

## Specialty Chemicals

SRF (HOLD)

Navin Fluorine (REDUCE)

Galaxy Surfactants (BUY)

Sudarshan Chemical  
(BUY)

INDIA

## Specialty chemicals

### Price trend in February'21

R-22 realisation rose to Rs181 in Feb'21 from Rs157 in Q3FY21 and lows of Rs148 in Nov'20. MDC prices rose 17% QoQ to Rs39 in Q4FY21 and this explains part of the margin expansion for SRF's chemical business. BOPET-PTA/MEG prices have been stable – down 0.5% QoQ (up 3.5% YoY) to Rs69 in Q4FY21. BOPP-PP spreads have dipped to Rs67 (vs Rs70 in Q3FY21). We see margins shrinking for SRF's packaging films business, and the entire effect should be seen in Q1FY22 as it shed inventory gains. Lauryl alcohol prices rose sharply to Rs111 (up 20.2% QoQ) in Q4FY21, which means Galaxy Surfactants' revenue growth will be optically higher and margins lower. Pigment export volumes have been growing quite impressively, up 16.1% YoY in Q4FY21, and realisations are 4.7% QoQ higher, which should benefit Sudarshan Chemical.

(Note: All prices stated are in Rs/kg; Q4FY21 numbers are only for Jan'21 and Feb'21)

#### SRF Ltd: Good recovery seen in R-22 realisation; BOPET spread stable

- R-22 prices rose 11.2% QoQ (fell 9.3% YoY) to Rs174 in Q4FY21. Fluorspar (acid spar) prices were 9.2% QoQ / 5.9% YoY higher at Rs32, while on MoM basis fluorspar prices rose 38% to Rs38. R-22 spread (to fluorspar and chloroform) was at Rs112 vs Rs97 in Q3FY21.
- MDC (methylene chloride) prices rose 17.1% QoQ / 12.7% YoY to Rs39, and methanol and chlorine prices also increased. Our analysis suggests spreads / margins in MDC for SRF should have slightly dipped. MDC prices rose 17% MoM to Rs40 in Feb'21.
- NTCF prices declined 8.1% QoQ / 16.8% YoY to Rs159 in Q4FY21. Caprolactam was up 26.0% QoQ and 10.7% YoY at Rs107. NTCF-caprolactam spread fell to Rs52 vs Rs60 in Q3FY21. However, SRF has reported better margins (likely on inventory gains on rise in caprolactam prices).
- BOPET prices were up 6.5% QoQ / down 0.8 % YoY at Rs118. PTA prices rose 16.9% QoQ / fell 9.8% YoY to Rs41 while MEG prices were up 22.0% QoQ / 3.5% YoY at Rs41. BOPET-PTA/MEG spread contracted 0.5% QoQ, but expanded 3.5% YoY to Rs69 (vs Rs70 in Q3FY21). However, on MoM basis, spreads were up 1.5% in Feb'21.
- BOPP prices rose 6.1% QoQ / 12.8% YoY to Rs147 while polypropylene (PP) prices were up 17.3% QoQ / 19.4% YoY at Rs80. BOPP-PP price spread was at Rs67, down 4.8% QoQ but up 5.8% YoY. However, on MoM basis, the spread shrunk to Rs62 in Feb'21 from Rs70 in Jan'21 (down 11.1%).

#### NFIL: R-22 realisation improved more than feedstocks, thus spreads rose

- R-22 prices rose 11.2% QoQ, but fell 9.3% YoY to Rs174. Fluorspar (acid spar) prices were up 9.2% QoQ and 5.9% YoY to Rs32. R-22 spread (to fluorspar and chloroform) was Rs112 vs Rs97 in Q3FY21. NFIL should have benefited from lower chloroform prices, which were down 1.0% QoQ and 33.4% YoY.

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**Sudarshan Chemical (SCIL): Organic pigment export volumes up 12.6% YoY**

- Organic pigment prices were up 4.7% QoQ / 5.8% YoY to Rs508 in Q4FY21 vs Rs486 in Q3FY21. Organic pigments are inclusive of all colours including CPC. Their export volumes were up 16.1% YoY to 22.3kte in Q4FY21.
- Azo pigment mixture prices rose 2.3% QoQ, but were down 13.8% YoY, to Rs398 vs Rs390 in Q3FY21.
- Inorganic pigment prices were up 4.0% QoQ and 4.4% YoY to Rs99 vs Rs96 in Q3FY21.

**Galaxy Surfactants (GSL): Lauryl alcohol prices rose sharply**

- Lauryl alcohol prices were at Rs111, up 20.2% QoQ and 17.2% YoY, vs Rs93 in Q3FY21.

**Vinati Organics**

- Ibuprofen prices rose 12.8% QoQ and 18.6% YoY to Rs2,209 (vs Rs1,959 in Q3FY21).
- IBB prices increased by 2.0% QoQ (27.9% YoY) to Rs123 vs Rs121 in Q3FY21.

