



Blends Steady; Vanillin Poised for Realisation-Driven Growth

Est. Vs. Actual for Q3FY26: Revenue - **MISS**; EBITDA - **MISS**; PAT - **MISS**

Change in Estimates post Q3FY26

FY26E/FY27E/FY28E: Revenue: -10%/-14%/-19%; EBITDA: -31%/-8%/-10%; PAT: NM*/-9%/-14%

Recommendation Rationale

- Vanillin – Core Growth Driver:** The Vanillin segment witnessed a 4% YoY revenue decline, as the management consciously curtailed dispatches (490 tonnes) in anticipation of a 25% reduction in US import duties. This strategic deferment is expected to enhance realisations by approximately \$2–3/kg (to \$14–14.5/kg) in subsequent quarters following the duty reduction. For Q4FY26, the company has guided for 600–700 tonnes of sales volume (300–350 tonnes from the US). For FY27, volumes are targeted at ~4,000 tonnes, indicating a significant ramp-up versus FY26.
- Blends - The Business Hallmark:** The Blends segment reported revenue of Rs 272 Cr, reflecting 11% YoY growth. The business continues to demonstrate resilience across key geographies, despite operational challenges in Brazil. Management remains constructive on the segment's medium-term trajectory and reiterated a 20–25% growth outlook for the next year, supported by network expansion, deeper geographic reach, improved order visibility, and potential inorganic opportunities.
- Vinpai Acquisition – Strategic Portfolio Diversification:** The company acquired a controlling stake in Vinpai in Nov'25, contributing ~Rs 13 Cr to Q3FY26 revenue. This acquisition enhances Camlin's global footprint, with Vinpai serving customers across 36+ countries. Vinpai's capabilities in food ingredients, along with expansion into cosmetics and nutraceuticals, provide meaningful cross-selling opportunities. The move is intended to drive revenue growth and improve margins by expanding the product offering.

Sector Outlook: Cautiously Optimistic

Company Outlook & Guidance: Management reiterated its confidence in achieving ~20% annual growth in the Blends segment, while guiding for Vanillin sales volumes of approximately 4,000 tonnes in FY27. The company has provided revenue guidance of Rs 2,200 Cr for FY27 and Rs 2,400 Cr for FY28, indicating steady topline expansion over the medium term. EBITDA margins are projected to expand to 12–14%, driven by operating leverage and efficiency gains. Additionally, the Aroma business is expected to gradually increase capacity utilisation over the next two years, further supporting margin recovery and earnings growth.

Current Valuation: 20x Sep'27E (Earlier Valuation: 20x Sep'27E)

Current TP: Rs 170/share (Earlier TP: 195/share)

Recommendation: We maintain our HOLD rating on the stock.

Financial Performance: The company's Q3 performance missed our expectations on all fronts. CFS reported revenue of Rs 457 Cr in Q3FY26, up 6% YoY and down 1% QoQ, missing our estimate by 10%. EBITDA stood at Rs 22 Cr, significantly down by 62% YoY and 34% QoQ, below our estimate of Rs 48 Cr. EBITDA margin contracted 858 bps YoY and 245 bps QoQ to 4.8%. The company reported a net loss of Rs 37 Cr after accounting for discontinued operations. Earnings were also impacted by a one-time exceptional expense of Rs 17.5 Cr related to the implementation of new labour regulations, provision for doubtful loans/advances and acquisition-related costs of Vinpai.

Outlook: Following the shutdown of its European and Chinese operations, the company has realigned its focus toward enhancing cost efficiencies and strengthening sustainable growth across its core segments. Profitability is expected to recover as losses from discontinued operations taper off and scale benefits emerge from ramp-up in key businesses. Vanillin capacity utilisation is trending upward in line with improving volumes, and realisations are likely to strengthen in the coming quarters as tariff rollbacks enable better pricing on existing channel inventory. However, we expect the recovery to be gradual and maintain a cautious stance.

Valuation & Recommendation: We have moderated our earnings estimates to factor in near-term uncertainty; however, we continue to value the company at **20x Sep'27E earnings**. Consequently, our revised target price stands at **Rs 170/share (earlier Rs 195/share)**, implying a modest upside of ~3% from the CMP. We therefore retain our **HOLD** rating.

