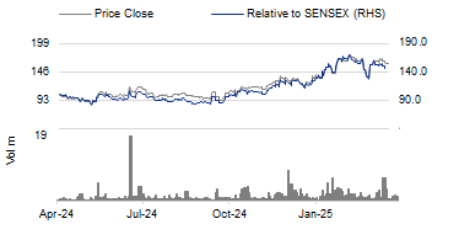
India

ADD *(Initiating coverage)*

Consensus ratings*:	Buy 1	Hold 0	Sell 0

Current price:	Rs156
Target price:	Rs428
Previous target:	NA
Up/downside:	174.4%
EIP Research / Consensus:	125.3%
Reuters:	CAMF.BO
Bloomberg:	CFIN IN
Market cap:	US$342m
	Rs29,355m
Average daily turnover:	US$2.9m
	Rs248.1m
Current shares o/s:	188.0m
Free float:	83.3%

Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	17.1	15.0	62.2
Relative (%)	7.6	11.5	46.1

Major shareholders	% held
Promoter & Promoter Group	16.7
ICICI Prudential Midcap Fund	6.8
SBI Magnum Multicap Fund	6.1

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Camlin Fine Sciences

On the growth path

- Camlin Fine Sciences has stabilized its core operations, shut loss-making units, and commissioned a vanillin plant to improve margins.
- Its antioxidant and animal feed businesses have high entry barriers, supporting long-term growth and demand a premium valuation.
- Anti-dumping duties on vanillin and strategic acquisitions position Camlin Fine Sciences for strong EPS and EBITDA growth, leading to an ADD rating.

Stable blends and vanillin business to drive growth

After years of underperformance, Camlin Fine Sciences (CFSL) appears to be turning a corner. CFSL has stabilized its antioxidant blending business, brought its diphenol operations to a steady state, and taken decisive steps to shut down its loss-making Italian and Chinese units. More importantly, the vanillin plant has been commissioned and is now operational. This is significant as CFSL produces ~9,000t of catechol annually — a chemical with limited standalone applications outside vanillin production. Previously, excess catechol was sold below its cost, resulting in substantial EBITDA-level losses. With the vanillin plant now absorbing this catechol, margin leakage is expected to reduce significantly. The recent **Vinpai** and **Vitafor** acquisitions have also broadened CFSL's product portfolio and aligned strategically with its core offerings in food and nutraceuticals segments. We expect CFSL to post an EPS of Rs12.6 in FY26F, with an earnings CAGR of ~ 323.5% over FY25F–28F.

Blend is a high entry barrier business & thus can garner high multiple

The food antioxidants business is largely a B2B industry, where antioxidants are sold in bulk to food manufacturers, processors, and other businesses involved in food production. These antioxidants help extend shelf life, improve food quality, and prevent spoilage, but they are not sold directly to consumers. Instead, consumers encounter them as part of the ingredients in the processed foods they buy. On the other hand, the BHT-based animal feed business has even higher entry barriers. Once trust is established in the supplier's quality, poultry farmers are unlikely to switch suppliers easily. Gaining entry into the supply chain of packaged food or poultry farming is not merely a matter of money—it requires years of consistent quality, and the trust built over time is not easily replaceable.

All jigsaw pieces are falling into place; initiate coverage with an ADD

The mothballing of the Italy plant and the closure of the Chinese business—both of which were cash drains—along with the stabilization of the vanillin plant (which has enabled full cost recovery on catechol) and the imposition of anti-dumping duties (ADD) on vanillin in the US have transformed CFSL's outlook. The anti-dumping duties have opened access to the world's largest vanillin market for CFSL, with an expected realization of US$16–17/kg in FY26F. We project an EBITDA CAGR of 51.3% over FY25–FY28F and an EPS CAGR of 323.5% The stock has historically traded at an average one-year forward EV/EBITDA multiple of ~16x over the last decade. We value the stock at 16x EV/EBITDA on FY27F and initiate coverage on it with an **ADD** rating and a target price of Rs425.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	16,816	16,131	17,475	21,498	25,004
Operating EBITDA (Rsm)	2,053	739	1,750	4,310	5,298
Net Profit (Rsm)	398	(1,049)	(1,283)	2,373	3,220
Core EPS (Rs)	2.4	(2.9)	1.2	12.6	17.1
Core EPS Growth	(26.1%)	(223.5%)	(141.3%)	943.4%	35.7%
FD Core P/E (x)	73.77	(28.00)	(22.89)	12.37	9.12
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
EV/EBITDA (x)	17.64	47.26	20.20	7.93	6.12
P/FCFE (x)	49.45	30.06	(11.74)	23.47	16.17
Net Gearing	82.6%	65.8%	63.4%	40.9%	20.7%
P/BV (x)	3.58	3.40	3.05	2.45	1.93
ROE	5.7%	(6.5%)	2.5%	22.0%	23.7%
% Change In Core EPS Estimates			(94.44%)		
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

On the growth path

After years of underperformance, Camlin Fine Sciences (CFSL) appears to be turning a corner. The company has stabilized its antioxidant blending business, brought its diphenol operations to a steady state, and taken decisive steps to shut down its loss-making Italian and Chinese units. More importantly, the vanillin plant has been commissioned and is now operational. This is significant because CFSL produces ~9,000t of catechol annually — a chemical with limited standalone applications outside vanillin production. Previously, excess catechol was sold below cost, resulting in substantial EBITDA-level losses. With the vanillin plant now absorbing this catechol, margin leakage is expected to reduce significantly. The recent **Vinpai** and **Vitafor** acquisitions have also broadened CFSL's product portfolio and aligned strategically with its core offerings in food and nutraceuticals segments. We expect the company to report an EPS of Rs12.6 in FY26F, with an earnings CAGR of approximately 323.5% over FY25F–28F. **We initiate coverage on the stock with an ADD rating.**

Business divisions

CFSL operates across three key business divisions:

1. **Specialty chemicals**: This includes the production of key antioxidants such as TBHQ, MEHQ, BHA, 4-TBC and BHT. These are foundational chemical ingredients with applications across food, feed, and industrial sectors.
2. **Blending business**: In this segment, CFSL formulates customized antioxidant blends by combining products from its specialty chemicals division. These blends are tailored to meet specific customer requirements across various industries.
3. **Vanillin division**: This is the company's newly commissioned business vertical, focused on vanillin production. The plant allows better value extraction from catechol, a key intermediate, and reduces historical losses associated with its standalone sale.

Specialty chemicals division

This division forms the backbone of CFSL's operations and includes the manufacturing of key antioxidant molecules. The main products are:

1. **MEHQ** (Mono Ethyl Ether of Hydroquinone)
2. **TBHQ** (Tertiary Butylhydroquinone)
3. **4-TBC** (4-Tert-Butylcatechol)
4. **BHA** (Butylated Hydroxyanisole)
5. **BHT** (Butylated Hydroxytoluene)
6. **Ascorbyl palmitate-**These are used in a wide range of applications spanning food preservation, cosmetics, polymers, and industrial chemicals.

Figure 1: The main products of this division and their usage are given below

Compound	Full Name	Functional Group	Key Use
MEHQ	Monomethyl Ether of Hydroquinone	Methoxyphenol	Polymerization inhibitor
4-TBC	4-Tert-Butylcatechol	Catechol with t-butyl	Polymerization inhibitor
BHT	Butylated Hydroxytoluene	Methyl phenol	Food/cosmetic stabilizer
TBHQ	Tertiary Butylhydroquinone	Hydroquinone derivative	Food antioxidant

SOURCE: INCRED RESEARCH, COMPANY REPORTS

MEHQ was one of the principal products of CFSL - it has a 2,500t capacity ➤

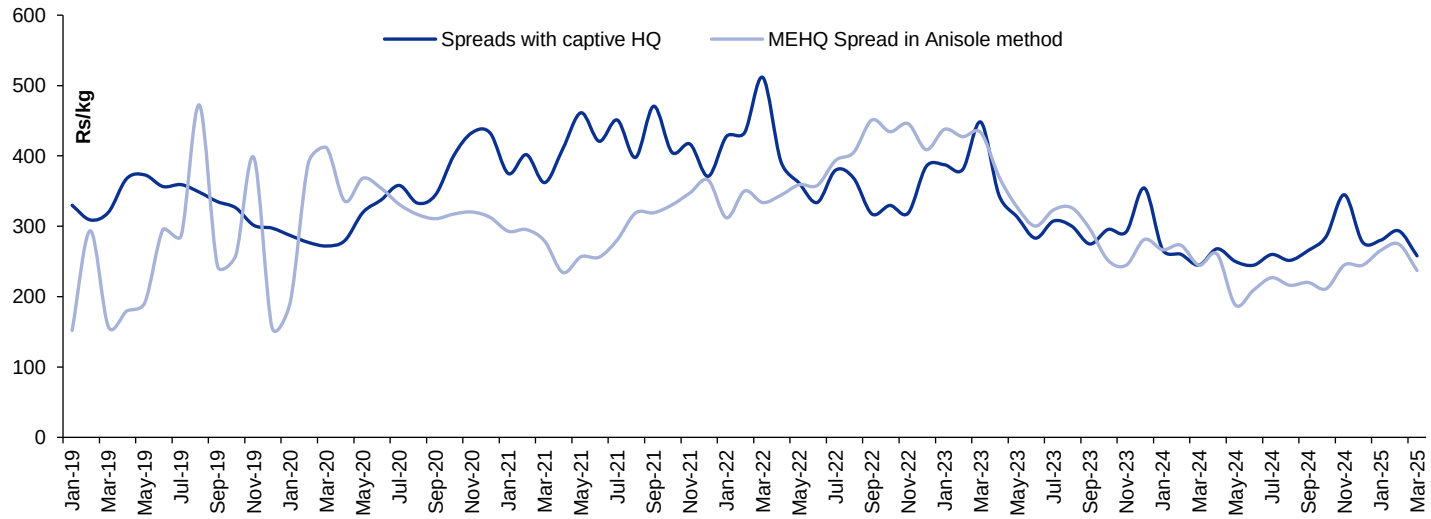
MEHQ stands for Monomethyl Ether of Hydroquinone, also known as 4-Methoxyphenol. It is used as a polymerization inhibitor to prevent unwanted polymerization of monomers like acrylic acid, methyl methacrylate, and styrene during storage and transport. It is often used alongside 4-TBC or BHT. MEHQ is

also used as a stabilizer in adhesives, resins, and UV-curable coatings, and as an intermediate in the synthesis of pharmaceuticals, agrochemicals, and dyes.

Clean Science and Technology is a direct competitor of CFSL in the MEHQ space ➤

Clean Science and Technology is a direct competitor of CFSL in MEHQ, although its production method differs. While Clean Science and Technology uses the anisole route to make MEHQ, CFSL uses the HQ route to make the same. The gross spreads of CFSL (after vanillin production and thus no losses from catechol) are far better than that of Clean Science and Technology.

Figure 2: MEHQ's spreads through the HQ method are better than the spreads through the anisole method



SOURCE: INCRED RESEARCH, COMPANY REPORTS

However, as CFSL has better usage of HQ, it is reducing the production of MEHQ ➤

The MEHQ market is too small and multiple players (Like Vinati Organics) are entering this market ,which makes its much more competitive. Remember MEHQ has limited usage and, therefore, is not a growth category. CFSL is doing well to get out of it. The company plans to use HQ for the production of TBHQ as well as BHA.

