Q1FY27 Quarterly Results Review

Structural Growth Intact; Supply Chain Volatility Persists

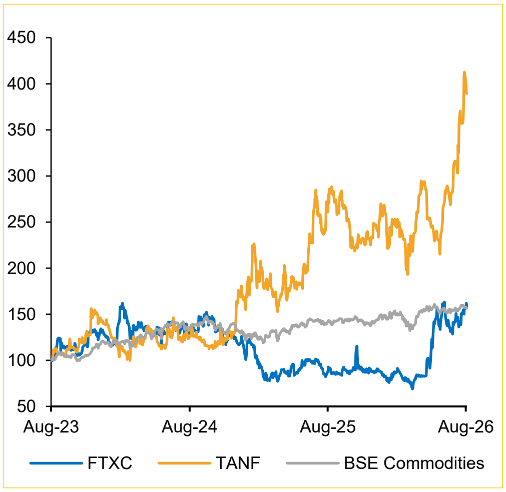
Sector View: Positive

Recommendation			
Company	**CMP* (INR)**	**TP** (INR)**	**Rated**
Tanfac Industries	3,335	3,750	BUY
Fineotex Chemical	47.4	51.0	BUY

**CMP as on August 21,2026*
***TP and Rating as per previous report*

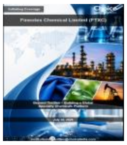
Relative Performance (%)			
	1Y	**2Y**	**3Y**
BSE Commodities	9.6	14.4	55.4
TANF	43.4	205.6	282.1
FTXC	87.5	29.6	71.3

Rebased Price Chart



Initiating Coverage

[Click Here to Read TANF Initiating Coverage Report]



[Click Here to Read FTXC Initiating Coverage Report]

Click Below for Q1 FY27 Result Updates

[TANF: Result Update]

[FTXC: Result Update]

Karan Kamdar
Email: karan.kamdar@choiceindia.com
Ph.: +91 22 6707 9451

Samarth Goel
Email: samarth.goel@choiceindia.com
Ph.: +91 22 6707 9451

Sector Outlook

Partial Cost Pass-through & Inventory Gains Drive Q1FY27 [(As anticipated in our May 2026 Channel Check, click here to read)]

West Asia-led feedstock price volatility and supply disruption impacted the quarter, while underlying demand remained intact. Margin improved, aided by proactive price increases and carry-over of lower-cost inventory; however, Q2FY27E margin are expected to normalise as higher-cost inventory flows through. HF spread, for instance, remained around their two-year average despite HF price rising ~28% YoY. Near-term commodity and feedstock volatility anticipated to remain manageable for companies with strong pass-through mechanism, effective inventory management and differentiated product portfolios. **We remain positive on the chemicals sector;** India's chemicals industry is forecast to rise at **~8.4% CAGR to ~USD 351 Bn by FY31E**, driven by China+1 diversification, increasing outsourcing of higher-value specialty chemicals, rising battery-chemical demand and favourable fluorochemical dynamics.

Our top investment ideas for the sector are: Tanfac Industries and Fineotex Chemical

R-32 Spread to Normalise; Structural Demand Remains Strong

HFC companies reported a healthy volume growth and improved realisation in Q1FY27. As of July 2026, **R-32 realisation reached ~INR 939/kg and we estimate a gross spread of ~INR 700/kg, which is significantly above the two-year average.** Six major producers are planning to add **~67 KTPA of R-32 capacity by CY27-end as compared to the existing installed base of ~46 KTPA.** We remain constructive on the medium-term outlook, underpinned by a strong refrigerant export demand and quota-constrained supply. **Within our coverage, TANF remains well-positioned to outperform, supported by long-term contracted capacities and a backward integrated facility.**

Specialty Chemicals: Growth Varies Based on End-use Industries

Applications across oilfield, pharma, nutrition, battery, personal care and flavours & fragrances remained resilient, supported by customer-specific formulations and contract-led business. In contrast, **dyes & pigments, polymers and parts of agrochemicals remained softer**, impacted by weak downstream demand and customer resistance to elevated input-linked price increases. Oilfield activity in the US is showing early sign of improvement, with **frac spreads recovering materially from the February 2026 lows.** Within our coverage, **FTXC's US-based oilfield chemicals capacity has expanded from 80 KTPA to ~148 KTPA in Q1FY27**, providing a meaningful headroom for volume growth.