Key Financials (Consolidated)

| (Rs Cr) | Q3FY26 | YoY (%) | QoQ (%) | Axis Est. | Variance |
|---|--------|---------|---------|-----------|----------|
| Net Sales | 457 | 6% | -1% | 508 | -10% |
| EBITDA | 22 | -62% | -34% | 48 | -54% |
| EBITDA Margin | 4.8% | -858bps | -245bps | 9.5% | -468bps |
| Net Profit (Incl Discontinued operations) | (37) | NM* | NM* | 6.2 | NM* |
| EPS (Rs) | (2.2) | NM* | NM* | 0.4 | NM* |

Source: Company, Axis Securities Research

(CMP as of 13th February, 2026)

| | |
|----------------------------|----------|
| CMP (Rs) | 165 |
| Upside /Downside (%) | 3% |
| High/Low (Rs) | 335/113 |
| Market cap (Cr) | 2,906 |
| Avg. daily vol. (1m) Shrs. | 4,91,649 |
| No. of shares (Cr) | 19.2 |

Shareholding (%)

| | Jun-25 | Sep-25 | Dec-25 |
|----------|--------|--------|--------|
| Promoter | 49.1 | 49.1 | 48.0 |
| FIIs | 2.9 | 2.1 | 2.1 |
| DIIIs | 4.1 | 5.5 | 7.8 |
| Others | 43.9 | 43.3 | 42.1 |

Financial & Valuations

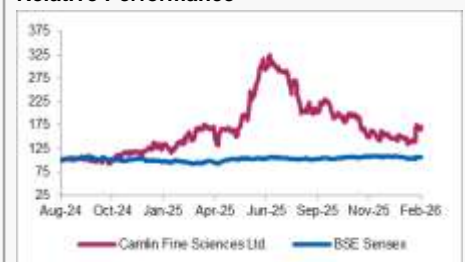
| Y/E Mar (Rs Cr) | FY25 | FY26E | FY27E |
|-----------------|--------|--------|-------|
| Net Sales | 1,667 | 1,813 | 2,173 |
| EBITDA | 208 | 100 | 280 |
| Net Profit | -158 | -95 | 145 |
| EPS (Rs) | -8.4 | -5.1 | 7.7 |
| PER (x) | -19.6 | -32.5 | 21.4 |
| P/BV (x) | 3.5 | 4.0 | 3.4 |
| EV/EBITDA (x) | 17.5 | 36.7 | 12.4 |
| ROE (%) | -18.1% | -12.2% | 15.7% |

Change in Estimates (%)

| Y/E Mar | FY26E | FY27E | FY28E |
|---------|-------|-------|-------|
| Sales | -10% | -14% | -19% |
| EBITDA | -31% | -8% | -10% |
| PAT | NM* | -9% | -14% |

*NM: Not Meaningful

Relative Performance



Source: Ace Equity, Axis Securities Research

Results Gallery

[Q2FY26](#)

[Q1FY26](#)

[Q4FY25](#)

[Q3FY25](#)