TBHQ and BHA are growth products ➤

TBHQ (Tertiary Butylhydroquinone) and **BHA (Butylated Hydroxyanisole)** are synthetic antioxidants widely used in food, cosmetics, and industrial sectors.

1. **TBHQ (Tertiary Butylhydroquinone)-** It is derived from hydroquinone with a tert-butyl group. It is used as preservative in vegetable oils, snacks, and processed foods to prevent rancidity. It is also used in cosmetics, varnishes, and biodiesel stabilization. It is very stable at high temperatures, suitable for frying applications. It is permitted globally but with usage limits (e.g., max 0.02% by weight of fat/oil).
2. **BHA (Butylated Hydroxyanisole)-** It is by reacting 4-methoxyphenol with isobutylene. It is used as a preservative in foods containing fats (e.g., cereals, butter, meats). It is also used in cosmetics, pharmaceuticals, rubber, and plastic packaging. Moderately stable to heat; less so than TBHQ. It is widely approved (e.g., US FDA) and is often used in combination with BHT or TBHQ for synergistic effect.

Remember, mostly TBHQ and BHA are used as antioxidants and hence, their growth is primarily in Asia.

Figure 3: TBHQ and BHA are growing in Asia Pacific, Latin America and MEA; however, in developed markets like Europe and North America their demand trajectory is flattish

Region	Demand Trend	Key Drivers
North America	Flattish	Clean-label push, health concerns, regulatory scrutiny (e.g., California's Prop 65 for BHA).
Europe	Declining	Preference for natural antioxidants (e.g., tocopherols, rosemary extract); EFSA keeps strict limits.
Asia-Pacific	Moderate growth (2–3% CAGR)	Growth in processed foods and edible oil consumption, especially in India, China, and Southeast Asia.
Middle East & Africa	Small base, growing	Packaged food adoption, weaker regulatory pushback.
Latin America	Low single-digit growth	Urbanization and shelf-life extension needs in processed foods.

SOURCE: COMPANY REPORTS, INCRED RESEARCH

There are multiple global companies in TBHQ and BHA; however, CFSL has the unique advantage of being the only manufacturer capable of selling blends ➤

Figure 4: CFSL holds a unique advantage among global peers, as it can sell both standalone TBHQ/BHA and blended formulations

Company	Country	Products	Notes
Eastman Chemical	USA	TBHQ, BHA	One of the largest global suppliers; integrated production; supplies to food and industrial sectors.
Camlin Fine Sciences (CFS)	India	TBHQ, BHA, blends	Leading Indian player; backward integrated; strong presence in LatAm and Europe; expanding in blends.
Jiangsu Jubang Pharmaceutical	China	TBHQ	Major Chinese supplier; exports globally.
Yasho Industries	India	TBHQ, BHA	Small but growing Indian manufacturer; exports significant volume.
Riken Vitamin Co.	Japan	TBHQ	Niche high-quality supplier; Japan is a key user of TBHQ in frying oils.
Nova International	India	TBHQ, BHA	Focused on food-grade antioxidants; smaller scale
Shandong Linyi Van Science and Technology	China	TBHQ, BHA	Chinese producer; serves bulk export markets.
Celanese (via Additives)	USA	BHA	Specialty applications, limited food exposure.

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Global TBHQ capacity is mostly in India and China ➤

The global production capacity for Tertiary Butylhydroquinone (TBHQ) is estimated to be between 25,000 to 30,000mt (metric tonnes) per year, with most of the production concentrated in Asia, particularly China and India.

1. **China**: The largest producer, accounting for over 50% of global capacity. Key manufacturers include **Jiangsu Jubang Pharmaceutical**, **Shandong Linyi Van Science and Technology**, and **Shengnuo Chemical**.
2. **India**: Significant capacity with major players like **Camlin Fine Sciences**, **Yasho Industries**, **Nova International**, and **Anmol Chemicals Group**.
3. **United States & Europe**: Smaller production volume, primarily for domestic consumption. Notable companies include **Eastman Chemical** and **LANXESS**.

Figure 5: India and China are the major producers of TBHQ

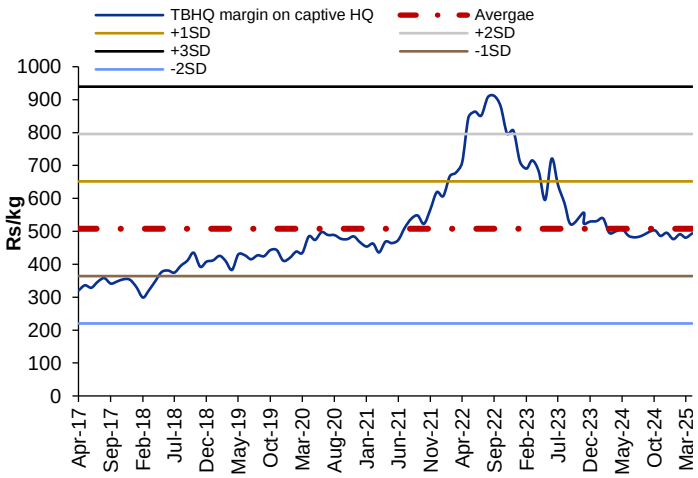
Manufacturer	Country	Estimated Capacity (mt/year)	
Eastman Chemical	USA	~5,000	Supplies to food and industrial sectors.
Camlin Fine Sciences	India	~5,000	Backward integrated; strong presence in LatAm and Europe.
Yasho Industries	India	~3,000	Export-oriented; specializes in high-purity products.
Nova International	India	~1,200	Focused on food-grade antioxidants.
Jiangsu Jubang Pharmaceutical	China	~5,000	Major Chinese supplier; exports globally.
Shandong Linyi Van Science and Technology	China	~4,000	Serves bulk export markets.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Apart from Eastman Chemical, CFSL may be the only other major company with integrated production of TBHQ ➤

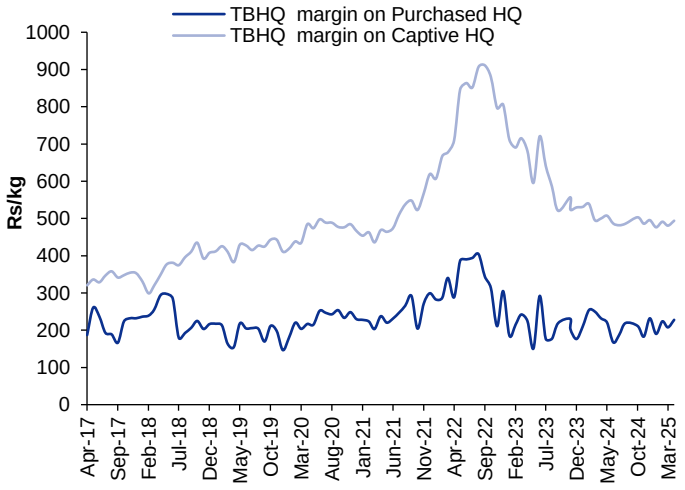
CFSL and Eastman Chemical are likely the only two major global producers of TBHQ with fully integrated production. While CFSL buys butanol from the market; however, its captive production of HQ which makes it more competitive than the other producers.

Figure 6: On average, producer spreads with captive HQ remain around Rs500/kg, resulting in gross margin of ~70%



SOURCE: INCRED RESEARCH, COMPANY REPORTS

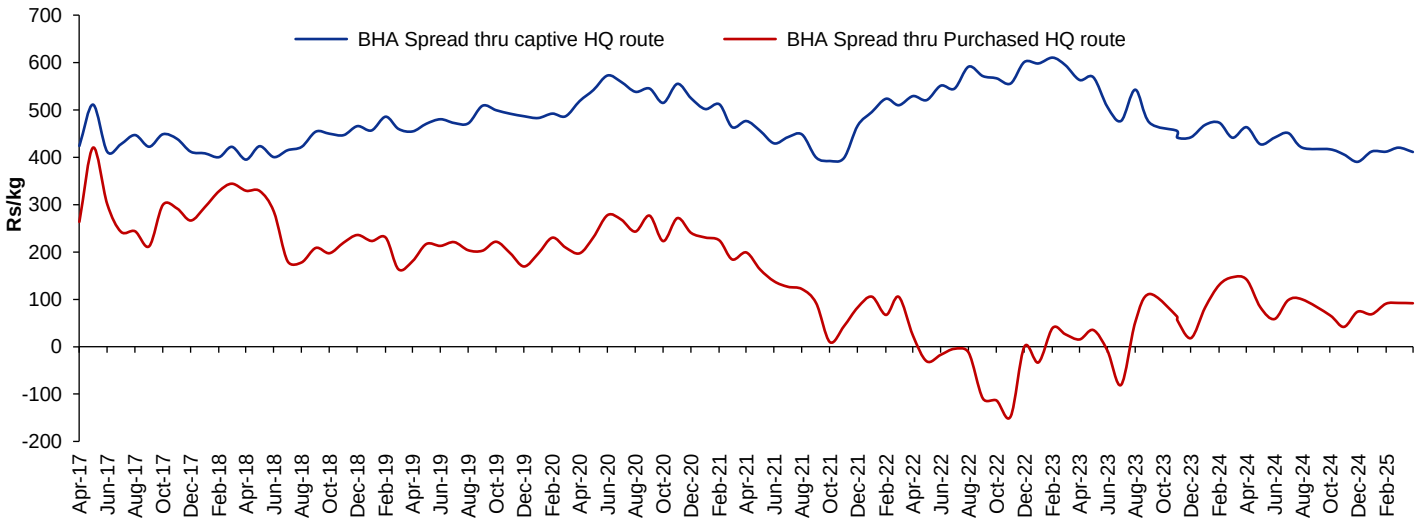
Figure 7: Producers who use purchased HQ have much lower spreads at Rs200/kg



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BHA is produced using TBHQ and hence, its spreads are determined by raw material costs of TBHQ ➤

Figure 8: Gross profit per kg on BHA produced from captive HQ is significantly higher and more stable than that from purchased HQ

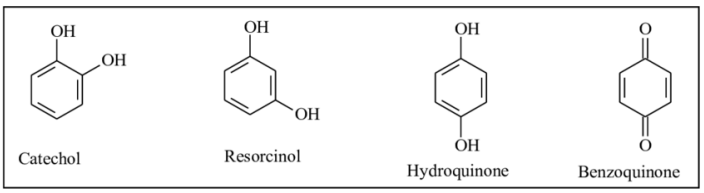


SOURCE: INCRED RESEARCH, COMPANY REPORTS

However, CFSL's margin has been quite volatile despite having captive HQ - the reason lies in its usage of catechol ➤

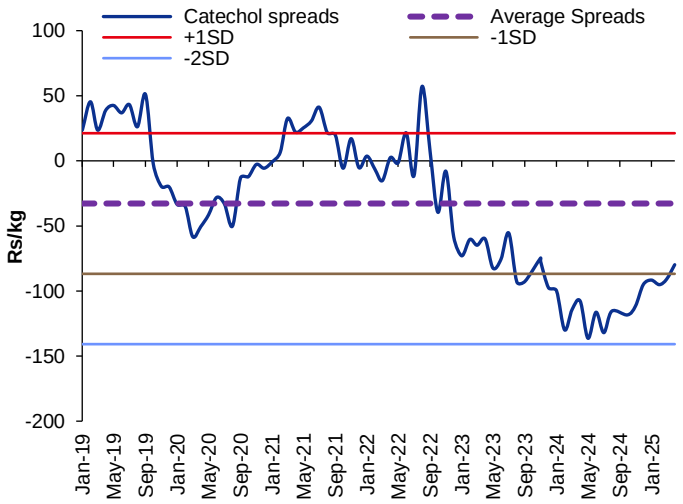
CFSL produces hydroquinone from phenol and hydrogen peroxide. In the manufacturing process, acetone is used as a solvent, resulting in a mixture of 40% hydroquinone and 60% w/w of its structural isomer, catechol.