Our Long-term Investment Ideas

Tanfac Industries (TANF)

CMP: 3,335 | TP: INR 3,750 | Rating: BUY | Upside: 12.4%

Investment Thesis:

- ✓ Hydrofluoric Acid Expertise Merits Right-to-Win in a Commodity Market
- ✓ R-32: Demand is Exponential, Climate Change Actions Limit Supply
- ✓ Strong Earnings Growth Coupled with a Strong Balance Sheet

Fineotex Chemical (FTXC)

CMP: 47.4 | TP: INR 51.0 | Rating: BUY | Upside: 7.5%

Investment Thesis:

- ✓ CCT Unlocks Access to the USD 11.5 Bn NA Oilfield Chemicals Market
- ✓ Core Portfolio & CCT Operating Leverage to Drive ~425 bps Margin Expansion
- ✓ Cash-rich Balance Sheet Supports M&A-led Platform Expansion

Q1FY27 Quarterly Result Review

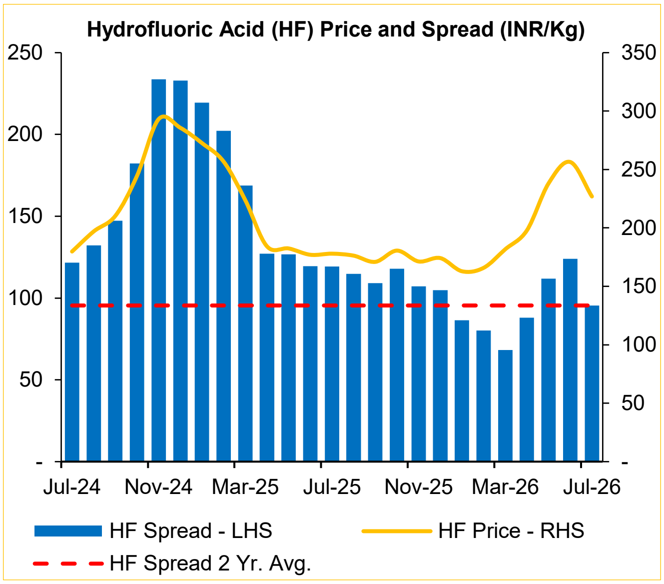
Q1FY27 Quarterly Results Review – Chemicals

82K MTPA R-32 Capacity Expected to Come Online by CY27-end

Parameters	TANF	SRF*	Navin Fluorine*	Gujarat Fluoro*	Chemplast Sanmar*	Stallion India*
Installed R-32 Capacity (FY26 - MTPA)	0	25,000	9,000	10,000	2,000	0
Planned R-32 Capacity (MTPA)	20,000	0	15,000	10,000	12,000	10,000
In-house HF (Yes/No)	Yes	Yes	Yes	Yes	No	No

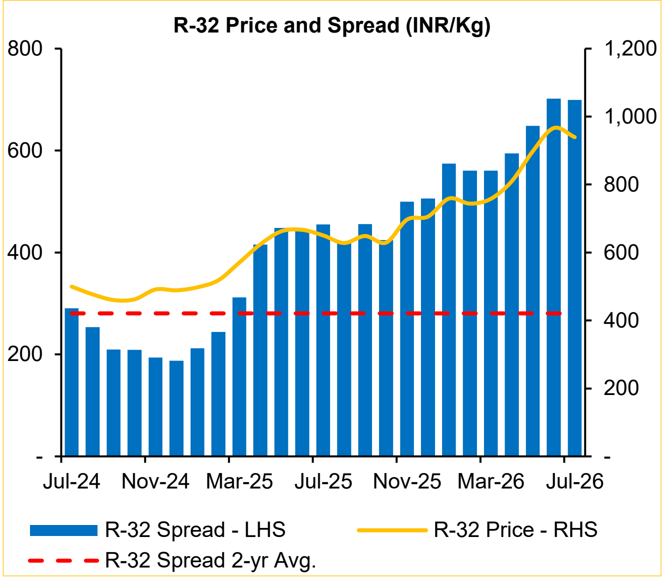
Source: Company, Choice Institutional Equities
*Note: *Not Covered*

