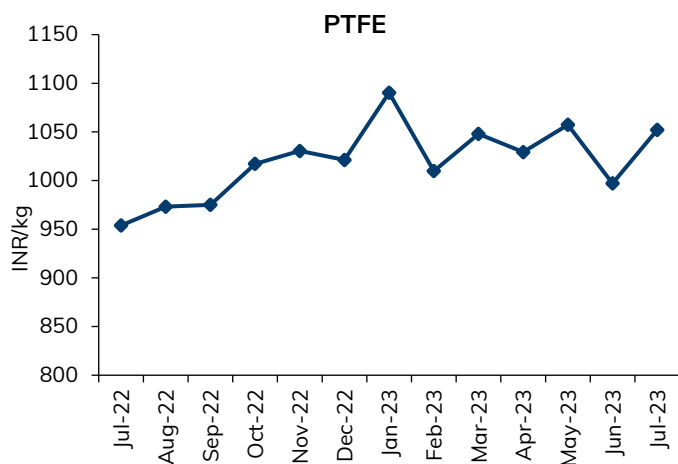
Source: Company data, I-Sec research

Exhibit 12: NTCF/caprolactam spread contracted

Source: Company data, I-Sec research

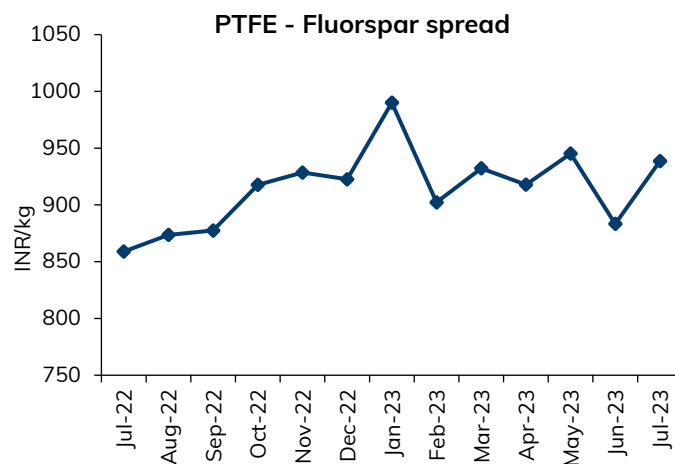
Gujarat Fluorochemicals

Exhibit 13: PTFE prices rose 2.3% QoQ



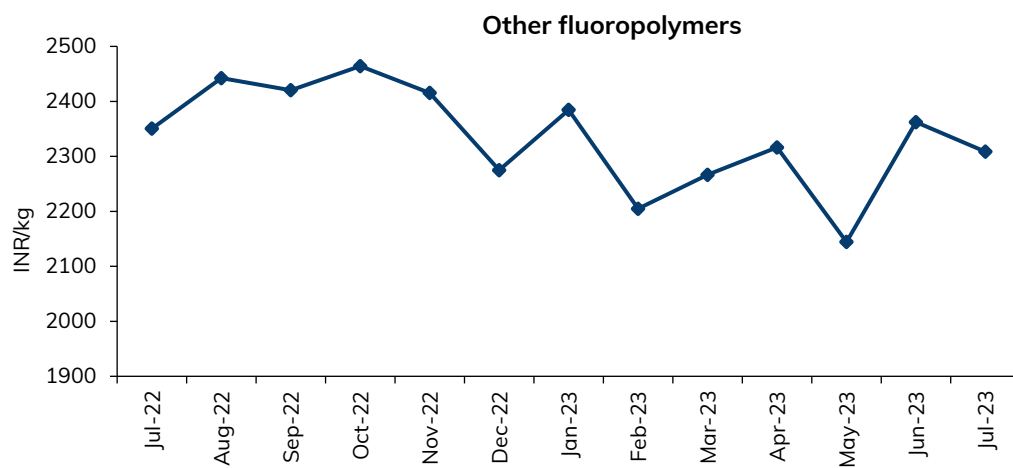
Source: I-Sec research

Exhibit 14: PTFE/fluorspar spread



Source: I-Sec research

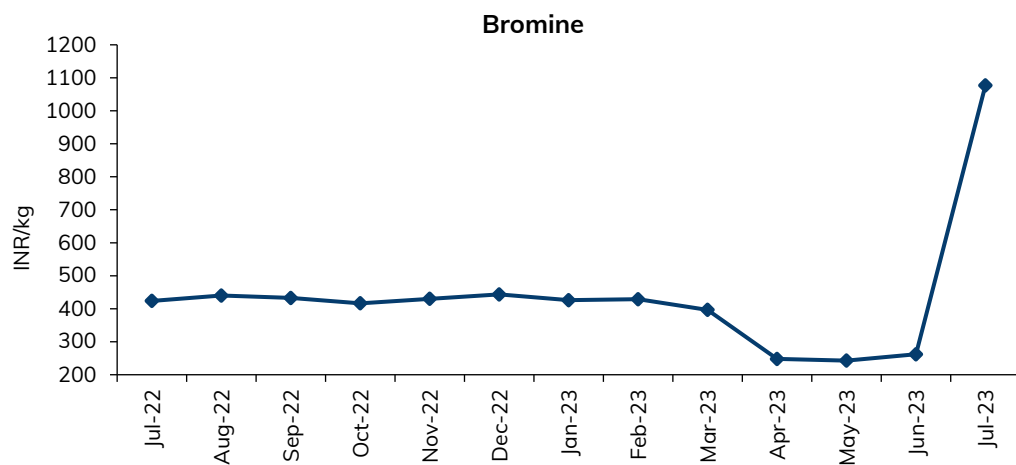
Exhibit 15: Other fluoropolymer prices rose 1.7% QoQ