Figure 9: Catechol and hydroquinone are structural isomers, with the hydroxyl groups in the ortho and para positions, respectively



SOURCE: HTTPS://WWW.RESEARCHGATE.NET/FIGURE/STRUCTURES-OF-CATECHOL-RESORCINOL-HYDROQUINONE-AND-BENZOQUINONE-STRUCTURES-OF-CATECHOL_FIG1_278166158, INCRED RESEARCH

Figure 10: The selling prices of catechol are so low that even raw material costs are not recovered



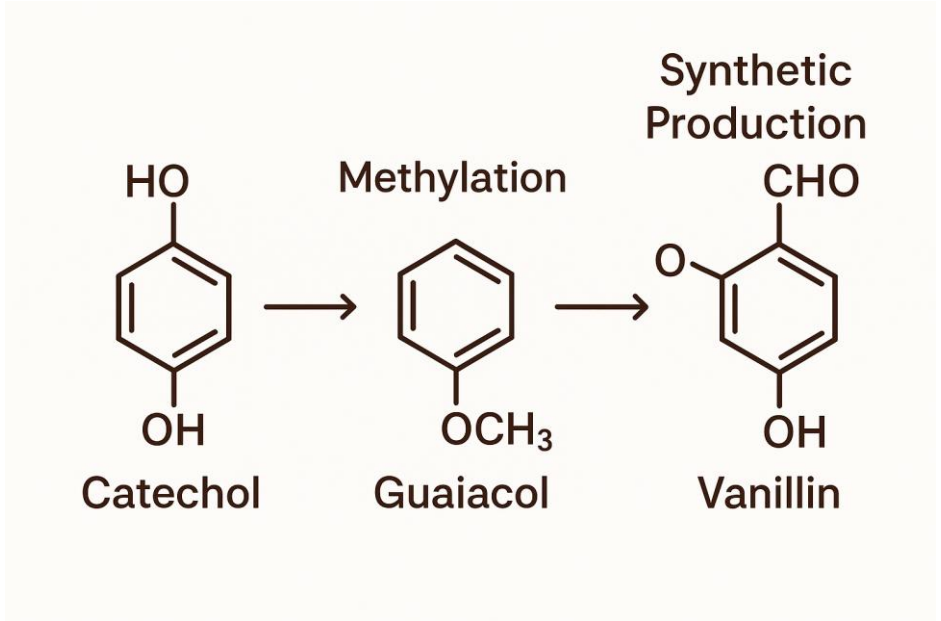
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Catechol is primarily used in the production of vanillin ➤

Guaiacol is the primary intermediate used in the **synthetic production of vanillin**, particularly in the petrochemical-based route. **Catechol** is converted to guaiacol via **methylation**.

1. **Primary route to vanillin** (synthetic): **Guaiacol** → **Vanillin**
2. **Catechol** → (via methylation) **Guaiacol** → Vanillin

Figure 11: Catechol is used to make guaiacol which, in turn, is converted to vanillin



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Remember, CFSL's HQ facility came online in FY21 but vanillin stabilized only in late FY25 ➤

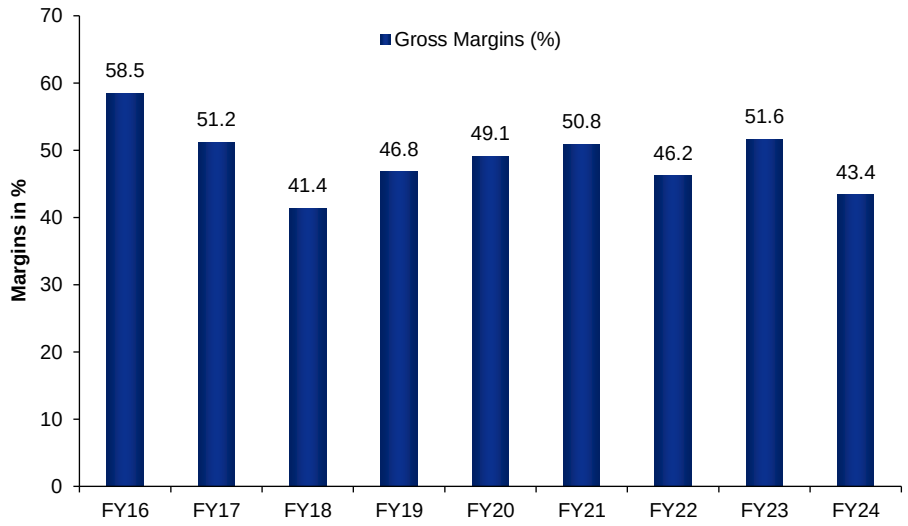
CFSL's hydroquinone (HQ) facility at Dahej, Gujarat, was completed in Jan 2020 and successfully commercialized in Sep 2020. However, the company took time to stabilize its operations, and the facility became fully operational only during 2H FY22. Despite this, catechol remained a problem area, with CFSL incurring a loss of approximately Rs120–130/kg at the contribution margin level on catechol.

Thus, in FY23 & FY24, CFSL would have incurred contribution margin losses of Rs0.2bn & Rs0.8bn, respectively ➤

The average negative spread of catechol over its raw material was Rs20/kg in FY23 and approximately Rs80/kg in FY24. Based on sales of 9,000t, CFSL would have incurred losses of Rs0.2bn and Rs0.8bn at the contribution margin level in FY23 and FY24, respectively.

Hence, CFSL reported pathetic gross margin despite commissioning HQ capacity in Dahej ➤

Figure 12: As indicated above, gross margin collapsed in FY24

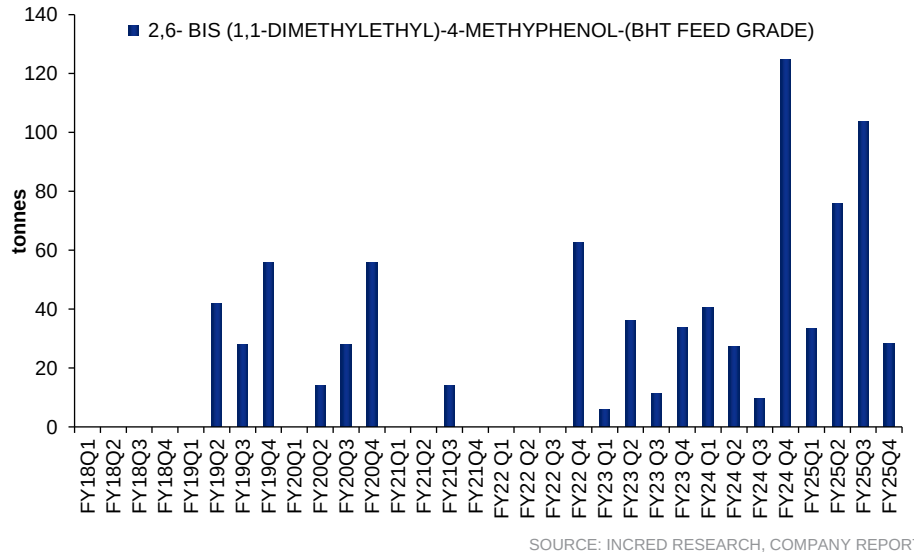


SOURCE: INCRED RESEARCH, COMPANY REPORTS

CFSL has a relatively small BHT capacity ➤

BHT capacity is relatively small for CFSL, and this is indicated by small export numbers over the years.

Figure 13: BHT exports were around 250t in FY25



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Vanillin division – Likely to contribute Rs1.9bn in EBITDA in FY26F

Catechol is the base chemical for vanillin

CFSL employs the **catechol-based synthetic route** to produce vanillin, leveraging its vertically integrated production capabilities. This process involves the transformation of phenol into catechol, then to guaiacol, and finally to vanillin.

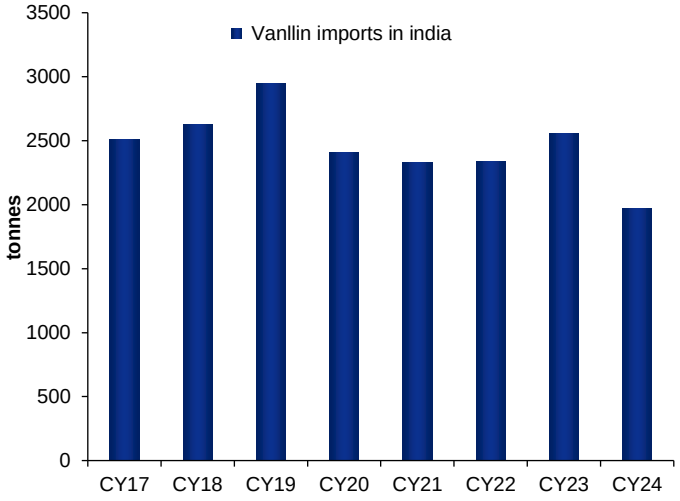
1. **Phenol to catechol-** Phenol undergoes hydroxylation to form catechol.
2. **Catechol to guaiacol-** Catechol is methylated to produce guaiacol.
3. **Guaiacol to vanillin-** Guaiacol undergoes formylation to yield vanillin.

CFSL is the only producer of vanillin in India

CFSL is a prominent vanillin producer in India, operating a fully integrated manufacturing facility in Dahej, Gujarat, under the brand name **Adorr**. This facility encompasses the entire production chain—from raw materials like catechol to the final vanillin product.

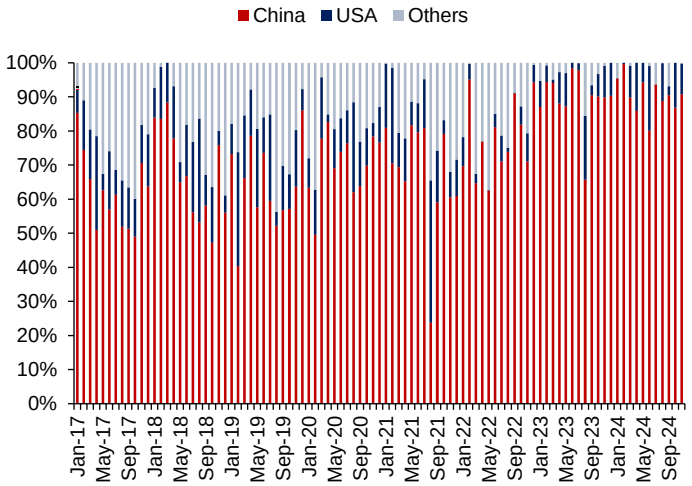
India imports ~2,600t of vanillin per year

Figure 14: India imports ~2,600t of vanillin per year…



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 15: …primarily from China



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Vanillin is primarily used in food and beverages in India

1. **Food & beverages (~60–70% of demand)**
   - **Confectionery**: Chocolates, candies, and ice-creams.
   - **Bakery products**: Cakes, cookies, and biscuits.
   - **Dairy**: Flavoured milk, ice-cream, and yogurt.
   - **Beverages**: Soft drinks, flavoured tea, and milkshakes.
   - Vanillin provides a **vanilla-like aroma and sweet flavours**, enhancing the taste profile.
2. **Fragrances & personal care (~15–20%)**
   - Used in perfumes, deodorants, soaps, and creams.
   - Its sweet, warm scent makes it a key ingredient in many fragrance formulations.
3. **Pharmaceuticals (~5–10%)**
   - Used as a flavour mask in syrups and tablets.
   - Also acts as an intermediate in some pharmaceutical syntheses.
4. **Animal feed & nutraceuticals (small share)**
   - Sometimes added to animal feed for palatability.
   - Used in vitamins and nutritional supplements for masking the taste.