HF Spread at 2-year Average, Price up ~28% YoY



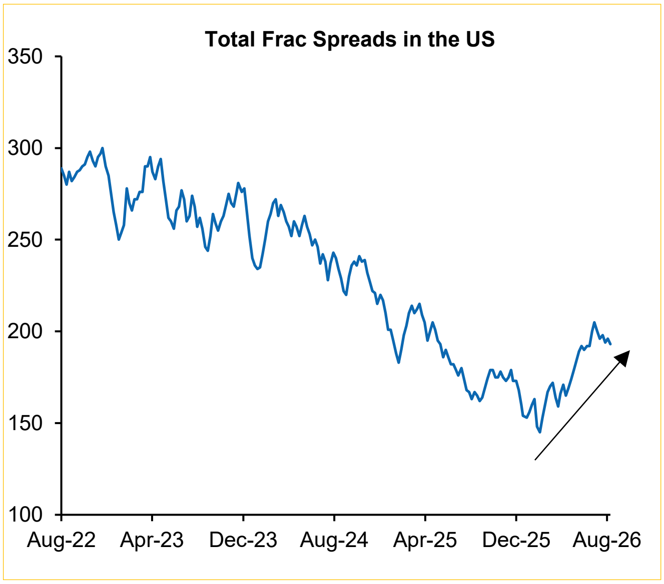
Source: Industry, Choice Institutional Equities
Note: Spread indicates gross spread ex-power & fuel costs

High R-32 Demand Increases Spread; Normalisation Expected as New Capacities Come Online



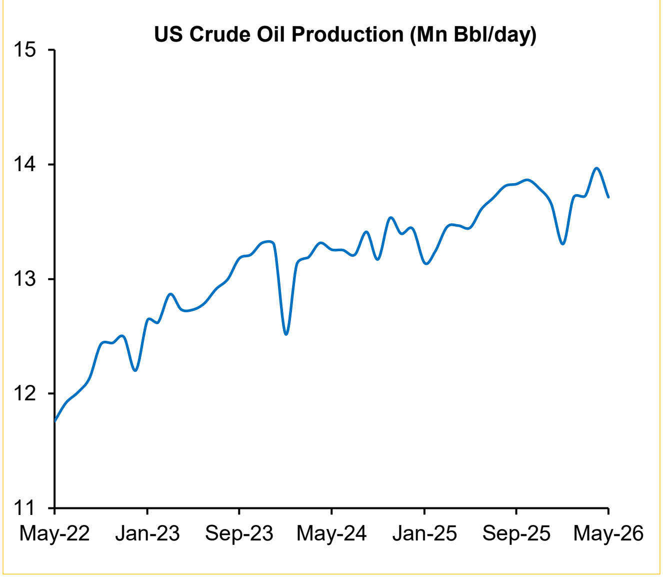
Source: Industry, Choice Institutional Equities
Note: Spread indicates gross spread ex-power & fuel costs

Rebound in Frac Spreads Since the Feb-26 Low Signals Improving Upstream Oilfield Activity in the US



Source: Primary Vision, Choice Institutional Equities

US Field Crude Oil Production up 2.0% YoY



Source: CMIE, Choice Institutional Equities

Q1FY27 Quarterly Result Review

Q1FY27: Performance Analysis and Key Takeaways from Management Commentary

TANF					
INR Mn	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Available Capacity ('000 MTPA)	135	135	-	135	-
Revenue	1,872	1,760	6.4%	1,931	(3.1%)
COGS	1,349	1,216		1,367	
Gross Profit	523	544	(3.9%)	564	(7.3%)
Operating Exp.	237	254		260	
EBITDA	286	290	(1.4%)	303	(5.8%)
EBITDAM %	15.3%	16.5%	(119 bps)	15.7%	(45 bps)
PAT	168	194	(13.0%)	180	(6.6%)
PAT Margin %	9.0%	11.0%	(200 bps)	9.3%	(34 bps)
Adj. EPS (INR)	7.79	8.95	(13.0%)	8.34	(6.6%)