Source: I-Sec research

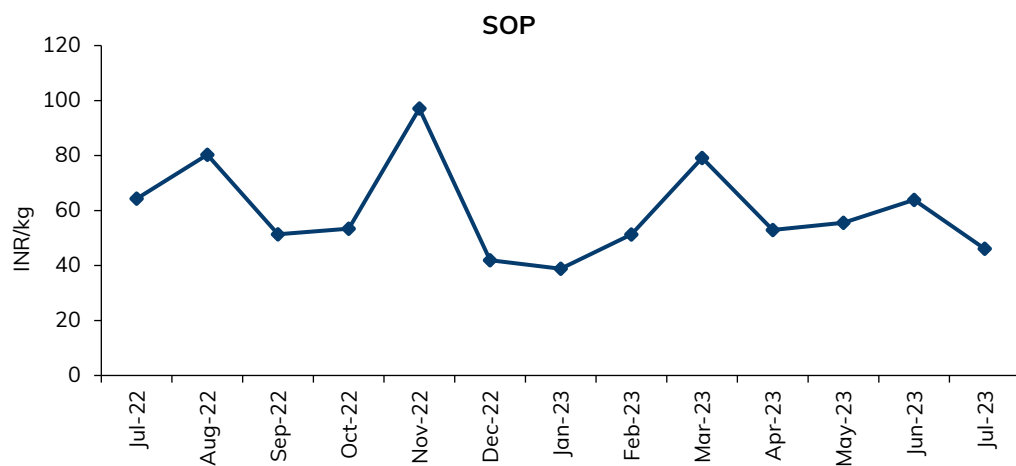
Archean Chemical

Exhibit 16: Bromine prices rose to 4.3x QoQ (irrelevant on low volumes)