5. Industrial/agrochemical use (negligible in India)

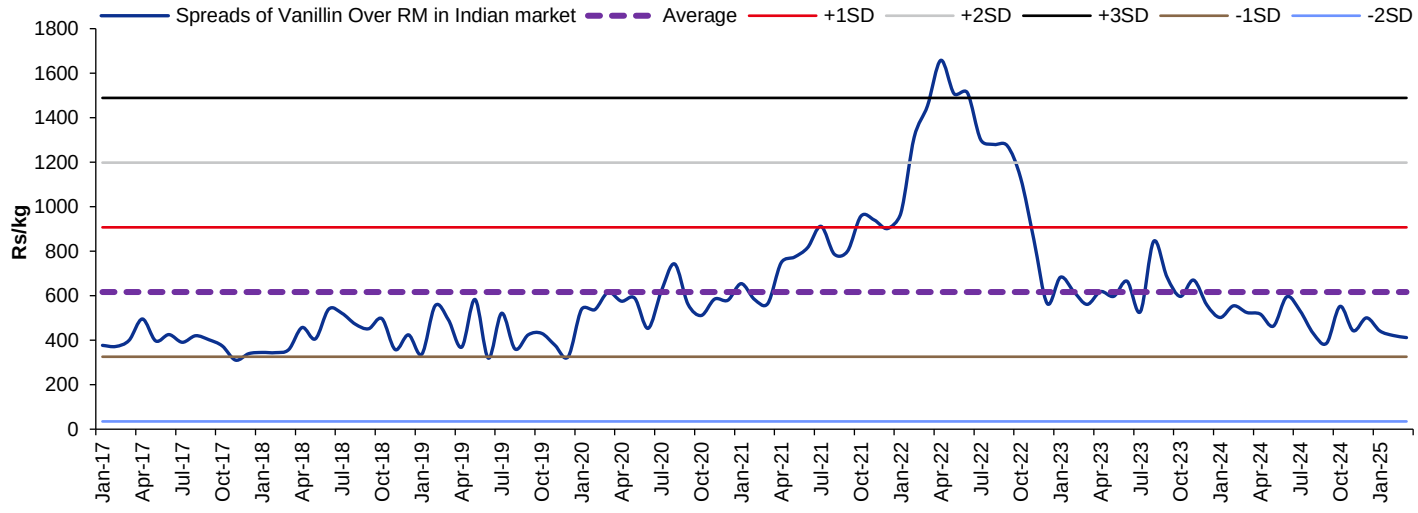
- Minimal compared to global demand; more relevant for high-end synthetic intermediates in developed markets.

India is a price-sensitive market, so synthetic vanillin dominates over natural vanillin due to cost advantages. Growth is led by urbanization, processed food consumption, and export-oriented confectionery and dairy products.

Remember, CFSL's product purity is better than that of Chinese companies ➤

CFSL's product purity is better than that of Chinese companies. Hence, if CFSL wants, it can sell at least 2,500t production in India; however, competing with China in a price-sensitive market is unwise. Even at current Indian prices, CFSL can recover the full production cost of catechol and make ~US$2-3/kg EBITDA on vanillin sales.

Figure 16: Even at depressed spreads currently, if CFSL were to sell its vanillin in the Indian market, it would make at least Rs200/kg in EBITDA

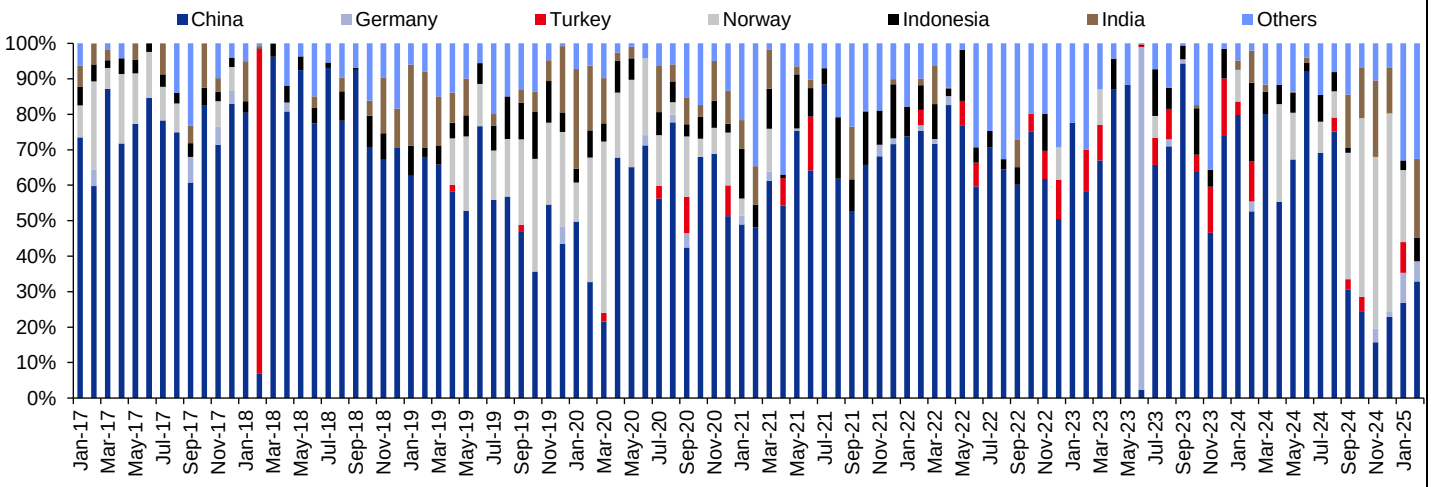


SOURCE: INCRED RESEARCH, COMPANY REPORTS

The US market is practically closed to Chinese suppliers, as under the current duty regime, they would have to export at US$0.50/kg to achieve a landed price of US$22/kg ➤

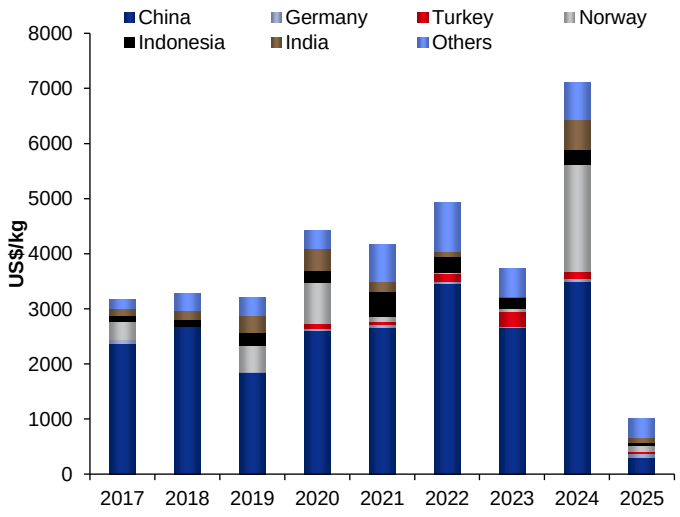
The US is the biggest vanillin market in the world, with a consumption of approximately 9,000t, the highest globally. China is the principal supplier of vanillin to the US; however, after the Trump administration's tariff and anti-dumping duty on vanillin, it has become impossible for China to recover even the raw material cost of US$6-7/kg, making it unable to supply vanillin to the US market.

Figure 17: China is the principal supplier of vanillin in the US market; however, after the imposition of anti-dumping duty on 8 Jan 2024, India has started to take away market share from China



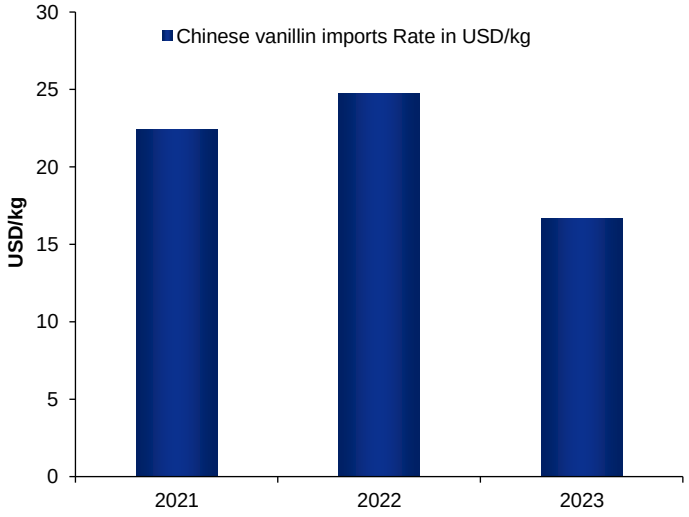
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 18: Solvay became unviable in 2023 and closed its plant; following that, US imports of vanillin rose to 7,000t



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 19: Solvay had argued in its application for the anti-dumping duty imposition that it cannot compete with China dumping material at US$16-17/kg



SOURCE: INCRED RESEARCH, HTTPS://WWW.TRADE.GOV/PRELIMINARY-DETERMINATION-AD-INVESTIGATION-VANILLIN-CHINA

Figure 20: On an application made by Solvay, the US imposed 186.2% ADD on Chinese imports; final duty will be announced in late May 2025

Exporter	Producer	Dumping Margin (percent)	Cash Deposit Rate (Adjusted for Subsidy Offsets) (percent)
Jiangxi Brother Pharmaceutical Co., Ltd.	Jiangxi Brother Pharmaceutical Co., Ltd.	186.2	186.15
Chongqing Thrive Fine Chemicals Co., Ltd.	Chongqing Thrive Fine Chemicals Co., Ltd.	186.2	186.15
HongKong Wictive Merchants Co., Ltd.	Kunshan Asia Aroma Corp., Ltd.	186.2	186.15
Kunshan Asia Aroma Corp., Ltd.	Kunshan Asia Aroma Corp., Ltd.	186.2	186.15
Mianyang Sunshine Bio-Tech Co., Ltd.	Mianyang Sunshine Bio-Tech Co., Ltd.,	186.2	186.15
Shanghai Fuxin Fine Chemical Co., Ltd.	Jiaxing Zhonghua Chemical Co., Ltd.	186.2	186.15
Shenzhen Siyomicro Bio-Tech Co., Ltd.	Shenzhen Siyomicro Bio-Tech Co., Ltd.	186.2	186.15
Wuxi Lotus Essence Co., Ltd.	Jiaxing Zhonghua Chemical Co., Ltd.	186.2	186.15
Xiamen Bestally Biotechnology Co., Ltd.	Xiamen Oamic Biotech Co., Ltd.	186.2	186.15
China-Wide Entity		379.87*	379.82