Source: TANF, Choice Institutional Equities

- Revenue declined 3.1% QoQ to INR 1.9 Bn, primarily due to disruption arising from West Asia situation
- Gross profit stood at INR 523 Mn, while gross margin declined 127 bps QoQ to 27.9%
- EBITDA stood at INR 286 Mn, with margin contracting marginally by 45 bps QoQ to 15.3%, demonstrating resilience amid external cost pressure
- PAT declined 13.0% YoY to INR 168 Mn, with PAT margin at 9.0%, down 34 bps QoQ
- **We forecast Revenue / EBITDA / PAT CAGRs of 39.3% / 52.5% / 52.4% over FY26–FY29E**

Q1FY27 Concall Highlights

- **Solar Grade DHF is operating at full capacity**, supported by a strong domestic solar demand; **80–85% of capacity is contracted through FY29E**, providing a strong revenue visibility
- **Raw-material risk remains manageable**, with higher fluorspar/sulphur cost largely passed through and diversified fluorspar sourcing; AHF realisation are expected to remain stable in the near term
- **INR 4.0-Bn R-32 project remain on track for Q3FY27E-end commissioning**, **~65% of capacity secured under 5–7-year contracts**
- **R-32 utilisation is forecast to ramp rapidly** to 65–70% in Q4FY27E and 80–85% in FY28E; the management is targeting **~30% EBITDA margin**
- **Growth capex focussed on higher-value fluorochemicals**, including Solar Grade DHF, AHF, electronic-grade chemicals, HFOs and fluoropolymers; **INR 15–17 Bn** capex is planned over the next 4–5 years
- **Management guides for >30% revenue growth in FY27E and >60% in FY28E**, with EBITDA margin rising to **~25% in FY28E**; near-term growth will be driven by R-32, Solar Grade DHF and electronic chemicals, followed by HFOs and high-performance fluoropolymers

FTXC					
INR Mn	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Installed Capacity ('000 MTPA)	267	104	156.7%	199	34.2%
Revenue	3,766	1,371	174.8%	3,137	**20.0%**
COGS	2,432	911		2,225	
Gross Profit	1,334	460	190.3%	912	**46.3%**
Operating Exp.	743	208		475	
EBITDA	591	252	134.7%	437	**35.4%**
EBITDAM %	15.7%	18.4%	(268 bps)	13.9%	**178 bps**
Att. PAT	384	248	54.8%	316	**21.5%**
Att. PATM %	10.2%	18.1%	(791 bps)	10.1%	**12 bps**
Adj. EPS (INR)	0.33	0.21	54.8%	0.27	**21.5%**

Source: FTXC, Choice Institutional Equities

- Revenue grew 174.8% YoY to INR 3.8 Bn, driven by the full-quarter consolidation of CCT
- Gross Margin Expanded 190 bps YoY to 35.4% on Effective Price Pass-through
- EBITDA grew 134.7% YoY to INR 591 Mn, with EBITDA margin at 15.7%
- Attributable PAT grew 54.8% YoY to INR 384 Mn, with Att. PAT margin at 10.2%
- **We forecast Revenue / EBITDA / Attributable PAT CAGRs of 48.3% / 50.3% / 43.1% over FY26–FY29E**