**Atul Ltd**

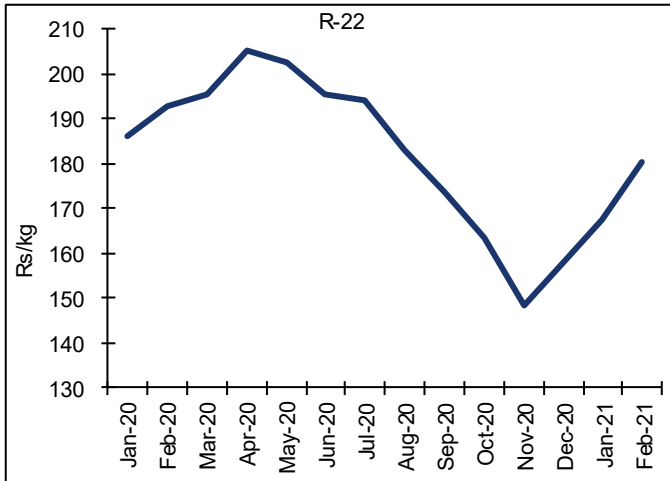
- 2,4-D prices rose 3.5% QoQ and 12.4% YoY to Rs161.
- Para-cresol prices increased 0.7% QoQ and declined 25.6% YoY at Rs143.
- Epoxy prices were 29.0% QoQ and 43.2% YoY higher at Rs235.
- Resorcinol prices rose 5.9% QoQ and 4.8% YoY to Rs681.

**Gujarat Fluorochemicals**

- PTFE prices were up 0.8% QoQ and 12.0% YoY to Rs689 (vs Rs684 in Q3FY21). PTFE (to fluorspar) spread was down 0.2% QoQ and up 12.8% YoY to Rs606 (vs Rs607 in Q3FY21).

