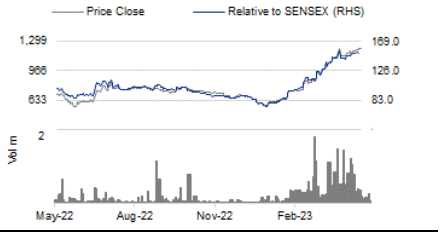
India

REDUCE *(no change)*

Consensus ratings*:	Buy 3	Hold 1	Sell 6

Current price:	Rs1,220
Target price: ▲	Rs553
Previous target:	Rs381
Up/downside:	-54.7%
InCred Research / Consensus:	-48.9%
Reuters:	
Bloomberg:	ANURAS IN
Market cap:	US$1,805m
	Rs131,085m
Average daily turnover:	US$4.2m
	Rs307.7m
Current shares o/s:	99.9m
Free float:	21.6%

**Source: Bloomberg*



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	8.0	89.1	75.0
Relative (%)	5.6	78.4	53.7

Major shareholders	% held
Promoter & Promoter Group	78.4
Capital Group	2.6
Aditya Birla Sunlife	2.0

Anupam Rasayan India Ltd

It's all froth and no substance

- Anupam Rasayan India is a supplier of agrochemical intermediates and a manufacturer of a few generic API intermediates. Please note that the agrochemical industry is stagnating and is facing serious headwinds from gene-edited seeds and the state of API-makers is no different.
- The stock is hugely overvalued. However, the good part is the company is very light on debt (courtesy IPO money) and hence, stock price collapse is unlikely, but we feel it is set for a long underperformance based on missed earnings.
- We have retained REDUCE rating on the stock but rolled forward our valuation based on FY26F EPS. We valued the stock at 20x FY26F EPS to arrive at our target price of Rs553.

Nearly 90% of current and future products relate to agrochemicals

The Indian chemical sector has many gravity-defying valuations, but none comes closer to these three names - Astec Lifesciences, Clean Science and Technology, and Anupam Rasayan India. While Clean Science and Technology's EPS expectation inbuilt multiple low probability growth drivers, Anupam Rasayan's projected EPS is even more uncertain. Please note that as of now, almost 90% of the product portfolio of Anupam Rasayan is linked to agrochemicals, whose volume growth appears to have peaked. Anupam Rasayan is also talking about venturing into unique pharmaceutical chemicals. But we don't find any evidence of unique APIs (all generic API intermediates). Please note that the environmental clearance document (Link here) mentions only age-old SBI triazoles, other generic agrochemical intermediates and also generic API intermediates. Coming to its stock price, we believe the earnings disappointment is the only trigger as between earnings there can be plenty of positive noises (like the announcements of contracts, capex etc.) Please note that a CRAMS contract is no better than a LoI (Letter of Intent). Even take-or-pay contracts are hardly enforced for the fear of losing a customer permanently.

Market is betting that Anupam Rasayan will be next PI Industries

Flupyroxystrobin is the new insecticide by Syngenta which was in the R&D stage till 2022. Anupam Rasayan (as well as other Indian companies) appears to have got the contract to manufacture flupyroxystrobin for Syngenta. However, please note that till now, sales of Flupyroxystrobin are 0. While it can become like what pyroxasulfone became for PI Industries, however, please note that it took 10 years for pyroxasulfone to achieve US$250m sales. Moreover, insecticides like flupyroxystrobin are facing serious headwinds from gene-edited seeds (IN: Chemicals - Overall - Gene editing is at the cusp of a revolution). The market appears to be desperately looking for its second PI Industries but that rarely happens. Please note many names that were touted as second BHEL or L&T in 2005-07 bull market don't exist anymore! We had a painful experience with Suzlon, BHEL, Lanco, etc. when after putting a SELL these stocks doubled and later plunged 99%, 80% and 100%, respectively. So, stock can still go up, but risk management needs that one should steer clear of names like Anupam Rasayan, Astec LifeSciences, Ami Organics, etc.

Financial Summary	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (Rsm)	10,660	16,019	17,621	19,383	21,321
Operating EBITDA (Rsm)	2,970	4,314	4,731	5,204	5,724
Net Profit (Rsm)	1,522	2,168	2,518	2,761	2,776
Core EPS (Rs)	15.2	21.7	25.2	27.6	27.8
Core EPS Growth	92.9%	42.5%	16.1%	9.6%	0.6%
FD Core P/E (x)	80.09	56.21	48.40	44.15	43.91
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)	42.49	28.93	27.19	24.86	23.43
P/FCFE (x)	(73.75)	(47.41)	828.80	23.62	19.12
Net Gearing	33.6%	6.3%	19.6%	20.3%	32.9%
P/BV (x)	7.05	5.14	4.64	4.20	3.84
ROE	9.2%	10.6%	10.1%	10.0%	9.1%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Analyst(s)

Satish KUMAR
T (91) 22 4161 1562
E satish.kumar@incredcapital.com

Abbas PUNJANI
T (91) 22 4161 1598
E abbas.punjani@incredcapital.com

Vipraw SRIVASTAVA
T (91) 22 4161 1500
E vipraw.srivastava@incredcapital.com

It's all froth and no substance

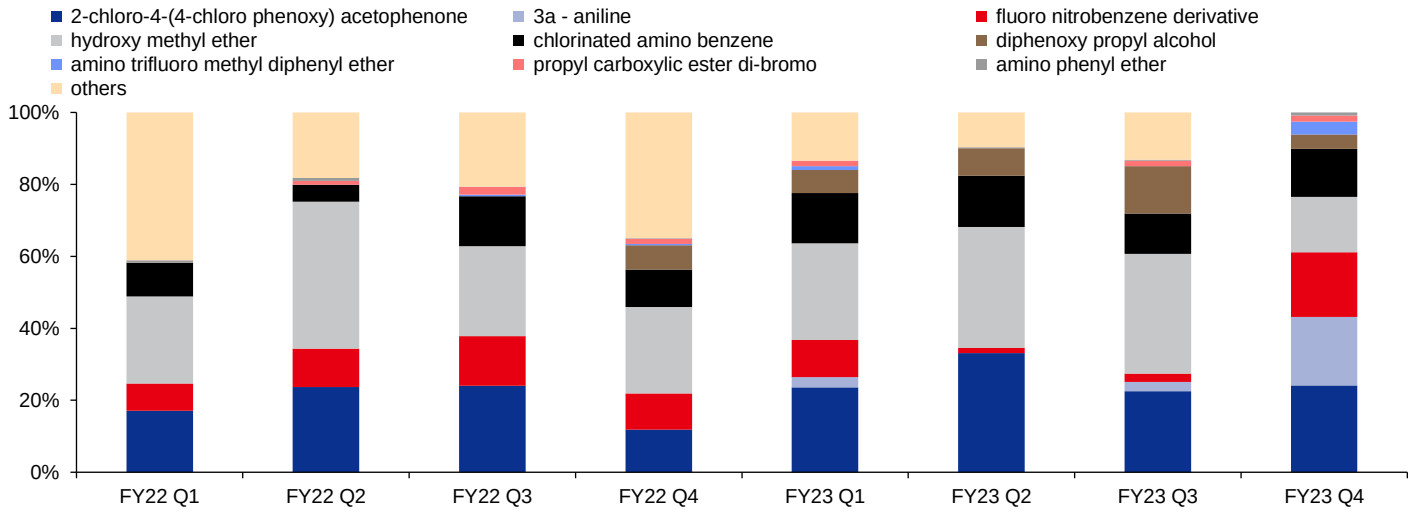
The Indian chemical sector has many gravity-defying valuations, but none comes closer to these three names - Astec LifeSciences, Clean Science and Technology, and Anupam Rasayan. The interesting thing is that headwinds are apparent in business. Please note that as of now, almost 90% of the product portfolio of Anupam Rasayan is linked to agrochemicals. While Anupam Rasayan is talking about venturing into electronic chemicals and other unique pharmaceutical chemicals, we don't have any evidence on the same yet. Please note that the environmental clearance document (https://environmentclearance.nic.in/user/Reports.aspx?pid=IA/GJ/IND3/283319/2022&forms=4&id=33819) mentions only age-old SBI triazoles and other agrochemicals.

