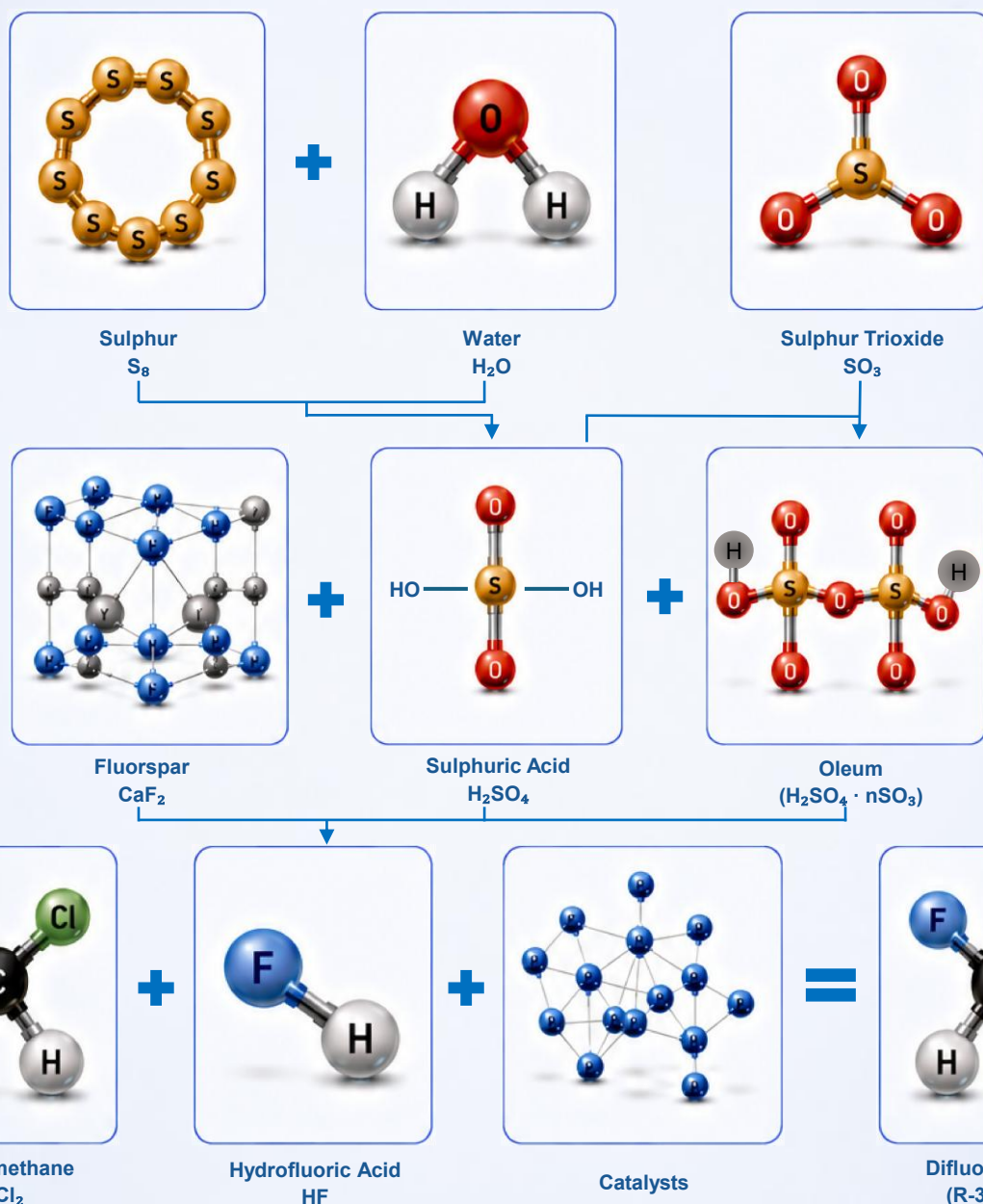




Tanfac Limited (TANF)

R-32: Exponential Demand; Limited Supply



July 22, 2026

R-32 QUOTA ESTIMATIONS



Tanfac Industries Limited (TANF)

July 22, 2026 | CMP: INR 2,714 | Target Price: INR 3,750

Expected Share Price Return: 38.2% | Dividend Yield: 0.1% | Expected Total Return: 38.3%

BUY



Company Description:

Tanfac Industries is a chemical manufacturer specialising in fluorochemicals based in Cuddalore, Tamil Nadu. It is owned jointly Anupam Rasayan and TIDCO. The company manufactures hydrofluoric acid, sulphuric acid and other value-added fluorine products.

Company Information

BB Code	TANF
ISIN	INE639B01023
Face Value (INR)	5.0
52-week High (INR)	2,760
52-week Low (INR)	1,633
Mkt Cap (INR Bn / USD Bn)	57.6 / 0.6
Shares Outstanding (Mn)	21.6
Free Float (%)	44.9

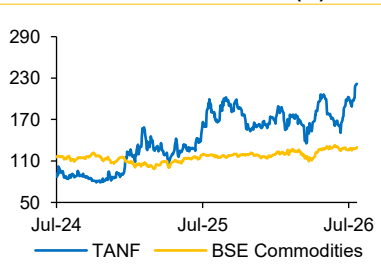
Shareholding Pattern (%)

	Dec-25	Mar-26	Jun-26
Promoters	51.8	51.8	48.7
FII	0.1	0.0	1.5
DII	0.4	0.3	4.2
Public	47.7	47.8	45.6

Relative Performance (%)

	6M	1Y	2Y
BSE Commodities	8.4%	8.7%	15.6%
TANF	34.2%	15.9%	157.5%

Rebased Price Performance (%)



Source: BBG, Choice Institutional Equities

[Click Here to Read Bull & Bear Case](#)[Click Here to Read Insights from Management Meeting and Plant Visit](#)

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Hydrofluoric Acid Expertise Merits Right-to-Win in a Commodity Market

HF is a highly corrosive, tightly regulated chemical, requiring special care for manufacture and transportation. Leveraging over **30 years of experience** TANF has expanded its core HF facility by 14,850 MTPA in Q3FY25 and a further expansion for 17,160 MTPA (**50% of current HF capacity**) is underway. TANF has further bolstered its HF capacity with an addition of the **country's only solar grade diluted hydrofluoric plant** (Solar Grade DHF) of 20,000 MTPA, which was fully commissioned in October 2025. Since HF is the core product from which advanced fluorine chemistries are built, we believe this will be TANF's right-to-win in the refrigerant gases (R-32) and other advanced fluorine chemistries.

R-32: Demand is Exponential, Climate Change Actions Limit Supply

TANF has **completed 60%** of its R-32 project with a capacity of 20k MTPA, commissioning of this plant is expected by the **end of Q3FY27E**. HF and Dichloromethane (DCM) form the critical RM for R-32, which is the primary refrigerant gas used for residential space cooling. Demand for R-32 in India is driven by **deepening penetration of Air Conditioners** (8% vs 50%+ World Average) and earlier **production restrictions in other countries** (China 10% in CY27E). Whereas, for India the Kigali Amendment will activate only after January 1, 2028, with **CY27 as a "free year" for production and consumption**. The amendment envisages a **20-year phase out**, with **India quota reducing by only 10% in CY32**. TANF has pre-contracted **65% of its capacity** at ~ USD 5.0/kg to Indian and MNC customers. The projected supply glut is not foreseen to be materially impacting revenue because the **excess supply will be absorbed** by rising demand from outside India due to **production cuts there** as well as a **fast-growing (15% CAGR) local demand**.

Strong Earnings Growth Coupled with a Strong Balance Sheet

TANF raised ~INR 3.5 Bn from marquee investors to fund the cost of R-32 plant. Thus, a **combination of internal reserves** and funds raised will be used to **finance the INR 4 Bn capital expenditure**. Additionally, with an objective of enhancing supply agility, TANF has also planned **further capital expenditure of INR 1.5 Bn towards a new HF plant** (17,160 MTPA) and **INR 0.4 Bn towards a new SAP plant** (82,500 MTPA). After the commissioning of all three plants, **the capacity is expected grow to 1.8 times** of the current capacity. We believe this will lead to a solid growth in quality earnings backed by cash flows. We **estimate revenue to increase at a CAGR of ~40% over FY26–FY29E** and **PAT to grow at a CAGR of ~52% over the same period**.

Valuation & View

We believe TANF is an ideal re-rating candidate considering strong revenue visibility (65% of R-32 capacity is contracted), margin is expected to improve to ~23% (+500 bps) by FY28E driven by **2x higher realization of R-32** versus commodity HF. We value TANF using the DCF approach at INR 3,750. **Our valuation implies a comfortable PEG ratio of 0.67x over FY26–FY29E and an upside of 38.2%**. Peers trade at a 50% premium to TANF (25x vs. median of 38x) on FY28E forward PE, re-enforcing our view. **We, therefore, rate the stock as a 'BUY'.**

Key Risks

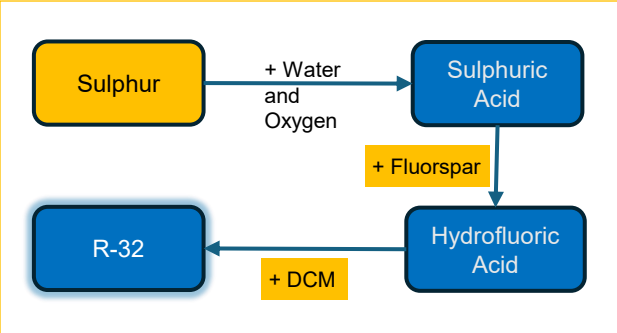
Raw material import dependence, feedstock price volatility, HF demand cyclicity, environmental and safety risk, customer and segment concentration and non-allocation of production quota.

Key Financials

INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Capacity ('000 MT)	144	150	170	221	273
Revenue	5,570	7,111	9,284	16,020	19,235
YoY Growth (%)	47.3%	27.7%	30.6%	72.6%	20.1%
EBITDA	1,289	1,121	1,666	3,672	3,973
EBITDAM (%)	23.1%	15.8%	17.9%	22.9%	20.7%
PAT	881	702	1,001	2,296	2,486
PATM (%)	15.8%	9.9%	10.8%	14.3%	12.9%
EPS (INR)	41	32	46	106	115
ROE (%)	32.5%	20.5%	16.9%	25.1%	22.1%
ROCE (%)	40.6%	23.1%	19.3%	28.6%	25.9%
D/E (x)	0.1	0.2	0.2	0.2	0.2
EV/EBITDA (x)	24.4	53.0	35.6	16.2	14.9
P/E (x)	35.6	83.7	58.6	25.6	23.6
P/B (x)	10.0	15.7	7.2	5.8	4.7

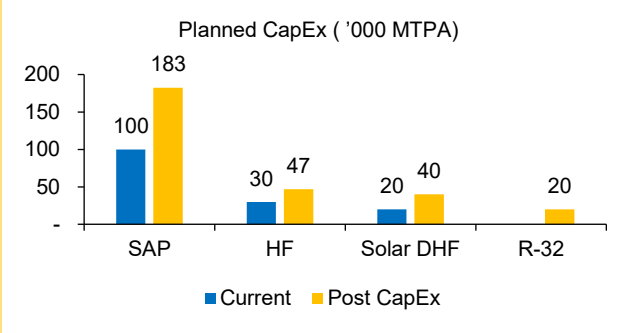
Source: TANF, Choice Institutional Equities

Strong Presence across the Refrigerant Value Chain



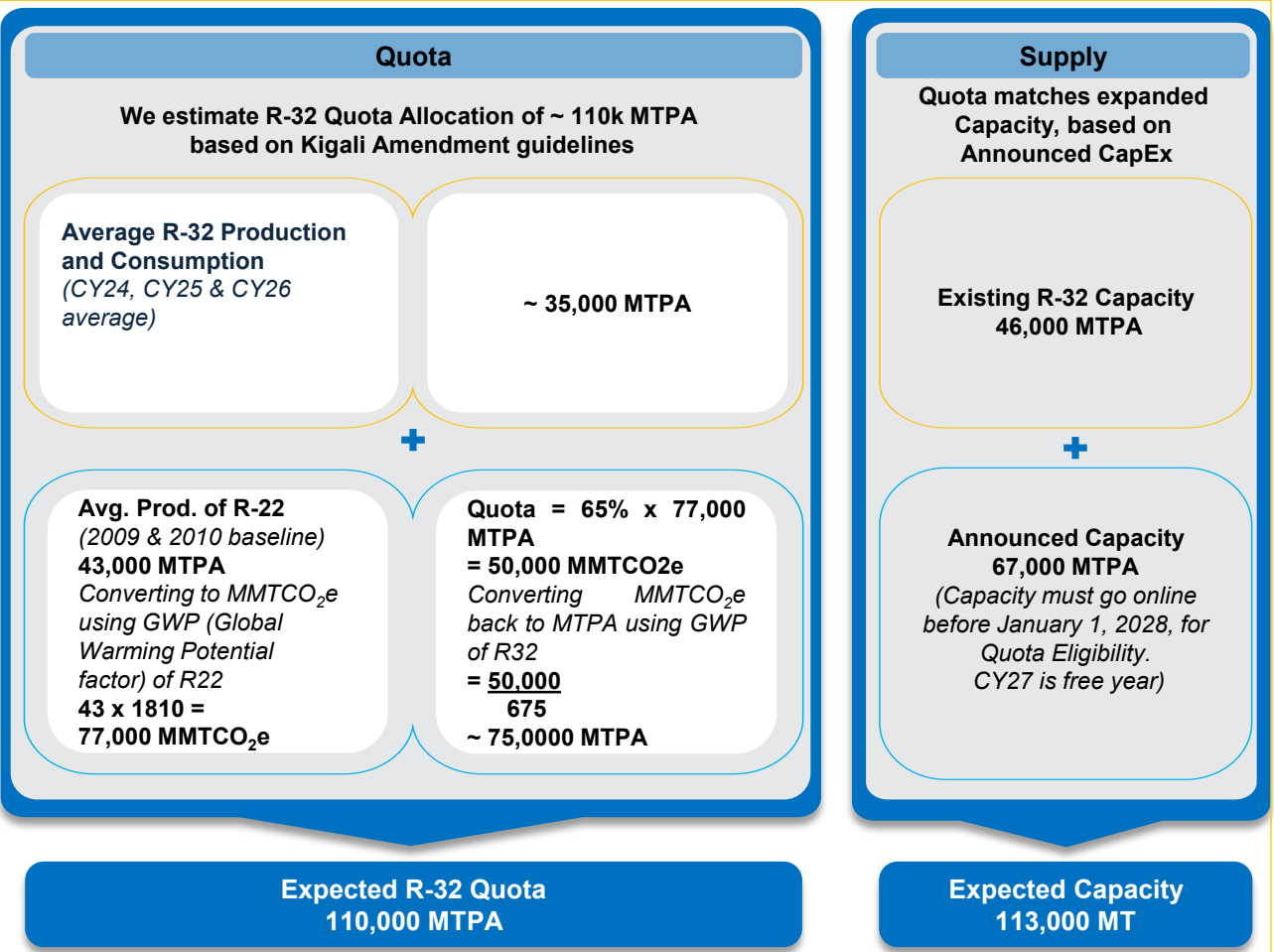
Source: Choice Institutional Equities

Capacity to Expand 1.8x in Next 3 Years



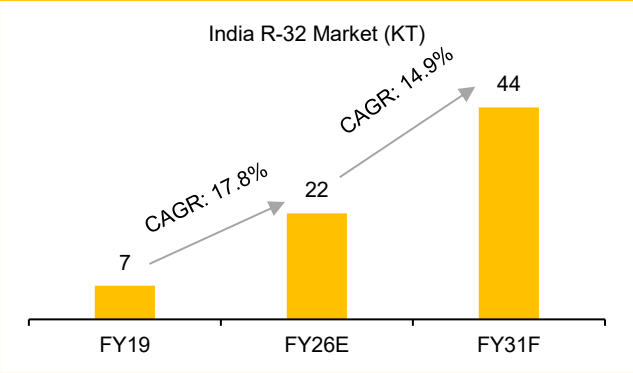
Source: TANF, Choice Institutional Equities

We Estimate Sufficient R-32 Production Quota is Available for India



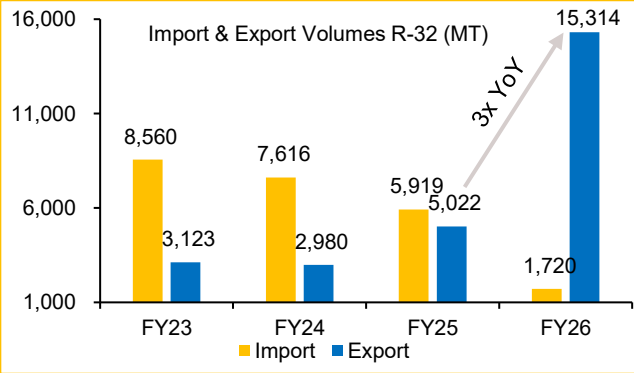
Source: Frost & Sullivan, Choice Institutional Equities