Source: I-Sec research

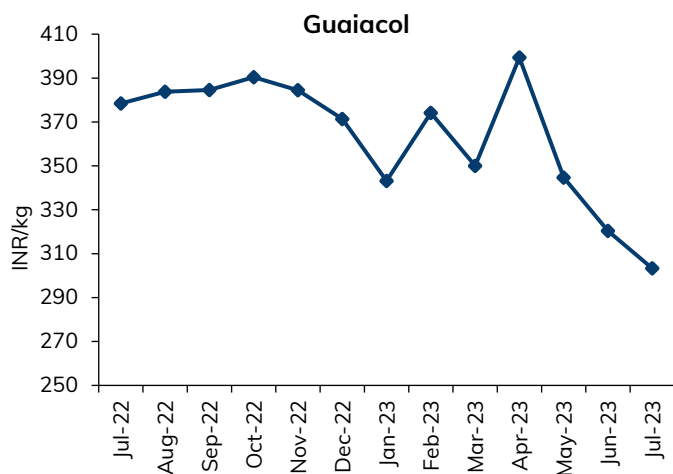
Exhibit 17: SOP prices dipped 19.2% QoQ



Source: I-Sec research

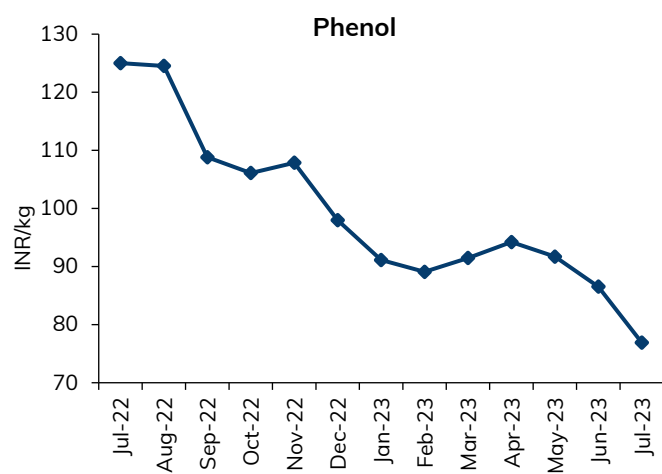
Clean Science & Technology

Exhibit 18: Guaiacol prices dipped 15.3% QoQ



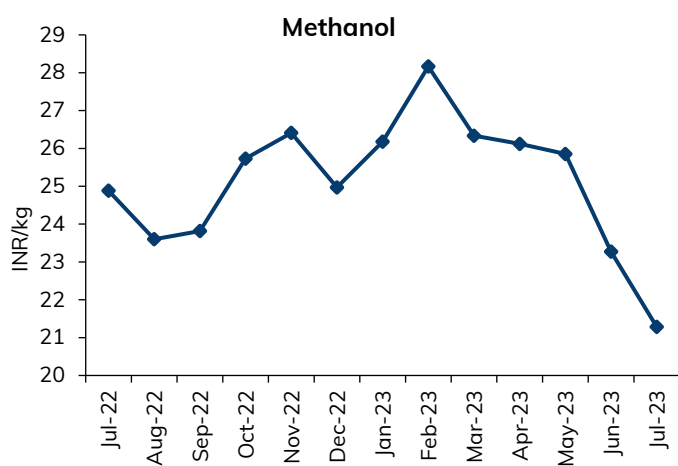
Source: I-Sec research

Exhibit 19: Phenol prices were down 15% QoQ



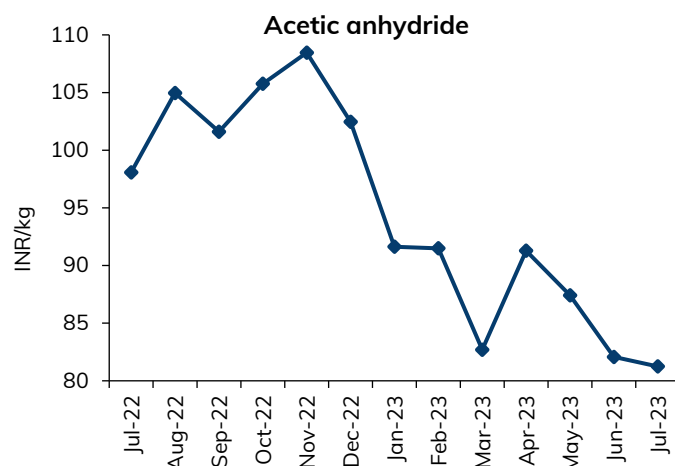
Source: I-Sec research

Exhibit 20: Methanol prices declined 15.6% QoQ



Source: I-Sec research

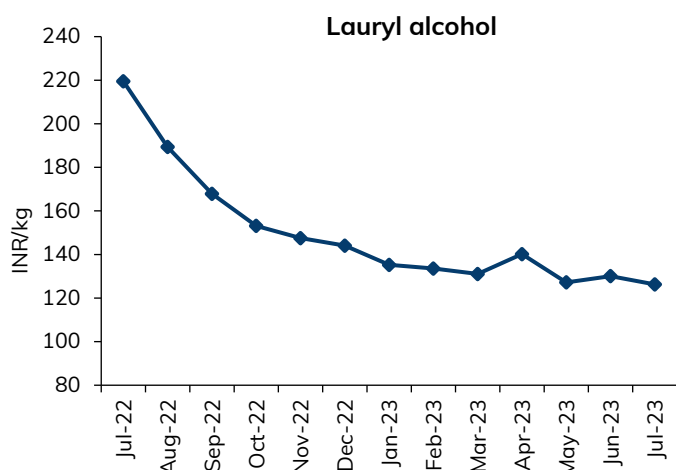
Exhibit 21: Acetic anhydride prices fell 6.0% QoQ



Source: I-Sec research

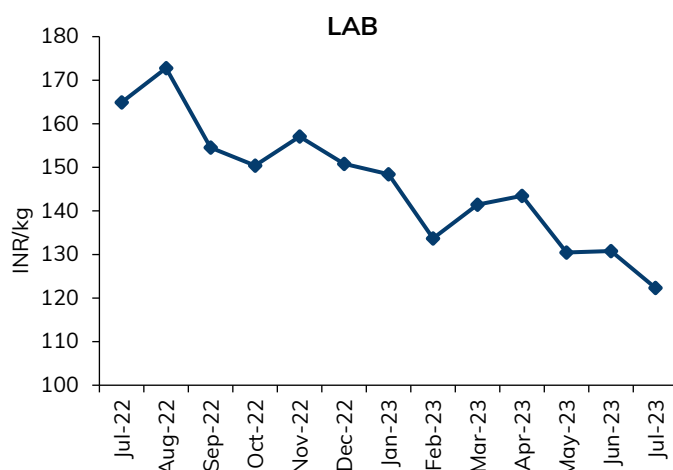
Galaxy Surfactants

Exhibit 22: LA prices dipped 5% QoQ



Source: I-Sec research

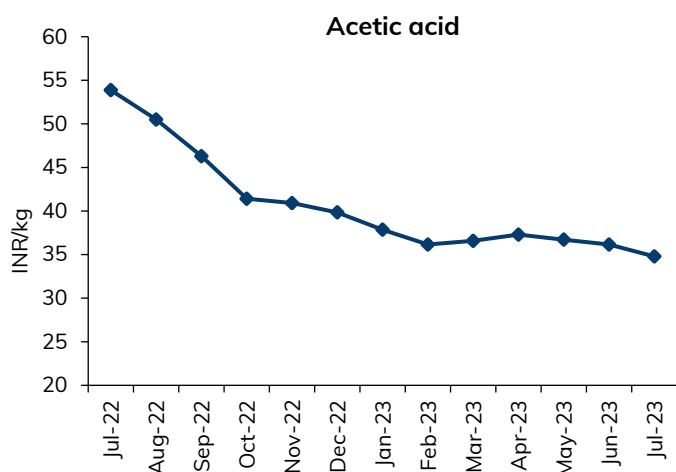
Exhibit 23: LAB prices declined 9.9% QoQ