Q1FY27 Concall Highlights

- **CCT remains the key growth engine**, accounting for ~65% of consol. revenue; **Q1FY27 revenue of ~INR 2.5 Bn**.
- **Capacity has expanded from 80K MTPA to ~148K MTPA in Q1FY27**, while utilisation remains at **~60–65%**, leaving meaningful headroom for volume growth.
- Management retain its ambitious CCT revenue targets of **USD 100 Mn in FY27E and USD 200 Mn in FY28E**, driven by new customer additions and higher wallet share rather than crude-price movement
- **Margins have improved structurally** through operating efficiency, supplier negotiation, technology transfer and last-mile delivery capability; the management expects current profitability to be sustainable
- **Further CCT growth requires limited incremental capex**, as existing infrastructure can support higher throughput through additional shifts
- **Textile chemicals remained broadly flat YoY**, although exports, Bangladesh expansion and stronger customer engagement are projected to support improvement over the next few quarters

Institutional Research Team			
Utsav Verma, CFA	Head of Institutional Research, India Equity Strategy and SMIDs	utsav.verma@choiceindia.com	+91 22 6707 9440
Purvi Mundhra	Economist	purvi.mundhra@choiceindia.com	+91 22 6707 9241
Ambrish Shah	Analyst - Power	ambrish.shah@choiceindia.com	+91 22 6707 9251
Ashutosh Murarka	Analyst – Building Materials	ashutosh.murarka@choiceindia.com	+91 22 6707 9521
Bhavik Shah, CFA	Analyst – Metals & Mining	Bhavik.shah@choiceindia.com	+91 22 6707 9521
Deepika Murarka	Analyst – Healthcare	deepika.murarka@choiceindia.com	+91 22 6707 9513
Dhaval Popat	Analyst – Energy	dhaval.popat@choiceindia.com	+91 22 6707 9949
Fenil Brahmbhatt	Analyst – Realty & Building Materials	fenil.brahmbhatt@choiceindia.com	+91 22 6707 9930
Ishank Gupta	Analyst – NBFCs	ishank.gupta@choiceindia.com	+91 22 6707 9867
Karan Kamdar	Analyst – Consumer Discretionary, SMIDs	karan.kamdar@choiceindia.com	+91 22 6707 9451
Kunal Bajaj	Analyst – Technology	kunal.bajaj@choiceindia.com	+91 22 6707 9901
Maitri Sheth	Analyst – Pharmaceuticals	maitri.sheth@choiceindia.com	+91 22 6707 9511
Putta Ravi Kumar	Analyst – Defence	ravi.putta@choiceindia.com	+91 22 6707 9908
Preeyam Tolia	Analyst – FMCG & Retail	preeyam.tolia@choiceindia.com	+91 22 6707 9987
Vijiya Rao	Analyst – AMC & Insurance	vijiya.rao@choiceindia.com	+91 22 6707 9531
Aayush Saboo	Sr. Associate– Realty	aayush.saboo@choiceindia.com	+91 22 6707 9930
Avi Jhaveri	Sr. Associate – Technology	avi.jhaveri@choiceindia.com	+91 22 6707 9901
Bharat Kumar Kudikyala	Sr. Associate – Building Materials	bharat.kudikyala@choiceindia.com	+91 22 6707 9930
Samarth Goel	Sr. Associate– Small and Midcaps	samarth.goel@choiceindia.com	+91 22 6707 9451
Subhash Gate	Sr. Associate – Autos	subhash.gate@choiceindia.com	+91 22 6707 9233
Heer Gogri	Associate – Small and Midcaps	heer.gogri@choiceindia.com	+91 22 6707 9433
Heet Chheda	Associate – Autos	heet.chheda@choiceindia.com	+91 22 6707 9233
Rushil Katiyar	Associate – Technology	rushil.katiyar@choiceindia.com	+91 22 6707 9901
Shreya Mehra	Associate – Technology	shreya.mehra@choiceindia.com	+91 22 6707 9535
Stuti Bagadia	Associate – Pharmaceuticals	stuti.bagadia@choiceindia.com	+91 22 6707 9511
Vinay Rawal	Associate – Small and Midcaps	vinay.rawal@choiceindia.com	+91 22 6707 9433

Choice Rating Distribution & Methodology	
Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

***Large Cap: More Than INR 20,000 Cr Market Cap**
***Mid & Small Cap: Less Than INR 20,000 Cr Market Cap**

Disclaimer & Disclosure

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Choice Equity Broking Private Limited is a registered Research Analyst Entity (Reg. No. INH000000222) CIN. NO.: U65999MH2010PTC198714. Reg. Add.: Sunil Patodia Tower, J B Nagar, Andheri (East), Mumbai 400099. Tel. No. 022-6707 9999 . Compliance Officer-Prashant Salian. Tel. 022-6707 9999-Ext. 896. Email-Compliance@choiceindia.com. Grievance officer-Deepika Singhvi Tel.022-67079999- Ext-834.