Indian demand forecast to double in next 5 years



Source: Frost & Sullivan, Choice Institutional Equities

R-32 Exports Growing Faster than Domestic Demand



Source: Ministry of Commerce, Choice Institutional Equities

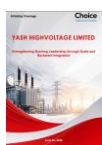
Report Structure

Sr. No.	Particulars	Page No.
1. Investment Thesis	1.1 Hydrofluoric Acid Expertise Merits Right-to-Win in a Commodity Market 1.1.1 Diversified HF Product Suite — One Molecule, Multiple Markets 1.1.2 New Products, Materially Higher Realisation 1.1.3 Captive HF Enables Successful Forward Integration	5
	1.2 R-32: Demand is Exponential, Climate Change Actions Limit Supply 1.2.1 India's Cooling Curve — A Penetration Gap driving Demand 1.2.2 Climate Change Action Causes Supply Constraint 1.2.3 Capacity Addition To Drive Growth in New Business	8
	1.3 Strong Earnings Growth Coupled With A Strong Balance Sheet 1.3.1 Capital Expenditure Funded by Marquee Investors 1.3.2 Accelerated Earnings Growth To Kick In	12
2. Investment View	2.1 View & Valuation	14
	2.3 Scenario Analysis – Bull, Bear & Base Case	15
	2.4 Risks to Our Investment Thesis	16
	2.5 Key Insights from Management Meeting	17
	2.6 Key Insights from Plant Visit	18
3. Industry Overview	3.1 Global and Indian Chemicals Market Landscape	19
	3.2 Global and Indian Fluorochemicals Market Overview	20
	3.3 AHF and DHF Market Overview	21
	3.4 R-32 Market Overview	22
4. Competitive Analysis	4.1 Relative Analysis	24
	4.3 SWOT Analysis	26
	4.2 Michael Porter's Five Force Analysis	27
5. Financial Analysis	5.1 Key Operating and Financial Ratios	28
	5.2 Financials	30
6. About the Company	6.1 Company Overview	31
	6.2 Geographical Presence & Customer Reach	31
	6.3 Products and Capacity	32
	6.4 Products Portfolio — Fluorine Chemistry Platform	33
	6.5 End-Use Industries	34
	6.6 Key Milestones	35
	6.7 Key Managerial Personnel	36
7. Appendix	7.1 Manufacturing Process & Glossary	37

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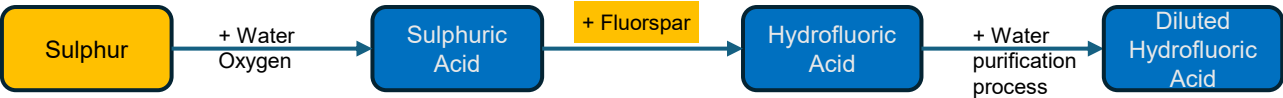
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1.1.1 Diversified HF Product Suite — One Molecule, Multiple Markets

- Backward integration into sulphuric acid covers the largest HF input; surplus is sold to merchants driving additional revenue
- The same HF stream is graded into AHF, diluted HF and solar grade DHF, plus aluminium fluoride, potassium fluoride, potassium bifluoride, boron trifluoride and sodium silicofluoride
- Each molecule addresses a different end-market with its own realisation and contract structure

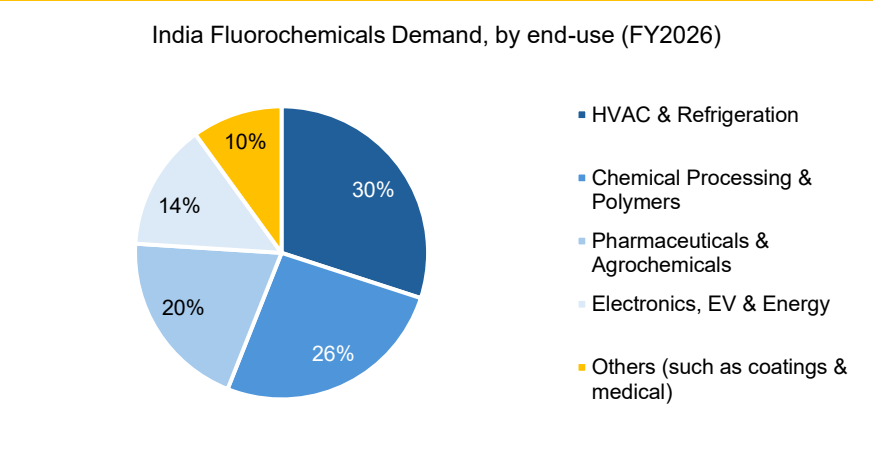
TANF's value chain –



Source: TANF, Choice Institutional Equities

Refrigerant Gases and Polymer Processing constitute 50% of consumption

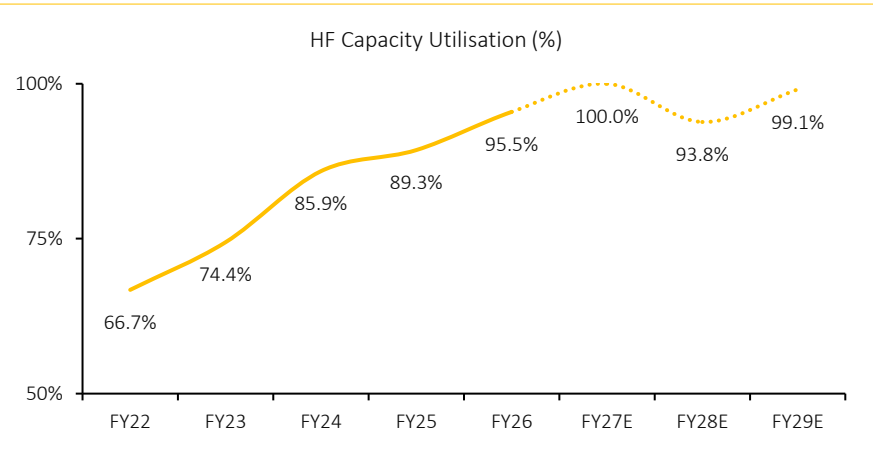
R-32, R-134 (Refrigerant) and PTFE (Polymer) dominate fluorochemical demand



Source: Frost & Sullivan, Choice Institutional Equities

Diversification improving capacity utilisation

Utilisation is expected to rise from 66.7% in FY22 to ~100% by FY27E



Source: TANF, Choice Institutional Equities

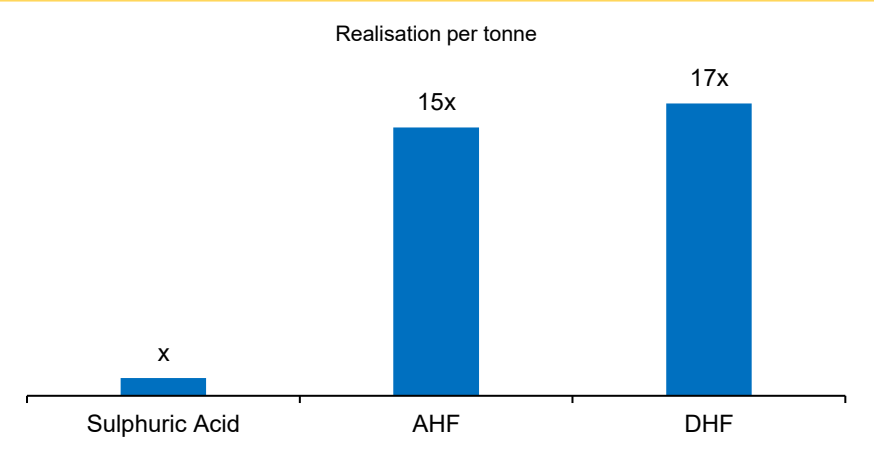
1.1 Hydrofluoric Acid Expertise Merits Right-to-Win in a Commodity Market

1.1.2 New Products, Materially Higher Realisation

- TANF is India's first solar-grade DHF producer and currently the sole domestic manufacturer of the grade, with capacity of roughly 20,000 MTPA (AHF-equivalent) built on approximately INR 500 Mn of cumulative CapEx to date and an order book of INR 10.7 Bn
- Solar grade DHF realises above AHF while consuming less raw material per tonne, since dilution substitutes water for fluorspar. The result is structural: the same fluorspar unit earns more as DHF than as AHF and blended HF realisation rises with mix rather than with price.

Solar Grade DHF Commands 10–20% Premium over AHF

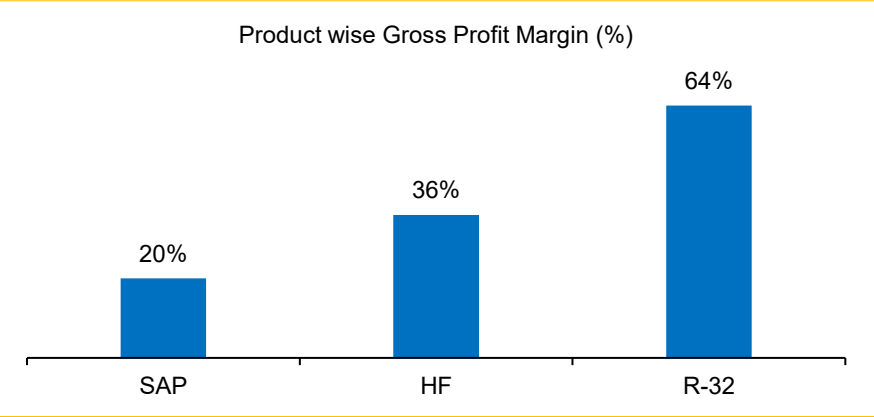
Solar Grade DHF: TANF is India's sole producer of this variant



Source: Choice Institutional Equities

SAP and HF Drag Margin

R-32 generates higher margin backed by higher realisation and backward integration



Source: Choice Institutional Equities

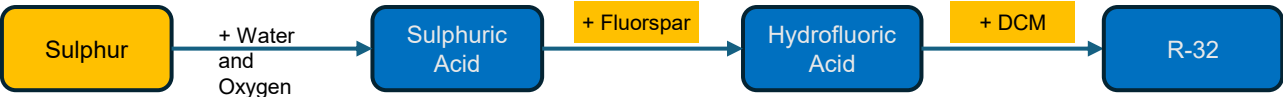
India HF Demand and Supply Balanced

Parameter	Detail
India HF Installed Capacity	~180,000 MTPA
India HF Production	~160,000 MTPA
Key Domestic Producers	SRF, Navin Fluorine, TANF, Gujarat Fluorochemicals (GFL)

Source: Industry, Choice Institutional Equities

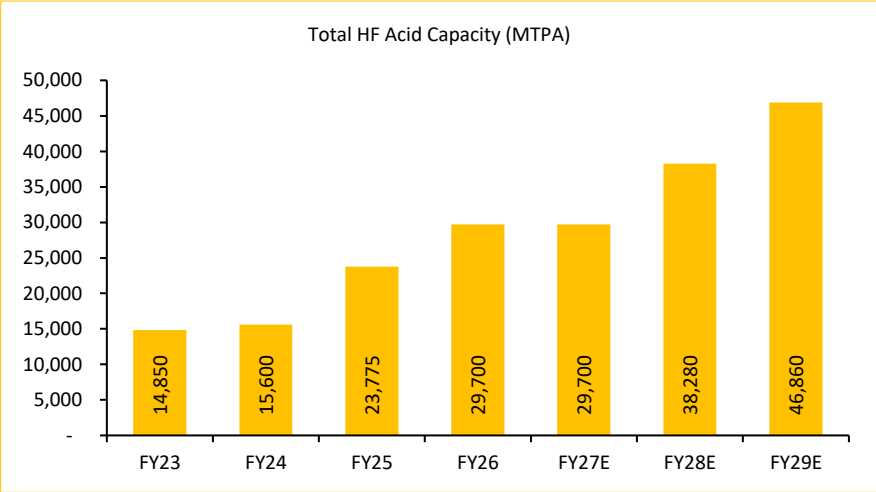
1.1 Hydrofluoric Acid Expertise Merits Right-to-Win in a Commodity Market

1.1.3 Captive HF Enables Successful Forward Integration



Source: TANF, Choice Institutional Equities

- TANF's forward integration into R-32 is underwritten by a structural cost advantage of captive AHF. HF is the single-largest input cost in the manufacture of R-32 refrigerant gas.
- TANF already supplies HF to peers building their own R-32 capacity
- Domestic AHF market is expected to tighten further from December 2026 as new R-32 plants across the industry begin consuming AHF captively — a dynamic which should favour the incumbent HF producer with spare merchant capacity



Source: TANF, Choice Institutional Equities

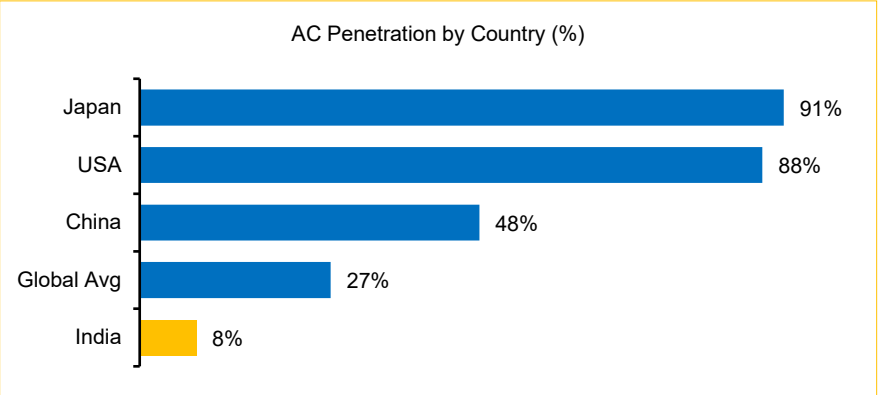
1.2 R-32: Demand is Exponential; Climate Change Actions Limit Supply

TANF has **completed 60%** of its R-32 project with a capacity of 20k MTPA, commissioning of this plant is expected by the **end of Q3FY27E**. HF and Dichloromethane (DCM) form the critical RM for R-32, which is the primary refrigerant gas used for residential space cooling. Demand for R-32 in India is driven by **deepening penetration of Air Conditioners** (8% vs 50%+ World Average) and earlier **production restrictions in other countries** (China 10% in CY27E). Whereas, for India the Kigali Amendment will activate only after January 1, 2028, with **CY27 as a "free year" for production and consumption**. The amendment envisages a **20-year phase out**, with **India quota reducing by only 10% in CY32**. TANF has pre-contracted **65% of its capacity** at ~ USD 5.0/kg to Indian and MNC customers. The projected supply glut is not foreseen to be materially impacting revenue because the **excess supply will be absorbed** by rising demand from outside India due to **production cuts there** as well as a **fast-growing (15% CAGR) local demand**.

1.2.1 India's Cooling Curve — A Penetration Gap driving Demand

India's penetration at 7–8% signals a large potential R-32 market

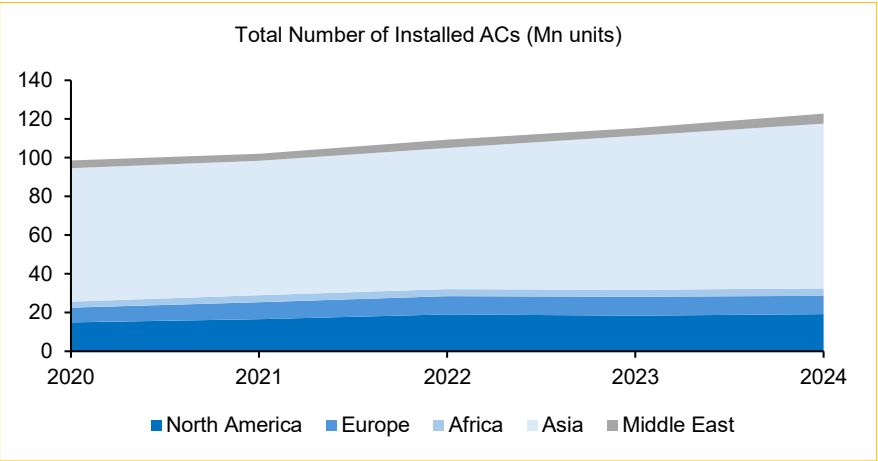
Almost all currently-produced room air-conditioning hardware uses R-32 refrigerant. Change in refrigerant necessitates change in hardware



Source: Frost & Sullivan, Choice Institutional Equities

Large markets for ACs exist in Asia

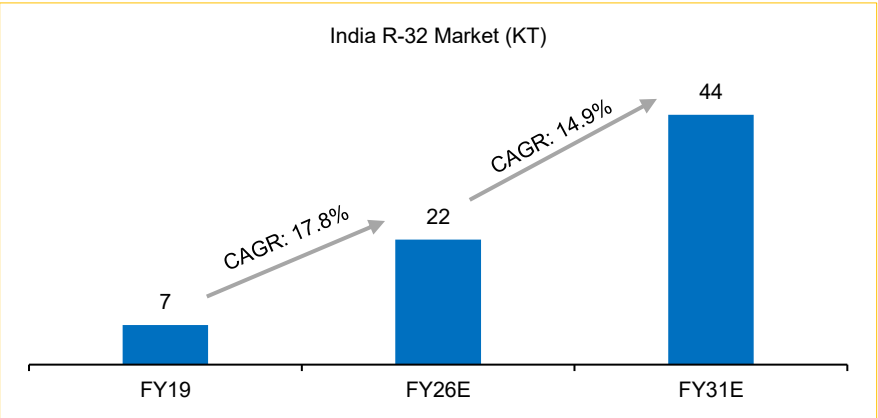
Refrigerant gas demand concentrated in the Middle East, South & West Asia



Source: JRAIA, Choice Institutional Equities

India R-32 demand to double in next 5 years

Higher temperatures, rising disposable incomes and a lack of an alternative drive R-32 demand for new air-conditioning units as well as for servicing

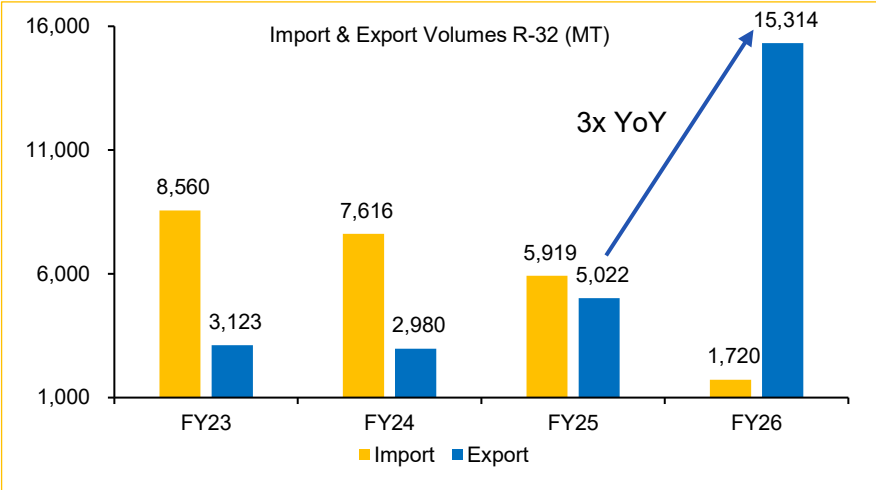


Source: Frost & Sullivan, Choice Institutional Equities

1.2 R-32: Demand is Exponential, Climate Change Actions Limit Supply

India turned net exporter in three years driven by production cuts in developed economies