Source: I-Sec research

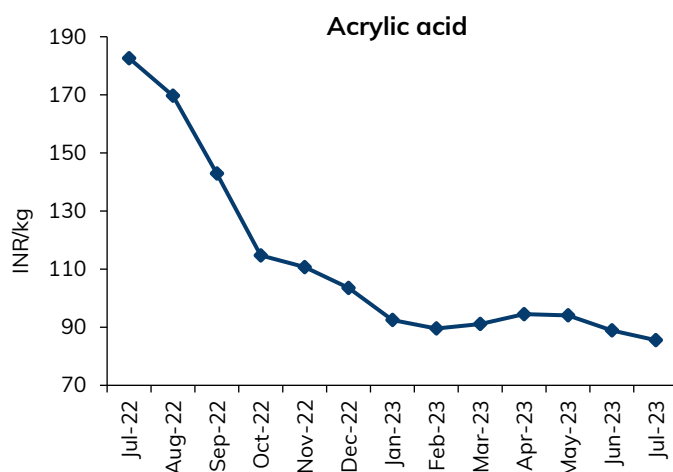
Rossari Biotech Ltd

Exhibit 24: Acetic acid prices declined 5.1% QoQ



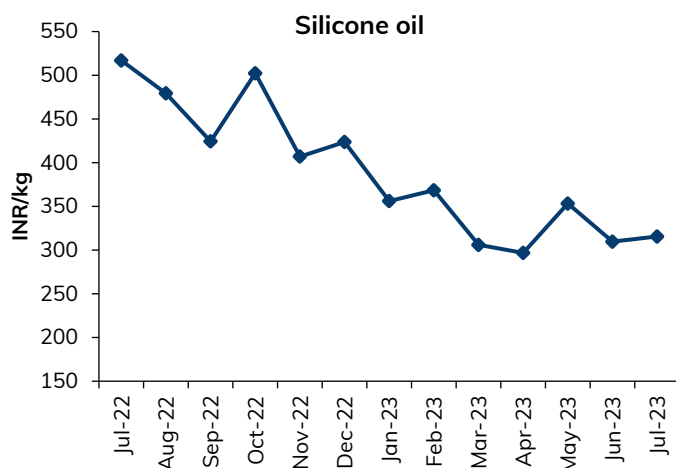
Source: I-Sec research

Exhibit 25: Acrylic acid decreased 7.5% QoQ



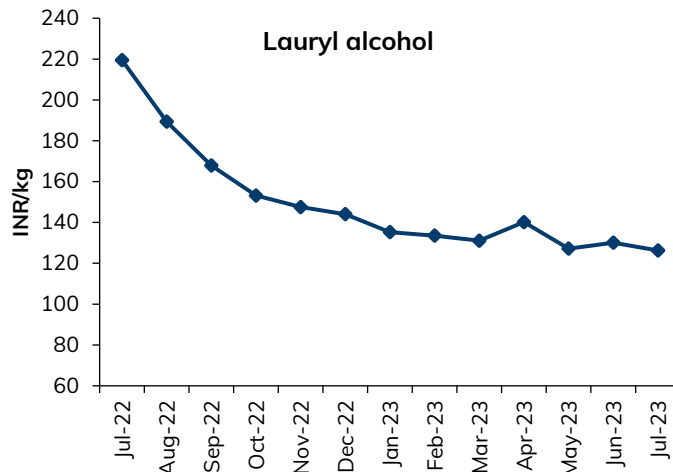
Source: I-Sec research

Exhibit 26: Silicone prices dipped 1.5% QoQ



Source: I-Sec research

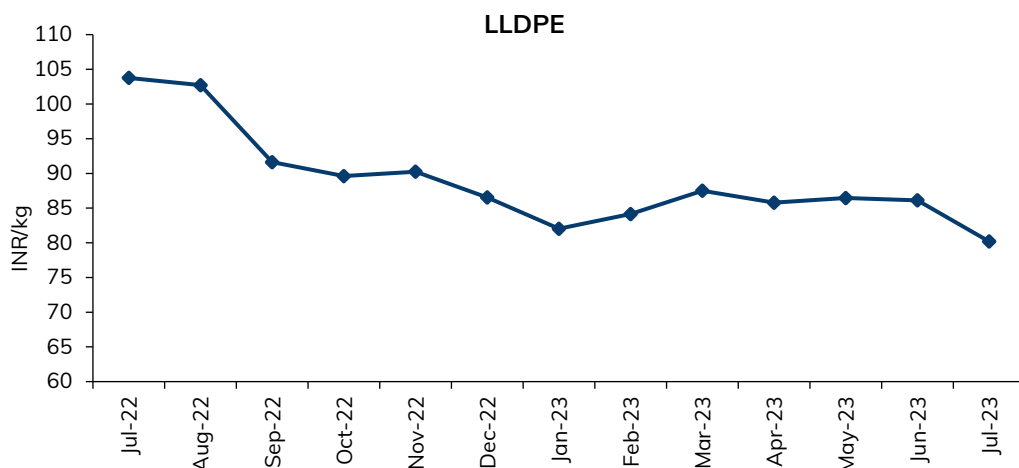
Exhibit 27: LA prices were down 5.0% QoQ



