Strategic Vanillin Scale-Up and Blends Expansion Strengthen Growth Visibility

Est. Vs. Actual for Q4FY26: Revenue - MISS; EBITDA - MISS; PAT - BEAT

Change in Estimates post Q4FY26

FY27E/FY28E: Revenue: -5%/-5%; **EBITDA**: -8%/-8%; **PAT**: -11%/-10%

Recommendation Rationale

- **Strategic Vanillin Scale-Up and Margin Expansion:** Management's tactical decision to curtail Q3FY26 Vanillin dispatches ahead of an anticipated 25% reduction in US import duties acts as a strong near-term catalyst. This calculated deferment is poised to unlock an additional $2–3/kg in realisations, targeting levels of $14–14.5/kg, thereby setting the stage for a steep volume ramp-up. With guidance pointing to robust volumes of ~4,000 tonnes in FY27, this core segment is positioned to drive significant topline recovery and margin expansion.
- **High-Margin Blends Segment Providing Resilient, Predictable Growth:** The Blends segment remains the structural hallmark of the company, demonstrating resilient double-digit growth of 11% YoY despite localised operational headwinds in regions such as Brazil. Backed by deeper geographic penetration and improving order visibility, management's aggressive growth outlook of 20–25% for the upcoming year anchors the company's medium-term revenue predictability and cash flow stability.
- **Value-Accretive Portfolio Diversification via Vinpai Acquisition:** The recent controlling stake acquisition in Vinpai significantly broadens the company's global footprint across 36+ countries and diversifies its portfolio into high-growth end markets such as cosmetics and nutraceuticals. This strategic integration unlocks meaningful cross-selling opportunities and acts as a key structural catalyst to drive consolidated revenue growth and improve overall margins by shifting the product mix toward value-added natural offerings.

Sector Outlook: Cautiously Optimistic

Company Outlook & Guidance: Management remains optimistic about navigating the current cycle, projecting higher growth momentum for the Blends business across all geographies. Early indicators remain positive, with the Blends segment generating over Rs 105 Cr in revenue in April 2026 alone. The Vanillin segment is also expected to witness a sharp recovery in both volumes and realisations following the withdrawal of US tariffs. While management acknowledges that lingering geopolitical conflicts may continue to hamper growth in the early part of FY27, it views the Chinese oversupply environment as a unique opportunity to leverage operations and optimise the supply chain.

Current Valuation: 20x FY28E (Earlier Valutaion: 20x Sep'27E)

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

Recommendation: We upgrade our rating on the stock to BUY from HOLD.

Financial Performance: The company's Q4 performance missed our expectations on Revenue and EBITDA Front. CFS reported revenue of Rs 425 Cr in Q4FY26, down 2% YoY and 4% QoQ, missing our estimate by 8%. EBITDA stood at Rs 21 Cr, significantly down by 66% YoY and flattish QoQ, below our estimate of Rs 25 Cr. EBITDA margin contracted 939 bps YoY and increased by 20 bps QoQ to 5%. The company reported a net profit of Rs 86 Cr after accounting for discontinued operations.

Outlook: Camlin Fine Sciences continues to strategically reposition itself from a commodity antioxidant manufacturer toward a diversified specialty ingredients and integrated food solutions company. Strong growth in blends, increasing contribution from high-value specialty ingredients, Vinpai acquisition and downstream integration initiatives provide structural long-term growth opportunities. While near-term profitability remains impacted by pricing pressure, elevated debt and geopolitical disruptions, recovery in Vanillin, improving food ingredient demand and stabilisation in antioxidant pricing could drive gradual margin normalisation over FY27-FY28. Successful integration of Vinpai and continued scale-up in value-added blends business remain key catalysts for medium-term earnings improvement.

Valuation & Recommendation: We have moderated our earnings estimates to incorporate near-term business uncertainties and value the company at **20x FY28E earnings**. Accordingly, **we maintain our Target Price at Rs 170/share, implying an upside potential of ~39% from the CMP**. Given the favourable risk-reward profile at current levels, we upgrade our rating to BUY from HOLD.