SRF Ltd

Chart 1: R-22 prices rose 11.2% QoQ



Source: I-Sec research, Commerce Ministry

Chart 2: Fluorspar prices were down 9.2% QoQ

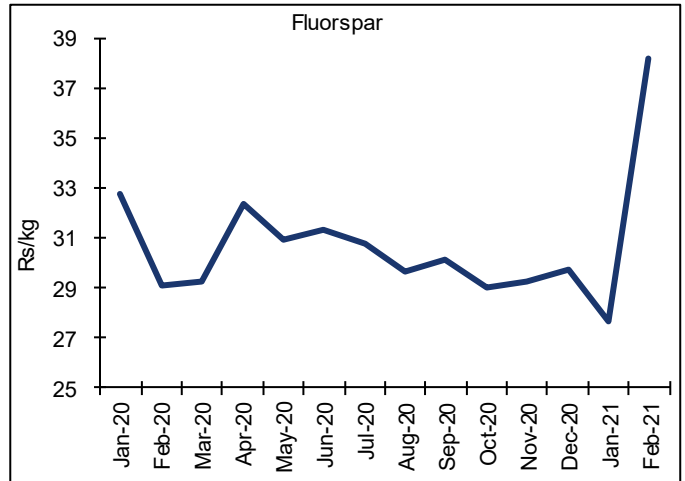


Chart 3: Chloroform prices dipped 1% QoQ

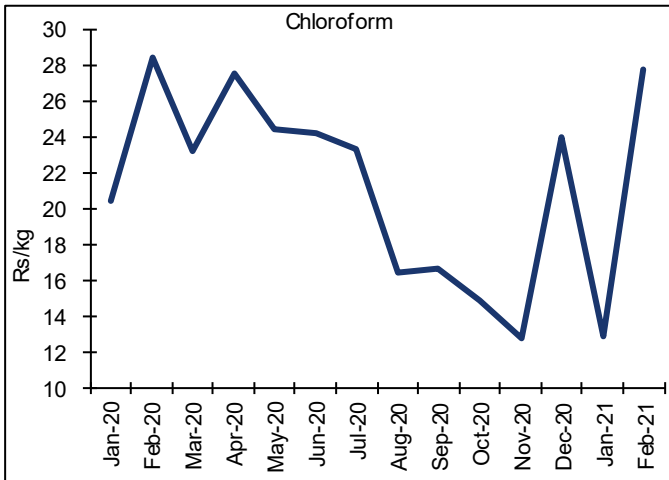
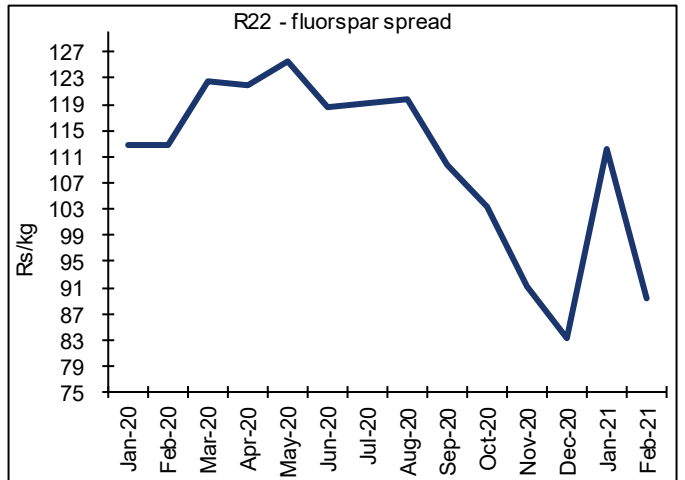
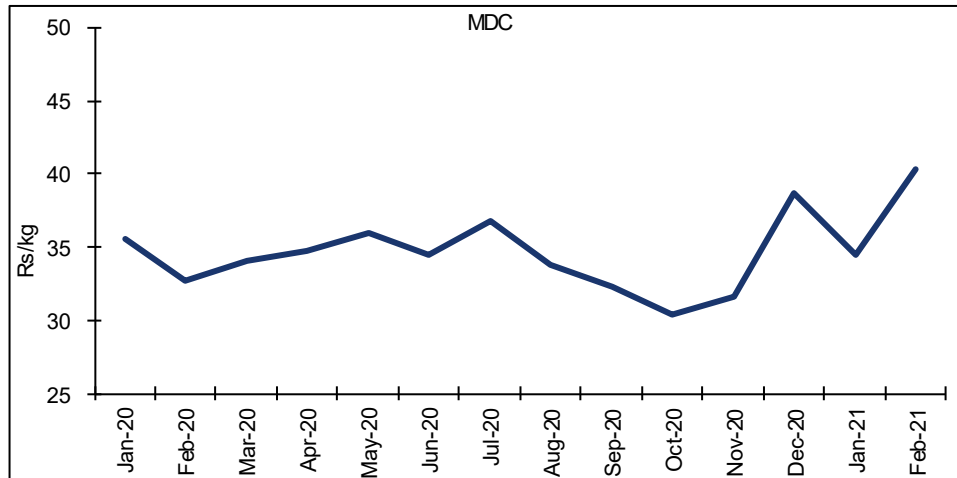


Chart 4: R-22 spread rose 14.7% QoQ



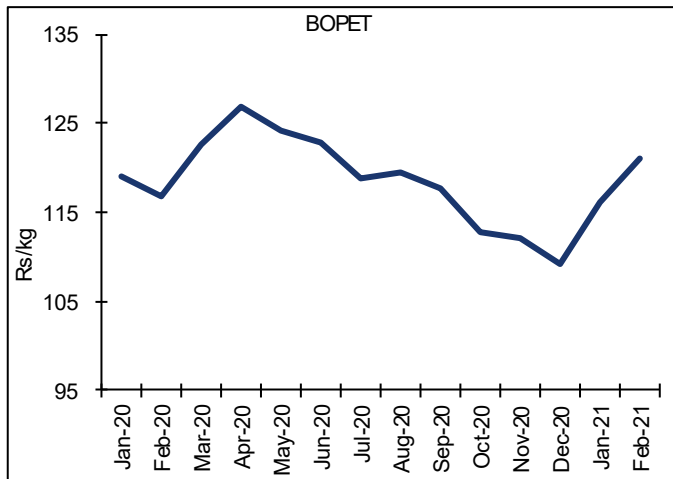
Source: I-Sec research, Commerce Ministry; Note: For calculating spread, we have assumed 1.3kg of fluorspar; and 1.5kg chloroform prices for 1kg of R-22