Source: I-Sec research

EPL Ltd

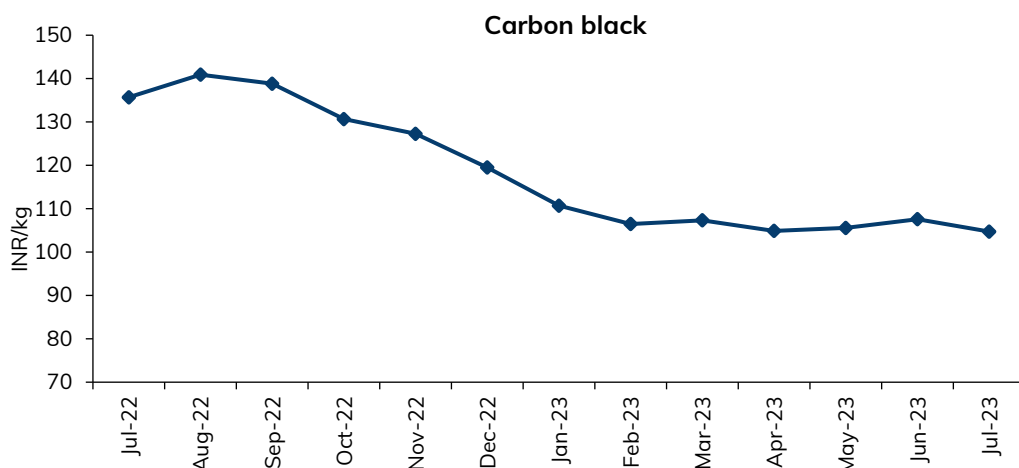
Exhibit 28: LLDPE prices were down 6.9% QoQ



Source: I-Sec research

PCBL Ltd

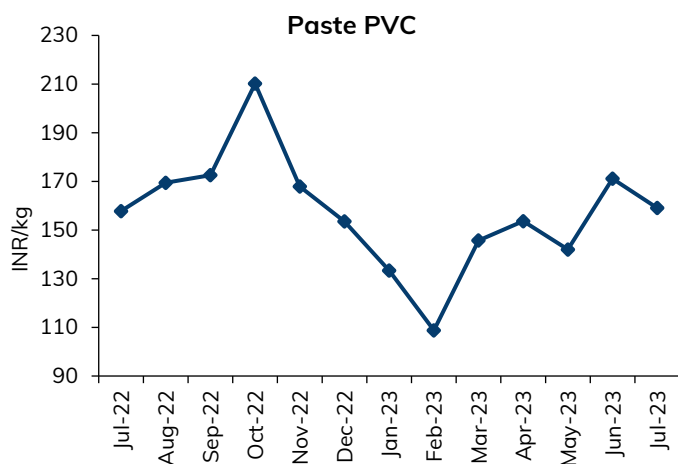
Exhibit 29: Carbon black prices dipped 1.0% QoQ



Source: I-Sec research

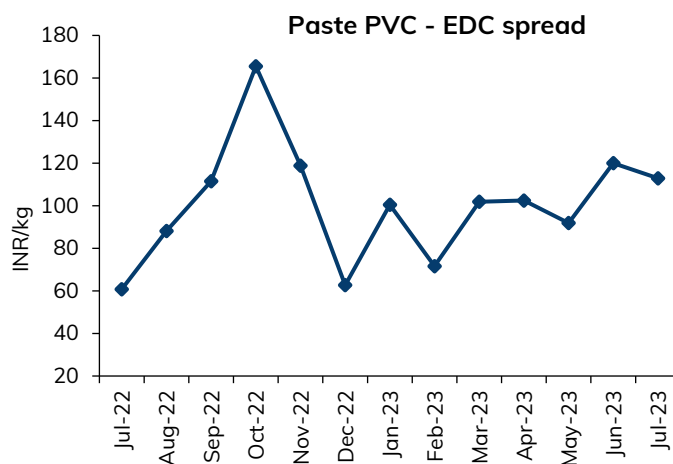
Chemplast Sanmar Ltd

Exhibit 30: Paste PVC prices increased 3.0% QoQ

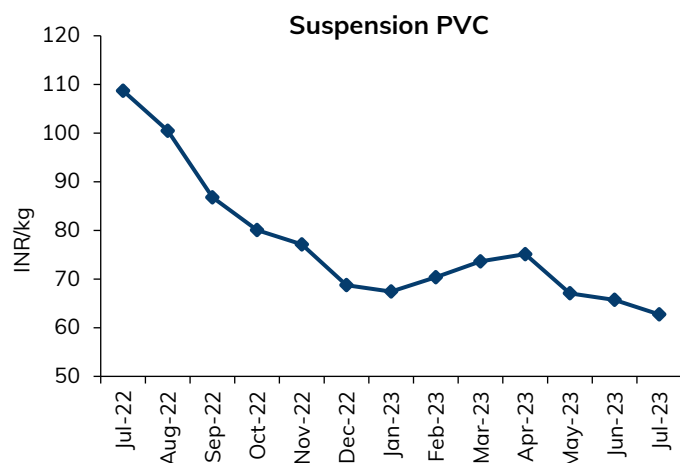


Source: I-Sec research

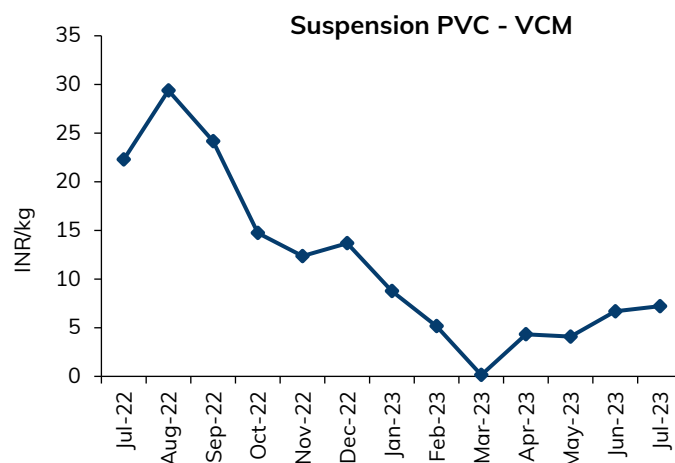
Exhibit 31: P-PVC / EDC spread expanded QoQ