Key Financials (Consolidated)

(Rs Cr)	Q4FY26	YoY (%)	QoQ (%)	Axis Est.	Variance
Net Sales	425	-2%	-4%	459	-8%
EBITDA	21	-66%	0%	25	-16%
EBITDA Margin	5.0%	-939bps	20bps	5.5%	-51bps
Net Profit (Incld Discontinued operations)	86	NM	-133%	(14.2)	NM
EPS (Rs)	4.5	NM	-133%	(0.8)	NM

*NM: Not Meaningful
Source: Company, Axis Securities Research

(CMP as of 26th May, 2026)

CMP (Rs)	122
Upside /Downside (%)	39%
High/Low (Rs)	335/96
Market cap (Cr)	2,334
Avg. daily vol. (1m) Shrs.	16,99,072
No. of shares (Cr)	19.2

Shareholding (%)

	Sep-25	Dec-25	Mar-26
Promoter	49.1	48.0	48.0
FIIs	2.1	2.1	1.0
DIIs	5.5	7.8	7.7
Others	43.3	42.1	43.3

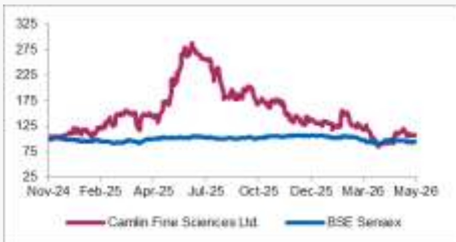
Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	1,723	2,065	2,329
EBITDA	107	258	314
Net Profit	24	129	159
EPS (Rs)	1.5	6.7	8.3
PER (x)	83.6	18.2	14.8
P/BV (x)	2.3	2.1	1.8
EV/EBITDA (x)	27.2	10.7	8.5
ROE (%)	2.4%	11.4%	12.3%

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	-5%	-5%
EBITDA	-8%	-8%
PAT	-11%	-10%

Relative Performance



Source: Ace Equity, Axis Securities Research

Results Gallery
Q3FY26
Q2FY26
Q1FY26
Q4FY25

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Key Concall Highlights

- **Debt & Liquidity Management:** Total consolidated debt increased marginally to ~Rs 670 Cr at the end of FY26. This increase absorbed ~Rs 60 Cr of assumed loans from the Vinpai acquisition and additional working capital borrowings, partially offset by the elimination of CFS Europe's debt. Management anticipates debt repayments of Rs 60–70 Cr during FY27 and is actively exploring structured debt options to support liquidity amid extended working capital cycles.

- **Vinpai & Vitafor Profitability:** The strategic acquisitions of Vitafor and Vinpai are proving to be powerful growth engines for the Value-Added Blends segment. Vitafor delivered exceptional performance, clocking 53% YoY revenue growth to Rs 130 Cr in FY26. Vinpai, which was integrated late in the fiscal year (Nov'25), contributed Rs 16.5 Cr to topline in Q4FY26 alone. Looking ahead, management has provided a confident profitability outlook for both subsidiaries, projecting EBITDA of Rs 14–16 Cr each for FY27, thereby positioning them comfortably above the break-even threshold and supporting consolidated margin expansion.

- **Customs Duty Refunds:** Following a favourable Supreme Court ruling removing US tariffs, CFS has formally applied to reclaim approximately Rs 9 Cr in duties paid until February. Management expects this to be realised either as a direct cash refund or through future duty adjustments.

- **Vanillin Inventory & Market Pricing:** CFS successfully liquidated its internal channel stock of Vanillin in Q4. While US competitors are currently suppressing market prices at $17–18/kg to crowd out Chinese suppliers, management expects broader market pricing to inch up toward $19–20/kg in the coming quarters as competitor capacity constraints emerge. Management is targeting robust US sales volumes of 2,200–2,400 metric tonnes for FY27, positioning Vanillin as a core revenue driver post tariff relief.

- **Outlook & Guidance:** Despite the turbulent macro environment, management has laid out confident guidance for FY27. Consolidated EBITDA margins are projected to recover to a healthy 12%–14% range. The high-value Blends segment is slated for strong growth, with management targeting revenues upwards of Rs 1,400 Cr for FY27, maintaining its steady 17% historical annual growth trajectory. In the Aroma Ingredients segment, total Vanillin volumes are expected to reach ~4,000 metric tonnes, with the US market alone absorbing 2,200–2,400 metric tonnes. Blended Vanillin realisations are also poised to climb from sub-$11/kg in previous quarters to an estimated $13.5–14/kg in FY27, directly benefiting from the withdrawal of US tariffs. Debt & Liquidity Management: Total consolidated debt increased marginally to ~Rs 670 Cr at the end of FY26. This increase absorbed ~Rs 60 Cr of assumed loans from the Vinpai acquisition and additional working capital borrowings, partially offset by the elimination of CFS Europe's debt. Management anticipates debt repayments of Rs 60–70 Cr during FY27 and is actively exploring structured debt options to support liquidity amid extended working capital cycles.