Chart 5: MDC prices rose 17.1% QoQ

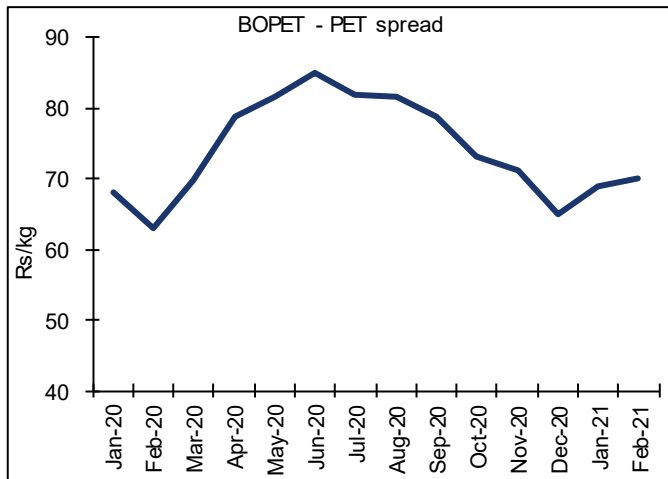


Source: I-Sec research, Commerce Ministry

**Chart 6: BOPET prices were up 6.5% QoQ**

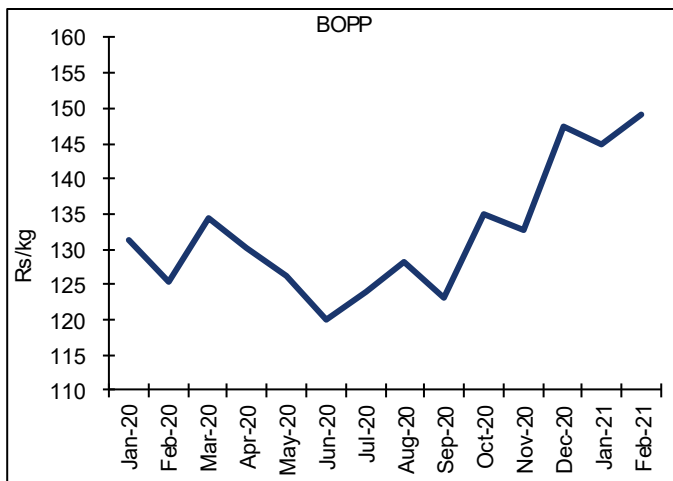


**Chart 7: BOPET/PET spread dipped 0.5% QoQ**

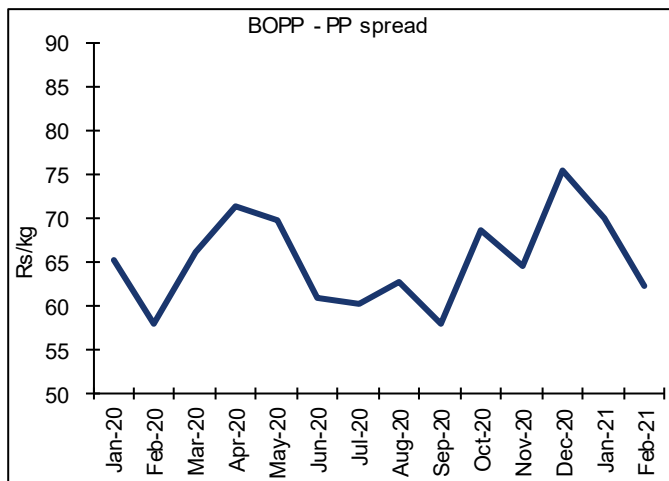


Source: I-Sec research, Commerce Ministry; Note: For calculating spread, we have assumed 1kg of PET for 1kg of BOPET

**Chart 8: BOPP prices rose 6.1% QoQ**

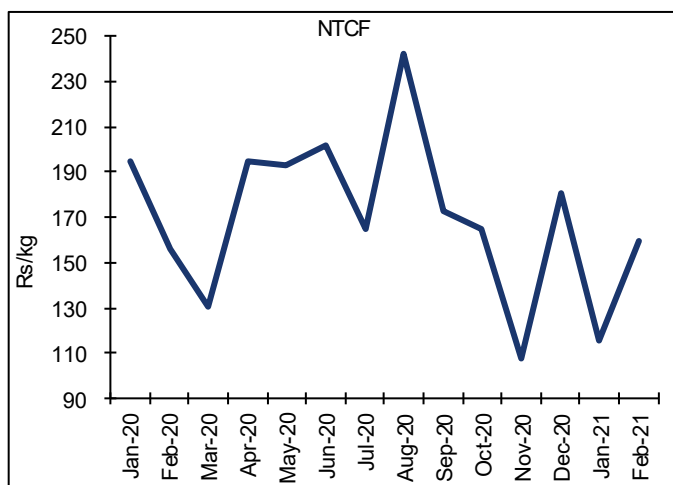


**Chart 9: BOPP/PP spread dipped 4.8 QoQ**

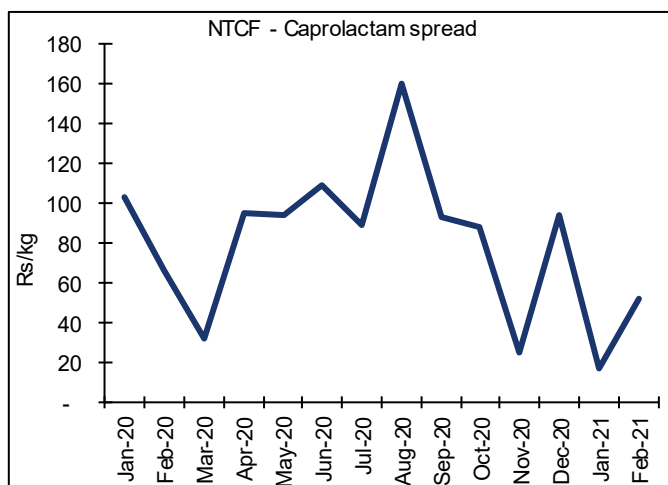


Source: I-Sec research, Commerce Ministry; Note: For calculating spread, we have assumed 1kg of PP for 1kg of BOPP