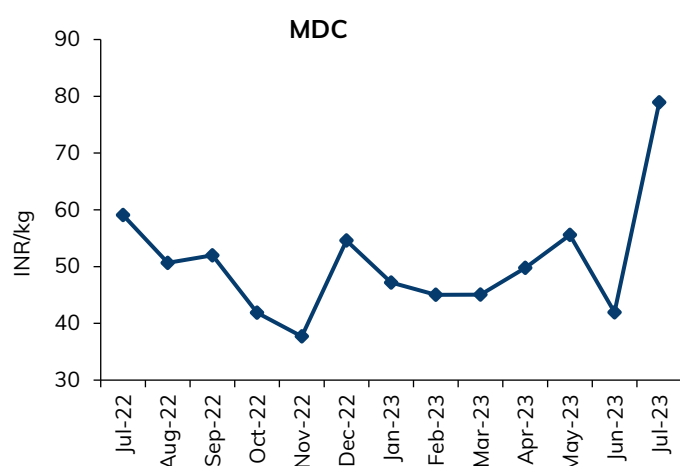
Source: I-Sec research

Exhibit 32: S-PVC prices declined 10% QoQ

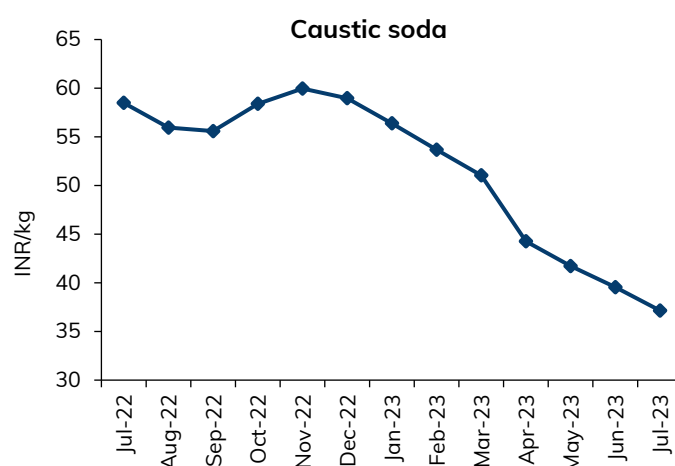
Source: I-Sec research

Exhibit 33: S-PVC / VCM spread expanded

Source: I-Sec research

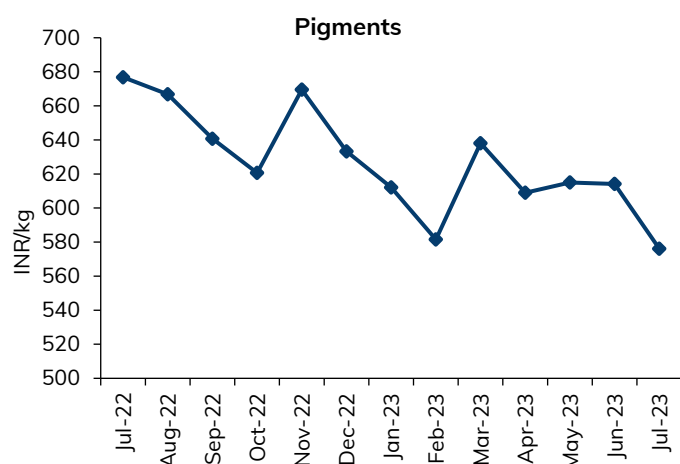
Exhibit 34: MDC prices rose 68.1% QoQ

Source: I-Sec research

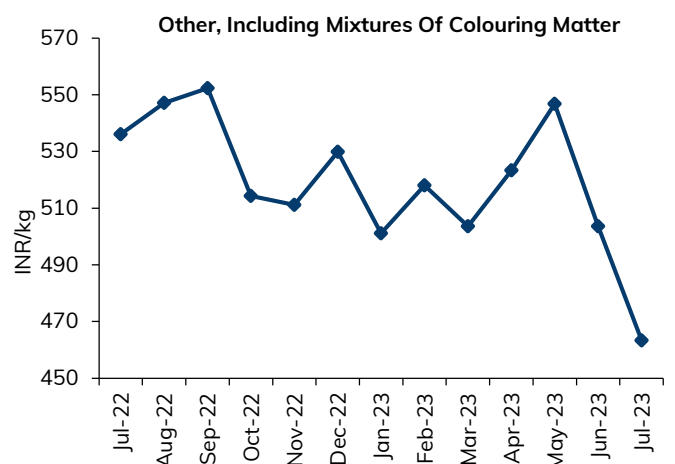
Exhibit 35: Caustic soda prices dipped 11% QoQ