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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	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Net Sales	2,065	2,329	2,173	2,447	-5%	-5%
EBITDA	258	314	280	340	-8%	-8%
PAT	129	159	145	176	-11%	-10%

Source: Company, Axis Securities Research
*NM: Not Meaningful

Q4FY26 Results Review

	Q4FY25	Q3FY26	Q4FY26 Axis Est	Q4FY26	YoY (%)	QoQ (%)	Axis Variance %
Sales	432	441	459	425	-2%	-4%	-8%
Expenditure							
Net Raw Material	211	237	232	219	102%	-8%	
Gross Profit	221	204	227	206	-7%	1%	
Gross Margin (%)	*51.2%*	*46.2%*	*49.5%*	*48.5%*	-266bps	227bps	-100bps
Employee Expenses	49	62	57	66	36%	7%	
Other Exp	110	121	145	119	8%	-2%	
EBITDA	**62**	**21**	**25**	**21**	-66%	0%	-16%
EBITDA Margin (%)	*14.4%*	*4.8%*	*5.5%*	*5.0%*	-939bps	20bps	-51bps
Oth. Inc	11	3	2	24	114%	792%	
Interest	15	17	19	23	54%	33%	
Depreciation	17	16	17	21	21%	28%	
PBT	37	(28)	(8)	(5)	-114%	-81%	
Tax	8	(0)	(1)	(6)	-181%	6931%	
PAT (Incld Discontinued operations)	**0**	**(37)**	(14)	**86**			
EPS	0.0	(1.93)	(0.76)	4.49			

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Total Net Sales	**1,454**	**1,629**	**1,723**	**2,065**	**2,329**
Sales Growth %	-14%	12%	6%	20%	13%
Total Raw Material Consumption	770	824	922	1,074	1,200
Staff costs	153	185	244	238	268
Other Expenditure	372	404	450	496	547
Total Expenditure	1,294	1,413	1,616	1,807	2,015
EBITDA	**160**	**216**	**107**	**258**	**314**
% Change	-22%	35%	-51%	142%	22%
EBITDA Margin %	**11.0%**	**13.3%**	**6.2%**	**12.5%**	**13.5%**
Depreciation	56	61	71	67	72
EBIT	103	155	36	191	242
% Change	-28%	50%	-77%	431%	27%
EBIT Margin %	7.1%	9.5%	2.1%	9.2%	10.4%
Interest	60	96	73	72	79
Other Income	16	15	29	25	35
PBT	59	65	-32	143	198
Tax	6	-1	0	14	40
Tax Rate %	*9.6%*	*-0.8%*	*1.4%*	*10.0%*	*20.0%*
PAT before discontinued ops.	**53**	**65**	**-32**	**129**	**159**
Discontinued operations	-158	-223	55	0	0
PAT after discontinued ops.	**-105**	**-158**	**24**	**129**	**159**

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	FY26	FY27E	FY28E
Share Capital	**17**	**19**	**19**	**19**	**19**
Reserves & Surplus	848	883	1,022	1,151	1,309
Total Shareholders' Funds	**857**	**875**	**1,001**	**1,130**	**1,289**
Non-Current Liabilities					
Long-term Borrowings	333	268	303	263	223
Deferred Tax Liability (Net)	7	3	4	4	4
Total Non-Current Liabilities	***362***	***303***	***349***	***309***	***270***
Current Liabilities					
Short-Term Borrowings	325	348	365	254	360
Trade Payables	325	407	505	368	411
Other Financial Liability	32	52	62	105	118
Other Current Liability	33	16	15	21	24
Total Current Liability	***732***	***846***	***974***	***779***	***945***
Total Liabilities	***1,095***	***1,149***	***1,323***	***1,088***	***1,214***
Total Equity & Liability	**1,952**	**2,024**	**2,324**	**2,218**	**2,503**
Assets					
PP&E	**712**	**593**	**569**	**579**	**589**
Intangible assets	60	58	262	282	303
Capital Work in Progress	46	10	33	33	33
Total Non-Current Assets	*951*	*840*	*1,087*	*1,095*	*1,127*
Current Assets:					
Inventories	513	527	504	538	574
Trade Receivable	285	328	373	283	319
Cash and Cash Equivalents	**80**	**104**	**109**	**95**	**262**
Bank Balance	13	50	45	45	45
Other Current Assets	97	124	147	103	116
Total Current Assets	***1,001***	***1,183***	***1,236***	***1,123***	***1,376***
Total Assets	**1,952**	**2,024**	**2,324**	**2,218**	**2,503**

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	FY26	FY27E	FY28E
PBT	59	49	-32	143	198
Discontinued Operations	0	-208	55	0	0
Depreciation & Amortization	79	74	74	67	72
Chg in Working cap	32	-78	37	16	-27
Direct tax paid	-48	-38	-24	-14	-40
Cash flow from operations	**139**	**27**	**82**	**260**	**248**
Chg in Gross Block	-61	-42	-58	-74	-103
Chg in Investments	-8	-4	34	0	0
Proceeds on redemption of Fin. Assets	0	-31	0	0	0
Cash flow from investing	**-66**	**-75**	**-53**	**-50**	**-69**
Proceeds / (Repayment) of Short-Term Borrowings (Net)	0	-15	-17	-112	106
Proceeds from the issue of Equity Instruments of the company	1	223	1	0	0
Loans	25	-56	69	-40	-40
Finance Cost paid	-73	-70	-61	-72	-79
Dividends paid	-28	0	0	0	0
Cash flow from financing	**-86**	**72**	**-25**	**-224**	**-12**
Chg in cash	**-13**	**24**	**4**	**-14**	**167**
Cash at start	94	80	104	109	95
Cash at the end	**80**	**104**	**109**	**95**	**262**