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Key Concall Highlights

- **Performance Overview:** Camlin Fine Sciences reported Q3FY26 revenue of Rs 457 Cr, registering 6% YoY growth but a decline of 1% sequentially. Profitability was adversely impacted by pricing pressure in the Straights portfolio and tariff-related disruptions in the Vanillin business. Softer realisations weighed on gross margins, while EBITDA margin moderated to 4.8% compared to 7.3% in Q2FY26. The company is in the process of liquidating its European operations, which should help curtail losses from discontinued businesses. Earnings were further impacted by a one-time exceptional charge of Rs 17.5 Cr relating to new labour regulation implementation, provisions for doubtful advances, and acquisition-related expenses pertaining to Vinpai.
- **Cost Structure:** Employee and other operating expenses remained broadly under control, though costs increased during the quarter due to the consolidation of Vinpai. Management indicated that employee expenses may continue to rise in the near term, given ongoing investments in human capital, while other overheads are expected to remain stable.
- **Blends Segment:** The Blends division delivered revenue of Rs 272 Cr, up 11% YoY. Vinpai contributed approximately Rs 13 Cr during its first month of consolidation (December). The segment continues to exhibit steady traction across key geographies and is expected to sustain its growth momentum despite operational challenges in Brazil. Management reiterated a medium-term growth outlook of ~20% CAGR over the next 2–3 years, supported by expanded market reach, deeper geographic penetration, and potential inorganic opportunities. The Vinpai acquisition is expected to enhance the product portfolio and strengthen the company's global footprint.
- **Aroma & Vanillin Business:** Segment revenue stood at Rs 55 Cr, reflecting a 4% YoY decline. Blended realisations averaged ~\$12.5/kg in Q3, with 9MFY26 volumes at approximately 1,740 tonnes. For Q4FY26, management expects volumes of 600–700 tonnes. During the quarter, dispatches were deliberately curtailed (~490 tonnes) to benefit from a potential 25% reduction in US tariffs. The deferment is expected to improve realisations by \$2–3/kg in subsequent quarters. Current realisations of ~\$12.5/kg (impacted by 50% duties) are projected to increase to \$14–14.5/kg post tariff normalisation. The company is targeting ~2,400 tonnes in FY26 and ~4,000 tonnes in FY27 (60:40 US: Europe mix). Retail Vanillin prices in the US remain around \$19/kg.
- **Brazil Fire Incident:** A fire incident occurred at one of the company's Brazil facilities on 7th February, 2026. Insurance assessment is underway, and operations at the affected unit remain suspended. However, production at the other unit continues, and alternate arrangements are being implemented to ensure uninterrupted customer supplies. The financial impact is yet to be quantified.
- **Outlook & Guidance:** Management expects gross margins to improve by 100–200 bps, driven by higher Vanillin realisations and continued growth in the Blends segment. Gross margins are guided at 45–47%, with EBITDA margins projected to expand to 12–14% in FY27. Blends revenue is expected to grow 20–25% in FY27, while Vanillin volumes are targeted at ~4,000 tonnes (vs. ~2,400 tonnes in FY26). Revenue guidance stands at Rs 2,200 Cr for FY27 and Rs 2,400 Cr for FY28. No significant expansionary capex is planned; the company expects to incur Rs 40–50 Cr annually towards maintenance capital expenditure.

Key Risks to Our Estimates and TP

- Slowdown in demand for key products and delays in approvals from customers may lead to slower ramp-up.
- Adverse outcomes of global trade negotiations may adversely impact the demand/prices of key products.
- Faster-than-expected ramp-up of facilities or surge in prices of key products may pose upside risks to our estimates.

Change in Estimates

| | New Estimates | | | Old Estimates | | | % Change | | |
|-----------|---------------|-------|-------|---------------|-------|-------|----------|-------|-------|
| | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E |
| Net Sales | 1,813 | 2,173 | 2,447 | 2,008 | 2,513 | 3,015 | -10% | -14% | -19% |
| EBITDA | 100 | 280 | 340 | 145 | 304 | 380 | -31% | -8% | -10% |
| PAT | (95) | 145 | 176 | -14 | 160 | 204 | NM* | -9% | -14% |

Source: Company, Axis Securities Research

*NM: Not Meaningful

Q3FY26 Results Review

| | Q3FY25 | Q2FY26 | Q3FY26 Axis Est | Q3FY26 | YoY (%) | QoQ (%) | Axis Variance % |
|---------------------------------------|------------|-------------|--------------------|-------------|---------|---------|-----------------------|
| Sales | 431 | 460 | 508 | 457 | 6% | -1% | -10% |
| Expenditure | | | | | | | |
| Net Raw Material | 214 | 247 | 267 | 248 | 114% | 1% | |
| Gross Profit | 217 | 213 | 241 | 209 | -4% | -2% | |
| <i>Gross Margin (%)</i> | 50.3% | 46.3% | 47.5% | 45.8% | -457bps | -59bps | -175bps |
| Employee Expenses | 48 | 60 | 64 | 64 | 33% | 6% | |
| Other Exp | 111 | 119 | 130 | 123 | 11% | 3% | |
| | | | | | | | |
| EBITDA | 58 | 33 | 48 | 22 | -62% | -34% | -54% |
| <i>EBITDA Margin (%)</i> | 13.4% | 7.3% | 9.5% | 4.8% | -858bps | -245bps | -468bps |
| Oth. Inc | 1 | 5 | 5 | 3 | 120% | -36% | |
| Interest | 34 | 19 | 19 | 18 | -46% | -3% | |
| Depreciation | 14 | 19 | 19 | 17 | 16% | -11% | |
| PBT | 9 | (0) | 16 | (28) | NM* | NM* | |
| Tax | 7 | 6 | 2 | 0 | NM* | NM* | |
| PAT (Incl Discontinued operations) | (7) | (15) | 6 | (37) | NM* | NM* | NM* |
| EPS | (0.4) | (0.89) | 0.37 | (2.22) | NM* | NM* | NM* |