**Chart 10: NTCF prices declined 8.1% QoQ**



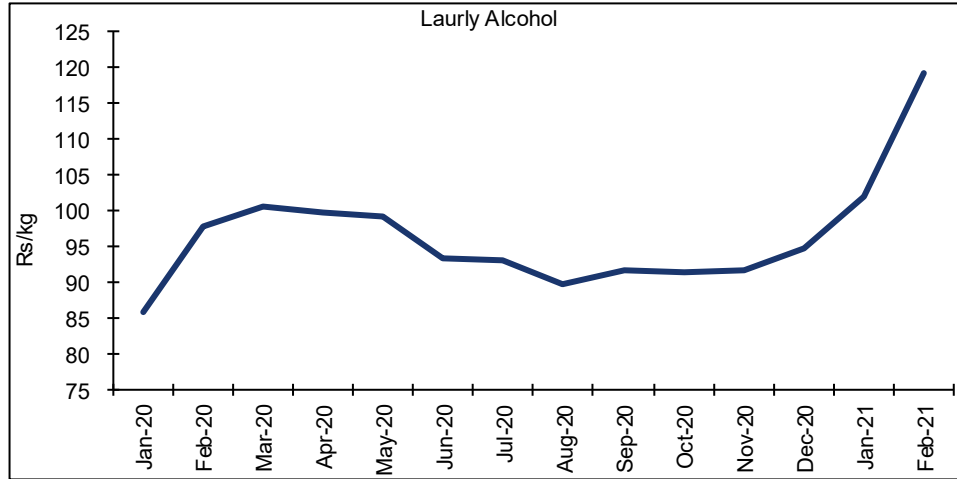
**Chart 11: NTCF/caprolactam spread fell 55.2% QoQ**



Source: I-Sec research, Commerce Ministry; Note: For calculating spread, we have assumed 1kg of caprolactam for 1kg of NTCF

### Galaxy Surfactants

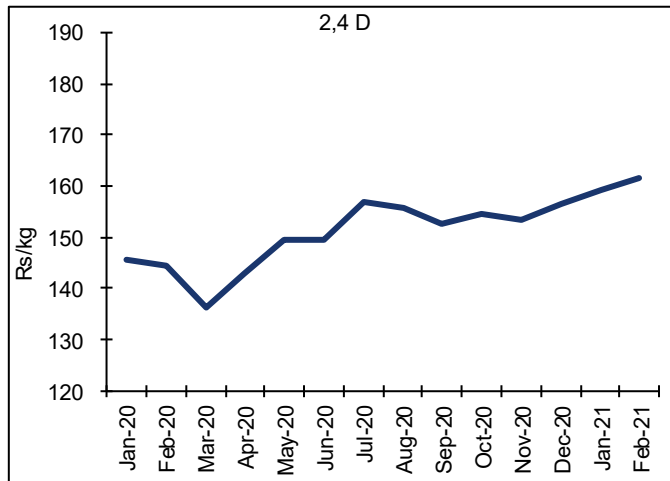
**Chart 12: Laurly alcohol prices up 20.2% QoQ**