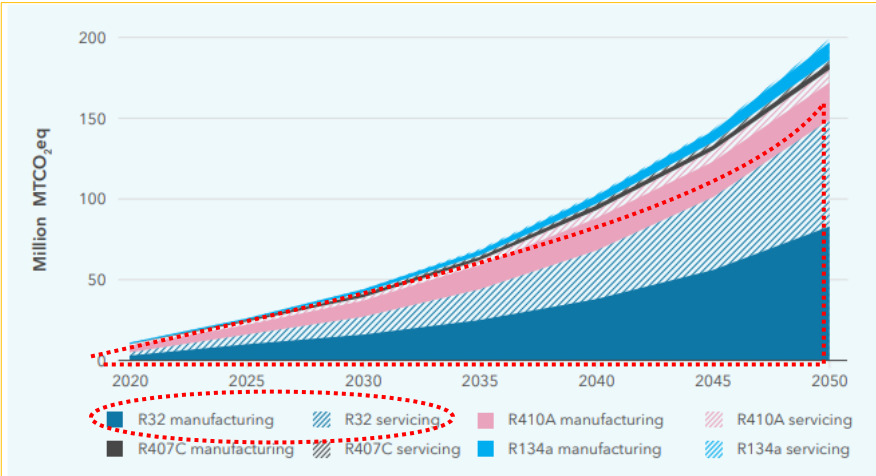
India export volumes rose 2.5x to ~15K MT in FY26



Source: Ministry of Commerce, Choice Institutional Equities

Climate change actions phase out exponential demand

In the business-as-usual scenario, India demand is expected to rise ~9x by 2050



Source: National Defense Research Council, Choice Institutional Equities

1.2.2 Climate Change Action Causes Supply Constraint

Previous climate change actions have phased out molecules over decades rather than years

Generation	Introduced	Mainstream Period	Phase-out Start	Fully Phased Out	Climate Impact
1st Gen — CFC (e.g., R-11, R-12)	Late 1920s–1930s (R-12 commercialised 1931)	1930s–1980s	1987 (Montreal Protocol signed)	1995–1996 in developed countries; 2010 in developing countries	Ozone depletion (high ODP)
2nd Gen — HCFC (e.g., R-22, R-141b, R-142b)	1930s–40s (as interim), scaled up as CFC replacement through 1990s	1990s–2010s	2010	2029–2030 in developed countries; 2040 in developing countries	Ozone-depleting, just less than CFCs
3rd Gen — HFC (e.g., R-134a, R-410A, R-404A, R-32)	Early-mid 1990s (zero ODP)	1990s–2030s	2016 Kigali Amendment to Montreal Protocol	developed countries target 85% reduction by 2036; 85% reduction in developing countries by 2047	No ozone impact, but very high Global Warming Potential (GWP)
4th Gen — HFO (e.g., R-1234yf, R-1234ze, HFO/HFC blends like R-448A, R-449A)	~2011 onward (R-1234yf first used in automotive AC)	2015–present, accelerating now	Not yet; still the incoming/current generation	N/A; current standard	Low GWP, typically under 150, though most are mildly flammable requiring new handling protocols

Source: Choice Institutional Equities

1.2 R-32: Demand is Exponential, Climate Change Actions Limit Supply

The **Kigali Amendment** (2016) to the Montreal Protocol mandates the global phase-down of HFCs (hydrofluorocarbons) due to their high global warming potential. Countries have committed to reducing HFC production/consumption in stages, with different timelines for developed and developing nations.

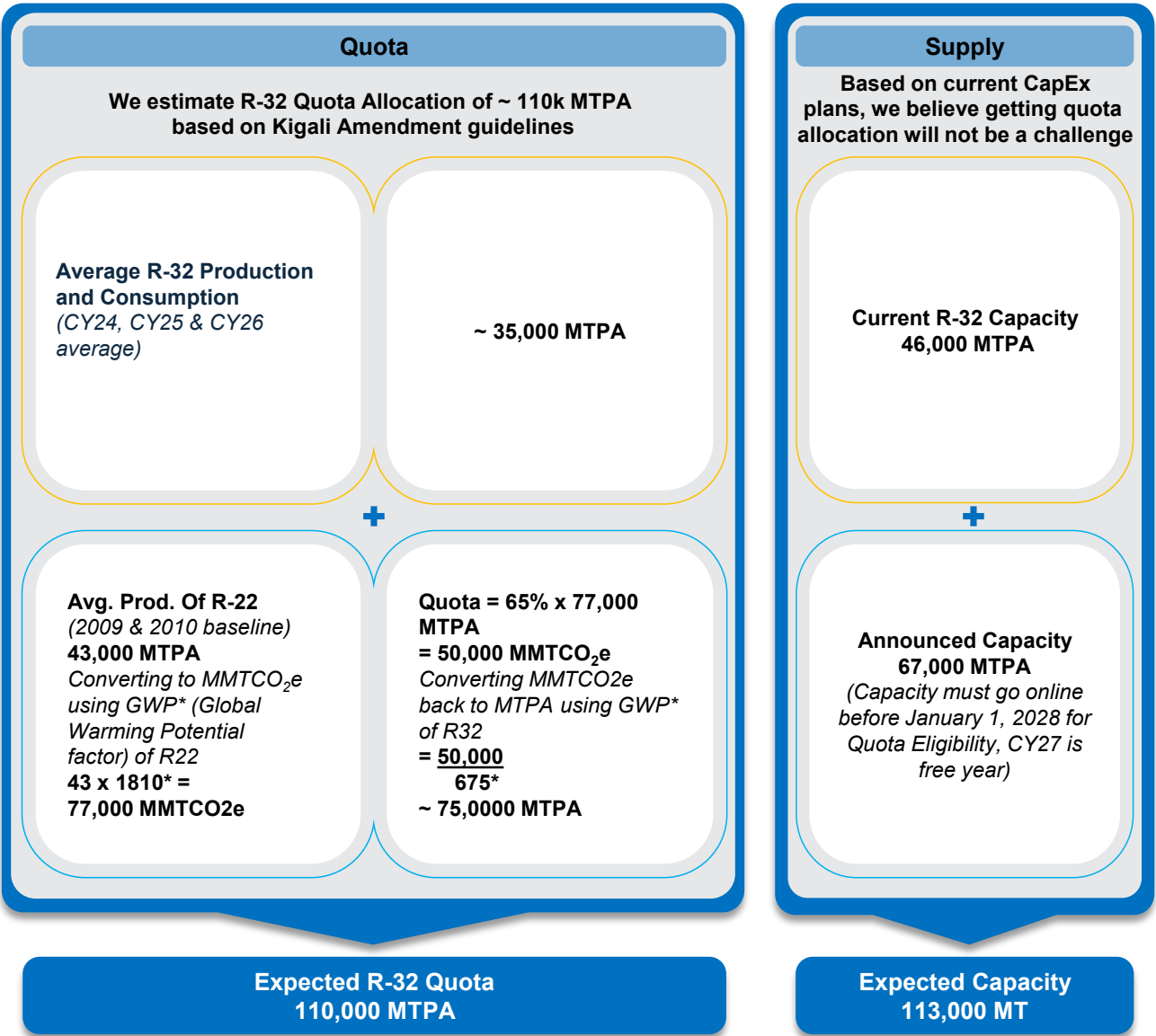
Kigali R-32 phase-down timeline (cumulative reduction)

Particulars	India	USA	China	Japan
Freeze on new capacity	January 1,2028		January 1,2022	
1st reduction	CY32 (10%)	CY19 (10%)	CY2029 (10%)	CY19 (10%)
2nd reduction	CY37 (20%)	CY24 (40%)	CY35 (30%)	CY24 (40%)
3rd reduction	CY42 (30%)	CY29 (75%)	CY40 (50%)	CY29 (75%)
4th reduction	CY47 (85%)	CY34 (80%)	CY45 (80%)	CY34 (80%)
5th reduction		CY36 (85%)		CY36 (85%)

Source: Industry, Choice Institutional Equities

R-32 Quota Sufficient For Announced Capacity

We estimate India's quota to be sufficient for already-announced capacities. However, backward integration for HF and sulphuric Acid (SAP) is preferred to secure RM availability and manage probable price shocks. TANF has pre-contracted 65% of its planned R-32 capacity over the next few years, ensuring revenue visibility. As deadlines for Environmental Clearance approval have already passed, no new supply is expected to be brought online before the December 31, 2027 deadline.



Source: Frost & Sullivan, Choice Institutional Equities

1.2 R-32: Demand is Exponential, Climate Change Actions Limit Supply

1.2.3 Capacity Addition to Drive Growth in New Business

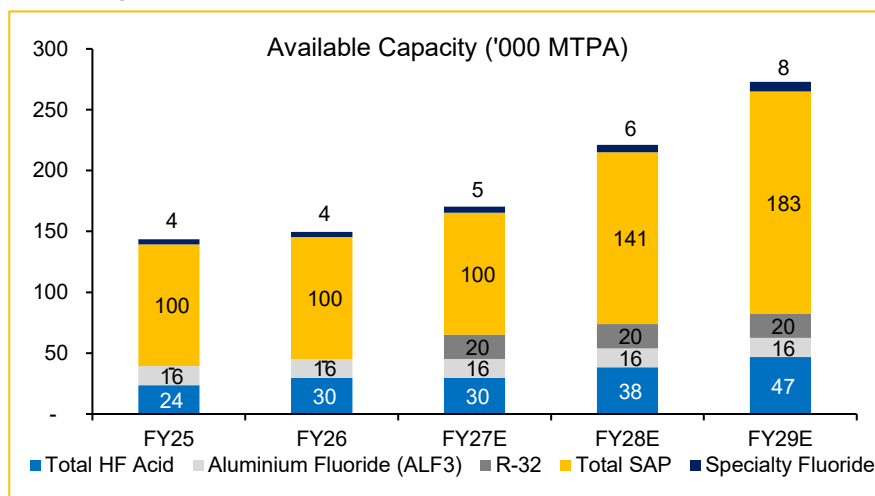
Backward integration via HF critical to ensure supply continuity

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 (CY27-end MTPA)	20,000	15,000	15,000	10,000	12,000	10,000
In-house HF (Yes/No)	Yes	Yes	Yes	Yes	No	No
Primary HF use	Merchant + R-32 captive	Captive (R-32, HFO, PTFE)	Captive (HFO, R-32)	Captive (R-32, PVDF)	NA	NA
HF supply risk	Low	Low	Low	Low	High	High

* Not covered

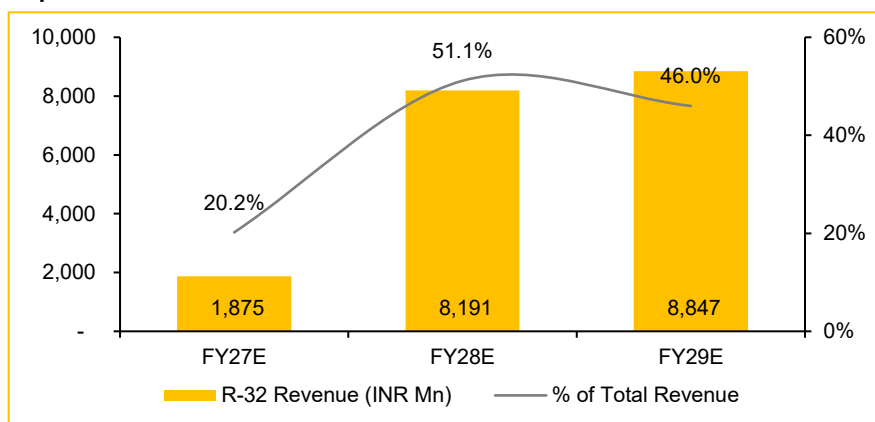
Source: Company, Choice Institutional Equities

Increasing SAP and HF capacities will ensure seamless R-32 production



Source: TANF, Choice Institutional Equities

Guaranteed supply contracts buoy R-32 to ~50% of revenue in first full year of production



Source: TANF, Choice Institutional Equities

Supply contracts for 65% of capacity have already been signed before plant comes online

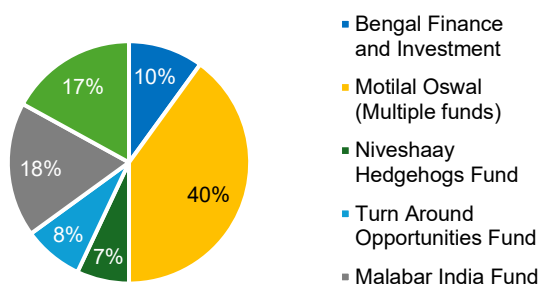
1.3 Strong Earnings Growth Coupled with a Strong Balance Sheet

TANF raised ~INR 3.5 Bn from marquee investors to fund the cost of R-32 plant. Thus, a **combination of internal reserves** and funds raised will be used to **finance the INR 4 Bn capital expenditure**. Additionally, with an objective of enhancing supply agility, TANF has also planned **further capital expenditure of INR 1.5 Bn towards a new HF plant (17,160 MTPA) and INR 0.4 Bn towards a new SAP plant (82,500 MTPA)**. After the commissioning of all three plants, **the capacity is expected grow to 1.8 times of the current capacity**. We believe this will lead to a solid growth in quality earnings backed by cash flows. We **estimate revenue to increase at a CAGR of ~40% over FY26–FY29E** and **PAT to grow at a CAGR of ~52% over the same period**.

1.3.1 Capital Expenditure Funded by Marquee Investors

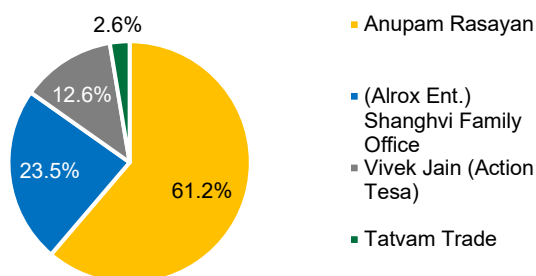
R-32 plant funded by INR 3.5 bn fund raise

QIP Allottees (Total Size: INR 2.5 Bn)



Source: TANF, Choice Institutional Equities

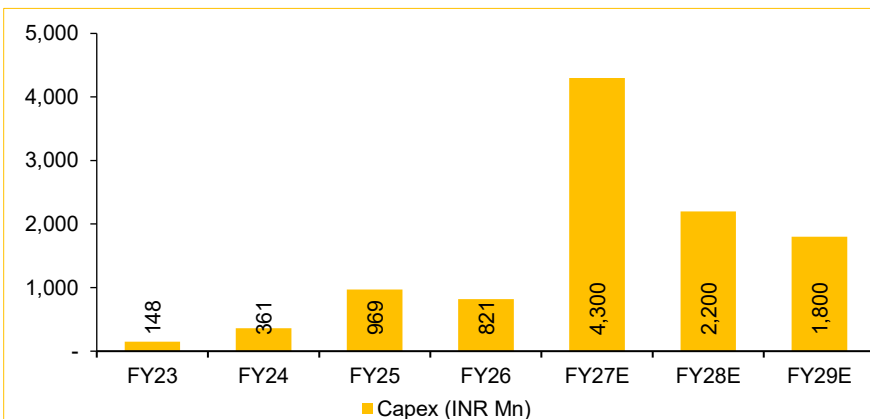
Preferential Issue Allottees (Total Size INR 994 Mn)



Source: TANF, Choice Institutional Equities

FY27E entails significant CapEx for the R-32 plant

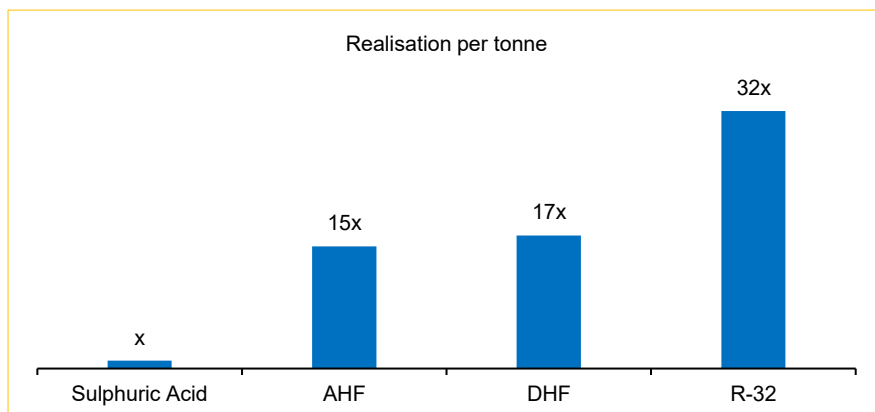
Capex for capacity additions:
 R-32 : INR 4,000 Mn
 HF: INR 1,500 Mn
 SAP: INR 400 Mn
 Maintenance Capex: INR 300 Mn per year