Source: I-Sec research

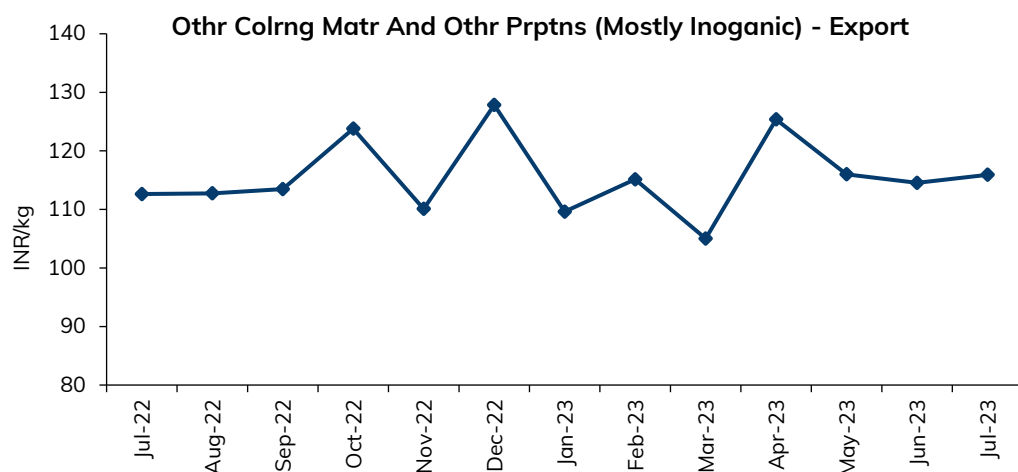
Sudarshan Chemical Industries

Exhibit 36: Pigment prices were down 5.9 QoQ

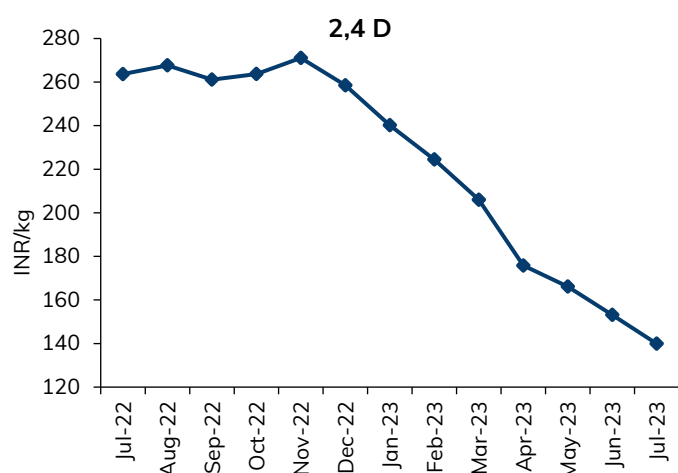
Source: I-Sec research

Exhibit 37: Azo pigment mixture prices decreased 11.7%

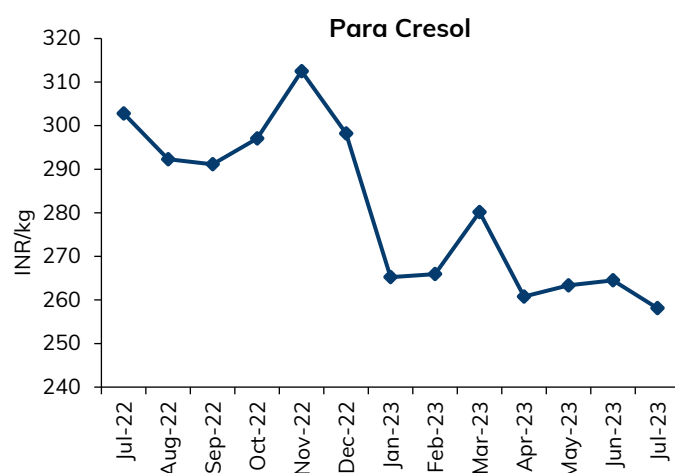
Source: I-Sec research

Exhibit 38: Inorganic pigment prices decreased 2.2% QoQ

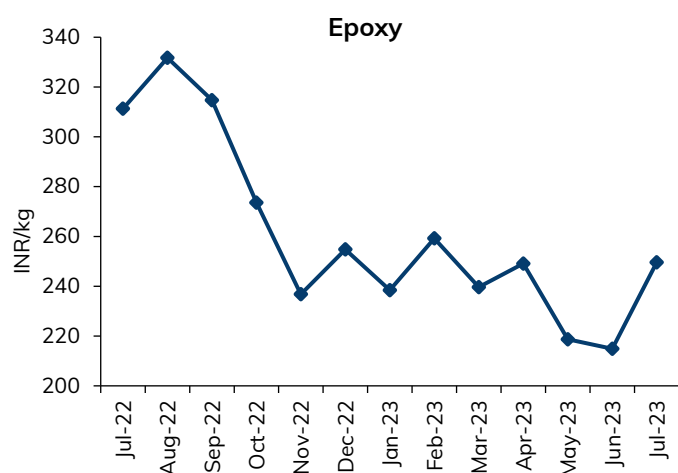
Source: I-Sec research