Source: Company, Axis Securities Research

*NM: Not Meaningful

Financials (Consolidated)

Profit & Loss

(Rs Cr)

| Y/E March | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Net Sales | 1,454 | 1,667 | 1,813 | 2,173 | 2,447 |
| Sales Growth % | -13.5% | 14.6% | 8.8% | 19.9% | 12.6% |
| Total Raw Material Consumption | 770 | 849 | 988 | 1,130 | 1,260 |
| Staff costs | 153 | 192 | 245 | 250 | 281 |
| Other Expenditure | 372 | 417 | 480 | 513 | 565 |
| Total Expenditure | 1,294 | 1,458 | 1,713 | 1,893 | 2,107 |
| EBITDA | 160 | 208 | 100 | 280 | 340 |
| % Change | -22.2% | 30.3% | -52.1% | 181.2% | 21.3% |
| EBITDA Margin % | 11.0% | 12.5% | 5.5% | 12.9% | 13.9% |
| Depreciation | 56.4 | 63.8 | 69.3 | 69.5 | 74.7 |
| EBIT | 103 | 144 | 30 | 211 | 265 |
| % Change | -27.6% | 39.6% | -78.9% | 594.0% | 25.9% |
| EBIT Margin % | 7.1% | 8.7% | 1.7% | 9.7% | 10.8% |
| Interest | 60 | 100 | 87 | 76 | 83 |
| Other Income | 16 | 14 | 18 | 26 | 37 |
| PBT | 59 | 49 | -55 | 161 | 220 |
| Tax | 6 | 0 | 8 | 16 | 44 |
| Tax Rate % | 9.6% | 0.1% | -15.0% | 10.0% | 20.0% |
| PAT before discontinued ops. | 53 | 49 | -64 | 145 | 176 |
| Discontinued operations | -158 | -208 | -32 | 0 | 0 |
| PAT after discontinued ops. | -105 | -158 | -95 | 145 | 176 |
| PAT Growth % | -363.4% | 50.8% | -39.7% | -251.8% | 21.4% |

Source: Company, Axis Securities Research

Note: FY24 Financials have been restated by the company to account for discontinued operations.

Balance Sheet

(Rs Cr)

| Y/E March | FY24 | FY25 | FY26E | FY27E | FY28E |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Share Capital | 17 | 19 | 19 | 19 | 19 |
| Reserves & Surplus | 848 | 883 | 788 | 932 | 1,108 |
| Total Shareholders' Funds | 857 | 875 | 779 | 924 | 1,100 |
| Non-Current Liabilities | | | | | |
| Long-term Borrowings | 333 | 268 | 268 | 228 | 188 |
| Deferred Tax Liability (Net) | 7 | 3 | 3 | 3 | 3 |
| Total Non-Current Liabilities | 362 | 303 | 304 | 265 | 226 |
| Current Liabilities | | | | | |
| Short-Term Borrowings | 325 | 377 | 330 | 315 | 423 |
| Trade Payables | 325 | 377 | 352 | 387 | 432 |
| Other Financial Liability | 32 | 52 | 97 | 111 | 124 |
| Other Current Liability | 33 | 16 | 20 | 23 | 25 |
| Total Current Liability | 732 | 846 | 823 | 862 | 1,032 |
| Total Liabilities | 1,095 | 1,149 | 1,128 | 1,127 | 1,258 |
| Total Equity & Liability | 1,952 | 2,024 | 1,907 | 2,052 | 2,358 |
| Assets | | | | | |
| PP&E | 712 | 593 | 603 | 613 | 623 |
| Intangible assets | 60 | 58 | 62 | 67 | 72 |
| Capital Work in Progress | 46 | 10 | 10 | 10 | 10 |
| Total Non-Current Assets | 951 | 840 | 837 | 853 | 868 |
| Current Assets: | | | | | |
| Inventories | 513 | 527 | 546 | 566 | 603 |
| Trade Receivable | 285 | 328 | 298 | 298 | 335 |
| Cash and Cash Equivalents | 80 | 104 | 37 | 165 | 367 |
| Bank Balance | 13 | 50 | 50 | 50 | 50 |
| Other Current Assets | 97 | 124 | 127 | 109 | 122 |
| Total Current Assets | 1,001 | 1,183 | 1,070 | 1,199 | 1,490 |
| Total Assets | 1,952 | 2,024 | 1,907 | 2,052 | 2,358 |