90% of the product portfolio relates to agrochemicals

Almost 90% of Anupam Rasayan's product portfolio relates to agrochemicals. After the expansion, its reliance on agrochemicals will only increase further.

90% of the company's FY23 sales were from nine molecules

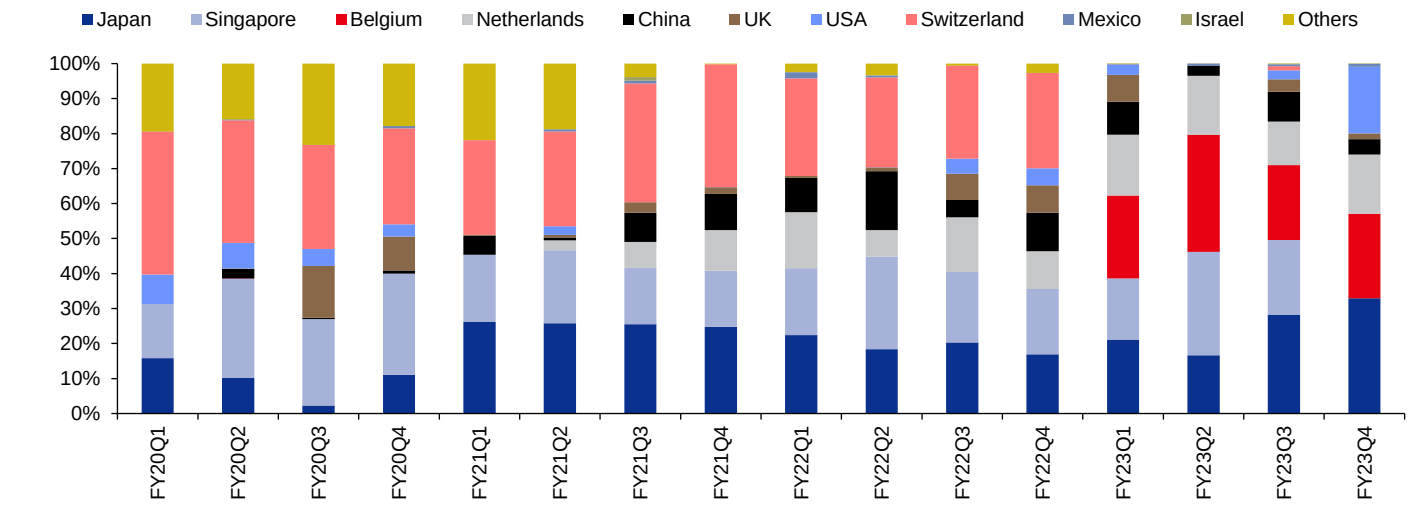
Figure 1: Almost 80% of Anupam Rasayan's sales depended on top nine molecules in FY23; in 4QFY23, almost all the sales were driven by these nine molecules



SOURCE: INCRED RESEARCH

In overseas markets, its reliance on Japan and Singapore is quite high ➤

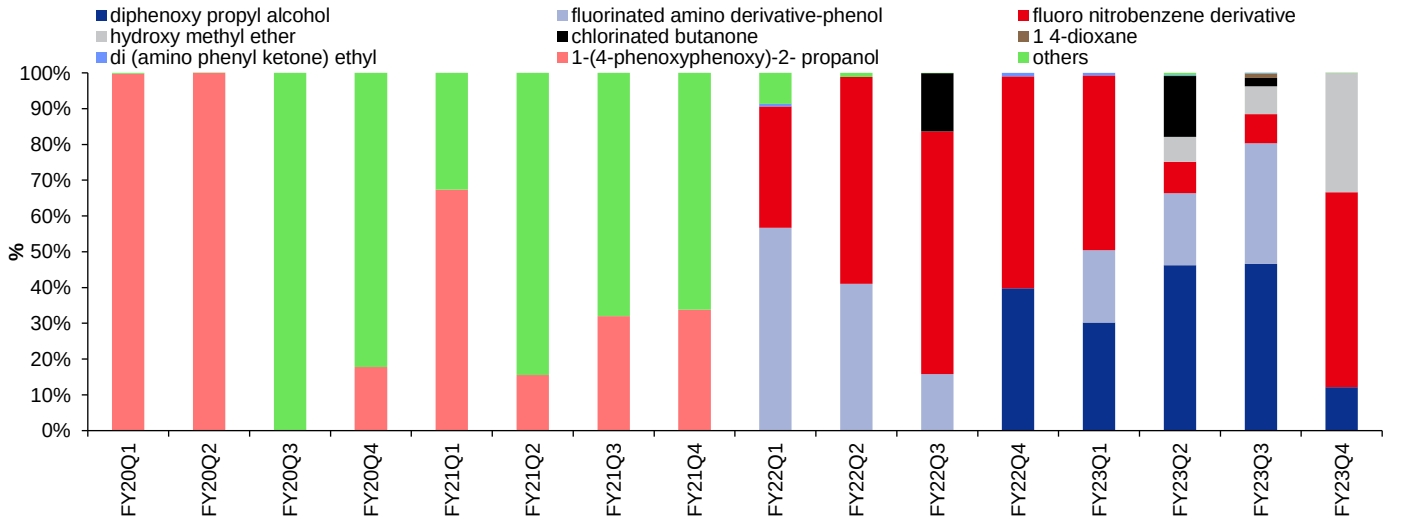
Figure 2: Japan, Singapore, Belgium and Netherlands account for a lion's share of Anupam Rasayan's overall exports



SOURCE: INCRED RESEARCH, COMPANY REPORTS

In the recent past, three molecules have dominated Anupam Rasayan's exports to Japan ➤

Figure 3: Diphenoxy propanol, fluorinated amino derivative and fluoro nitrobenzene derivative are the mainstay of Anupam Rasayan's exports to Japan



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Diphenoxy propanol, fluorinated amino derivative & fluoro nitro benzene derivatives have industrial as well as agrochemical applications ➤

1. **Diphenoxy propanol** is a chemical compound used primarily as a solvent in various industries. It is commonly employed as a dispersant, emulsifier, or coupling agent in formulations such as paints, coatings, adhesives, and industrial cleaners. Its solubility and compatibility with different types of materials makes it useful in enhancing the performance and stability of these products. However, it is important to note that the specific usage and application of diphenoxy propanol may vary, depending on the industry and product formulation.
2. **Fluorinated amino derivatives**, also known as fluorinated amines, have various applications across different industries. Here are a few examples of their usage - pharmaceuticals, agrochemicals, polymers and its materials,

surfactants, solvents. However, in case of Anupam Rasayan, most of its customers in Japan use it in agrochemicals (mostly herbicides).