Email- ig@choiceindia.com

The Company uses artificial intelligence tools as part of its research process, including data analysis and content generation. Notwithstanding the foregoing, all analysis, views, and recommendations are independently formulated and duly reviewed by qualified research analysts prior to issuance.

General Disclaimer:

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

This report ("Report") is prepared by Choice Equity Broking Private Limited as a Research Entity (hereinafter referred as "CEBPL") in its capacity as a SEBI-registered Research Analyst and is intended solely for informational and educational purposes. This Report is meant exclusively for the recipient and shall not be circulated, reproduced, or distributed, in whole or in part.

This Report does not take into account the specific investment objectives, financial situation, risk profile, or particular needs of any individual or class of investors and does not constitute a personal recommendation or investment advice. Any views, opinions, or recommendations expressed herein are based on publicly available information and internal analysis and are subject to change without notice.

Nothing contained in this Report shall be construed as an offer, solicitation, or inducement to buy, sell, or subscribe to any securities, derivatives, or other financial instruments, nor shall it be considered as investment, legal, accounting, or tax advice. Recipients are advised to conduct their own independent analysis and are encouraged to seek independent professional advice before making any investment or trading decisions.

The information contained in this Report has been compiled from sources believed to be reliable; however, CEBPL does not represent or warrant the accuracy, completeness, or reliability of such information. CEBPL, its directors, employees, or associates shall not be liable for any losses, damages, or expenses arising directly or indirectly from the use of or reliance upon this Report.

Investments in securities are subject to market risks. The price and value of investments and the income from them may fluctuate, and investors may incur losses. Past performance is not indicative of future results. Opinions expressed herein are as of the date of this Report and may differ from views expressed in other research reports due to differences in methodology, assumptions, or time horizons.

Disclaimers in respect of Jurisdiction:

This Report is not intended for distribution to, or use by, any person or entity who is a citizen or resident of, or located in, any jurisdiction where such distribution, publication, or use would be contrary to applicable laws or regulations, or would subject CEBPL to any registration or licensing requirements in such jurisdiction.

No action has been taken or will be taken by CEBPL in any jurisdiction outside India where such action would be required for distribution of this Report. Accordingly, this Report shall not be directly or indirectly distributed, published, or circulated in any such jurisdiction except in compliance with applicable laws and regulations.

Recipients of this Report are required to inform themselves of, and comply with, all applicable legal and regulatory restrictions at their own expense and without any liability to CEBPL. Any dispute arising out of or in connection with this Report shall be subject to the exclusive jurisdiction of the competent courts in Mumbai, India.

Disclosure on Ownership and Material Conflicts of Interest:

- "CEBPL", its Research Analyst(s), their associates and relatives may have any financial interest in the subject company covered in this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have actual or beneficial ownership of one percent (1%) or more of the securities of the subject company, as on the last day of the month immediately preceding the date of publication of this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have any other material conflict of interest at the time of publication of this Research Report.

Disclosure on Receipt of Compensation:

- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months.
- "CEBPL" or its associates may have managed or co-managed public offerings of securities for the subject company during the past twelve months.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for products or services other than investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates have not received any compensation or other benefits from the subject company or any third party in connection with the preparation or publication of this Research Report.
- Research Analyst may have served as an officer, director or employee of the subject company covered in this Research Report.
- "CEBPL" and Research analyst may engage in market-making activity in the securities of the subject company.

Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our website i.e. www. https://choiceindia.com/research-listing

KARAN KAMDAR

Digitally signed by KARAN KAMDAR
Date: 2026.08.24 07:07:17 +05'30'