Source: Company, Axis Securities Research

Note: FY24 Financials have been restated by the company to account for discontinued operations.

Cash Flow
(Rs Cr)

| Y/E March | FY24 | FY25 | FY26E | FY27E | FY28E |
|--|------------|------------|-------------|-------------|------------|
| PBT | 59 | 49 | -55 | 161 | 220 |
| Discontinued Operations | 0 | -208 | -32 | 0 | 0 |
| Depreciation & Amortization | 79 | 74 | 69 | 70 | 75 |
| Chg in Working cap | 32 | -78 | 71 | 53 | -27 |
| Direct tax paid | -48 | -38 | -8 | -16 | -44 |
| Cash flow from operations | 139 | 27 | 113 | 317 | 269 |
| Chg in Gross Block | -61 | -42 | -65 | -84 | -90 |
| Chg in Investments | -8 | -4 | 0 | 0 | 0 |
| Proceeds on redemption of Fin. Assets | 0 | -31 | 0 | 0 | 0 |
| Cash flow from investing | -66 | -75 | -48 | -59 | -54 |
| Proceeds / (Repayment) of Short-Term Borrowings (Net) | 0 | -15 | -47 | -15 | 108 |
| Proceeds from the issue of Equity Instruments of the company | 1 | 223 | 0 | 0 | 0 |
| Loans | 25 | -56 | 0 | -40 | -40 |
| Finance Cost paid | -73 | -70 | -87 | -76 | -83 |
| Dividends paid | -28 | 0 | 0 | 0 | 0 |
| Cash flow from financing | -86 | 72 | -133 | -130 | -13 |
| Chg in cash | -13 | 24 | -67 | 128 | 202 |
| Cash at start | 94 | 80 | 104 | 37 | 165 |
| Cash at the end | 80 | 104 | 37 | 165 | 367 |

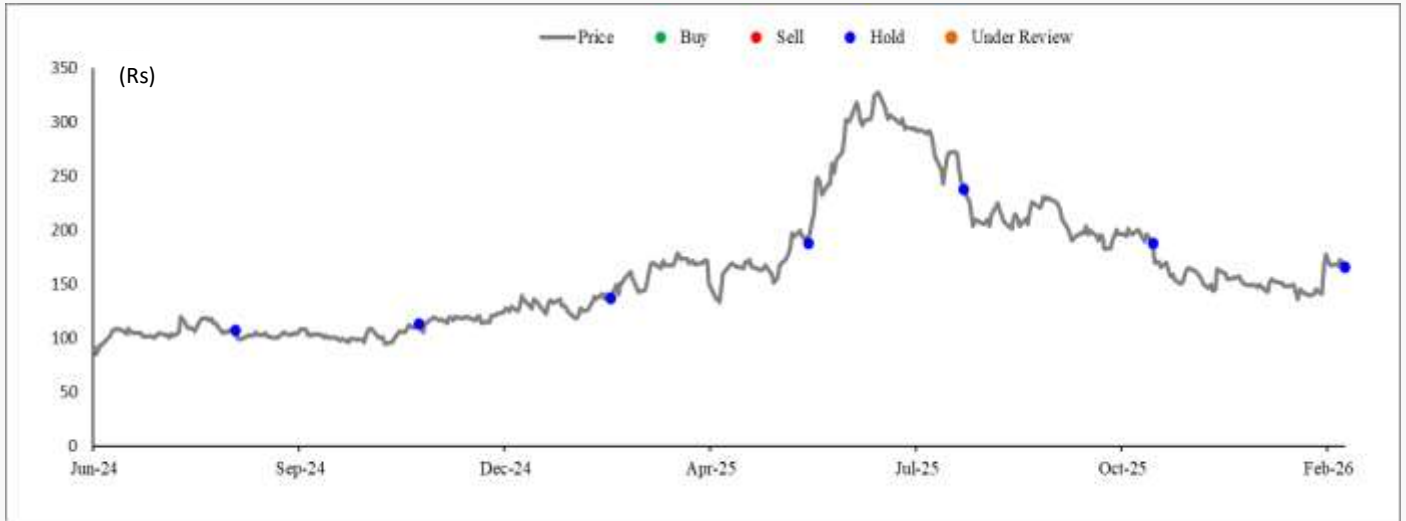
Ratio Analysis
(%)