Source: I-Sec research, Commerce Ministry

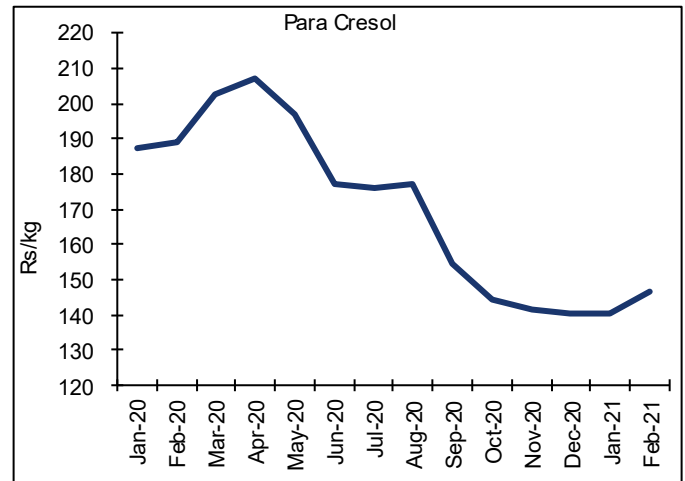
### Atul Ltd

**Chart 13: 2,4-D prices rose 3.5% QoQ**

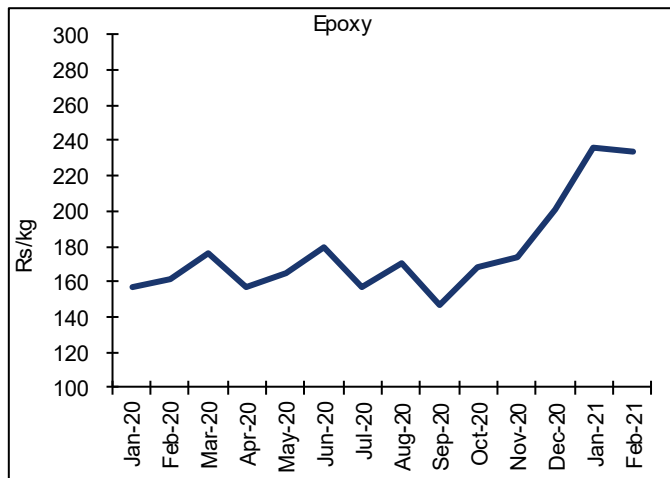


Source: I-Sec research, Commerce Ministry

**Chart 14: Paracresol prices increased 0.7% QoQ**

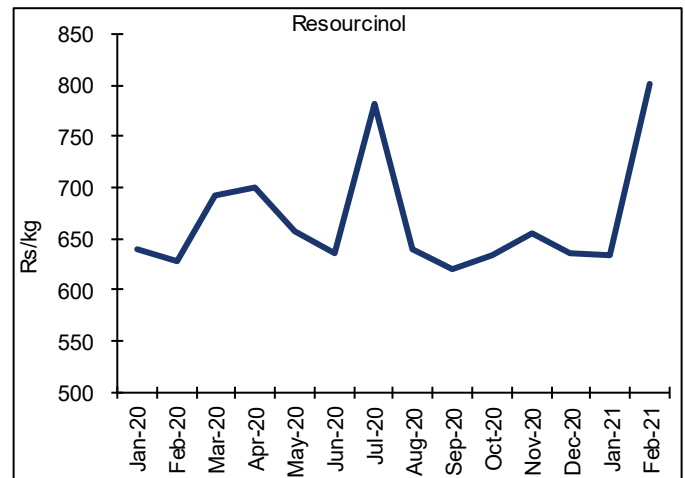


**Chart 15: Epoxy prices rose 29% QoQ**



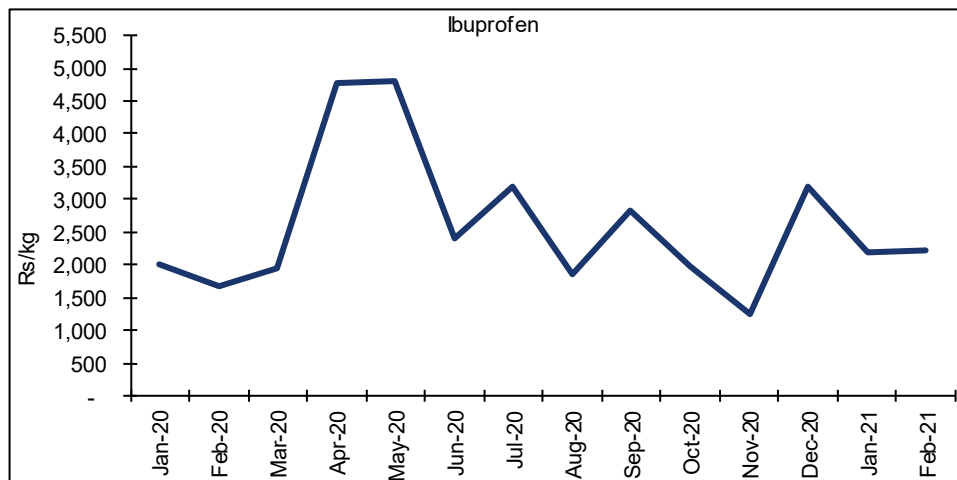
Source: I-Sec research, Commerce Ministry