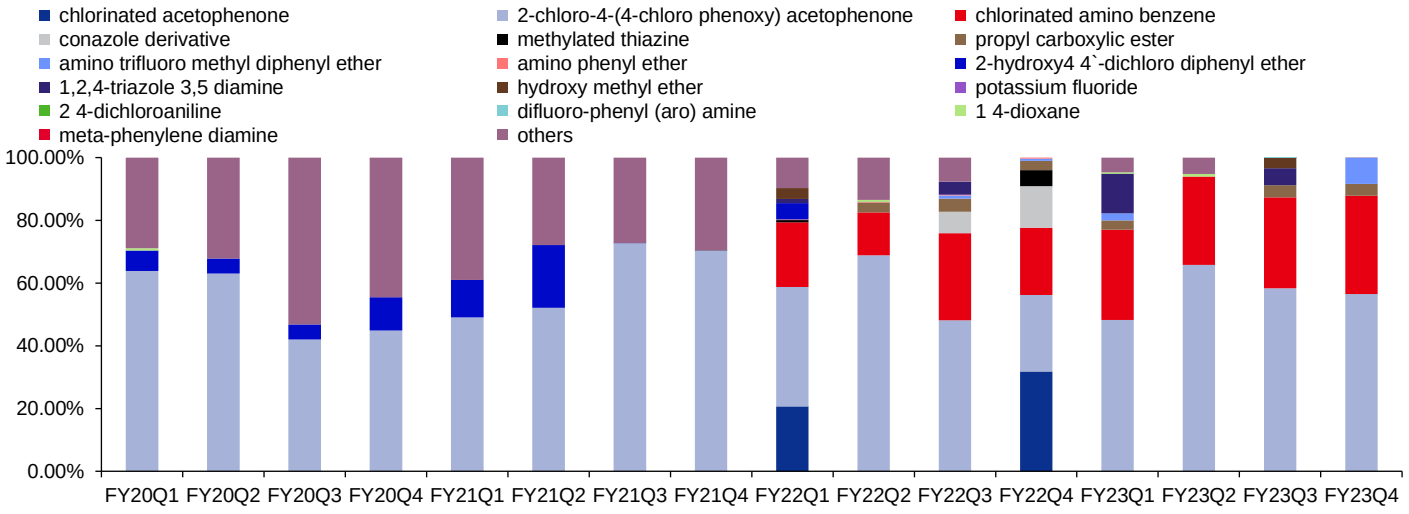
3. **Fluoro nitrobenzene derivatives** are often used as intermediates in the synthesis of various pharmaceuticals, agrochemicals, and dyes.

Global slowdown will have an adverse impact on exports to Japan ➤

Exports of diphenoxy propanol can take a beating in the coming quarters as it is mainly used in industrial applications. Fluorinated amino derivatives can still do OK as they're mainly used in herbicides. However, fluoro nitrobenzene derivatives can again face headwinds. In a nutshell, we expect the exports to Japan to decline in FY24F over FY23.

Exports to European countries (Belgium and Netherlands) mainly comprise agrochemical intermediates, especially 2-chloro-4-(4-chloro phenoxy) acetophenone ➤

Figure 4: European sales are mainly driven by 2-chloro-4-(4-chloro phenoxy) acetophenone which is used to produce an insecticide called dichlorvos

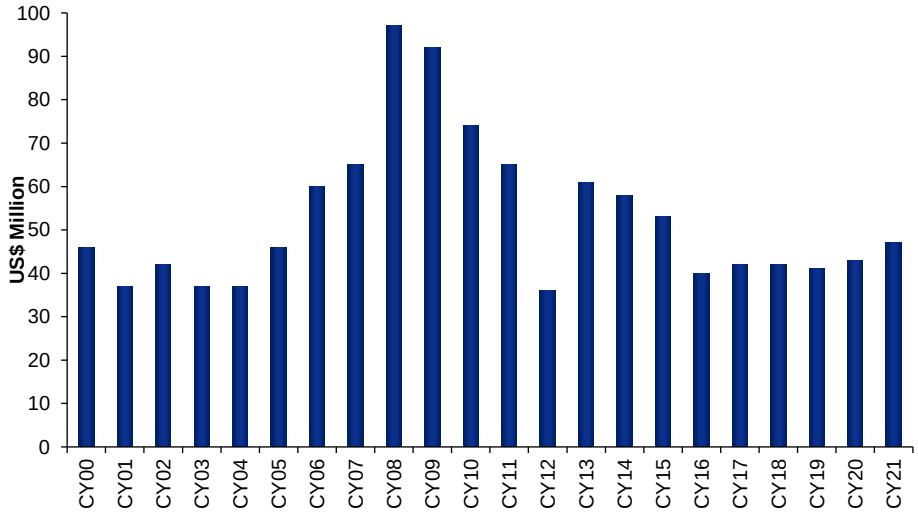


SOURCES: INCRED RESEARCH, COMPANY REPORTS

2-chloro-4-(4-chloro phenoxy) acetophenone is used in an insecticide called dichlorvos, which is a stagnated insecticide➤

Dichlorvos is a stagnated insecticide, and its sales have remained around US$50 m for the last 21 years. Anupam Rasayan's sales have already touched US$10 m in FY23, which means further sales are unlikely.

Figure 5: Dichlorvos is a stagnated insecticide, and its sales have remained at ~ US$50m for the last 21 years; Anupam Rasayan's sales of its intermediate appears to have peaked



SOURCE: INCRED RESEARCH, COMPANY REPORTS

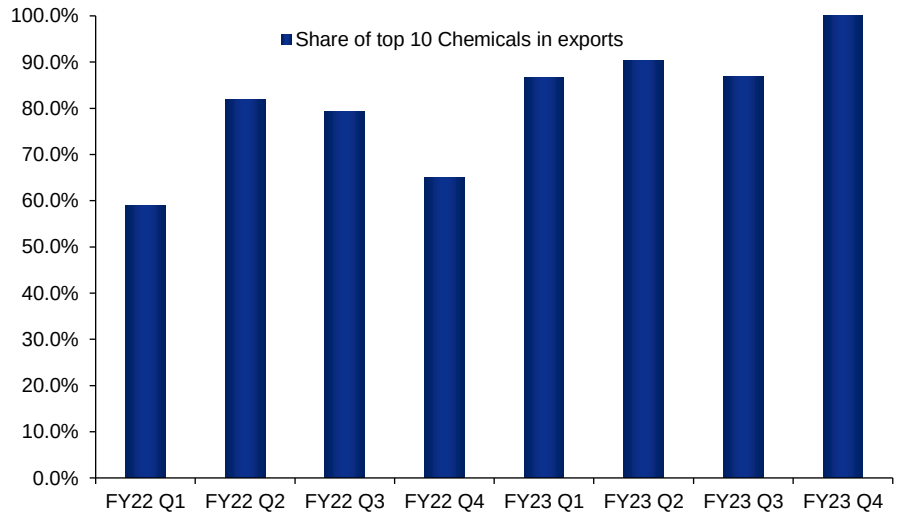
Overall product concentration is only rising with time ➤