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 21: The timeline for vanillin anti-dumping duty (ADD) is given below; however, unlike in India, the ADD in the US becomes immediately effective once the Department of Commerce announces its preliminary determinations; hence, the 186.2% ADD on Chinese vanillin is already in effect

Case Calendar

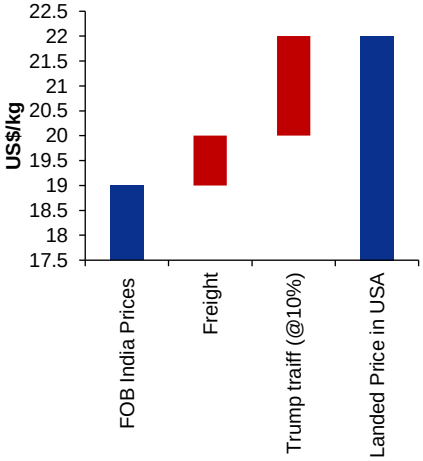
EVENT	AD INVESTIGATION
Petition(s) Filed	June 5, 2024
Commerce Initiation Date	June 25, 2024
ITC Preliminary Determinations	July 22, 2024
Commerce Preliminary Determinations	January 8, 2025
Commerce Final Determinations	May 30, 2025
ITC Final Determinations*	July 14, 2025
Issuance of Orders**	July 21, 2025

SOURCE: INCRED RESEARCH, COMPANY REPORTS

We quote from the website "*For all producers/exporters of subject merchandise, Commerce will instruct US Customs and Border Protection (CBP) to require cash deposits on imported merchandise in amounts equal to the preliminary dumping/subsidy rates (see case-specific fact sheet). CBP will be instructed to impose provisional, or temporary, measures on the date of publication of the preliminary determination in the Federal Register. The provisional measures period is limited by law to no more than four months after publication of an affirmative preliminary determination.*

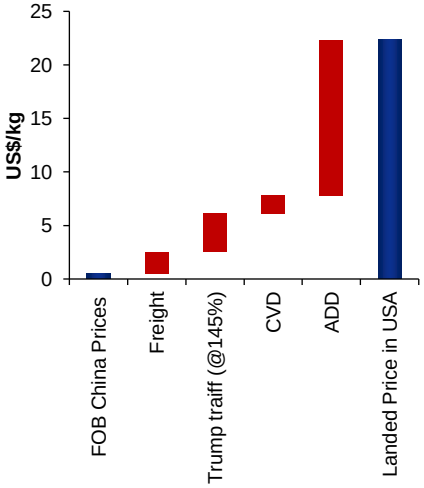
*THE PRELIMINARY DETERMINATION ALSO PROVIDES THE PUBLIC AND INTERESTED PARTIES WITH A DECISION MEMORANDUM, WHICH SUMMARIZES COMMERCE'S DECISIONS. CLICK **HERE** TO SEE DECISION MEMORANDA THAT ARE AVAILABLE TO THE PUBLIC ON THE ITA WEBSITE. PARTIES HAVE AN OPPORTUNITY TO COMMENT ON THE PRELIMINARY DECISION BEFORE COMMERCE REACHES ITS FINAL DETERMINATION*

Figure 22: If FOB India price is at US$19/kg, then the landed price in the US will be $22/kg



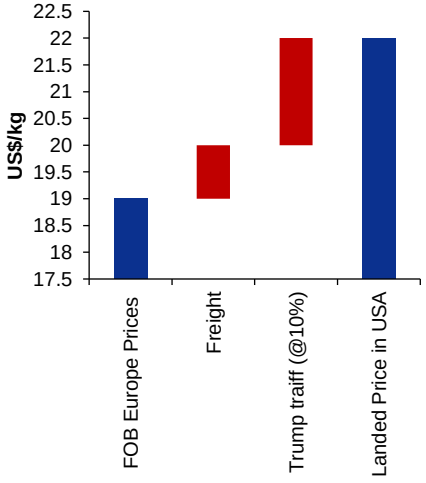
SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 23: For China, the price works out to be US$0.5/kg



SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

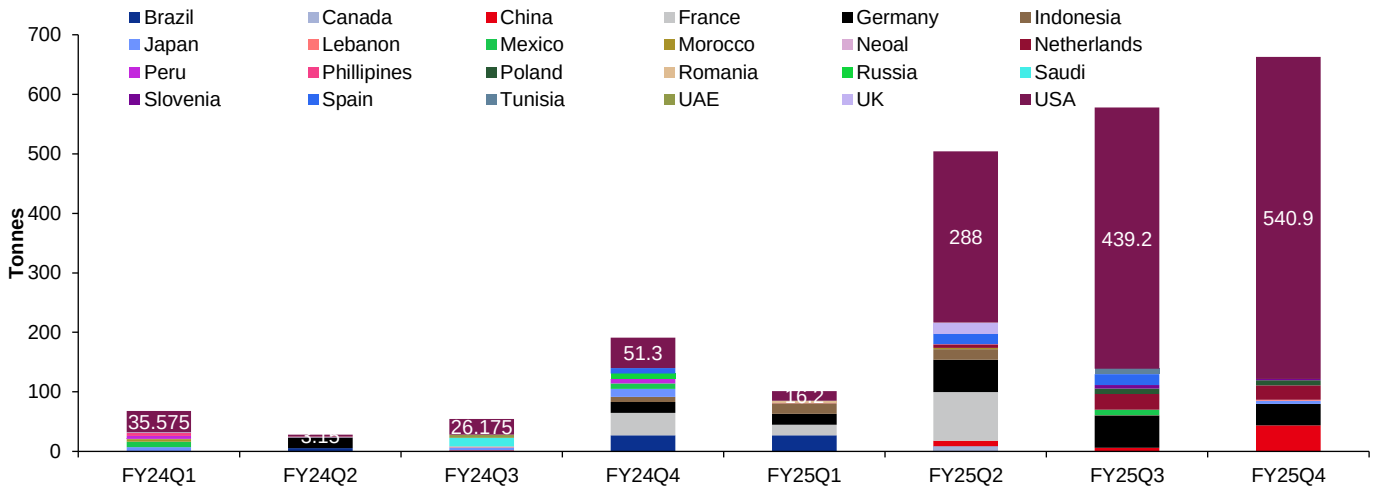
Figure 24: For Europe also, the FOB price works out to be US$19/kg



SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

CFSL can easily sell 3,500–4,000t of vanillin per year in the US market ➤

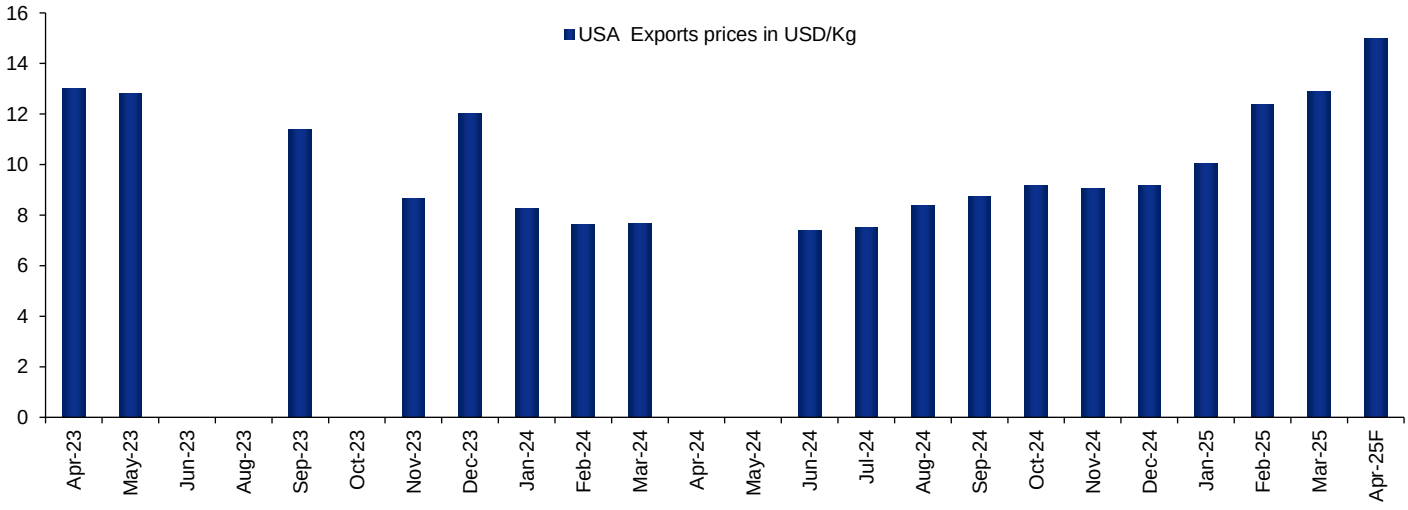
Figure 25: CFSL exported 70% of its vanillin to the US market in FY25 (1,285t out of the total 1,843t vanillin exports)



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Realization in the US market has been rising progressively across months and in Mar 2025, it touched US$13/kg ➤

Figure 26: CFSL's vanillin export price to the US already approached the US$13/kg mark in Mar 2025, and we believe it must have exceeded US$15/kg in Apr 2025



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Assuming a realization of US$16/kg in the US and sales of 3,700t, we estimate that vanillin will contribute Rs1.9bn in EBITDA; for comparison, FY25F EBITDA would have been approximately Rs0.2bn ➤

We estimate that CFSL will export 2,500t vanillin to the US at an average realization of $16/kg and to ROW at $12/kg.

Blends or food/pet food antioxidants - businesses with high entry barriers

The **food antioxidants business** is largely a **B2B industry**, where antioxidants are sold in bulk to food manufacturers, processors, and other businesses involved in food production. These antioxidants help extend shelf life, improve food quality, and prevent spoilage, but they are not sold directly to consumers. Instead, consumers encounter them as part of the ingredients in the processed foods they buy.

What is a food antioxidant? ➤

A **food antioxidant** is a substance added to food products to prevent or slow down oxidation, a chemical reaction that can cause food to spoil, lose flavour, or degrade in nutritional value. Oxidation typically affects fats and oils in food, leading to rancidity, changes in colour, and the deterioration of overall quality. Antioxidants help preserve food by stabilizing these molecules, thus extending shelf life, maintaining freshness, and preserving the food's appearance and flavour.

There are two primary types of food antioxidants ➤

1. **Natural antioxidants**:
   A. They are derived from natural sources like plants and animals. Common examples include **Vitamin C (ascorbic acid)**, **Vitamin E (tocopherols)**, and **rosemary extracts**.
   B. Natural antioxidants are increasingly in demand due to consumer preferences for clean-label, minimally processed, and natural food products.
2. **Synthetic antioxidants**:
   A. These are chemically synthesized and widely used in processed foods. Common examples include:
      - BHA (butylated hydroxyanisole)
      - BHT (butylated hydroxytoluene)
      - TBHQ (tertiary butylhydroquinone)
      - Propyl gallate
   B. Synthetic antioxidants tend to be more stable, cost-effective, and efficient in protecting food products, particularly those with a higher fat content.