Source: TANF, Choice Institutional Equities

Realisation to improve on the back of R-32 commercialisation

TANF moving to products with materially higher realisation



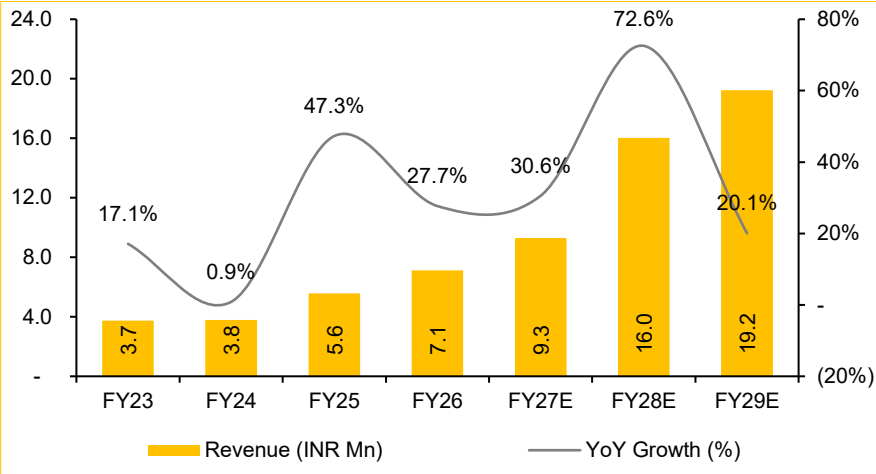
Source: TANF, Choice Institutional Equities

1.3 Strong Earnings Growth Coupled With A Strong Balance Sheet

1.3.2 Accelerated Earnings Growth To Kick In

Revenue growth supported by forward integration

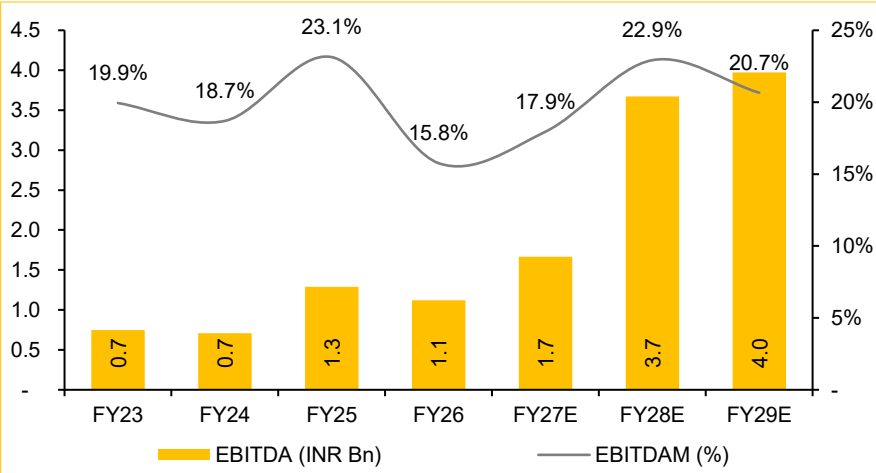
Revenue CAGR of ~40% between FY26–29E



Source: TANF, Choice Institutional Equities

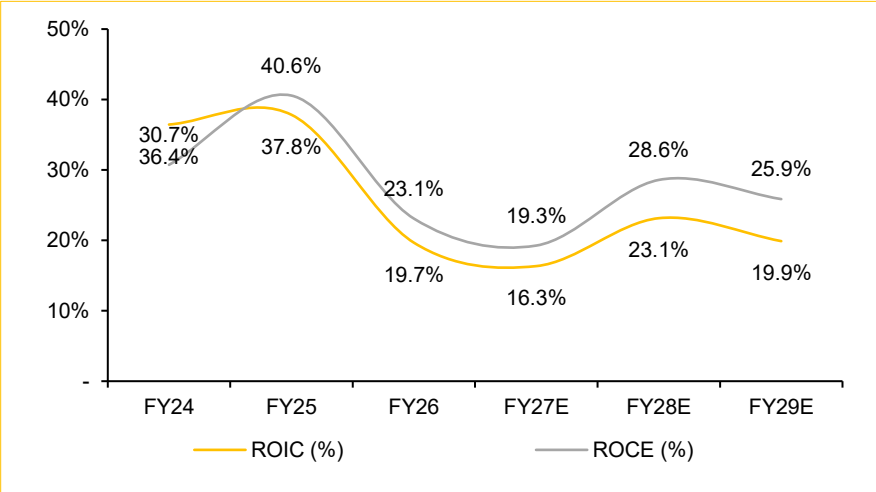
R-32 drives EBITDA margin expansion

EBTIDA CAGR 52.5% over FY26–FY29E



Source: TANF, Choice Institutional Equities

Fund Raise Softens ROIC, Pickup After FY28E as R-32 Comes Online



Source: TANF, Choice Institutional Equities

2.1 View and Valuation

- **HF & SAP Expertise:** With an experience of more than 30 years, TANF is a leading manufacturer of HF and SAP. HF is a critical component for advanced fluorine products, enabling forward integration and enhancing growth prospects of the company.
- **Capacity Expansion:** Total installed capacity is expected to rise from ~149K MTPA to ~272K MTPA by FY29E, driving **~25% volume CAGR over FY26–FY29E**. Additional capacity is expected to support further R&D and manufacture of advanced fluorine chemistries.
- **Forward Integration Into R-32:** The R-32 plant is expected to come online by the end of Q3FY27E, this will lead to materially higher blended realization leads to a revenue growth of 72% YoY in FY28E alone.
- **Fund Raise Drives A Strong Balance Sheet:** The recent INR 3.5 Bn fundraise strengthens the balance sheet and offers growth for quality earnings.

We believe TANF is an ideal re-rating candidate considering strong revenue visibility (65% of R-32 capacity is contracted), margin is expected to improve to ~23% (+500 bps) by FY28E driven by **2x higher realization of R-32** versus commodity HF. We value TANF using the DCF approach at INR 3,750. **Our valuation implies a comfortable PEG ratio of 0.67x over FY26–FY29E and an upside of 38.2%.** At CMP, peers trade at a 50% premium to the TANF (25x vs. median of 38x), re-enforcing our view. **We, therefore, rate the stock as a 'BUY'.**

2.2 DCF Valuation

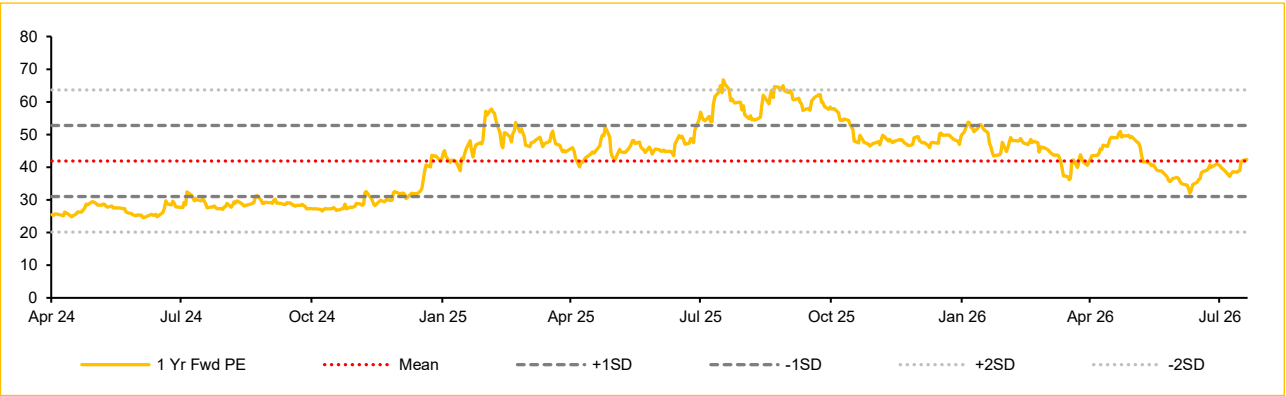
DCF Assumptions		DCF Calculation (INR Bn)	
Rm	12.0%	PV of FCFE for forecasting period (FY27E-FY35E)	19.1
Rf	6.7%	PV of terminal cash flow	62.0
BBG adj. Beta	0.76	Equity value	81.1
Cost of equity	10.7%	Number of shares (Mn)	21.6
Terminal growth rate	4.0%	Target price (INR/share)	3,750

Source: TANF, Choice Institutional Equities

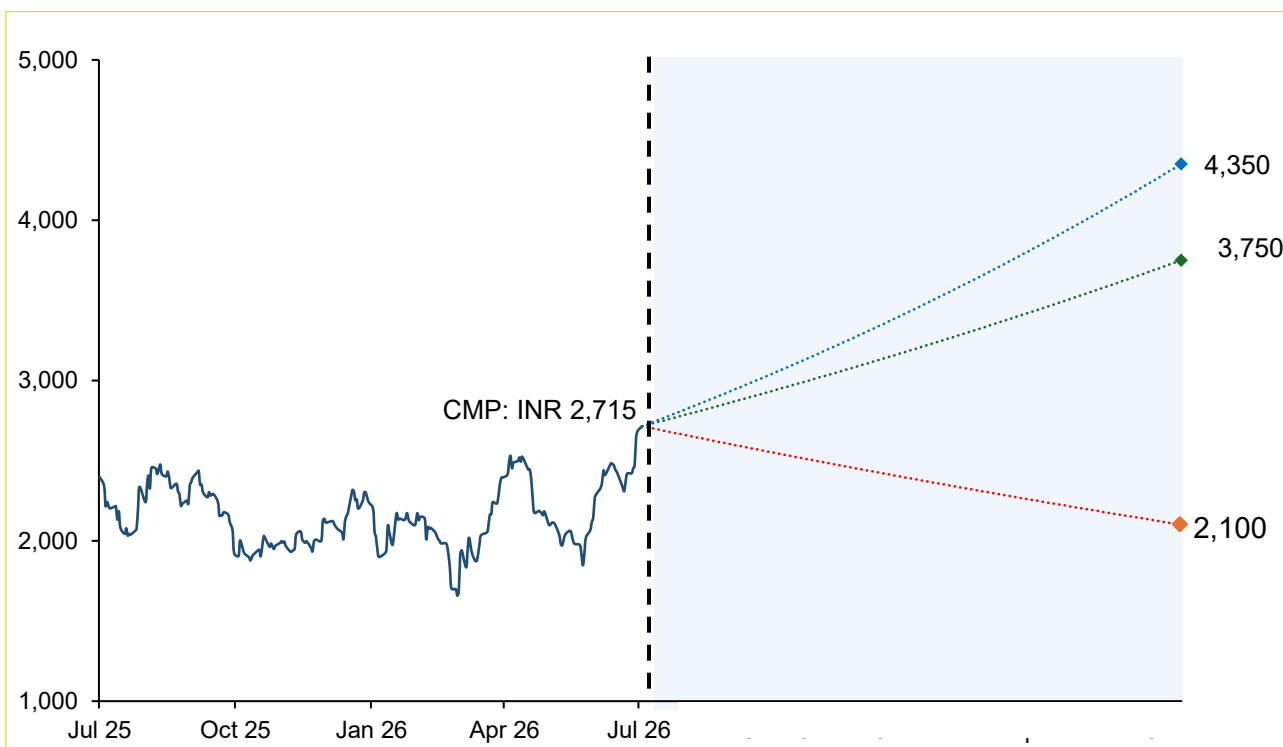
		Terminal Growth Rate %				
Cost of Equity		3.0%	3.5%	4.0%	4.5%	5.0%
	9.7%	4,120	4,390	4,710	5,090	5,550
	10.2%	3,720	3,950	4,210	4,510	4,870
	10.7%	3,360	3,540	3,750	3,990	4,280
	11.2%	3080	3240	3,420	3,620	3,860
	11.7%	2820	2950	3100	3270	3,470

Source: TANF, Choice Institutional Equities

1 year forward PE ratio



2.3 Scenario Analysis – Bull, Bear & Base Case

**BULL Assumptions**

INR 4,350
60.3% Upside

- Higher than expected realisation for R-32 if it sustains around 8–9 USD/kg
- Faster-than-anticipated go-live of upcoming HF & SAP Plants
- Higher EBITDA margin achieved via operational efficiency

BASE Assumptions

INR 3,750
38.2% Upside

- Timely commissioning of upcoming plants as planned, with no material execution delay
- Revenue CAGR of 39.3% over FY26–FY29E
- Forward integration leads EBTIDA margin by ~490 bps

BEAR Assumptions

INR 2,100
22.6% Downside

- Slower-than-planned commissioning of manufacturing plants
- Lower offtake of R-32, leading to only ~20% growth in revenue in FY28E
- Limited EBITDA margin expansion, due to lower backward integration benefits and elevated raw material cost

2.4 Risks to Our Investment Thesis

Earnings remain exposed to external variables including geopolitical disruption, monsoon variability and volatility in raw material price and freight cost

Aggressive Chinese dumping and sharp price correction in key molecules could pressure realisation, margin, and returns on recent capacity investments

Execution delays in upcoming backward integration facilities and domestic concentration of revenue

- **Raw Material Import Dependence & FX Exposure:** Fluorspar, sulphur and potassium carbonate are largely imported (India has no domestic acid-grade fluorspar reserves), with prices linked to the US Dollar — currency volatility directly impacts input costs and margins.
- **Feedstock Price Volatility:** Sulphuric acid and sulphur prices are susceptible to global market swings, compounded by changing regulations which can affect production costs and profitability even as revenue grows.
- **HF Demand Cyclicity:** Demand for hydrofluoric acid is tied to cyclical end-user industries (metallurgy, refrigerants, glass, etc.); downturns in these sectors can directly hit sales volumes and utilisation.
- **Quota Allocation:** R-32 is a highly regulated product and production quota allocation to each company is based on the total available quota in the country. As explained in Investment Thesis 1.2.2, the total available capacity is similar to the expected quota allocation which reduces this risk.
- **Environmental & Safety Risk:** Handling of hazardous chemicals (HF, sulphuric acid, oleum) carries an inherent risk of spillage/pollution, which could trigger regulatory penalties, reputational damage, or operational restrictions.
- **Regulatory & Statutory Compliance Risk:** Continually changing chemical, environmental and safety regulations raise the risk of non-compliance, especially given the complexity of applicable statutes across jurisdictions.
- **Customer & Segment Concentration:** Revenue is inclined towards AHF (~85% of revenue from ~30% of volumes) and reliance on a limited set of large customers (e.g., solar-grade DHF qualification cycles running 12+ months) create dependency risk if key relationships or approvals are delayed.

2.5 Key Insights From Management Meeting

AHF/HF market in structural shortage as China export ban persists and captive R-32 consumption begins

R-32 CapEx 60% complete (started Jan-26); backward-integrated Sulphur-to-R32 chain targets Nov/Dec-26 commissioning

Take-or-pay contracts with price pass-through protect margins, delivering ~36% EBITDA margin and ~2-year payback, funded by INR 3.5 Bn raise

Regulatory moat (no new plants after Dec-27) and structural global shortage (~0.4 Mn MT demand vs. ~0.37 Mn MT supply) underpin pricing, despite 2027-28 correction risk

Market Backdrop: AHF Supply Tightness

- **China has banned AHF exports**; transport within India also heavily restricted due to regulatory requirements
- Market facing shortage at present; expected to tighten further from December 2026 as new R-32 plants (including TANF's own) start consuming AHF captively
- Working on Electronic Grade HF (stringent specs, early stage)

R-32 Project: Capex, Integration & Inputs

- R-32 capital expenditure: Started January 2026; 60% complete by July 2026; commissioning target by end of Q3FY27
- Backward integrated: Sulphuric Acid → AHF → R-32

R-32 signed deals commercial terms, economics & financing

- Contract structure: 13,500 MT take-or-pay; 6,500 MT open for domestic spot
- Pass-through clause: Raw material price moves >5% passed through. Contracted realisation: INR 470–500/kg vs. current market ~INR 800–900/kg (~USD 8–8.5/kg)
- R-32 EBITDA margin ~36% after complete ramp-up
- Fundraise: INR 3.5 Bn total (INR 2.5 Bn QIP, INR 1 Bn preferential, with Anupam Rasayan acting as lead investor in the preferential issue)

Competition Landscape & Regulatory Moat

- Regulatory moat: No new R32 plant can be commissioned in India after 31st December 2027; new entrant lead time 12–18 months
- Post-TANF CapEx India R32 capacity: ~113k MT
- Global demand ~0.4 Mn MT vs. supply ~0.37 Mn MT (structural shortage); incremental global capacity addition is export-oriented
- R32 price correction risk in 2027–28 as new global capacity comes online (mitigated by fixed price contracts)

New Ventures after R-32

- For using excess HF capacity, plans are under review for new fluorination product lines after execution of currently announced projects (R-32, Hydrofluoric Acid and Sulphuric Acid)

2.6 Key Insights From Plant Visit

SAP and HF are co-dependent: sulphuric acid from the SAP unit is a key input into the HF reaction, while HF by-product economics support SAP throughput

Solar DHF Plant



Fluoromonomers/fluoropolymers mark the next capital cycle, sequenced after current HF/SAP expansion

HF Plant



ALF3 optionality and incremental land bank point to a multi-year capacity runway

Running at 100% utilisation today via an MOU with CPCL/MRPL, but structural sulphur tightness bears watching

Solar DHF Plant



Integrated Process Flow

- The Cuddalore facility runs sulphuric acid (SAP) and hydrofluoric acid (HF) as an integrated, continuous process- sulphur is converted to sulphuric acid, a portion of which is reacted with imported fluorspar to produce HF. Output quality is sensitive to fluorspar grade.
- Waste heat generated during the SAP process is recovered as steam and captive power, funding ~55% of the plant's power needs at near-zero marginal cost and is the primary source of TANF's cost advantage versus non-integrated peers.

Plant Operating Characteristics

- Continuous process operation with all three units- HF, Solar Grade DHF and SAP under a single centralised control room.
- The company sources fluorspar from Southeast Asia to manage grade consistency.
- R&D infrastructure has been recently upgraded with gas and photo-chromatograph equipment, supporting the product development pipeline.

Fluoromonomers and Fluoropolymers — Next Growth Segment

- Identified as the next growth segment once currently planned HF and SAP capacity additions are complete.
- Planned capital expenditure of INR 3,000 Mn, underwritten at ~1x asset turns and ~20% EBITDA margin.
- R&D for fluoromonomers and fluoropolymers is already underway, supported by newly commissioned gas and photo-chromatograph lab equipment.

R-32 Refrigerant Gas

- Civil works for the full-scale R-32 plant are in progress, targeted to start by end of Q3FY27 to capture a full year of production in CY27.