Figure 6: The list of top 10 chemicals and their usage is given below

Row Labels	Usage
2-CHLORO-4-(4-CHLORO PHENOXY) ACETOPHENONE	Can be used as a building block for the synthesis of various herbicides and fungicides.2-CHLORO-4-(4-CHLORO PHENOXY) ACETOPHENONE is an intermediate compound used in the production of an insecticide called dichlorvos.
3A - ANILINE	Used in the synthesis of various pesticides and herbicides, such as 2,4,5-trichlorophenoxyacetic acid (2,4,5-T) and N-phenyl anthranilic acid, which are used as selective herbicides.
FLUORO NITROBENZENE DERIVATIVE	Fluoro nitrobenzene derivatives can be used as active ingredients in pesticides and herbicides. They have shown high efficacy against a variety of pests and weeds.
HYDROXY METHYL ETHER	Wide range of applications, including fuel additive, solvent, chemical intermediate, humectant, and as a de-icing agent. Hydroxymethyl ether (HME) is used in various applications including: Fuel additives: HME can be used as an oxygenate additive in gasoline or diesel fuel, enhancing combustion efficiency and reducing emissions. Solvents: HME can serve as a solvent in different industries such as coatings, paints, adhesives, and cleaning agents. Chemical intermediates: HME can be utilized as a building block or intermediate in the synthesis of various chemicals, including pharmaceuticals, polymers, and specialty chemicals. Polymer processing: HME can act as a plasticizer or a processing aid in the production of plastics, resins, and synthetic fibres.
CHLORINATED AMINO BENZENE	Used as an intermediate in the production of various agrochemicals such as herbicides, fungicides, and insecticides.
DIPHENOXY PROPYL ALCOHOL	Used as an intermediate in the synthesis of various chemicals such as pharmaceuticals, agrochemicals, and fragrances.
AMINO TRIFLUORO METHYL DIPHENYL ETHER	Amino trifluoro methyl diphenyl ether derivatives have been studied for their potential use as pesticides and herbicides.
PROPYL CARBOXYLIC ESTER DI-BROMO	It is used as an intermediate in the synthesis of various pesticides and herbicides.
AMINO PHENYL ETHER	Amino phenyl ethers have also been studied for their potential use as fungicides.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: The share of top 10 chemicals in exports is rising sequentially and as of now, it's nearly 100%



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Anupam Rasayan's entire sales are driven by generic agrochemical intermediates ➤

Almost the entire sales of Anupam Rasayan are driven by generic agrochemical intermediates which are facing serious headwinds of stagnation. Please see our earlier report: IN: Chemicals - Overall - Gene editing is at the cusp of a revolution. Global slowdown and inflation are also not helping the cause. The recent financial results of UPL and other generic agrochemical companies also indicate the same.

It seems very unlikely that base business can grow at more than 8-10% in FY24F ➤

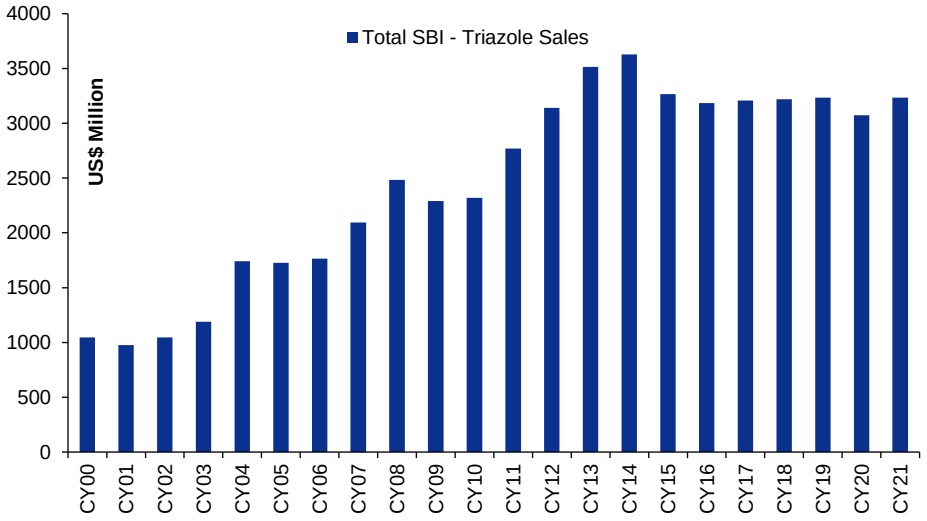
Given the rapid fall in commodity prices, supply chain decongestion and the threat materializing from gene-edited seeds, we believe that more than 10% growth in the base business is very difficult to achieve.

Expansion projects

We accessed the environmental clearance document for the planned project of Anupam Rasayan. Please click the link of the document here: (https://environmentclearance.nic.in/user/Reports.aspx?pid=IA/GJ/IND3/283319/2022&forms=4&id=33819). Analysing the portfolio of expansion projects indicates that the expansion is coming in SBI triazoles, and other commodity chemicals. The fascination of Indian companies for SBI triazoles is something beyond our comprehension. While this market is shrinking, many companies are expanding their capacity to cater to the same market. Some of these names are Astec LifeSciences, Anupam Rasayan, etc.

Anupam Rasayan is putting up a 375t/month plant for SBI triazoles! This leaves us perplexed ➤

Figure 8: SBI triazoles sales are going nowhere since the last 10 years



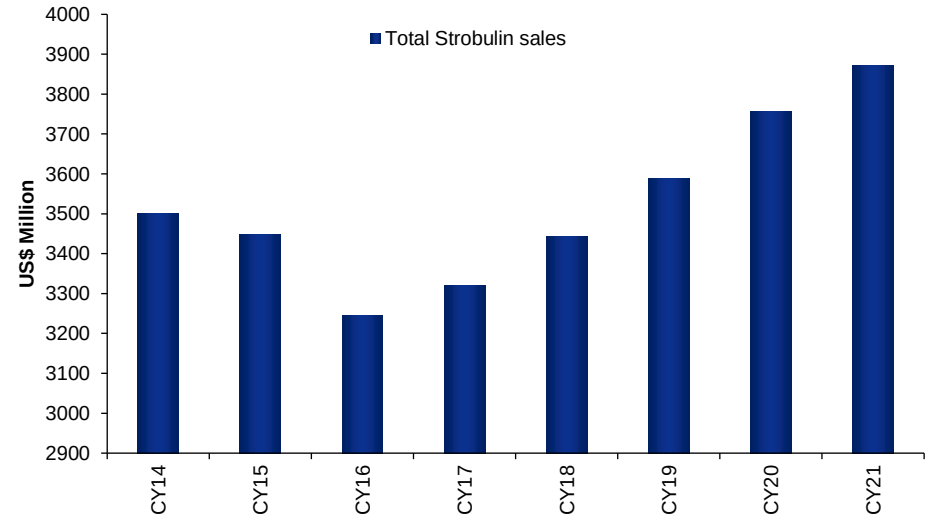
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Recent disaster numbers (4QFY23) of Astec LifeSciences show what can happen in a declining commodity market of triazoles ➤

The recent financial results of Astec LifeSciences shows what can happen in a declining commodity market. In these kinds of chemicals, channel-filling creates a wrong perception of demand and as the supply chain normalizes, sales collapse. That's why we saw a significant decline in Astec LifeSciences' revenue and profits. The same happened because Astec LifeSciences' profits collapsed.