What are the common uses of food antioxidants? ➤

1. **Oils and fats**: To prevent rancidity in cooking oils, margarine, and butter.
2. **Processed meats**: To maintain colour and freshness in products like sausages, bacon, and cured meats.
3. **Snack foods**: Chips, crackers, and baked goods that contain fats and oils often use antioxidants to stay fresh.
4. **Beverages**: Antioxidants may be added to juices and drinks to maintain their colour and flavour.
5. **Packaged foods**: Frozen, ready-to-eat meals, cereals, and snacks often contain antioxidants to preserve their quality over time.

The food antioxidants business is primarily B2B (Business-to-Business) ➤

1. **Suppliers to food manufacturers**: Companies that produce antioxidants, such as **Clean Science and Technology**, **CFSL**, **BASF**, and **IFF (DuPont)**, generally sell these antioxidants to food manufacturers, processors, and packagers. These food companies incorporate antioxidants into their products to extend shelf life and ensure quality.
2. **Custom blends**: Many companies that produce antioxidants also offer **customized antioxidant blends** tailored to the specific needs of different food products. These custom formulations are not typically sold directly to

consumers but are provided to food manufacturers to integrate into their production lines.

3. **Bulk sales**: Antioxidants are usually sold in **large quantities** to businesses, such as ingredient suppliers, food processors, or even pharmaceutical and cosmetic companies that use antioxidants in their products.

The global food antioxidants market is worth ~US$1.3bn ➤

The global food antioxidants market is a growing segment driven by increasing demand for processed and packaged foods, rising consumer awareness about food quality, and the need to extend the shelf life of perishable products. The global food antioxidants market is valued at around US$1.3bn annually.

Increased demand for processed foods can lead to a 10% CAGR over the next four years ➤

Several factors contribute to the growth of the global food antioxidants market:

- **Increased demand for processed foods**: The rising consumption of processed and packaged foods, especially in emerging economies, is driving the need for food preservation solutions like antioxidants.
- **Expansion of the food and beverage industry**: The rise of global food supply chains, along with consumer demand for convenience foods, is fuelling the need for food antioxidants to maintain product quality during storage and distribution.

There are two types of food antioxidants ➤

The market consists of two main types of antioxidants:

A. **Synthetic antioxidants**: These include BHA (butylated hydroxyanisole), BHT (butylated hydroxytoluene), and TBHQ (tertiary butylhydroquinone). Despite being cost-effective and efficient, they face regulatory scrutiny amid growing consumer preference for natural alternatives.

B. **Natural antioxidants**: Their examples include Vitamin E (tocopherols), Vitamin C (ascorbic acid), and plant extracts like rosemary. Natural antioxidants are gaining market share due to the clean-label trend and consumer preference for minimally processed foods.

North America is the largest food antioxidants market ➤

A. **North America (market size of ~US$600m)**: One of the largest markets, driven by the high consumption of processed foods and snacks. It accounts for a significant share of the global market.

B. **Europe (market size of ~US$300m)**: Also a large market, where the demand for natural antioxidants is particularly strong due to strict regulations and consumer preferences for cleaner labels.

C. **Asia-Pacific (market size of ~US$300m)**: This region is experiencing rapid growth due to rising disposable incomes, rising urbanization, and growing demand for processed and packaged foods in countries like China and India.

D. **Latin America, Middle East & Africa (market size of ~US$100m)**: These regions are emerging markets with growing demand for antioxidants, especially in the food and beverage sector.

Asia Pacific and North America are the fastest growth markets for food antioxidants ➤

Asia-Pacific is expected to post a CAGR of 6% to 8%, driven by the rapid growth of its food processing industry and consumers' shift toward processed foods and natural ingredients. North America is also projected to post a CAGR of 4% to 6%, with the demand primarily driven by the rising use of natural antioxidants and regulatory changes surrounding synthetic additives.

Normally, the following food & beverage items need antioxidants ➤

Food antioxidants are widely used in several food categories:

A. **Fats and oils**: To prevent rancidity and maintain stability.
B. **Meat and poultry**: To preserve colour and prevent spoilage.
C. **Bakery and confectionery**: To extend shelf life by preventing the oxidation of fats.
D. **Beverages**: Antioxidants are used to stabilize beverages, including fruit juices and drinks.
E. **Snacks and ready-to-eat meals**: These products often contain oils and fats that are prone to oxidation, and so antioxidants are used to maintain their freshness.

Synthetic food antioxidants and blends

The synthetic food antioxidants market is valued at around US$500m to US$700 m and is expected to post a CAGR of 5% over the next few years. Synthetic antioxidants such as BHA, BHT, TBHQ, and propyl gallate are widely used in processed foods to prevent oxidation and extend shelf life, especially in cost-sensitive regions and industries. It's important to note that manufacturing BHA, TBHQ, BHT, and propyl gallate is not a particularly difficult process, as the necessary chemistry and technology are readily available. However, the key to success lies in mixing these chemicals in the right proportion, which is often a trial-and-error process. Strong R&D capabilities, adequate time, customer collaboration, a well-established distribution network, and proximity to customers for timely feedback are critical requirements for succeeding in the antioxidants business. All these factors contribute to high entry barriers in the blends segment of the market.

Following are the key players in the global synthetic food antioxidant market ➤

Some of the leading companies in the global food antioxidant market include:

A. Camlin Fine Sciences
B. BASF SE
C. Archer Daniels Midland (ADM)
D. DuPont (now a part of IFF)
E. Kemin Industries
F. Koninklijke DSM N.V.
G. Eastman Chemical Company

BHA, TBHQ, BHT etc. are critical chemcials for synthetic food antioxidants market ➤

Common synthetic food antioxidants include:

A. **BHA (butylated hydroxyanisole)**: Widely used in preserving fats, oils, and snack foods.

B. **BHT (butylated hydroxytoluene)**: Often used in conjunction with BHA and is effective in preventing rancidity in oils and fats.

C. **TBHQ (tertiary butylhydroquinone)**: Primarily used in fats and oils to prevent oxidative deterioration.

D. **Propyl gallate**: Often used alongside BHA and BHT to prevent the oxidation of fats and oils in food products.

Multiple Indian companies manufacture these chemicals; however, none have diverse products as that of CFSL ➤

Several Indian companies are involved in the production of synthetic food antioxidants such as BHA (butylated hydroxyanisole), BHT (butylated hydroxytoluene), TBHQ (tertiary butylhydroquinone), and propyl gallate. These companies primarily cater to the food, pharmaceutical, cosmetics, and chemical industries.

1. **Camlin Fine Sciences (CFS) (ADD)**
   - Products: BHA, BHT, TBHQ, and propyl gallate.
   - Overview: CFSL is a leading global player in antioxidants and specializes in food additives, including synthetic antioxidants. The company is one of the most prominent manufacturers of BHA, BHT, TBHQ, and propyl gallate in India and has a significant export market.
   - Applications: CFSL's antioxidants are used in food preservation, animal feed, flavours and fragrances, and industrial applications.
   - Global reach: CFSL has a strong global presence and exports its antioxidants to various international markets.
2. **Clean Science and Technology (REDUCE)**
   - Products: BHA and propyl gallate
   - Overview: Clean Science and Technology is a major player in the Indian specialty chemicals industry, with a focus on green and sustainable chemistry. The company manufactures BHA and propyl gallate for food, pharmaceutical, and industrial applications.
   - Sustainability focus: The company uses environmentally friendly processes to manufacture its products and is gaining a foothold in both domestic and international markets.
3. **VDH ChemTech Pvt. Ltd. (UNRATED)**
   - Products: BHT
   - Overview: VDH ChemTech is a chemical manufacturer that specializes in various food additives and antioxidants. The company produces BHT for use in food, pharmaceuticals, and industrial products.
   - Applications: BHT from VDH ChemTech is widely used in food preservation, cosmetics, and animal feed.
4. **Yasho Industries (UNRATED)**
   - Products: BHT and TBHQ
   - Overview: Yasho Industries is a diversified specialty chemical manufacturer in India, producing a wide range of chemicals, including BHT and TBHQ. The company serves the food, rubber, lubricants, and personal care industries.
   - Global presence: Yasho Industries exports its products to several international markets in Asia, the Americas, and Europe.
5. **Vinati Organics (ADD)**
   - Products: TBHQ

- Overview: Vinati Organics is primarily known for its specialty chemicals, particularly ATBS and IBB, but it also manufactures TBHQ as part of its portfolio of food additives and antioxidants.
- Market: The company serves the food processing and chemical industries, both in India and globally.

6. **Meghmani Organics (UNRATED)**
   - Products: BHT
   - Overview: Meghmani Organics is a diversified chemical company involved in agrochemicals, pigments, and food additives. It manufactures BHT, which is used in food preservation and other applications.
   - Applications: BHT is used in food products to prevent oxidation and improve shelf life.
7. **Shree Krishna Industries (UNRATED)**
   - Products: Propyl gallate
   - Overview: Shree Krishna Industries is a specialized manufacturer of propyl gallate, an antioxidant used in food and cosmetics. The company produces propyl gallate in various grades to meet the needs of different industries.
   - Applications: Its products are used in food preservation, cosmetics, and pharmaceuticals.
8. **Anmol Chemicals Group (UNRATED)**
   - Products: BHA, BHT, TBHQ, and propyl gallate
   - Overview: Anmol Chemicals Group is an established player in the Indian specialty chemicals market and manufactures a range of antioxidants, including BHA, BHT, TBHQ, and propyl gallate. The company supplies these products to the food, pharmaceutical, and cosmetics industries.
   - Global exports: Anmol Chemicals Group has a strong export market and supplies antioxidants to clients worldwide.

However, what is key to make antioxidants is the ability to mix these chemicals in the right proportion, as per customer demand ➤

The ability to mix synthetic antioxidants like BHA, BHT, TBHQ, and propyl gallate in the right proportion is key to success in the food antioxidants industry. This capability allows manufacturers to offer tailored solutions that meet specific customer requirements, optimize performance, ensure regulatory compliance, and maintain food product integrity. Companies that excel in custom blending, quality control, and collaboration with their clients have a distinct advantage in this competitive market.

Mastering this art can take a long time and is often a trial-and-error process ➤

The trial-and-error process of mastering antioxidants blending is a long-term commitment that involves balancing science, regulatory requirements, customer preferences, and real-world product behaviour. It requires an in-depth understanding of the chemistry of oxidation, food matrices, and processing conditions. Companies that succeed in this space often do so through years of experimentation, continuous R&D, and close collaboration with customers to fine-tune their solutions to meet specific needs.

R&D skills, time, customer collaboration, distribution network, and being close to customers for easy feedback are the big requirements for making antioxidants ➤

Mastering the art of creating custom antioxidant blends is indeed a complex and time-consuming process, often requiring years of experience and a deep understanding of chemistry, food science, and specific product needs. The process is far from straightforward and involves a lot of trial and error, particularly because every food product has its own unique composition, and external factors such as storage conditions, temperature, packaging, and processing methods all impact the effectiveness of antioxidants. Here are the reasons why it takes time and requires trial and error:

1. Complex food matrices:

- Food products are made up of complex matrices involving fats, proteins, carbohydrates, and other elements. Each component interacts differently with antioxidants, which means a blend that works well in one product may not perform optimally in another.
- For example, fats and oils are highly prone to oxidation, requiring antioxidants that can handle lipid peroxidation, whereas meats may require a different balance to preserve their colour and flavour. Testing multiple combinations is essential to find the right mix for each specific matrix.