| Y/E March | FY24 | FY25 | FY26E | FY27E | FY28E |
|----------------------------|---------|--------|--------|---------|-------|
| Growth (%) | | | | | |
| Net Sales | -13.5% | 14.6% | 8.8% | 19.9% | 12.6% |
| EBITDA | -22.2% | 30.3% | -52.1% | 181.2% | 21.3% |
| APAT | -363.4% | 50.8% | -39.7% | -251.8% | 21.4% |
| Per Share Data (Rs) | | | | | |
| Adj. EPS | -6.3 | -8.4 | -5.1 | 7.7 | 9.3 |
| BVPS | 51.2 | 46.5 | 41.5 | 49.2 | 58.5 |
| DPS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profitability (%) | | | | | |
| EBITDA Margin | 11.0% | 12.5% | 5.5% | 12.9% | 13.9% |
| Adj. PAT Margin | -7.2% | -9.5% | -5.3% | 6.7% | 7.2% |
| ROCE | 9.2% | 13.8% | 3.0% | 21.2% | 28.6% |
| ROE | -12.2% | -18.1% | -12.2% | 15.7% | 16.0% |
| ROIC | 9.2% | 13.8% | 3.0% | 21.2% | 28.6% |
| Valuations (X) | | | | | |
| PER | -26.3 | -19.6 | -32.5 | 21.4 | 17.7 |
| P/BV | 3.2 | 3.5 | 4.0 | 3.4 | 2.8 |
| EV / EBITDA | 20.9 | 17.5 | 36.7 | 12.4 | 9.8 |
| EV / Net Sales | 2.3 | 2.2 | 2.0 | 1.6 | 1.4 |
| Turnover Days | | | | | |
| Asset Turnover | 1.4 | 1.6 | 1.8 | 2.0 | 2.1 |
| Inventory days | 135.7 | 113.8 | 110.0 | 95.0 | 90.0 |
| Debtors' days | 74.0 | 67.2 | 60.0 | 50.0 | 50.0 |
| Creditors' days | 145.3 | 150.8 | 130.0 | 125.0 | 125.0 |
| Working Capital Days | 64.4 | 30.2 | 40.0 | 20.0 | 15.0 |
| Gearing Ratio | | | | | |
| Total Debt to Equity (x) | 0.7 | 0.6 | 0.7 | 0.4 | 0.2 |

Source: Company, Axis Securities Research

Note: FY24 Financials have been restated by the company to account for discontinued operations.

Camlin Fine Sciences Price Chart and Recommendation History



| Date | Reco | TP | Research |
|-----------|------|-----|---------------|
| 13-Aug-24 | HOLD | 107 | Result Update |
| 12-Nov-24 | HOLD | 105 | Result Update |
| 17-Feb-25 | HOLD | 135 | Result Update |
| 26-May-25 | HOLD | 170 | Result Update |
| 11-Aug-25 | HOLD | 215 | Result Update |
| 11-Nov-25 | HOLD | 195 | Result Update |
| 16-Feb-26 | HOLD | 170 | Result Update |
| | | | |

Source: Axis Securities Research

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|----------------|--|
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| HOLD | Between 10% and -10% |
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