Strobilurin is another range of fungicides which the company plans to manufacture, but its sales have also stagnated over the last eight years ➤

Figure 9: Strobilurin sales have increased by a mere 10% in the last eight years



SOURCE: INCRED RESEARCH

Methoxyacrylate, called flupyroxystrobin, is still in the R&D stage and moreover it's an insecticide, and all insecticides have a bleak future ➤

Flupyroxystrobin is one insecticide which is still in the R&D stage. It can become a huge success like how pyroxasulfone became for PI Industries or like many others, it can never become anything big. Syngenta is researching this molecule and it appears that Anupam Rasayan has got this molecule in a CRAMS contract. However, it's too uncertain as of now and no one knows the success of this insecticide. Moreover, gene editing is a big spectre hanging over all insecticides. Please click the link to our recent note: IN: Chemicals - Overall - Gene editing is at the cusp of a revolution

It appears that the market believes flupyroxystrobin can be the next pyroxasulfone, and Anupam Rasayan is the next PI Industries! ➤

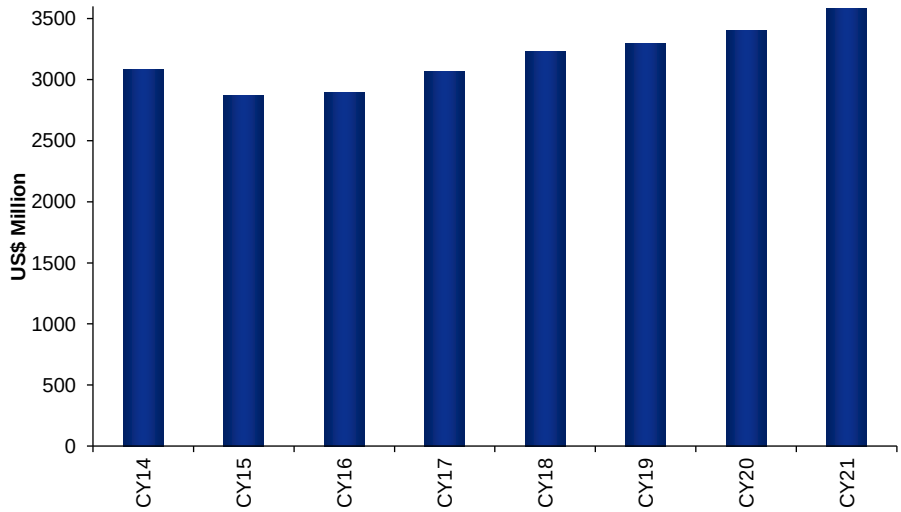
The success of PI Industries inevitably leads to a search for the next PI Industries. There are many candidates to become the next PI Industries. Some of them who are trading at crazy valuations are Astec LifeSciences, Ami Organics and most important of them, Anupam Rasayan. Anupam Rasayan and Astec LifeSciences most closely resemble PI Industries of early years and hence, market will trust everything in the short term till the time the bubble bursts. The success of pyroxasulfone and its sole CRAMS contract to PI Industries is an extremely rare event and these things rarely repeat itself.

The other group is herbicides with 6,000t/annum capacity ➤

The various herbicides in this group are: 1) Amide/nitro phenyl ether herbicide, 2) amide/pyridine/aryloxy phenoxy propionic herbicides, and 3) phenyl ether/ phenoxy carbolic acid/pyridine/nitro phenyl ether-based herbicides.

The overall sales of various herbicides in the above-mentioned names are US$3,600m and grew at @2.2% CAGR over CY14-21 ➤

Figure 10: The last seven years' sales CAGR for the group of herbicides that Anupam Rasayan plans to make is ~2.2%



SOURCE: INCRED RESEARCH

There are a few APIs as well, but they are totally generic ➤

Anupam Rasayan is planning to make three generic APIs – tinosan, resorcinol, and health supplement phenofen.

Tinosan – It is the brand name for a broad-spectrum antimicrobial agent called polyhexamethylene biguanide (PHMB). It is commonly used in various industries, including healthcare, personal care, and textiles, for its antimicrobial properties.

Tinosan (PHMB) is primarily used as a disinfectant and preservative due to its effectiveness against a wide range of microorganisms, including bacteria, fungi, and viruses. It is often incorporated into products such as hand sanitizers, wound dressings, contact lens solutions, and surface disinfectants.

In the healthcare industry, Tinosan is used for disinfecting medical equipment, sanitizing surfaces in hospitals and clinics, and as a preservative in certain medications. Its antimicrobial properties help reduce the risk of infections and the spread of harmful microorganisms.

In personal care products, Tinosan is used in formulations such as soaps, shampoos, and cosmetics to prevent the growth of bacteria and fungi. It helps extend the shelf life of these products and maintain their effectiveness over time.

Tinosan is also used in the textile industry to provide antimicrobial properties to fabrics. This application is particularly useful for products like sportswear, socks, and underwear, where odour-causing bacteria can thrive.

Resorcinol- It is a chemical compound that has various applications across different industries. Here are some of its common uses:

A. Pharmaceuticals: Resorcinol is used in the production of certain medications and topical preparations. It has antiseptic and keratolytic properties, which make it suitable for treating certain skin conditions like acne, eczema, and psoriasis. Resorcinol is also used in the synthesis of pharmaceutical intermediates and as an ingredient in some oral analgesic preparations.

B. Hair dyes and haircare products: Resorcinol is a key ingredient in hair dyes, particularly those used for permanent colouring. It helps in the oxidation of dye precursors and contributes to the development of colour on the hair shaft. Resorcinol is also present in some haircare products such as shampoos and conditioners, where it is used to treat dandruff and control scalp conditions.

C. Rubber industry: Resorcinol plays a significant role in the production of rubber products. It acts as a curing agent or crosslinker in the vulcanization process of rubber. Resorcinol-formaldehyde (RF) resins are commonly used in the manufacture of tyres, conveyor belts, and other rubber goods to enhance their strength, durability, and resistance to heat and chemicals.