ALF3 Optionality and Land Bank

- The management is evaluating a restart of the aluminium fluoride line so as to utilise the excess HF capacity better.

Sulphur Availability and Price Risk

- Sulphur supply is a near-term pain point: CPCL and MRPL are increasingly processing sweeter crude blends, which structurally lowers sulphur (a refinery by-product) output.
- Government policy is also prioritising available sulphur allocation toward the agrochemical sector, adding to competing demand.
- Despite this, TANF's Cuddalore plant continues to run at 100% capacity utilisation, supported by an existing MOU with CPCL/MRPL for sulphur supply.

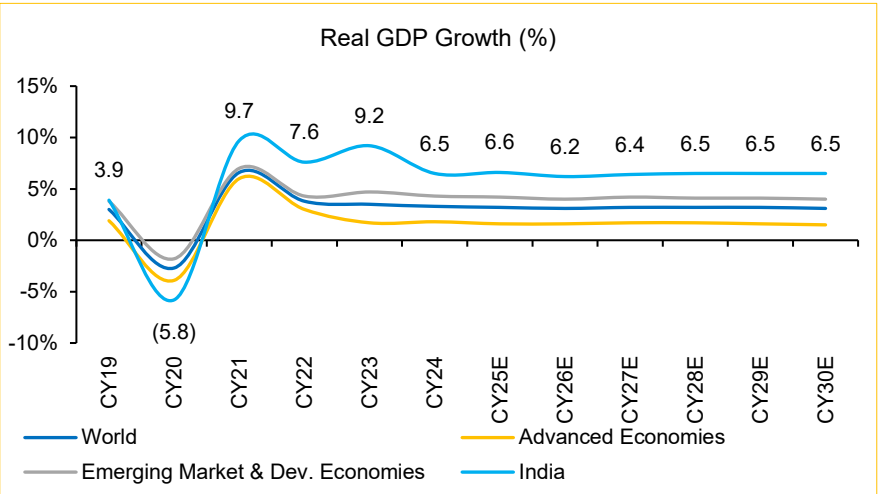
Solar DHF Plant



3.1 Global and Indian Chemicals Market Landscape

Accommodative monetary policy and fiscal support in CY26 is projected to propel a strong domestic consumption environment despite turbulent trade conditions

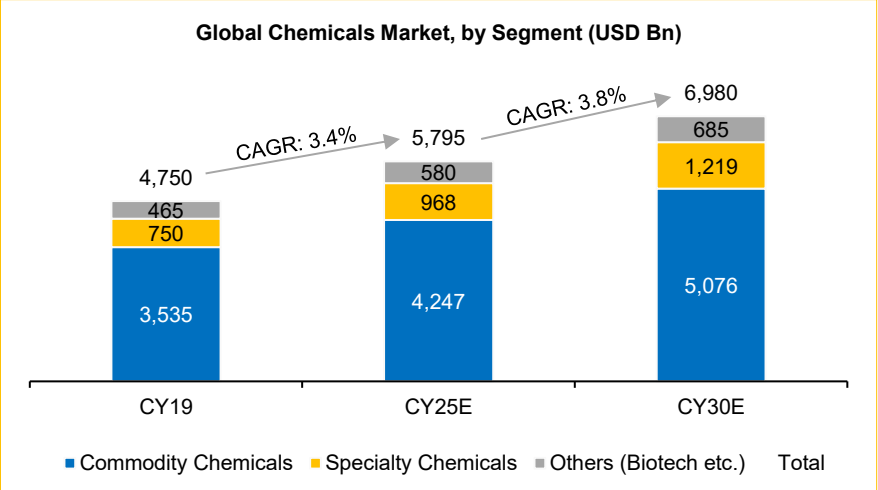
India is the fastest-growing major economy in the world



Source: IMF, Choice Institutional Equities

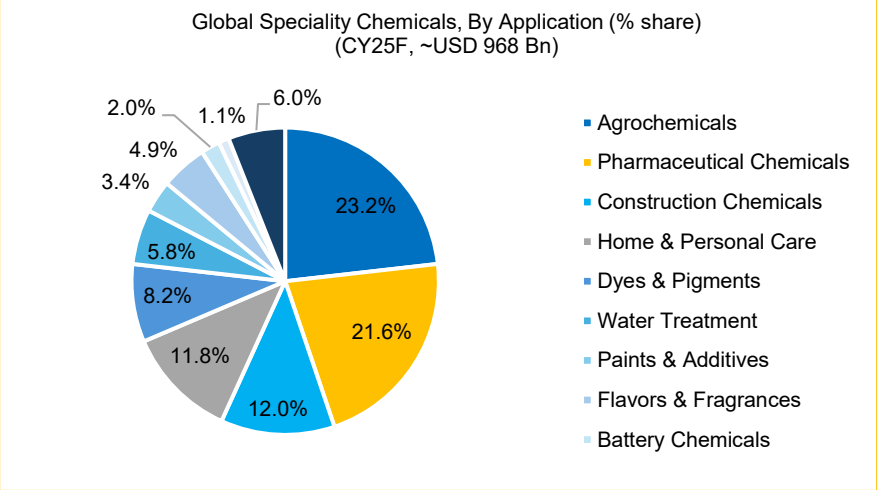
Global Chemicals Market to expand at 3.8% CAGR till CY30

Global Speciality Chemicals market expected to grow at the fastest pace of 4.7% CAGR, from CY25 to CY30E. Commodity Chemicals' growth is anticipated at 3.6%. Other Chemicals growth is expected at 3.4%



Source: Frost & Sullivan, Choice Institutional Equities

AgroChem & Pharmaceuticals contribute 44% of the market

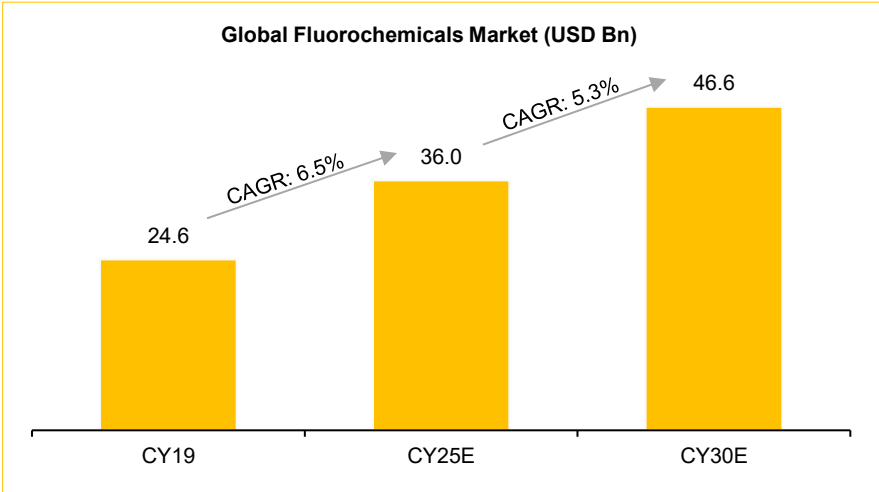


Source: Frost & Sullivan, Choice Institutional Equities

3.2 Global and Indian Fluorochemicals Market Overview

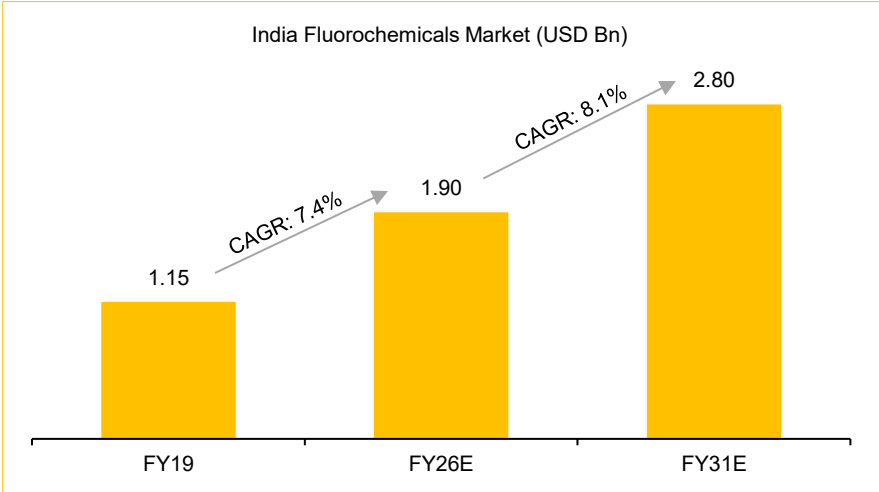
Climate adaption applications propel Fluorochemicals demand

Refrigerants remain the largest volume segment within fluorochemicals. However, value growth is increasingly driven by fluoropolymers, inorganic fluorides for energy storage, and fluorospecialty intermediates for pharmaceuticals and agro chemicals.



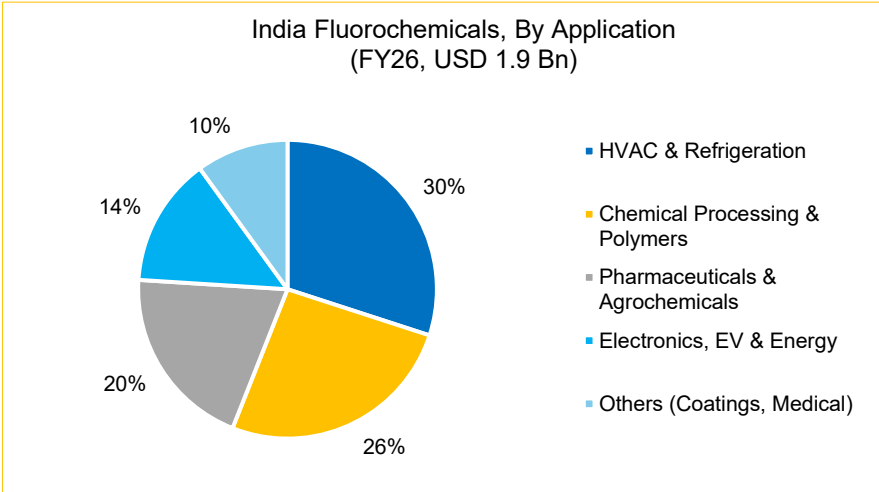
Source: Frost & Sullivan, Choice Institutional Equities

Deepening AC penetration drives domestic Fluorochemical demand



Source: Frost & Sullivan, Choice Institutional Equities

India's fluorochemicals demand is led by HVAC/refrigeration (~30%)



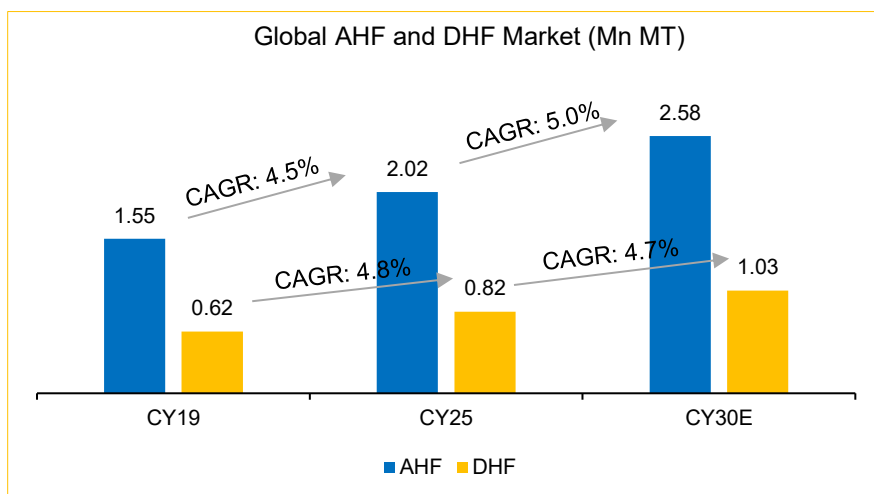
Source: Frost & Sullivan, Choice Institutional Equities

3.3 AHF and DHF Market Overview

Rise in consumption of fluoropolymers and refrigerants propels global AHF demand

DHF demand largely tracks the trajectory of the broader AHF market. Relative to AHF, DHF tends to see steadier demand.

Global AHF/DHF Market forecast to expand at ~4.7% CAGR by CY30E

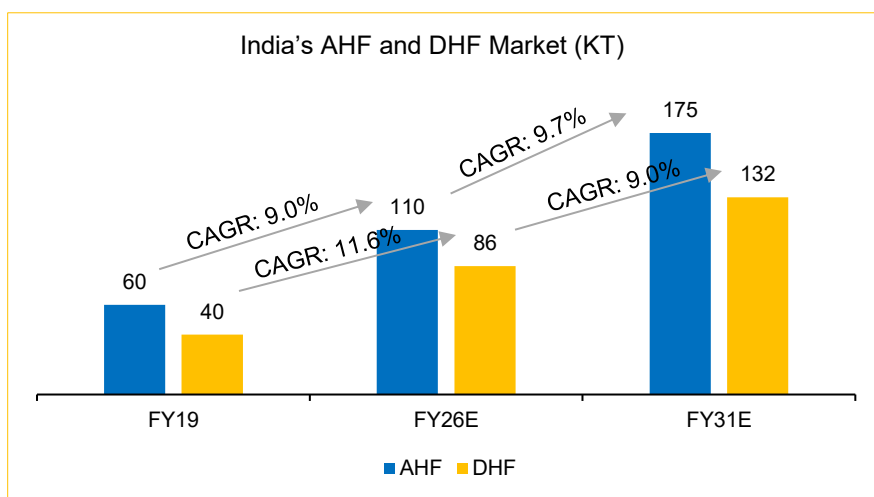


Source: Frost & Sullivan, Choice Institutional Equities

India Demand supported by deepening AC penetration; market expected to grow at ~2x of global market average

Domestic AHF demand is being supported by deepening penetration of air conditioning and refrigeration

India DHF demand is being lifted by growing consumption of fluorochemical intermediates and expanding metal pickling and surface treatment applications.

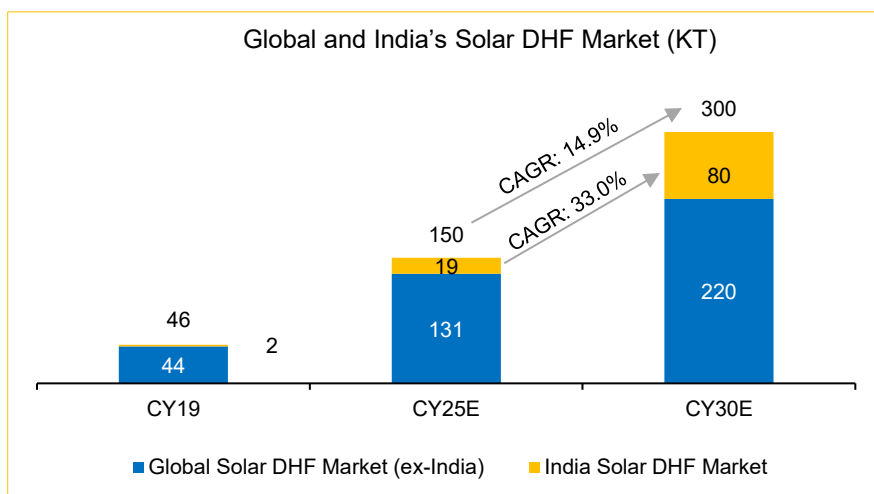


Source: Frost & Sullivan, Choice Institutional Equities

India Growth has outpaced global growth average

Solar DHF is produced from high-purity AHF, making it a specialised product.

The primary demand driver for Solar DHF in India is the rapid expansion of domestic solar PV manufacturing capacity, spanning both module and cell production.