2. Synergistic effects:

- Antioxidants often work synergistically, which means their combined effects are greater than the sum of their parts. Achieving the right synergy between antioxidants like BHA, BHT, and TBHQ takes experimentation. An incorrect proportion could result in one antioxidant overpowering the other or reducing the overall effectiveness.
- Finding the perfect ratio often involves repeated trials to determine how these chemicals work together under different storage conditions, product compositions, and shelf-life requirements.

3. External variables:

- **Processing conditions** such as **heat**, **moisture**, and **light exposure** can significantly impact how antioxidants function. For example, antioxidants must maintain their efficacy through high-temperature processing like frying or baking, which often degrades lesser stable compounds.
- Similarly, the packaging environment (e.g., oxygen exposure or vacuum sealing) plays a crucial role in how well antioxidants prevent oxidation. This means formulations need to be tested under real-world conditions to assess their effectiveness.

4. Regulatory constraints:

- In addition to optimizing blends for efficacy, manufacturers must also ensure that the antioxidant levels comply with regulatory limits. Each country or region has strict guidelines on the permissible levels of synthetic antioxidants in food products. Balancing effectiveness while adhering to regulatory constraints can take several iterations of testing and reformulation.

5. Flavour and sensory impact:

- Antioxidants, especially in a synthetic form, can sometimes impart unwanted flavour or alter the sensory profile of food products. For instance, excessive levels of BHA or TBHQ can introduce an off-taste or affect the mouthfeel of snacks, oils, or baked goods.
- This necessitates careful sensory testing alongside efficacy trials, adding another layer of complexity to the process. Each trial might focus on adjusting antioxidant levels to maximize protection while minimizing negative sensory effects.

6. Time-intensive testing:

- Stability testing to ensure that antioxidants remain effective over the intended shelf life is often a long-term process. It can take months to gather data on how different blends hold up over time, requiring repeated trials to

optimize the formulation. This is especially true for products with long shelf lives, such as snacks or preserved meats.

- Each blend may need to be tested under different conditions—such as accelerated shelf-life testing (with increased temperature and humidity) and real-time testing—to evaluate how well the antioxidant performs over time.

7. Customization for each client:

- No two clients have the same needs. For example, a snack food manufacturer might require a blend optimized for high-temperature frying, while a dairy producer may need a blend that works well in cold storage. Mastering this customization requires working closely with clients to understand their specific challenges, often involving several rounds of trials and fine-tuning.
- Some industries, like organic or clean-label products, will need natural antioxidant solutions, which can be even more difficult to formulate effectively compared to their synthetic counterparts.

8. Constant learning and innovation:

- The science behind antioxidants is continually evolving, and as food formulations change or new processing technologies emerge, manufacturers must continually revisit and refine their antioxidant strategies. What works today may need adjustments tomorrow due to new product formulations, consumer trends, or regulatory changes.
- Additionally, research into natural alternatives is becoming increasingly important, especially as more markets demand clean-label products. Developing blends that combine the efficacy of synthetic antioxidants with the consumer-friendly appeal of natural ingredients involves constant R&D and innovation.

9. R&D investments:

- Successful antioxidant manufacturers typically invest heavily in R&D labs where chemists and food scientists can conduct multiple rounds of trials. This investment in technology, knowledge, and equipment is critical to mastering the art of creating effective blends, but it requires time to get it right.

Hence, entry barriers are high in the antioxidant blends business ➤

Yes, the entry barriers in the food antioxidant blends business are indeed high, primarily due to the complexities involved in creating effective, customized blends and the various factors that contribute to long-term success in this field.

Vinati Organics is still primarily an ATBS company and is a long way from developing antioxidant blends ➤

Vinati Organics is predominantly known for its ATBS (acrylamido tertiary-butyl sulfonic acid) business, which remains the company's core product. While it has diversified into other specialty chemicals, including antioxidants like TBHQ, the company's expertise and primary revenue generator heavily are still ATBS and IBB (isobutyl benzene).

Developing antioxidant blends is indeed a complex area, requiring R&D investments, technical expertise, and customer-specific solutions, which are areas that Vinati Organics has not yet fully ventured into. The company's focus is still more aligned with scaling and maintaining leadership in its established product lines, and is likely still far away from having a strong presence or expertise in antioxidant blends.

CFSL is the only Indian company that has developed a significant blends business ➤

CFSL is the only Indian company that has developed a significant blends business, particularly in food antioxidants. The company has invested heavily in R&D and built strong capabilities in custom blending of synthetic and natural antioxidants, positioning itself as a key player both domestically and internationally. The company's ability to tailor antioxidant solutions to specific customer needs, combined with its global reach, sets it apart in this specialized sector, making it a leader in the Indian market for antioxidant blends.

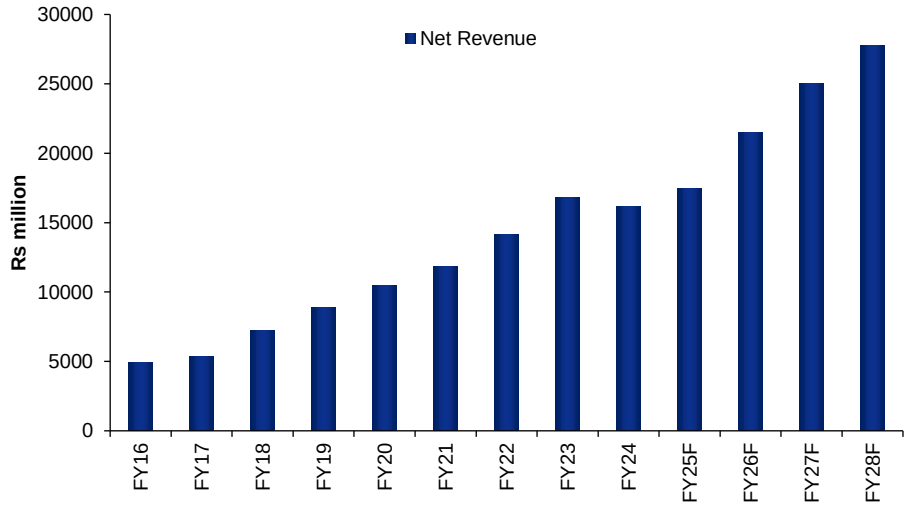
Earnings and valuation

We forecast a revenue CAGR of 16.7% over FY25F-28F. However, because of vanillin exports and loss minimization on catechol, the EBITDA margin will expand from 10% in FY25F to 21.8% in FY28F, in our view. Consequently, EPS is likely to grow at 324% CAGR over FY25F-28F, in our view.

We forecast a revenue CAGR of 16.7% over FY25F-28F ➤

All segments are likely to contribute to the revenue growth of the company. We expect its blends business to show double-digit growth. Vanillin sales are likely to increase from 1,900t in FY25F to 3,700/4,500/5,000t in FY26F/27F/28F, respectively.

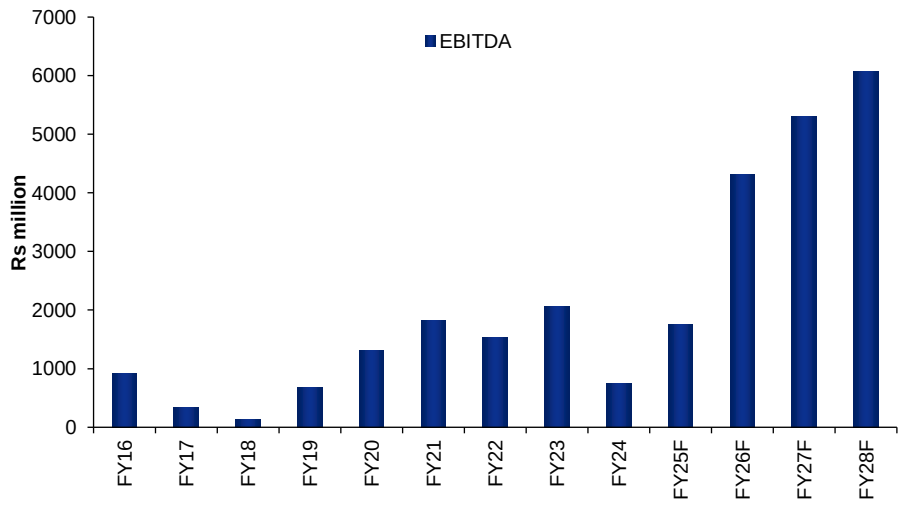
Figure 27: Revenue CAGR of 16.7% is likely to be driven by vanillin



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Loss minimization in catechol and vanillin price hike to drive EBITDA CAGR of 51.3% over FY25F-28F ➤

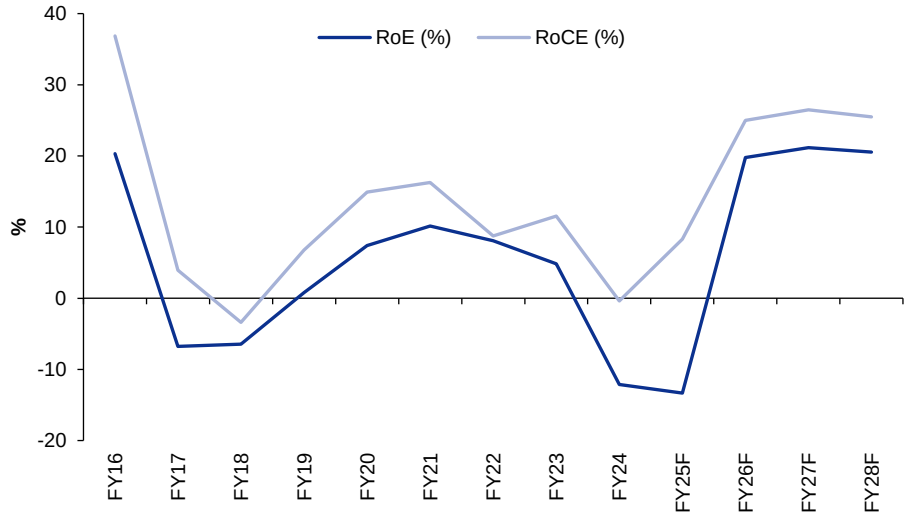
Figure 28: Camlin Life Sciences' EBITDA is likely to grow at a 51.3% CAGR over FY25F-28F, in our view



SOURCE: INCRED RESEARCH, COMPANY REPORTS

RoE and RoCE to expand going ahead, in our view ➤

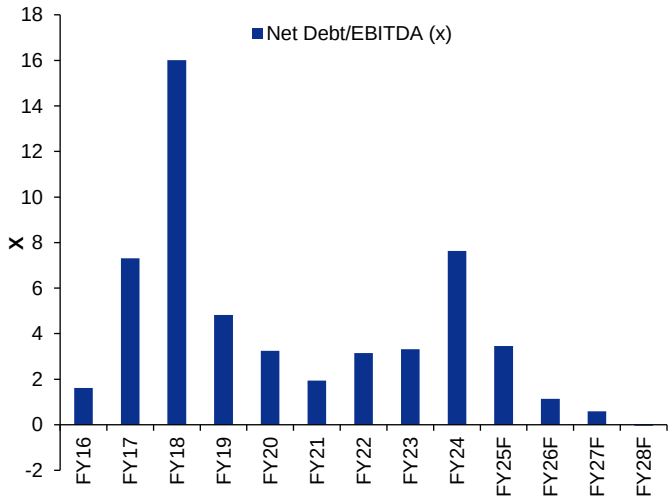
Figure 29: RoE and RoCE to expand to 20.5% and 25.5%, respectively, in FY28F