D. Adhesives and sealants: Resorcinol-based adhesives are known for their high strength and resistance to moisture, making them suitable for bonding wood and other materials in demanding applications. These adhesives are commonly used in the construction of wooden structures, such as boats, furniture, and aircraft.

E. Flame retardants: Resorcinol is utilized in some flame retardant formulations, particularly for textiles and plastics. It can help reduce the flammability of materials and enhance their fire-resistance properties.

There are various other chemicals whose usage are given in the table below, and most of them are agrochemical intermediate ➤

Figure 11: The list of various other intermediaries is given below; most of them are intermediates for agrochemical production

Product	Uses
(2-[(2-PHENYLACETYL)AMINO]PHENYL]-3-[(2- PHENYLACETYL)AMINO] BENZENESULFONATE)	PAPS inhibitor. Potential tool for understanding the mechanism of sulfotransferase inhibition and for developing new drugs that target this enzyme. Inhibiting this enzyme may have potential therapeutic benefits for conditions such as cancer, Alzheimer's disease, and asthma, among others. Still being studied in preclinical research and has not yet been approved for use in human beings.
(2-HYDROXYETHANESULFONIC ACID) (33-DIMETHYL-2H-BENZOFURAN-5-YL) ESTER)	Used as a pH buffer in various biochemical and biophysical experiments such as protein structure determination and enzyme assays. It has been shown to have a buffering capacity in the pH range of 6.1 to 7.5, making it useful in experiments that require a stable pH environment.
(7Z, 9E)-DODECADIENYL ACETATE	Used to monitor moth population and to control moth infestation in agricultural crops.
1 2-BIS (4-AMINOPHENOXY) ETHANE	Bis-APPA has been used to prepare polyimides, polyurethanes, and other high-performance polymers. Bis-APPA can be used as a component in coatings for various applications such as metal protection and anti-corrosion coatings.
1 4-DIOXANE	Primarily used as a solvent and a stabilizing agent in various industries, including the pharmaceutical, personal care, and textile industries.
1-(2-CHLORO-4-(4-CHLOROPHENOXY) PHENYL)	Used to control broadleaf weeds in agricultural and non-agricultural settings as a herbicide.

1-(4-PHENOXYPHENOXY)-2- PROPANOL	Used a a surfactant in agricultural formulations, particularly in herbicides.
1,2-BIS (4-AMINOPHENOXY) ETHANE	Important chemical in the production of epoxy resins and is used in a variety of applications in different industries.
1,2,4-TRIAZOLE 3,5 DIAMINE	Used as a Fungicide.
1,3-DIFLUOROBENENE	Useful chemical with a range of industrial applications.
1,3-DIMETHYL-1,2,3,4-CYCLOBUTANETETRACAR	Versatile chemical with a range of industrial applications.
1,4-BIS(TRIFLUOROMETHYL)BENZENE	Useful chemical with a range of industrial and scientific applications.
10H-PHENOTHIAZINE5 5-DIOXIDE	Primary usage in the pharmaceutical, polymer, dye, and organic synthesis industries.
2 2-BIS (4-AMINOPHENOXY) ETHANE	Studies have shown that BPO has antifungal and antimicrobial properties, which could make it useful as a pesticide or a fungicide.
2 3-DIFLUORO ETHOXY BENZENE	Used in the production of agrochemicals, including herbicides, fungicides, and insecticides. It has been shown to have herbicidal and fungicidal activity, making it useful in protecting crops from weeds and fungal infections.
2 4 5-TRIFLUOROPHENYLACETIC ACID	The compound is also used in the production of agrochemicals, including herbicides and insecticides. It has been shown to have herbicidal and insecticidal activity, making it useful in protecting crops from weeds and pests.
2 4 6-TRICHLOROANILINE	Not widely used in agriculture due to its toxicity and potential for environmental contamination. However, it has been used as a pesticide and herbicide in some countries, including Japan and China.
2 4-DICHLORO BUTYROPHENONE	Used in the production of agrochemicals, such as herbicides and insecticides.
2 4-DICHLOROANILINE	Used as an intermediate in the production of several herbicides, such as diuron and chlortoluron. It is also used in the production of fungicides and insecticides.
2 4-DIFLUORO NITROBENZENE	Used as an intermediate in the synthesis of some pesticides, including insecticides and herbicides.
2 4-DIHYDROXYACETOPHENONE	Used in pharmaceuticals, chemical research, analytical chemistry, and cosmetics.
2 6-DIFLUOROBENZAMIDE	Used as a building block in the synthesis of fungicides and herbicides. For example, it is a key intermediate in the production of the fungicide flutriafol, which is used to protect crops such as grapes, bananas, and apples from fungal diseases.
2-(4-PYRIDINYL)-4 6-PYRIMIDINEDIAMINE	Also known as LAPATINIB, is an anti-cancer drug used in the treatment of advanced or metastatic breast cancer.
2-(TRIFLUOROMETHYL) PHENOTHIAZINE	Used as a building block in the synthesis of fungicides and insecticides. For example, it is used in the synthesis of the fungicide flutriafol, which is used to protect crops such as grapes, bananas, and apples from fungal diseases.
2-[(2-PHENYLACETYL) AMINO] PHENYL]-3--[(	A non-steroidal anti-inflammatory drug (NSAID) that was previously used for the treatment of acute pain, osteoarthritis, and dysmenorrhea.
2-AMINO 2 4 DICHLORO DIPHENYL ETHER	Primarily used as a curing agent in the production of epoxy resins.
2-AMINO-3 METHYLBENZOIC ACID	Primary applications are in the pharmaceutical industry, food industry, and in scientific research.
2-AMINO-3,4-DIFLUOROBENZALDEHYDE	Potential as a plant growth regulator and could be used in agriculture to enhance crop yields and improve plant health.
2-AMINO-4-TRIFLUORO METHYL 4 CHLORO DIPHENYL ETHER	Investigated as a potential herbicide for use in agriculture to control the growth of weeds.
2-AMINO-5-CHLORO-N-METHYL-3-METHYLBENZAM	Starting material for the synthesis of various drugs and pharmaceutical intermediates. Specifically, it has been used in the synthesis of tyrosine kinase inhibitors and anti-cancer agents.
2-CHLORO PHENOTHIAZINE	Used as a starting material for the synthesis of various drugs, particularly antipsychotic and antidepressant medications.
2-CHLORO-3,4 DIHYDROXYACETOPHENONE	Used as a starting material for the synthesis of various drugs, particularly as a key intermediate in the synthesis of tyrosine kinase inhibitors.
2-CHLORO-4-(4-CHLORO PHENOXY) ACETOPHENONE	Can be used as a building block for the synthesis of various herbicides and fungicides.
2-CHLOROPHENOTHIAZINE	The compound can be used as a starting material for the synthesis of various drugs, particularly as a key intermediate in the synthesis of antipsychotic and antidepressant medications.
2-FLUORO-4-NITRO PHENOL	Intermediate in the synthesis of various agrochemicals, such as herbicides, fungicides, and insecticides.
2-HYDROXY-4 4-D ICHLORO DIPHENYL ETHER	Main application is as a flame retardant and as a building block in the synthesis of various organic compounds.
2-METHOXY PHENOTHIAZINE	The compound can be used as an intermediate in the synthesis of various pharmaceuticals, such as antipsychotic drugs.
2-METHYL THIOPHENOTHIAZINE	Used as a starting material in the synthesis of antipsychotic drugs such as Chlorpromazine and Thioridazine. These drugs are used to treat psychiatric disorders, including schizophrenia and bipolar disorder.
2-METHYLMERCAPTO PHENOTHIAZINE	Starting material in the synthesis of various drugs such as Chlorpromazine, Thioridazine, and Levomepromazine. These drugs are used to treat psychiatric disorders, including schizophrenia and bipolar disorder.
2-TRIFLUOROMETHYL BENZOYLCHLORIDE	Used as a building block for the synthesis of pesticides, herbicides, and fungicides.
2, 4-DICHLORO BUTYROPHENONE	Used as an intermediate in the synthesis of various drugs such as antipsychotic agents and antidepressants.
2,2-BIS(3-AMINO-4-HYDROXYPHENYL) HEXAFLU	Mainly used in the field of materials science, particularly as a monomer for high-performance polymers and resins.
2,2-BIS[3-[3-AMINOBENZAMIDO]	Used as a fluorescent dye in biomedical research for staining DNA and as a labelling agent for DNA sequencing and genotyping.
2,4-DICHLORO BUTYROPHENONE	Used as a pesticide and herbicide.
2,4-DIFLUOROBROMOBENZENE	Primarily used as a building block in organic synthesis, particularly in the production of agrochemicals.
2,4-DIHYDROXY ACETOPHENONE	Intermediate in the synthesis of pharmaceuticals, such as the anti-cancer drug Etoposide.
2,4,5-TRIFLUOROPHENYLACETIC ACID	Used as a herbicide to control broadleaf weeds in crops such as soybeans, peanuts, and alfalfa.
2,4,6-TRICHLOROANILINE	Manufacture of herbicides and fungicides.
2,6-DIFLUOROANILINE	Used as an intermediate in the synthesis of agrochemicals.
24-DICHLORO BUTYROPHENONE	Used as a building block for the synthesis of more complex molecules, such as herbicides and fungicides in agriculture.
3 4 5-TRIMETHOXYTOLUENE	Primarily as a fragrance ingredient in the cosmetic and personal care industry.
3 4-DIAMINO DIPEHENYL ETHER	Primarily used in the production of polymers, such as polyimides and polyamides, as well as in the manufacture of dyes and pigments.