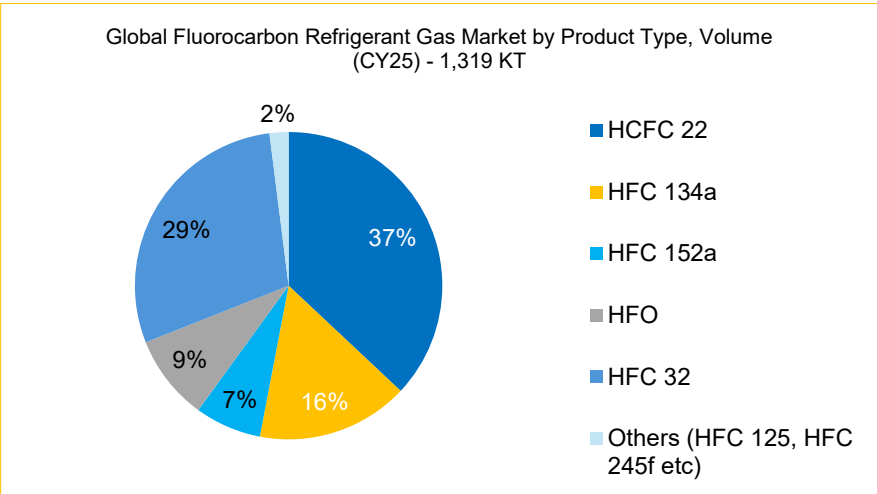


Source: Frost & Sullivan, Choice Institutional Equities

3.4 R-32 Market Overview

R-32 accounts for 29% of global HFC gas demand

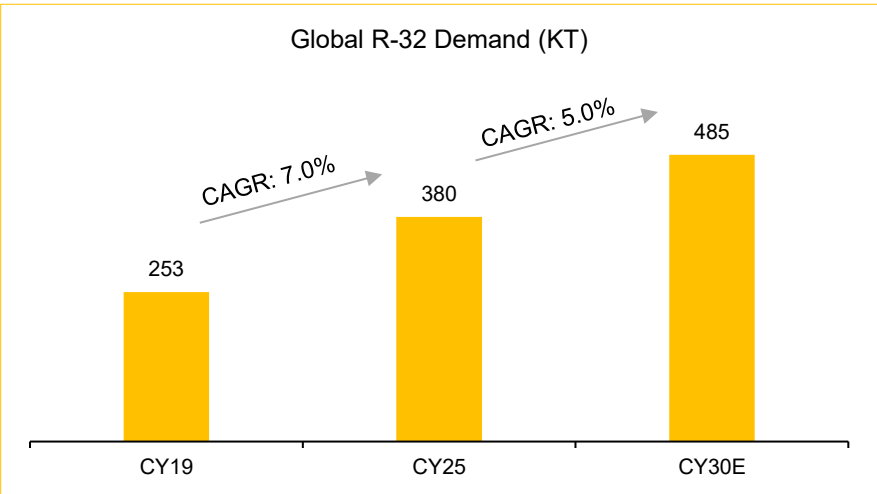
R410A is widely used in small and medium systems, R-32 is increasingly adopted in residential ACs and R407C is used in commercial units. Larger chillers typically use R-134a



Source: Frost & Sullivan, Choice Institutional Equities

Global R-32 demand projected to reach 485 KT by CY30E

Kigali Amendment mandated phase-down of R22 and R410A to increase R-32 demand

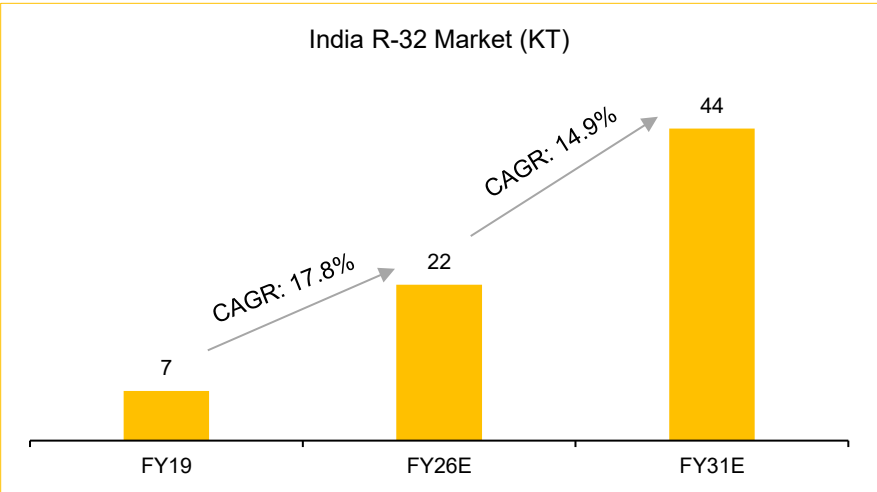


Source: Frost & Sullivan, Choice Institutional Equities

India accounted for 5–6% of global R-32 demand in FY26

Indian demand forecast to double in next 5 years

Major global and domestic AC manufacturers have standardised R-32-based products

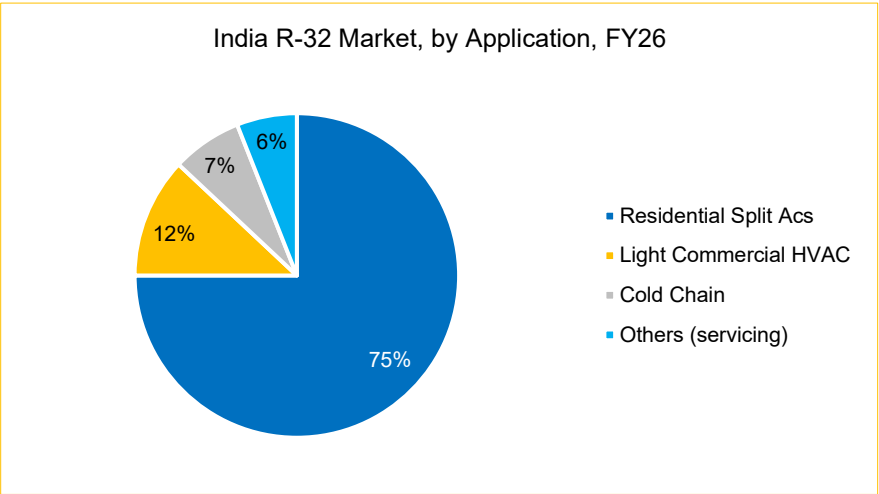


Source: Frost & Sullivan, Choice Institutional Equities

3.4 R-32 Market Overview

Residential AC penetration is key driver of India's R-32 market

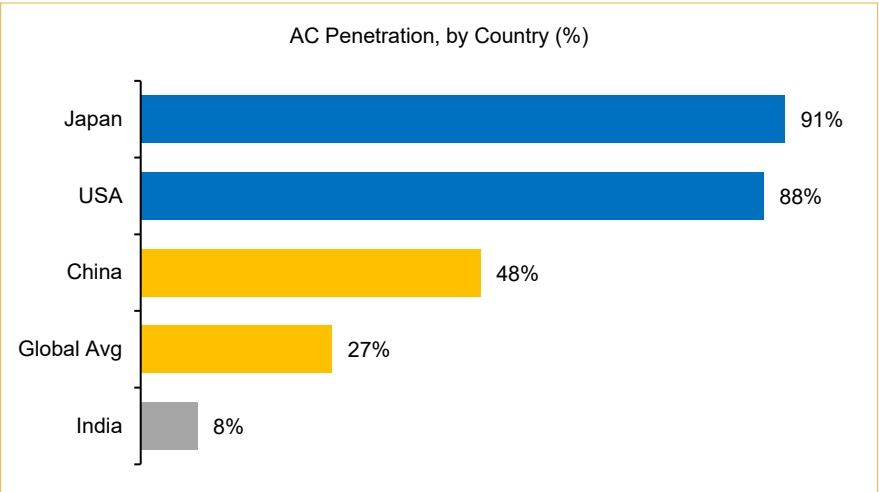
In India, >75% of R-32 is consumed in residential split ACs



Source: Frost & Sullivan, Choice Institutional Equities

India's penetration at 7–8% signals a large potential R-32 market

India's AC penetration at ~8% lags China (~48%) and the USA (~88%), indicating a large untapped market



Source: Frost & Sullivan, Choice Institutional Equities

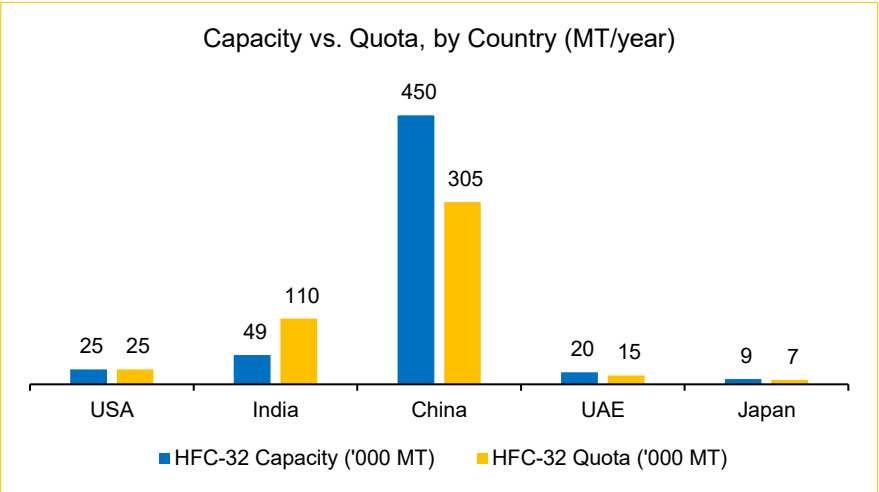
India capacity sits well below eventual quota. Estimated quota = 35,000 MT (average production-based) + 75,000 MT (HCFC baseline conversion) = ~110,000 MT

US: Under the AIM Act, total HFC production/consumption is capped and phased down (85% reduction by CY36E). Quota set to match capacity.

China: 2025 production quota sits just below capacity

UAE: No refrigerant-specific quotas published yet. UAE has ratified Kigali and is developing its quota mechanism.

Japan: HFC production regulated under Montreal Protocol / Kigali-aligned domestic law, for both, domestic use and export



Source: Frost & Sullivan, Choice Institutional Equities

4.1 Relative Analysis

Company	Description	Products	Capacity	CDMO/ CRAMS
TANF	Fluorochemicals manufacturer since 1985, JV between TIDCO and Anupam Rasayan (ARIL holds management control since 2022 stake transfer from Aditya Birla Group)	1. AHF 2. Solar Grade DHF 3. Sulphuric Acid 4. Aluminium Fluoride 5. Potassium Fluoride 6. R-32 (end-Q3FY27E)	1. AHF/DHF: 29,700 MTPA 2. Sulphuric acid: 1,00,000 MTPA 3. Solar DHF: 20,000 MTPA 4. R-32 (Q3FY27E): 20,000 MTPA	No
SRF*	Diversified chemicals conglomerate (Chemicals ~50% of FY26 revenue; also Packaging Films/Foil, Technical Textiles). Chemicals segment split into Fluorochemicals and Speciality Chemicals divisions. Plants at Dahej (Gujarat) and Bhiwadi (Rajasthan). Fluorochemicals business established 1989.	1. Refrigerants (R22/R32/R125/R134a) 2. Pharma propellants 3. Chloromethanes 4. TCE/PCE, PTFE 5. Technical Fibres 6. Aluminium Foils	1. Chloromethanes: 200,000 TPA 2. HFC capacity ~65,000 MTPA 3. R-32 capacity – 25,000 MTPA (swing facility from R-22) 4. Tyre Cord facility – 60,000 MTPA 5. Belting Capacity – 22,000 MTPA	Yes
Gujarat Fluorochemicals*	INOXGFL Group, 38 years in fluorine chemistry. India's largest fluoropolymer producer (top-4 globally). Has captive Morocco fluorspar mine.	1. Fluoropolymers (PTFE/PFA/FEP/PVDF/FKM/PPA) 2. Refrigerants (R-22, R-32, R-125, R-410A) 3. Fluorospeciality chemicals 4. Battery chemicals (LiPF₆, LFP-CAM)	1. Total FY25 production (all segments): 5,99,708 MT, 2. R-32 capacity 30,000 MTPA	No
Navin Fluorine*	One of India's largest speciality fluorochemicals manufacturers, Arvind Mafatlal Group, est. 1967. Surat, Dahej, Dewas + Manchester Organics (UK).	1. HPP (refrigerants incl. R-32, inorganic fluorides, cryolite, AHF) 2. Speciality Chemicals	1. AHF: ~60,000 MTPA (Surat 20,000 + Dahej 40,000) 2. R-32: ~9,000 MTPA	Yes
Chemplast Sanmar*	Sanmar Group flagship company. Chlor-alkali/PVC-based, not fluorine-based like the others. Market leader in speciality paste PVC, 4th largest in caustic soda.	1. Speciality Paste PVC 2. Suspension PVC 3. Caustic Soda 4. Chlorochemicals 5. H2O2 6. Refrigerant gas (R32)	1. Paste PVC: 107,000 TPA; H2O2: 34,000 TPA, R-32: 2,000 MTPA 2. Suspension PVC: 331 KTPA 3. EDC: 84 KTPA 4. Custom mfg: 4.5 KTPA 5. Chloromethanes: 35 KTPA 6. R-32: 2 KTPA	Yes
Stallion India Fluorochemicals*	Mumbai-based refrigerant/industrial gas debulking, blending, distribution specialist, est. 1992. Downstream processor moving upstream via R-32.	1. HFCs/HFOs refrigerant 2. Industrial gases 3. Semiconductor gases	1. Upcoming 10,000 MTPA R-32 capacity, and HFO plant	No

Note: *Not Covered

Source: Companies, Choice Institutional Equities

4.1 Relative Analysis

Operating Metrics

	R32					Other Products Capacity			
Company	Current Capacity (KTPA)	New Capacity (KTPA)	Commissioning	Total Capacity (KTPA)	CapEx (INR Bn)	Backward Integration (R-32)	Fluorinated Products Capacity (KTPA)	HF Capacity (KTPA)	Sulphuric Acid Capacity (KTPA)
TANF	0	20.0	Q3FY27E	20	4.0	Full	49.7	30	100
SRF *	25	Yes	NA#	NA#	NA#	Partial	NA#	30	Yes
Gujarat Fluoro *	10.0	10.0	Q3FY27E	20	1.5	Full	176	Yes	270 (FY23)
Navin Fluorine *	9.0	15.0	Q3FY27E	24	2.4	Full	69	60	90
Chemplast *	2.0	12.0	Q3FY27E	14	3.4 (for full 14 KTPA)	No	2	No	No
Stallion India *	-	10.0	Q3FY27E	10	2.0	No	0	No	No

Note: * Not Covered, # Data not available

Source: Companies, Choice Institutional Equities

Companies	FY26 Revenue (INR Mn)	FY26 EBITDA (INR Mn)	FY26 PAT (INR Mn)	Revenue CAGR (FY26–29E)	EBITDA CAGR (FY26–29E)	PAT CAGR (FY26–29E)	FY26 EBITDA Margin	FY26 PAT Margin
TANF	7,111	1,121	702	39.3%	52.5%	52.4%	15.8%	9.9%
SRF *	156,836	35,467	18,352	12.52%	13.30%	17.15%	22.61%	11.70%
Gujarat Fluoro *	49,960	12,020	5,780	23.60%	32.35%	35.99%	24.06%	11.57%
Navin Fluorine *	32,670	10,455	6,636	20.2%	18.2%	19.9%	32.0%	20.3%
Chemplast *	42,206	1,942	(2,799)	10.6%	48.1%	NA	4.6%	-6.6%
Stallion India *	4,307	579	438	NA	NA	NA	13.4%	10.1%

Note: *Not Covered, Factset consensus estimates for non-covered companies.

Source: FactSet, Companies, Choice Institutional Equities

Valuation Metrics

Companies	CMP	Market Cap. (INR Mn)	Current EV (INR Mn)	FY28E PE (x)	FY28E EV/EBITDA (x)	FY28E EV/ Sales (x)	FY26 RoE (%)	FY26 RoCE (%)
TANF	2,714	57,562	54,611	25.1	14.9	3.4	20.5%	23.1%
SRF *	2,941	871,904	910,973	33.8	19.8	4.6	13.8%	14.8%
Gujarat Fluoro *	4,608	506,139	527,889	42.9	23.1	6.6	7.6%	8.3%
Navin Fluorine *	7,888	4,04,604	4,00,701	41.0	26.4	8.1	20.1%	19.2%
Chemplast *	196	30,942	45,131	21.6	7.4	0.8	-14.8%	-0.5%
Stallion India * #	245	28,482	18,897	65.0	32.6	4.4	8.9%	11.1%

Note: * Not Covered Factset consensus estimates for non-covered companies.

Source: Companies, FactSet, Choice Institutional Equities

Note: Data as on July 21,2026.

Note: # Stallion India Valuation Ratios are based on FY26 financials

4.2 SWOT Analysis

 Strengths	 Weaknesses	 Opportunities	 Threats
Among India's largest producers of Anhydrous Hydrofluoric Acid (AHF) and Aluminium Fluoride Commissioned India's first and only solar-grade DHF facility, already qualified with a leading Indian solar wafer manufacturer Captive sulphuric acid (feedstock for HF) production gives cost and supply security	Portfolio remains concentrated; lacks the fluoropolymer (PTFE/PVDF), CDMO, or speciality-organofluorine chain Zero domestic acid-grade fluorspar reserves in India	Refrigerant gas entry: Signed pre-contracted agreements for 65% of R-32 capacity Explicit strategy to move from commodity HF/SAP towards higher-value fluoride derivatives Domestic solar manufacturing push (PLI-driven) creates structural demand for solar-grade DHF	Peers are deploying significantly larger capital expenditure into fluoropolymers, CDMO and battery chemical Solar DHF and new refrigerant contracts depend on long qualification cycles with a small number of large customers Fluorspar, sulphur and potassium carbonate prices are USD-linked and import-dependent

Source: TANF, Choice Institutional Equities

TANF’s Distinct Strength v/s Competitors

TANF's real differentiation is capital-efficiency at a much smaller base — it earns returns on capital superior versus larger, more diversified peers, but has not yet proven it can scale up that efficiency across a broader product basket the way competitors have

TANF’s Distinct Weakness v/s Competitors

Competing one rung lower on the value chain than the companies it's usually benchmarked against, which caps how much of its capital-efficiency advantage (high ROE/ROCE) can be sustained as it scales

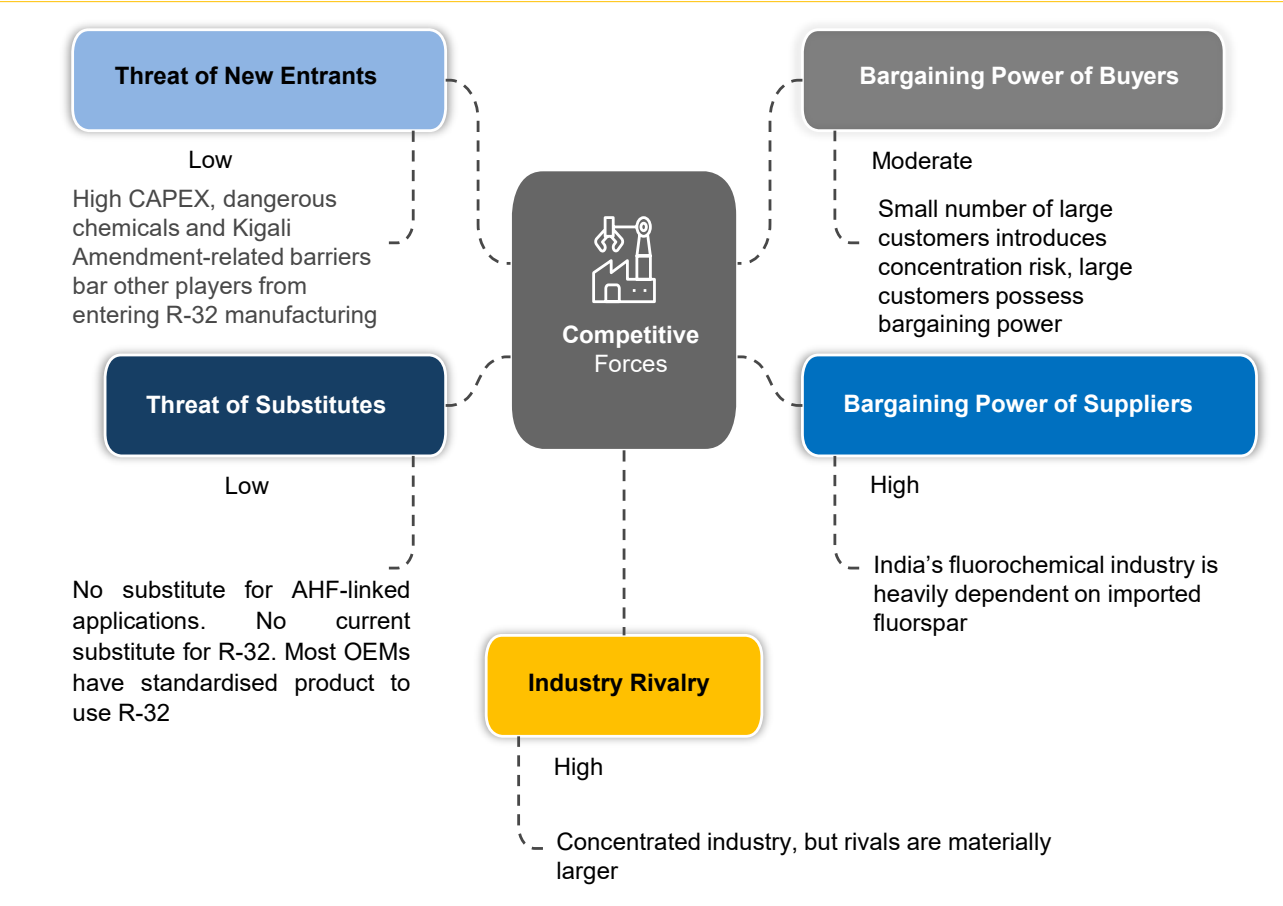
TANF’s Distinct Opportunity v/s Competitors

Unlike peers, TANF's refrigerant entry is anchored by *already-signed* long-term supply agreements (US/Japan/India) — a de-risked, contracted approach versus peers' more open-market capacity additions.