SOURCE: INCRED RESEARCH, COMPANY REPORTS

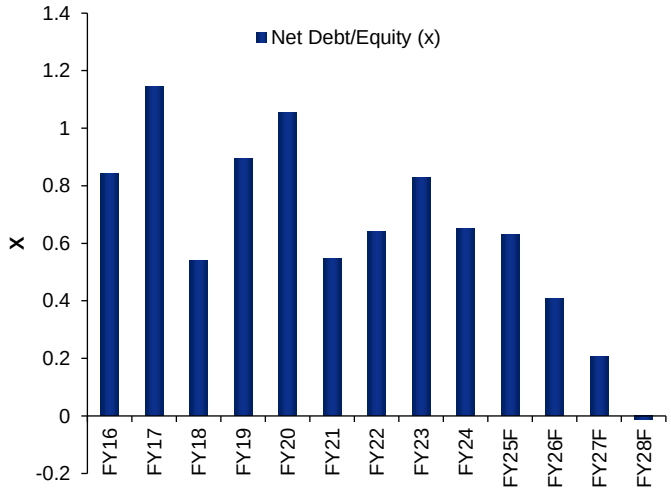
Balance sheet to deleverage, in our view ➤

Figure 30: Company's net debt will become zero in FY28F



SOURCE: INCRED RESEARCH, COMPANY REPORTS

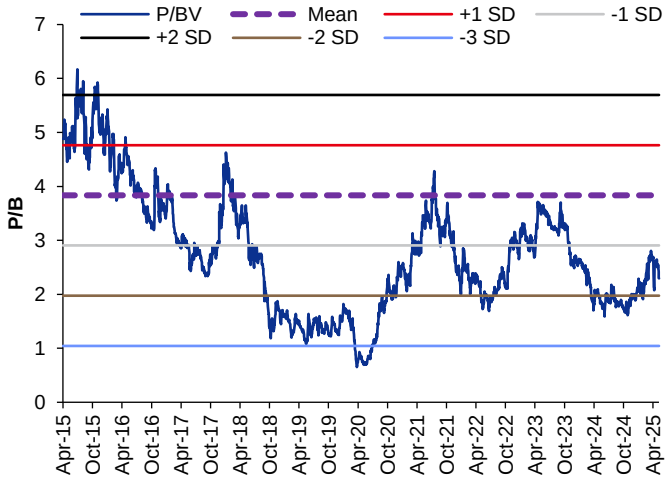
Figure 31: Net debt/equity to improve substantially



SOURCE: INCRED RESEARCH, COMPANY REPORTS

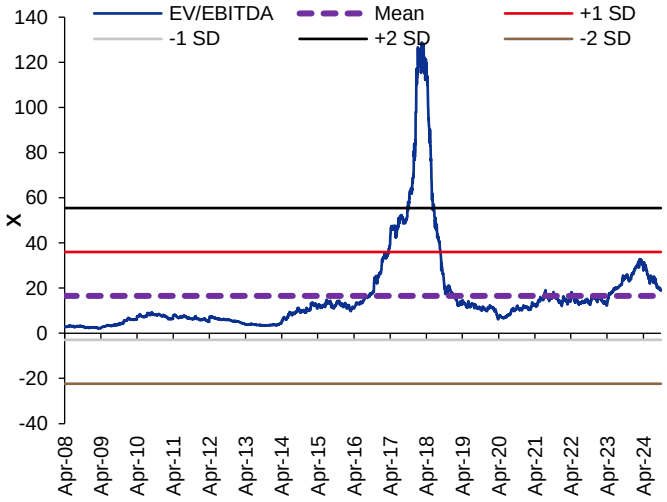
Over the last 10 years, CFSL has traded at 3.8x P/BV and 16.6x EV/EBITDA

Figure 32: On an average, CFSL trades at 3.8x P/BV on the current year basis



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 33: On an average, the stock trades at 16.6x EV/EBITDA



SOURCE: INCRED RESEARCH, COMPANY REPORTS

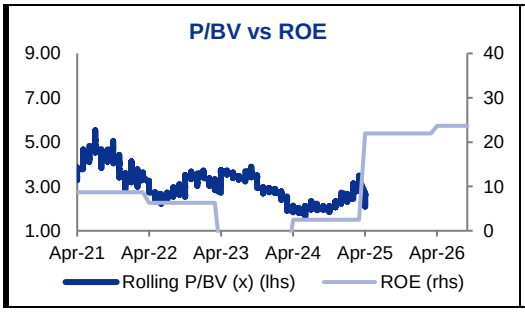
We value CFSL at 16x one-year forward EV/EBITDA to arrive at our target price of Rs425

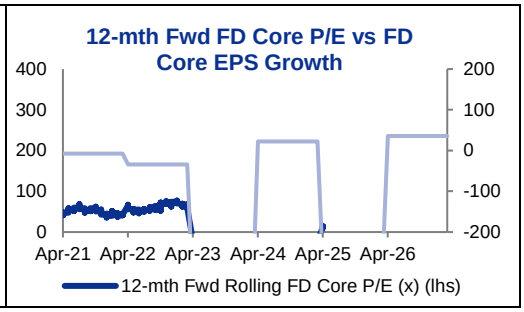
Figure 34: We value CFSL at 16x one-year forward EBITDA to arrive at our one-year target price of Rs425

Target price calculation	
FY27F EBITDA (Rsm)	5,297.8
EV/EBITDA (x)	16.0
EV (Rsm)	84,765.0
FY26F net debt Rsm)	4,878.0
Equity value (Rsm)	79,887.0
One-year target price (Rs)	424.93

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS





Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	**16,816**	**16,131**	**17,475**	**21,498**	**25,004**
Gross Profit	**8,683**	**6,994**	**8,398**	**11,179**	**13,002**
Operating EBITDA	**2,053**	**739**	**1,750**	**4,310**	**5,298**
Depreciation And Amortisation	(625)	(786)	(698)	(724)	(754)
Operating EBIT	**1,428**	**(47)**	**1,052**	**3,586**	**4,544**
Financial Income/(Expense)	(585)	(603)	(979)	(488)	(314)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	58	156	172	75	75
Profit Before Tax (pre-EI)	**901**	**(494)**	**245**	**3,173**	**4,305**
Exceptional Items	(97)	(498)	(1,510)		
Pre-tax Profit	**804**	**(992)**	**(1,265)**	**3,173**	**4,305**
Taxation	(406)	(56)	(17)	(800)	(1,085)
Exceptional Income - post-tax					
Profit After Tax	**398**	**(1,049)**	**(1,283)**	**2,373**	**3,220**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**398**	**(1,049)**	**(1,283)**	**2,373**	**3,220**
Recurring Net Profit	446	(551)	227	2,373	3,220
Fully Diluted Recurring Net Profit	**446**	**(551)**	**227**	**2,373**	**3,220**

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	2,053	739	1,750	4,310	5,298
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,388)	317	(1,632)	(1,465)	(1,277)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	54	1,171			
Other Operating Cashflow	578	241	(1,167)	149	149
Net Interest (Paid)/Received	(585)	(603)	(979)	(488)	(314)
Tax Paid	(202)	(475)	(17)	(800)	(1,085)
Cashflow From Operations	**509**	**1,390**	**(2,045)**	**1,707**	**2,772**
Capex	(1,443)	(606)	(456)	(456)	(956)
Disposals Of FAs/subsidiaries	9	6			
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	188	(65)			
Cash Flow From Investing	**(1,246)**	**(665)**	**(456)**	**(456)**	**(956)**
Debt Raised/(repaid)	1,331	252			
Proceeds From Issue Of Shares	5	6	2,259		
Shares Repurchased					
Dividends Paid	(139)	(281)			
Preferred Dividends					
Other Financing Cashflow	(602)	(836)	(172)	(75)	(75)
Cash Flow From Financing	**597**	**(860)**	**2,087**	**(75)**	**(75)**
Total Cash Generated	(141)	(135)	(414)	1,177	1,742
Free Cashflow To Equity	**594**	**977**	**(2,501)**	**1,251**	**1,816**
Free Cashflow To Firm	**(152)**	**1,328**	**(1,522)**	**1,739**	**2,130**

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	992	935	522	1,699	3,440
Total Debtors	3,046	2,852	3,985	4,902	5,702
Inventories	5,681	5,127	4,710	5,795	6,740
Total Other Current Assets	1,159	1,093	1,093	1,093	1,093
Total Current Assets	**10,878**	**10,007**	**10,310**	**13,489**	**16,975**
Fixed Assets	8,366	8,023	7,781	7,512	7,714
Total Investments	80	79	79	79	79
Intangible Assets	640	596	596	596	596
Total Other Non-Current Assets	637	813	813	813	813
Total Non-current Assets	**9,723**	**9,511**	**9,269**	**9,000**	**9,201**
Short-term Debt	3,715	3,249	3,249	3,249	3,249
Current Portion of Long-Term Debt					
Total Creditors	2,884	3,246	2,332	2,869	3,336
Other Current Liabilities	1,331	827	827	827	827
Total Current Liabilities	**7,930**	**7,323**	**6,408**	**6,945**	**7,413**
Total Long-term Debt	4,081	3,327	3,327	3,327	3,327
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	150	178	178	178	178
Total Non-current Liabilities	**4,231**	**3,506**	**3,506**	**3,506**	**3,506**
Total Provisions	199	119	119	119	119
Total Liabilities	**12,360**	**10,948**	**10,033**	**10,570**	**11,038**
Shareholders Equity	8,194	8,648	9,623	11,996	15,216
Minority Interests	47	(78)	(78)	(78)	(78)
Total Equity	**8,241**	**8,570**	**9,545**	**11,918**	**15,138**

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	19.1%	(4.1%)	8.3%	23.0%	16.3%
Operating EBITDA Growth	34.3%	(64.0%)	136.8%	146.3%	22.9%
Operating EBITDA Margin	12.2%	4.6%	10.0%	20.0%	21.2%
Net Cash Per Share (Rs)	(36.19)	(30.01)	(32.21)	(25.95)	(16.68)
BVPS (Rs)	43.58	46.00	51.19	63.81	80.94
Gross Interest Cover	2.44	(0.08)	1.07	7.35	14.49
Effective Tax Rate	50.5%			25.2%	25.2%
Net Dividend Payout Ratio					
Accounts Receivables Days	65.58	66.72	71.40	75.45	77.40
Inventory Days	210.72	215.90	197.80	185.80	190.61
Accounts Payables Days	117.17	122.45	112.15	91.97	94.35
ROIC (%)	5.5%	(0.3%)	7.4%	17.0%	20.0%
ROCE (%)	9.5%	(0.3%)	6.7%	20.6%	22.5%
Return On Average Assets	4.1%	0.4%	6.2%	13.0%	14.2%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.