3 6-DICHLORO-2- METHOXYBENZOIC ACID	Used as an herbicide in agriculture.
3 CHLORO ANTHRANILIC ACID METHYL ESTER	Intermediate in the synthesis of several herbicides and fungicides.
3-AMINO-4 METHYL BENZOIC ACID ISOPROPHYLESTER	Used as an intermediate in the manufacture of agrochemicals.
3-CHLOROANTHRANILIC ACIDMETHYL ESTER	Building block in synthesis of agrochemicals.
3-HYDROXYACETOPHENON	Used as a flavouring agent in food and beverages and as a fragrance in cosmetics and personal care products. It can also be used as an intermediate in the synthesis of various chemicals and pharmaceuticals.
3-ISOPROPYL-4-AMINO-1,2,4-TRIAZOL-5-ONE	Broad-spectrum fungicide that is used to control a variety of fungal diseases on crops such as grapes, potatoes, and ornamental plants.
3-NITROBENZOYL CHLORIDE	Used in the preparation of agrochemicals.
3,5-DIFLUOROANILINE	Intermediate in the synthesis of various agrochemicals.
3,6-DICHLORO-2-METHOXYBENZOIC	Used primarily as an herbicide to control the growth of broadleaf weeds.
3A - ANILINE	Used in the synthesis of various pesticides and herbicides, such as 2,4,5-trichlorophenoxyacetic acid (2,4,5-T) and N-phenylanthranilic acid, which are used as selective herbicides.
4 4`-BIS(3-AMINOPHENOXY) BIPHENYL	Mainly used as a precursor to produce polymeric materials, such as liquid crystal polymers and thermosetting resins.
4 6-DIAMINO-2-(4-PYRIDINYL) PYRIMIDINE	It is used as an intermediate in the production of agrochemicals.
4-AM-4`ME-DIPHENYLETHER DIST FLAKES	Intermediate used in the synthesis of various organic compounds, including pharmaceuticals, agrochemicals, and polymer additives.
4-AMINO DIPHENYL ETHER	Primarily used as an intermediate compound in the synthesis of various organic chemicals and dyes.
4-BROMO-6-METHYLPYRIDAZIN	Used as a building block for agrochemicals
4-BROMODIPHENYL ETHER	Used as a flame retardant in various materials such as plastics, textiles, and electronics.
4-CHLORO-2-FLUROANILINE	Used in the production of agrochemicals.
4-CHLORO-3-NITROBENZOIC ACID	It is used as an herbicide, as it inhibits the growth of weeds and other unwanted plants.
4-FLUORO ANILINE	Used in the synthesis of various agrochemicals, including herbicides and insecticides.
4-PHENOXY ANILINE	Used as an intermediate in the synthesis of herbicides, such as dicamba and 2,4-dichlorophenoxyacetic acid (2,4-D).
4,6-DIMETHOXY-2-(PHENOXYCARBON	DPC is used as a component in the formulation of some herbicides and insecticides to control weeds and pests in agricultural crops.
5-AMINO 2-CHLORO PHENOL	Useful as an intermediate in the synthesis of agrochemicals.
5-CHLORO-2-HYDROXYBENZOPHENONE	Used as an intermediate in the synthesis of various pharmaceutical compounds, including antihistamines and anti-inflammatory drugs.
5-CHLORO-3-METHYL ISATOIC ANHYDRIDE	Used as an intermediate in the synthesis of various agrochemicals, including herbicides and pesticides.
5-FLUORO-2-OXINDOLE	This compound can be used as an intermediate in the synthesis of various agrochemicals, including herbicides and pesticides.
5,6-DIAMINO-1,3-DIHYDRO-2H-BENZIMIDAZOL-	Used as an intermediate in the synthesis of various pharmaceuticals, including antihistamines and anti-ulcer agents.
6-CHLORO-8-METHYL-1H-BENZO(D)(1 3) OXAZINE-2 4-DIONE	Used as an intermediate in the synthesis of various pharmaceuticals, including anti-inflammatory and antitumor agents.
6-FAP (2,2-BIS (3-AMINO-4-HY	Primarily used as a research tool and a potential cancer therapeutic.
6-METHYLPYRIDAZIN-3(2H)-ONE HYDROBROMIDE	Can be used as a starting material for the synthesis of various pyridazine derivatives with potential biological activities.

SOURCE: INCRED RESEARCH, COMPANY EC FILING DOCUMENT

If all are mostly generic and unproven, then why is the market getting so excited? It's searching for the second Navin Fluorine and PI Industries ➤

The success of some companies during a bull market ignites a frantic hunt for others. We have seen that in previous bull markets and this bull market is no different.