Atul Ltd**Exhibit 39: 2,4-D prices dipped 16.2% QoQ**

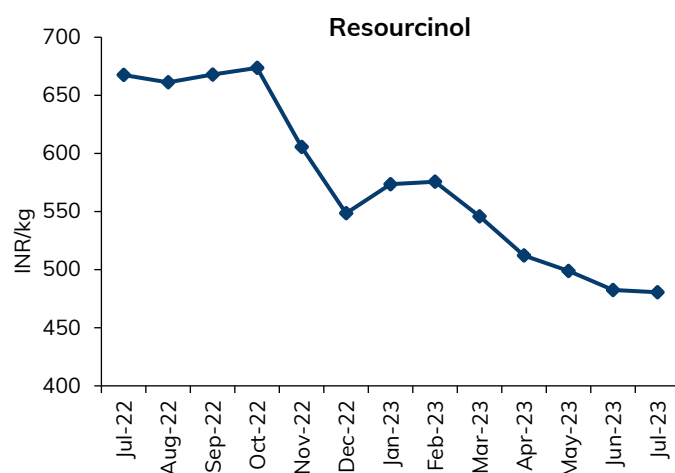
Source: I-Sec research

Exhibit 40: Paracresol prices dipped 1.6% QoQ

Source: I-Sec research

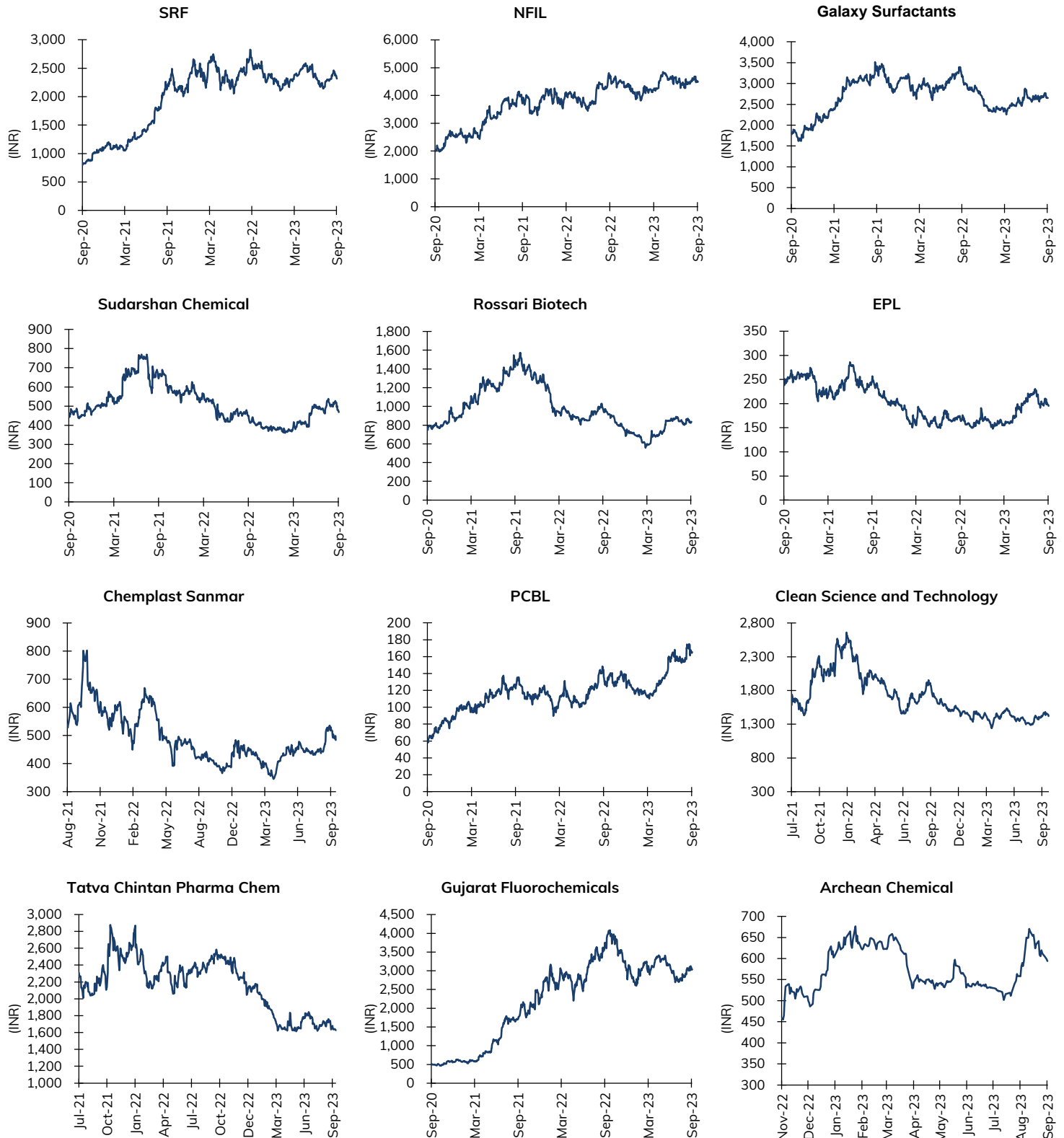
Exhibit 41: Epoxy prices were up 10.3% QoQ

Source: I-Sec research

Exhibit 42: Resorcinol prices fell 3.8% QoQ

Source: I-Sec research

Price Charts



Source: Bloomberg

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