**Chart 16: Resorcinol prices were 5.9% QoQ higher**



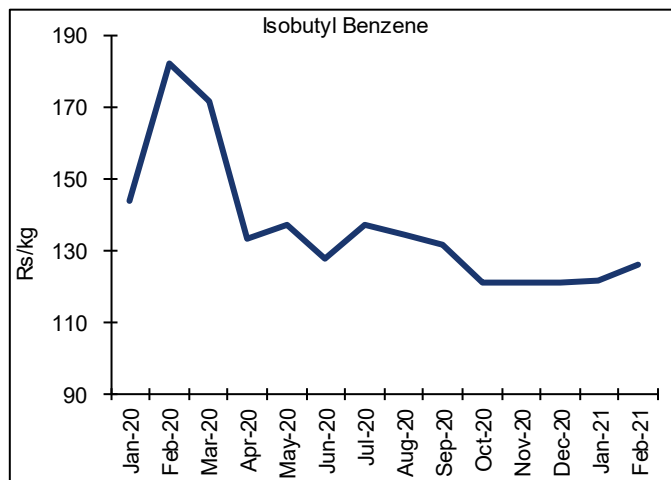
### Vinati Organics

**Chart 17: Ibuprofen prices rose 12.8% QoQ**



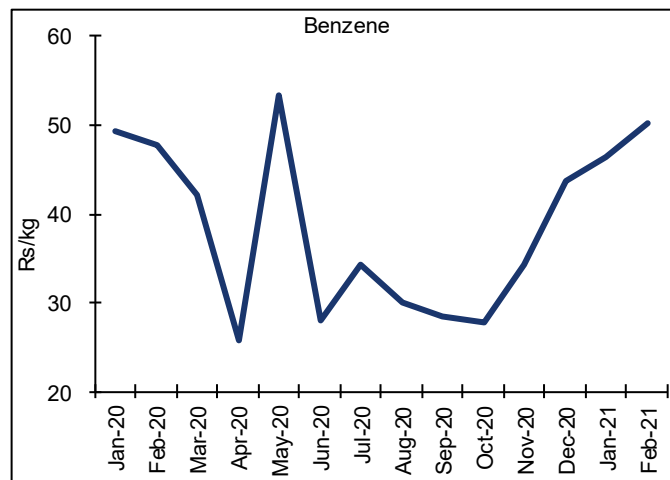
Source: I-Sec research, Commerce Ministry

**Chart 18: IBB prices were up 2% QoQ**



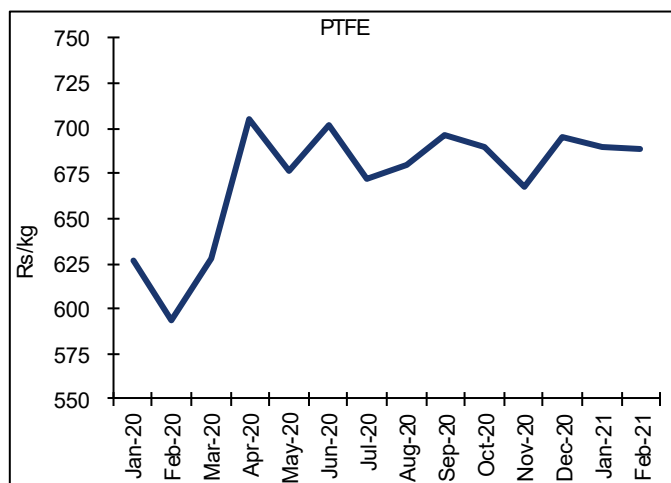
Source: I-Sec research, Commerce Ministry

**Chart 19: Benzene prices were 33% QoQ higher**

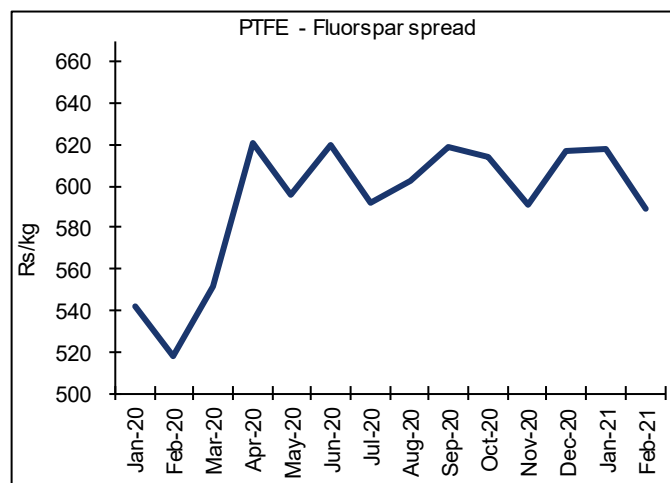


### Gujarat Fluorochemicals

**Chart 20: PTFE prices rose 0.8% QoQ**



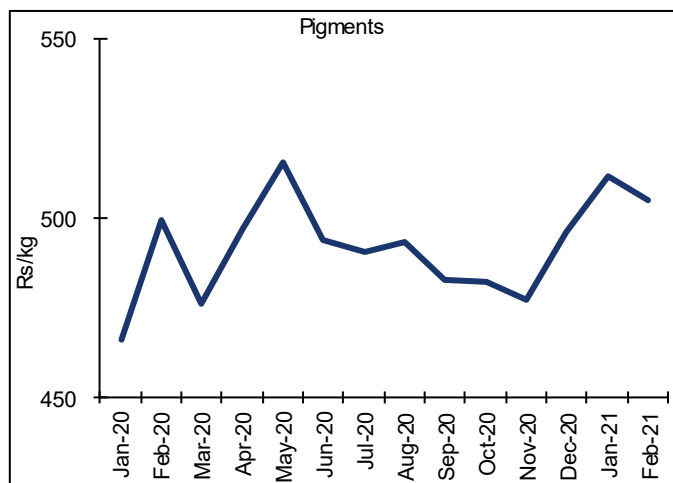
**Chart 21: PTFE/fluorspar spread dipped 0.2% QoQ**