TANF’s Distinct Threat v/s Competitors

As a smaller-cap company, TANF competes for the same specialised fluorine-chemistry customer relationships as much larger peers.

4.3 Michael Porter's Five Forces Analysis



Source: TANF, Choice Institutional Equities

Completing CapEx before Kigali Amendment deadline constrains India R-32 capacity and is forecast to create a supply shortfall in future. No new supply can be built after January 1, 2028

TANF's refrigerant gas entry is anchored by already-signed supply agreements with named US/Japan/India customers before production.

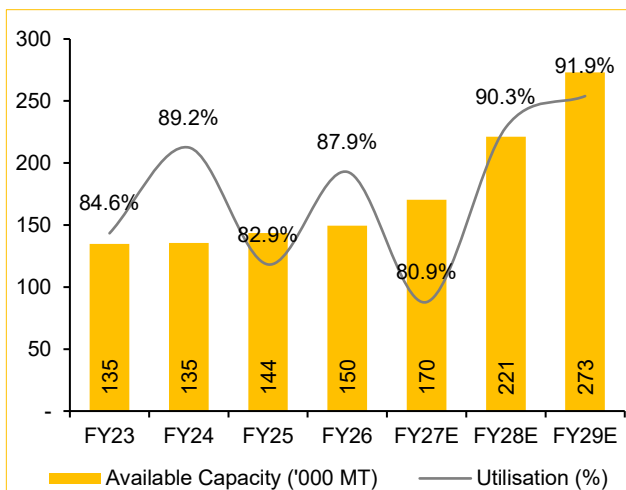
No feasible substitute for R-32 in India at present. TANF value chain begins from in-house sulphuric acid manufacturing all the way to R-32, making it one of the most vertically-integrated R-32 manufacturers

Captive sulphuric acid and hydrofluoric acid production give TANF control over one leg of its cost stack (the AHF-sulphuric acid reaction)

Existing demand-supply gap favours buyers, creating medium-term pricing pressure in R-32

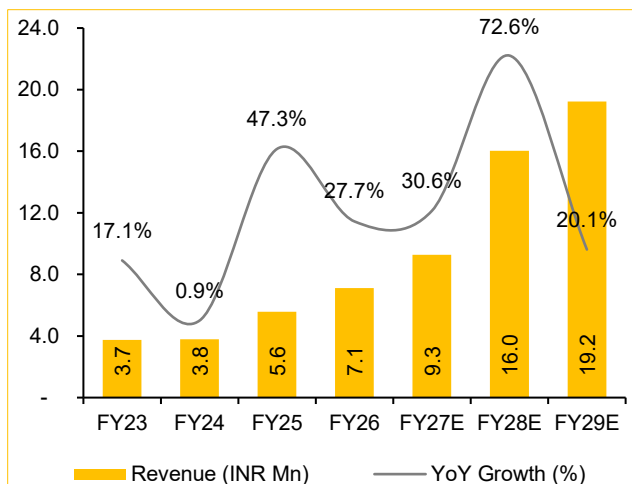
5.1 Key Operating and Financial Ratios

Capacity Utilisation dips in FY27E due to Capacity expansion



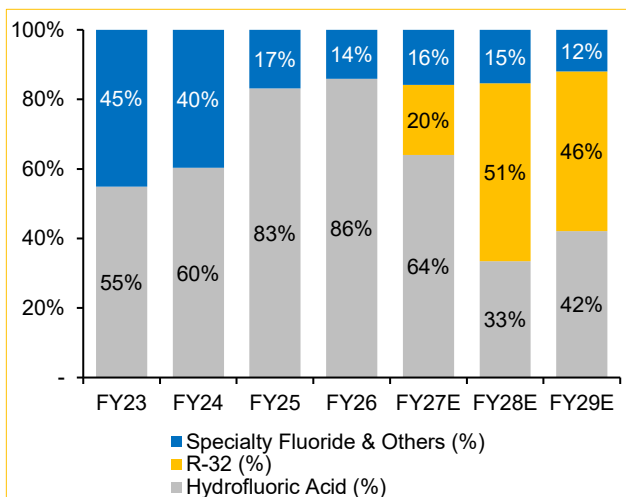
Source: TANF, Choice Institutional Equities

Revenue Growth supported by higher blended realisation due to Solar DHF and R-32



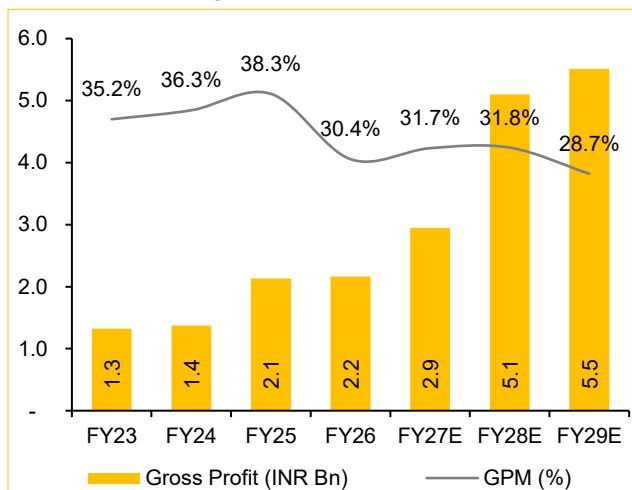
Source: TANF, Choice Institutional Equities

R-32 captures higher Revenue mix even at lower volume than HF due to much higher realisation



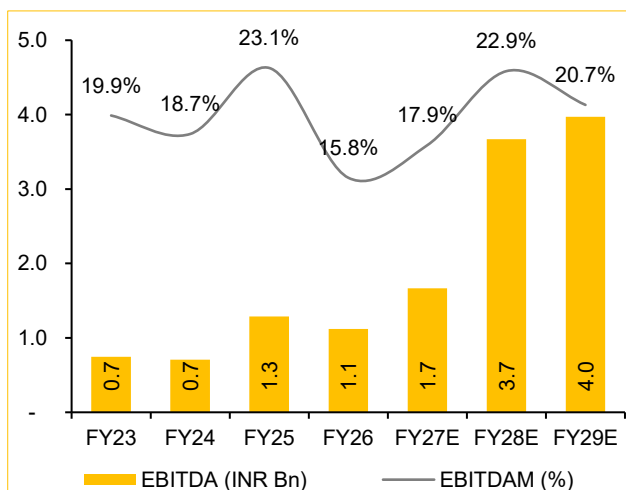
Source: TANF, Choice Institutional Equities

Gross Profit strengthens as mix shifts towards R-32



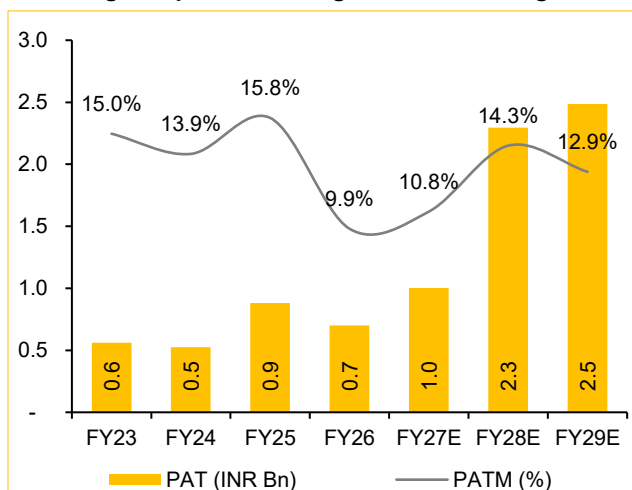
Source: TANF, Choice Institutional Equities

EBITDA Margin reflects operating leverage gains



Source: TANF, Choice Institutional Equities

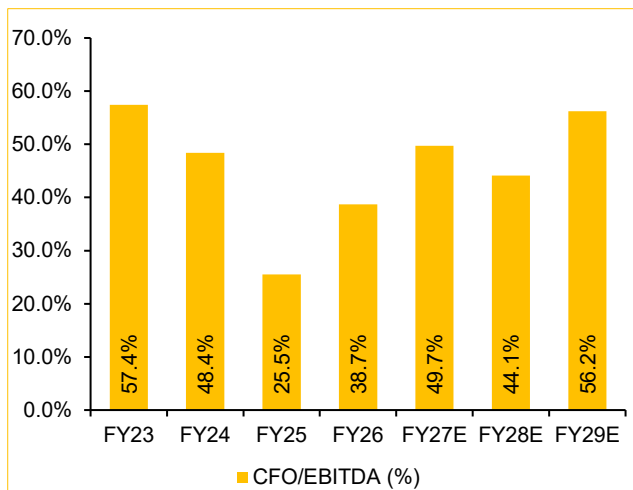
PAT Margin Expands on Marginal Debt Funding



Source: TANF, Choice Institutional Equities

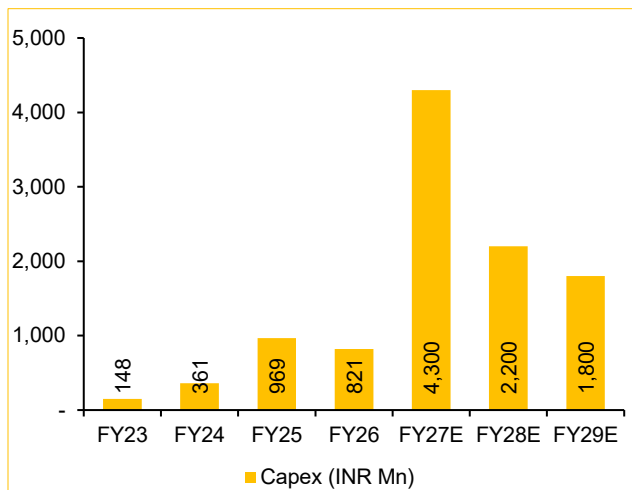
5.1 Key Operating and Financial Ratios

Cash Generating Prowess Improves



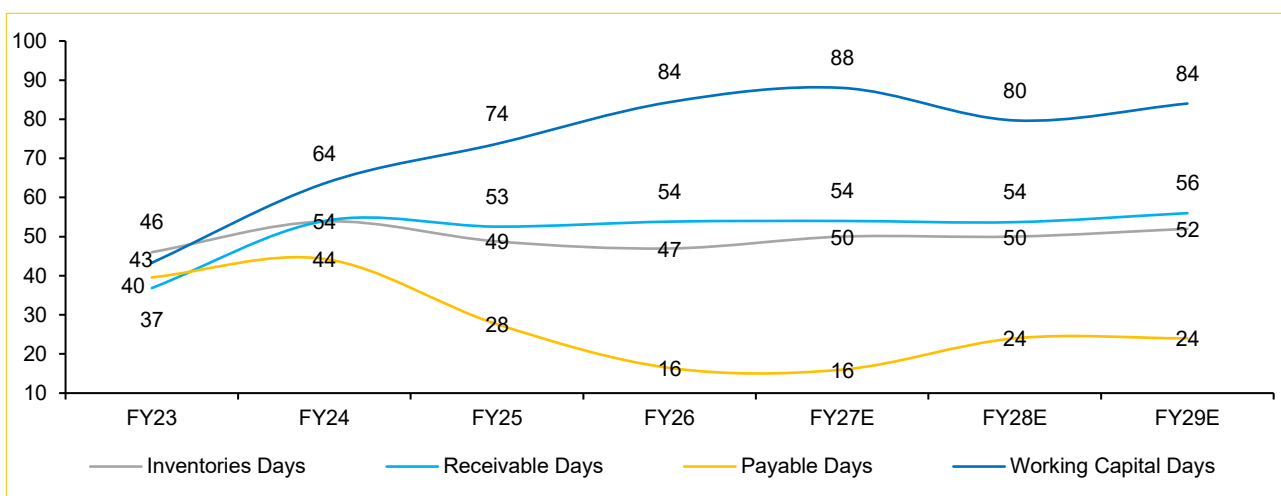
Source: TANF, Choice Institutional Equities

Major Capex Cycle Underway



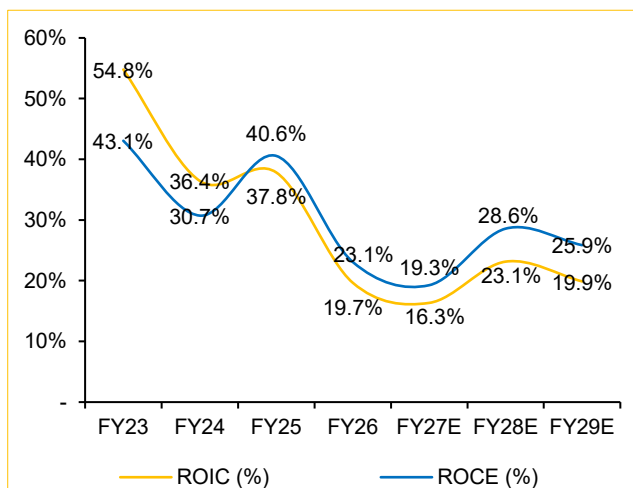
Source: TANF, Choice Institutional Equities

We Assume Higher Working Capital Requirements for New Business



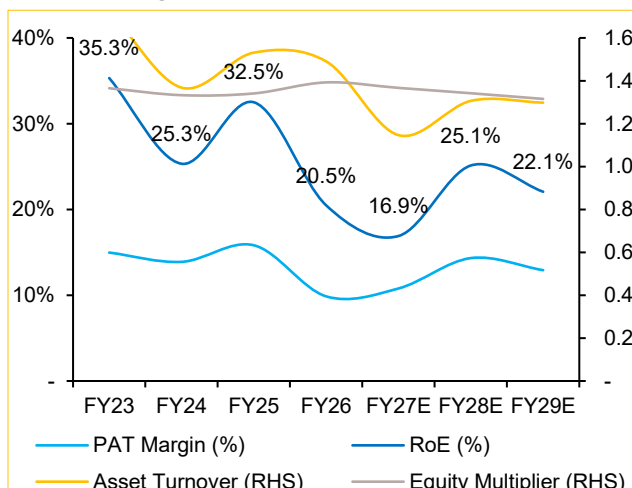
Source: TANF, Choice Institutional Equities

Return Ratios improve after dip in FY27E



Source: TANF, Choice Institutional Equities

DuPont 3 stage RoE



Source: TANF, Choice Institutional Equities

5.2 Financials											
Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E	Balance Sheet (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	5,570	7,111	9,284	16,020	19,235	Net Worth	3,120	3,732	8,117	10,159	12,370
COGS	3,436	4,948	6,337	10,922	13,724	Borrowings	414	928	2,028	2,028	2,028
Gross Profit	2,134	2,163	2,948	5,098	5,512	Trade Payables	389	251	407	1,053	1,265
Operating Expenses	846	1,042	1,281	1,426	1,539	Other Non-current Liabilities	68	87	87	87	87
EBITDA	1,289	1,121	1,666	3,672	3,973	Other Current Liabilities	273	279	279	279	279
Depreciation	105	175	240	481	536	Total Net Worth & Liabilities	4,264	5,277	10,918	13,607	16,030
EBIT	1,184	946	1,426	3,191	3,437	Net Block	1,678	2,117	6,176	7,896	9,160
Other Income	30	24	31	53	64	Capital WIP	84	285	285	285	285
Interest Expense	26	43	103	142	142	Inventory	902	928	1,272	2,195	2,740
PBT	1,188	927	1,353	3,103	3,359	Trade Receivables	993	1,105	1,374	2,357	2,951
PAT	881	702	1,001	2,296	2,486	Cash & Cash Equivalents	379	292	1,261	325	343
EPS (INR)	40.7	32.4	46.3	106.1	114.9	Other Non-current Assets	38	289	289	289	289
						Other Current Assets	191	261	261	261	261
						Total Assets	4,264	5,277	10,918	13,607	16,030
Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E	Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)						CFO	329	434	828	1,621	2,235
Revenue	47.3%	27.7%	30.6%	72.6%	20.1%	CFI	(417)	(906)	(4,300)	(2,200)	(1,800)
Gross Profit	55.4%	1.3%	36.3%	73.0%	8.1%	CFF	318	381	4,440	(357)	(417)
EBITDA	82.3%	(13.0%)	48.7%	120.4%	8.2%						
PAT	67.8%	(20.4%)	42.7%	129.3%	8.3%						
Margins (%)						DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Gross Profit Margin (%)	38.3%	30.4%	31.7%	31.8%	28.7%	Tax Burden (%)	74.2%	75.7%	74.0%	74.0%	74.0%
EBITDA Margin (%)	23.1%	15.8%	17.9%	22.9%	20.7%	Interest Burden (%)	100.3%	97.9%	94.9%	97.2%	97.7%
EBIT Margin (%)	21.3%	13.3%	15.4%	19.9%	17.9%	EBIT Margin (%)	21.3%	13.3%	15.4%	19.9%	17.9%
PAT Margin (%)	15.8%	9.9%	10.8%	14.3%	12.9%	Asset Turnover (x)	1.5x	1.5x	1.1x	1.3x	1.3x
Profitability (%)						Equity Multiplier (x)	1.3x	1.4x	1.4x	1.3x	1.3x
ROE (%)	32.5%	20.5%	16.9%	25.1%	22.1%	RoE (%)	32.5%	20.5%	16.9%	25.1%	22.1%
ROCE (%)	40.6%	23.1%	19.3%	28.6%	25.9%						
ROIC (%)	37.8%	19.7%	16.3%	23.1%	19.9%						
Working Capital (Days)											
Inventory Days	49	47	50	50	52						
Receivable Days	53	54	54	54	56						
Creditor Days	28	16	16	24	24						
Working Capital Days	74	84	88	80	84						
Valuations (x)											
P/BV (x)	10.0x	15.7x	7.2x	5.8x	4.7x						
PE (x)	35.6x	83.7x	58.6x	25.6x	23.6x						
EV/EBITDA (x)	24.4x	53.0x	35.6x	16.2x	14.9x						

Source: TANF, Choice Institutional Equities

Source: TANF, Choice Institutional Equities

6.1 Company Overview

Tanfac Industries Limited is a fluorine-based speciality chemicals manufacturer, operating an integrated 60-acre manufacturing complex at SIPCOT Industrial Estate, Cuddalore, Tamil Nadu, approximately 200 km south of Chennai.