A. Bharat Heavy Electricals or BHEL's success led to the extraordinary valuations of the following companies: 1) BG Energy- exists in a skeleton form, 2) Thermax's boiler venture and its SOTP valuation - Thermax has written off the investment, 3) Larsen and Toubro or L&T - power venture has gone nowhere, 4) Doosan Energy - Indian venture doesn't exist anymore, and 5) Suzlon - stock price fell 99% from its peak.

B. L&T is another story. Its success led to the extraordinary valuations of the following companies- 1) Punj Lloyd - doesn't exist anymore, and 2) Lanco Energy - doesn't exist. There are many more such examples.

So, what should investors do? Keep away! If you like to participate, then be with names like Vinati Organics and Navin Fluorine ➤

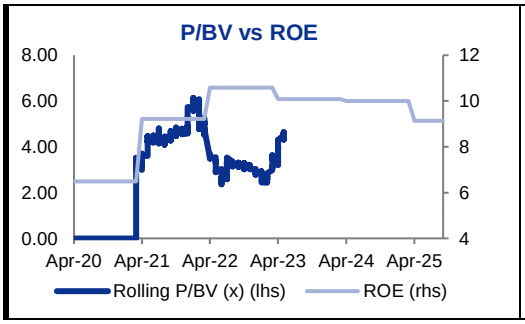
We had gone wrong by calling Suzlon, BHEL too early. These stocks doubled and after that fell 80% and 99%, respectively, from those levels. We are not saying that Anupam Rasayan falls in that category (or simply put, we don't know) but the fact is we are the first to admit that there is one molecule in Anupam Rasayan's

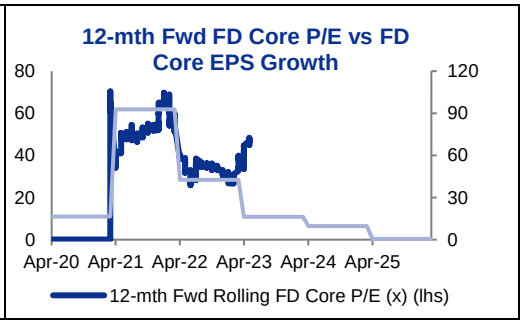
kitty which can be like pyroxasulfone for PI Industries, but that may be six-to-seven years away.

Valuation

Market is putting Anupam Rasayan in the same league as PI Industries or Navin Fluorine. Please note that overvaluation corrects in debt-laden companies soon but with companies like Anupam Rasayan (which has little debt in its balance sheet), it can take a long time to correct. Shareholders will have a painful period of underperformance in this stock. We stick to what we believe is the fair multiple for this business i.e., 20x and roll over the target price of Anupam Rasayan based on FY26F EPS to arrive at a fair value of Rs553. We retain our REDUCE rating on the stock.

BY THE NUMBERS





Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Net Revenues	**10,660**	**16,019**	**17,621**	**19,383**	**21,321**
Gross Profit	**6,961**	**8,983**	**9,868**	**10,855**	**11,940**
Operating EBITDA	**2,970**	**4,314**	**4,731**	**5,204**	**5,724**
Depreciation And Amortisation	(601)	(711)	(750)	(800)	(1,200)
Operating EBIT	**2,369**	**3,603**	**3,981**	**4,404**	**4,524**
Financial Income/(Expense)	(157)	(541)	(614)	(713)	(813)
Pretax Income/(Loss) from Assoc.	7	15			
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	**2,219**	**3,077**	**3,367**	**3,691**	**3,711**
Exceptional Items					
Pre-tax Profit	**2,219**	**3,077**	**3,367**	**3,691**	**3,711**
Taxation	(697)	(908)	(848)	(930)	(935)
Exceptional Income - post-tax					
Profit After Tax	**1,522**	**2,168**	**2,518**	**2,761**	**2,776**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**1,522**	**2,168**	**2,518**	**2,761**	**2,776**
Recurring Net Profit	1,522	2,168	2,518	2,761	2,776
Fully Diluted Recurring Net Profit	**1,522**	**2,168**	**2,518**	**2,761**	**2,776**

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
EBITDA	2,970	4,314	4,731	5,204	5,724
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(4,416)	(801)	(521)		
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(60)				
Other Operating Cashflow	459	727	786	887	987
Net Interest (Paid)/Received	(308)	(627)	(700)	(800)	(900)
Tax Paid	(358)	(693)	(848)	(930)	(935)
Cashflow From Operations	**(1,712)**	**2,921**	**3,447**	**4,361**	**4,876**
Capex	(1,469)	(2,208)	(5,300)	(1,200)	(500)
Disposals Of FAs/subsidiaries	1	1			
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(2,653)	(3,020)			
Cash Flow From Investing	**(4,120)**	**(5,227)**	**(5,300)**	**(1,200)**	**(500)**
Debt Raised/(repaid)	4,180	(265)	2,000	2,000	2,000
Proceeds From Issue Of Shares	69	4,807			
Shares Repurchased					
Dividends Paid	(100)	(246)	(246)	(246)	(246)
Preferred Dividends					
Other Financing Cashflow	(305)	(590)	(700)	(800)	(900)
Cash Flow From Financing	**3,844**	**3,706**	**1,054**	**954**	**854**
Total Cash Generated	(1,989)	1,401	(798)	4,115	5,231
Free Cashflow To Equity	**(1,653)**	**(2,571)**	**147**	**5,161**	**6,376**
Free Cashflow To Firm	**(5,524)**	**(1,679)**	**(1,153)**	**3,961**	**5,276**

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Cash And Equivalents	2,144	6,299	4,478	5,725	2,986
Total Debtors	2,801	4,151	4,566	5,022	5,525
Inventories	8,632	9,315	10,246	11,271	12,398
Total Other Current Assets	890	1,347	1,347	1,347	1,347
Total Current Assets	**14,466**	**21,112**	**20,637**	**23,365**	**22,255**
Fixed Assets	12,459	14,144	19,394	21,094	27,393
Total Investments	1,488	14	14	14	14
Intangible Assets					
Total Other Non-Current Assets	492	2,509	2,509	2,509	2,509
Total Non-current Assets	**14,439**	**16,667**	**21,917**	**23,617**	**29,917**
Short-term Debt	3,014	4,326	6,326	8,326	10,326
Current Portion of Long-Term Debt					
Total Creditors	2,278	3,226	3,765	4,142	4,556
Other Current Liabilities	639	557	843	133	133
Total Current Liabilities	**5,931**	**8,108**	**10,933**	**12,601**	**15,015**
Total Long-term Debt	4,945	3,550	3,550	3,550	3,550
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	195	269	269	269	269
Total Non-current Liabilities	**5,140**	**3,819**	**3,819**	**3,819**	**3,819**
Total Provisions	546	771	203	203	203
Total Liabilities	**11,617**	**12,699**	**14,955**	**16,623**	**19,037**
Shareholders Equity	17,289	23,726	26,244	29,005	31,780
Minority Interests		1,355	1,355	1,355	1,355
Total Equity	**17,289**	**25,081**	**27,599**	**30,359**	**33,135**

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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