Source: I-Sec research, Commerce Ministry

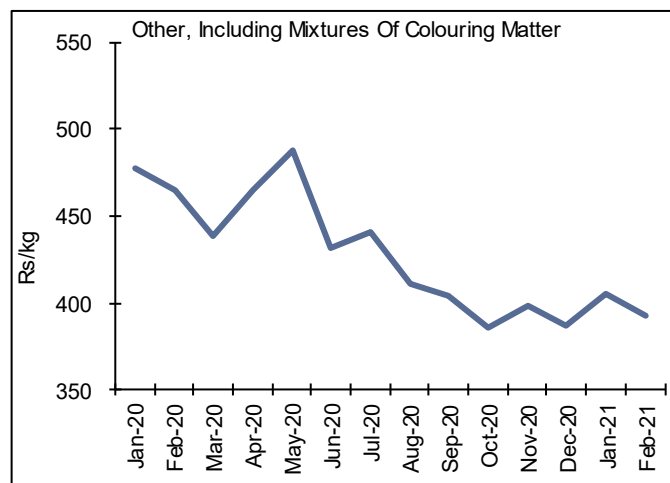
### Sudarshan Chemical Industries

**Chart 22: Pigment prices rose 4.7% QoQ**

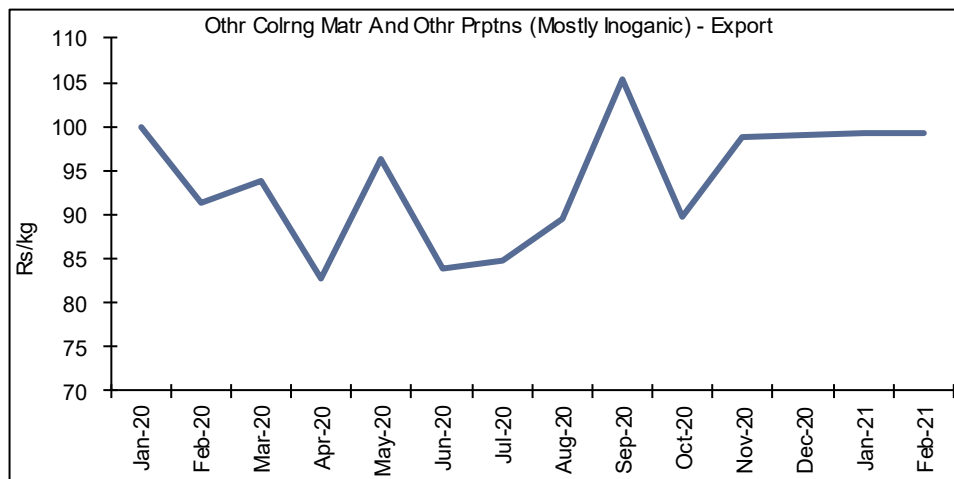


Source: I-Sec research, Commerce Ministry

**Chart 23: Azo pigment mixture prices increased 2.3% QoQ**



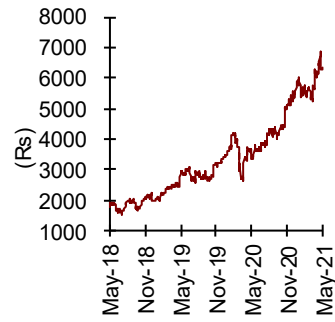
**Chart 24: Inorganic pigment prices rose 4.0% QoQ**



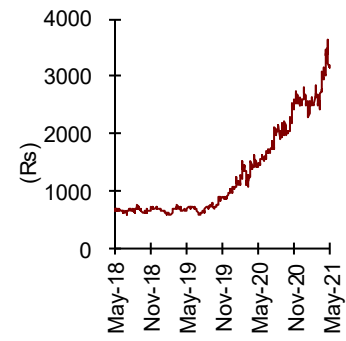
Source: I-Sec research, Commerce Ministry

### Price charts

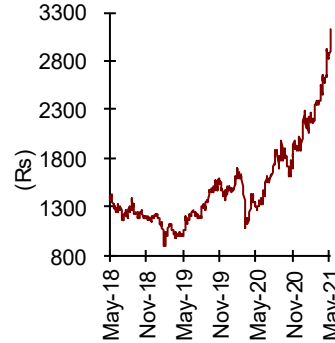
SRF



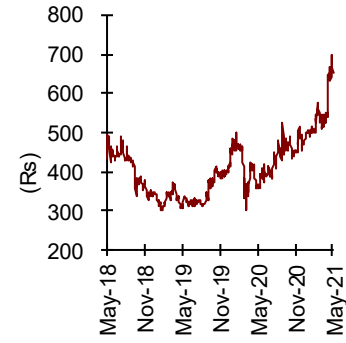
NFIL



Galaxy Surfactants



Sudarshan Chemical



Source: Bloomberg



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