Ratio Analysis

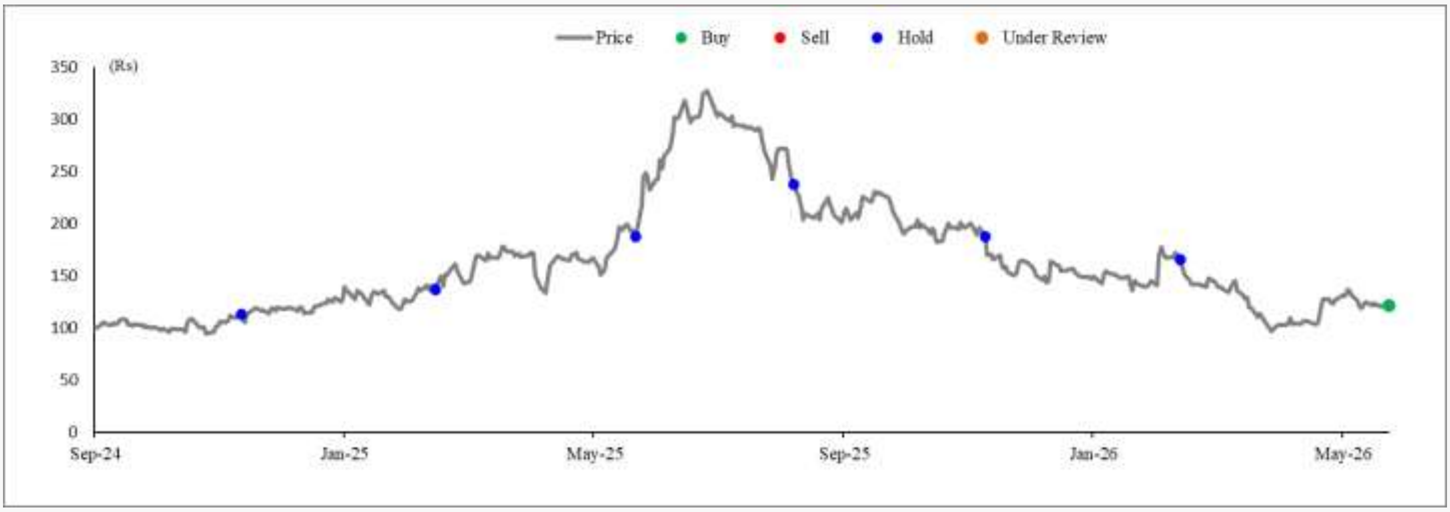
(%)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Growth (%)					
Net Sales	-14%	12%	6%	20%	13%
EBITDA	-22%	35%	-51%	142%	22%
APAT	-363%	51%	-115%	448%	23%
Per Share Data (Rs)					
Adj. EPS	-6.3	-8.0	1.5	6.7	8.3
BVPS	51.2	46.5	52.1	58.8	67.1
DPS	0.0	0.0	0.0	0.0	0.0
Profitability (%)					
EBITDA Margin	11.0%	13.3%	6.2%	12.5%	13.5%
Adj. PAT Margin	-7.2%	-9.7%	1.4%	6.2%	6.8%
ROCE	9%	15%	3%	15%	19%
ROE	-12%	-18%	2%	11%	12%
ROIC	9%	15%	3%	15%	19%
Valuations (X)					
PER	-19.5	-15.2	83.6	18.2	14.8
P/BV	2.4	2.6	2.3	2.1	1.8
EV / EBITDA	16.4	13.0	27.2	10.7	8.5
EV / Net Sales	1.8	1.7	1.7	1.3	1.1
Turnover Days					
Asset Turnover	1.4	1.6	1.7	1.9	2.0
Inventory days	135.7	116.5	109.1	95.0	90.0
Debtors' days	74.0	68.7	74.3	50.0	50.0
Creditors' days	145.3	162.1	180.4	125.0	125.0
Working Capital Days	64.4	23.1	3.0	20.0	15.0
Gearing Ratio					
Total Debt to Equity (x)	0.7	0.6	0.6	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
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
27-May-26	BUY	170	Result Update

Source: Axis Securities Research

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HOLD	Between 10% and -10%
SELL	Less than -10%
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