Incorporated in 1972 as Tamil Nadu Fluorine and Chemicals Limited, a joint venture between the Tamil Nadu Industrial Development Corporation (TIDCO) and the Aditya Birla Group, Tanfac commenced commercial production in March 1985. In May 2022, Anupam Rasayan India Ltd. acquired a majority promoter stake, marking a pivotal transformation toward higher-value speciality fluorochemicals and advanced R&D capability.

6.2 Geographical Presence & Customer Reach

Manufacturing Facility

Location	14, SIPCOT Industrial Estate, Kudikadu, Cuddalore 607005, Tamil Nadu, India
Distance	~200 km south of Chennai; ~20 km south of Pondicherry
Port Access	Cuddalore Port — facilitates Fluorspar/Sulphur import & product export
Area	60 Acres (integrated campus)
Capacity	~135,000 MT/year across all product lines
Utilities	Dedicated effluent treatment, acid storage tanks, HF cylinder filling station
Safety	Dedicated Emergency Response Team; MSIHC compliance; F-rated facility
Employees	~189 permanent employees + contract employees = 700 total workforce

ISO 9001:2015

Quality — 1st fluorine co. in India & 5th globally (1994)

ISO 14001:1996

1st fluorine company in India to receive certification (1996)

Key Suppliers

Chennai Petrochem Corporation Ltd. (CPCL)

Domestic supplier; listed entity

Sulphur

Companies across South Africa, Thailand & Vietnam

Primary feedstock for HF; imported via Cuddalore Port

Fluorspar (CaF₂)

Key Clients

Revenue split (FY26): HF-based products — 85% SAP & HF-based chemicals — 15%	
Tata Power Solar Solar Cells	Reliance Industries Surface Treatment / Industrial
Piramal Pharma Pharma Intermediates	Jindal Stainless Steel Surfacing
Deccan Agrochemicals	POSCO Thainox Steel Surfacing
Kredence Advanced Intermediates	Sudarshan Chemical Speciality Chemicals
Premier Energies Solar Cells	

🏆 1st fluorine chemical company globally to receive the TPM Excellence Award from Japanese Institute of Plant Management

Source: TANF, Choice Institutional Equities

TANF Plant, Cuddalore, Tamil Nadu



Source: TANF, Choice Institutional Equities

6.3 Products and Capacity

Total Installed Capacity: ~135,000 MTPA Site: SIPCOT Industrial Park, Cuddalore, Tamil Nadu Plant Area: 60 Acres			
Product	Capacity (MTPA)	Utilisation (FY26)	Status & Notes
Hydrofluoric Acid - Doubled in October 2024 (from 14,850 MTPA) - Core flagship product. - One of India's largest HF facilities. Primary raw material: Fluorspar + H₂SO₄	29,700	95%	OPERATIONAL
Sulphuric Acid / Oleum 98% H₂SO₄ + Oleum; backward integration feedstock for HF - Fully backward-integrated. Captive use for HF production + surplus sold to third parties. - Captive power plant on-site	1,00,000	101%	OPERATIONAL
Speciality Fluorides - AlF₃, KF, KHF₂, NaSiF, BF₃ complexes, Potassium Bifluoride - AlF₃ sold to Al smelters globally; KF/BF₃ for pharma and agro synthesis	5,000	41%	RAMPING UP
Solar Grade Diluted HF (DHF) - Certified for solar wafer etching - Phase 1 (10,000 MTPA) commissioned June 2025; Phase 2 (October 2025). INR 0.5 Bn capital expenditure from internal accruals. Signed supply orders INR 10.7 Bn up to FY29. India's first and only solar-grade DHF supplier. Target expansion to 40,000 MTPA.	20,000 (part of HF capacity)	NA	RAMPING UP
R-32 Refrigerant Gas - Difluoromethane; low-GWP refrigerant for room ACs, commercial HVAC - INR 4 Bn capital expenditure announced. Target commissioning Q3 FY27. LT supply agreements: Japanese co. (7,500 MTPA, INR 23.6 Bn/7yr), MNC (5,000 MTPA, INR 12.5 Bn/5yr), HVAC co. (INR 0.6 Bn p.a. indefinite). Total contracted: 12,500+ MTPA, ~INR 6.5 Bn p.a.	20,000 Announced	—	PIPELINE

Capex Track — ~INR 1.5 Bn deployed in last 2 years | INR 4 Bn CapEx announced for R-32 plant (Q3FY27E completion) | Solar-Grade DHF expansion to 40,000 MTPA planned

Source: TANF, Choice Institutional Equities

6.4 Products Portfolio — Fluorine Chemistry Platform

HF (AHF, DHF, Solar DHF) — 85%		Speciality & Fluorides (AlF ₃ , KF, BF ₃ , H ₂ SO ₄) — 15%	
HYDROFLUORIC ACID & DERIVATIVES 29,700 MTPA 85% of Revenue (FY26)		SPECIALITY FLUORIDES & CHEMICALS 5,000 MTPA 15% of Revenue (FY26)	
Anhydrous Hydrofluoric Acid (AHF) <i>Market leader, feedstock for DHF</i> - Manufacturing of fluorocarbons & refrigerant gases - Manufacturing of lithium batteries - Alkylation process - Fluorinated organic chemicals & intermediates - In-house feedstock for Solar DHF, KF, AlF₃, BF₃ RefrigerantLi-ion BatteriesPetro chemicalsFluoro polymers		Potassium Fluoride (KF) - Fluorinating agent in organic synthesis (HALEX reaction) - Heavy water plant production PharmaAgrochemicals	
Solar Grade Diluted Hydrofluoric Acid (DHF) 20,000 MTPA (Part of HF capacity) <i>(Commissioned June 2025 & October 2025; India's Sole Producer)</i> Etching and cleaning of silicon wafers for photovoltaic solar cells Solar CellsSemiconductorsElectronics		Potassium Bifluoride (KHF₂) - Electrolyte in fluorine cells (NF₃ and UF₆ production) - Brazing flux for aluminium & other metals Industrial GasesMetallurgyElectrochemistry	
Diluted Hydrofluoric Acid (DHF) — Industrial - De-scaling stainless steel strips & tubes (pickling agent) - Glass etching and display glass processing - Manufacturing of inorganic fluorides (downstream) - Tantalum capacitor manufacture Steel SurfacingGlass EtchingInorganic Fluorides		Aluminium Fluoride (AlF₃) Flux in electrolytic aluminium smelting — reduces melting pt. of alumina Aluminium SmeltingMetallurgy	
		Sodium Silicofluoride - Used in ceramics, abrasives and glass industries - Enamels and protective coatings CeramicsGlassAbrasives	
		Boron Trifluoride Complexes (BF₃) Part of 5,000 MTPA Lewis acid catalyst in pharma, agro & polymer synthesis PharmaAgrochemicalsPolymers	
		Sulphuric Acid (98%) & Oleum 1,00,000 MTPA <i>(101% utilisation FY26; backward integrated)</i> - Primary feedstock for HF production (captive use) - Fertiliser, sulphonation of LAB - Dissolving rayon-grade pulp; various industrial uses Captive HFFertilisersIndustrials	
		R-32 Refrigerant Gas (Announced) 20,000 MTPA (Target: Q3FY27) - Standalone refrigerant for residential split ACs (80% market use) - One of the lowest GWP among common single-component refrigerants Room ACsCommercial HVACRefrigeration	

Source: TANF, Choice Institutional Equities

MARKET SEGMENTS SERVED							
Solar Cells	Steel Surfacing	Refrigerant Gas	Glass Etching	Agrochemicals	Fluoropolymers	Li-ion Batteries	Pharmaceuticals

Source: TANF, Choice Institutional Equities

6.5 End-Use Industries

Refrigerants

Products: AHF (feedstock for HFCs/HFOs)

AHF is the primary input to manufacture HFC and next-gen HFO refrigerants. Low-GWP transition (R-32, R-1234yf) drives incremental AHF demand.

India AHF market: 110 KT (FY26E) → 175 KT (FY31P), CAGR 9.7%

Solar Photovoltaic

Products: Solar Grade DHF

Ultra-pure DHF is used to etch silicon wafers to improve light absorption efficiency.

Global DHF: 0.82 MMT (CY25) → 1.03 MMT (CY30E), CAGR 4.7%. India DHF: 86 KT (FY26E) → 132 KT (FY31E), CAGR 9.0%.

Agrochemicals

Products: Potassium Fluoride, Potassium Bifluoride

K-fluoride derivatives serve as intermediates in synthesis of fluorinated pesticides and herbicides.

India agrochemical market: USD 9.6 bn (FY25); China+1 tailwind

Aluminium Smelting

Products: Aluminium Fluoride (AlF₃)

AlF₃ acts as a flux in electrolytic Al smelting, reducing the melting point of alumina.

India total aluminium demand: 6,201 KT (FY26) — up strongly from 4,968 KT (FY24)

Pharmaceuticals & API

Products: Potassium Fluoride, BF₃ Complexes

KF and BF₃ serve as reagents/catalysts in fluorination reactions in API synthesis.

Indian pharma API market: USD 16 Bn (FY26), expected growth of 6% CAGR in FY27 and FY28

Steel Surfacing

Products: Diluted HF, Sulphuric Acid

DHF is used in stainless and mild steel pickling — removing mill scale and oxides before forming/coating.

India stainless steel consumption FY23: 3.9 MTPA. Projected to reach 6.5 MTPA by FY30 — CAGR of approximately 7–7.5% (ISSDA, cited in JSL annual report)

Speciality Glass & Ceramics

Products: Sodium Silico Fluoride, DHF

Sodium silicofluoride used in speciality glass and enamel coatings. DHF for high-precision glass etching in optics, displays, and technical ceramics.

Source: TANF, Companies, Choice Institutional Equities

6.6 Key Milestones

Commercial Production Commences

Commenced commercial production of Main Plant (HF + AlF₃) and Sulphuric Acid at SIPCOT, Cuddalore

1985

HF Liquification Project

Implemented HF Liquification Project

1987

Speciality Fluorides

Commenced Speciality Fluoride production

1989

SA Expansion & Captive Power

Sulphuric Acid Expansion; Installed Captive Power Plant

2002

Diversification

Diversification into Inorganic Fluorides and Speciality Organic Chemicals

2004–20

Anupam Rasayan Acquires Joint Stake

Anupam Rasayan acquired joint stake; surpassed peak EBITDA of 2019

2021–22

R&D Upgradation

Upgradation of R&D Facilities and Pilot Plant addition

2023

New HF Plant; Solar DHF; Record Financials

New HF plant commissioned Oct-24 (14,850→29,700 MTPA); Solar Grade DHF phases announced

2024

Solar DHF Commissioned; R-32 Contracts Signed

Both Solar DHF phases (20,000 MTPA total) commissioned Jun & Oct-2025; 7-yr deal with Japanese co. (7,500 TPA, ~INR 23.6 Bn); 5-yr MoU with MNC (5,000 TPA, ~INR 12.5 Bn); HVAC co. agreement (~INR 6.5 Bn p.a.)

2025

R-32 Plant Announced; Highest-Ever Revenue

INR 5 Bn capital expenditure for 20,000 MTPA R-32 plant (target: Q3FY27); highest-ever revenue INR 7.1 Bn (FY26) and quarterly revenue INR 1.9 Bn (Q4FY26)

2026

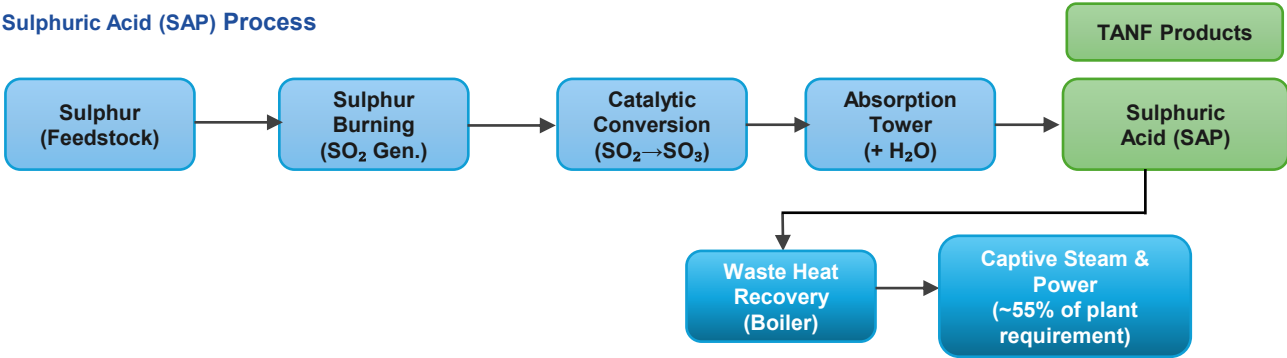
Source: TANF, Choice Institutional Equities

6.7 Key Managerial Personnel

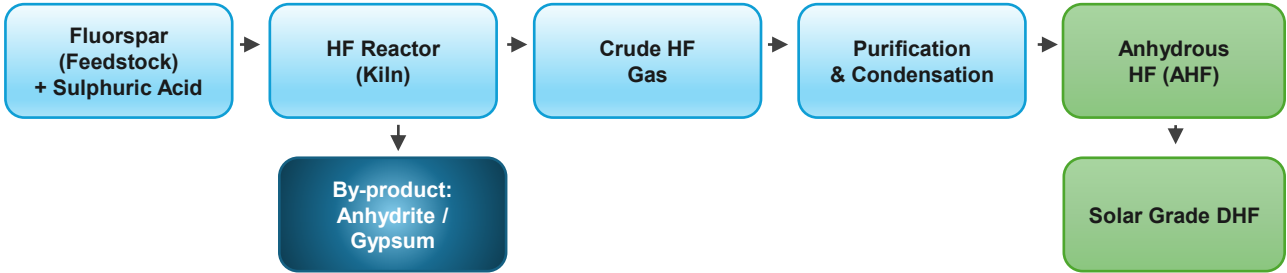
Name	Designation	About the Board
 Mrs. Sandhya Venugopal Sharma, IAS	<i>Chairperson & Nominee Director (TIDCO Nominee)</i>	IAS officer, Tamil Nadu cadre; senior roles in Finance, Education, Administration & TIDCO. Represents TIDCO as government nominee on the Board. Brings policy-level and government-relations expertise.
 Mr. Afzal Malkani	<i>Managing Director</i>	An ICAI associate member with 25 years' experience in manufacturing. His background covers corporate finance, M&A, strategy, governance, treasury, and talent management, with deep expertise in financial oversight and risk. He is the former CFO of Anupam Rasayan India Limited and at present, serves on the board of ARIL Fluorospeciality Private Limited.
 Mr. Hemango Gupta	<i>CEO</i>	Graduate from ITT with PGDBM in Marketing with 2 decades of experience in Fluorine Chemicals. Joined Tanfac in Feb-2025.
 Dr. L Ravichandran	Whole time Director, Head – Research and Development, New Product Development and Technical Services	PHD in Chemistry with 47 years of experience in Fluorine Chemicals (including 42 years with Tanfac)
 Mr. R. Karthikeyan	<i>Non-Executive Director (TIDCO Nominee)</i>	Engineer and Management graduate, currently serving as Senior General Manager (Projects) at TIDCO. With experience in industrial project development, he contributes to the conceptualisation and implementation of infrastructure projects across Tamil Nadu, supporting the company's strategic objectives and operational growth.
 Mr. N. R. Ravichandran	<i>CFO</i>	CA & MBA from University of Leicester with more than 36 years experience (including 20 years in Tanfac)
 N. Rajesh	Head – Technical	B.Tech (Chemical) & MBA with 20 years of experience in Fluorine Manufacturing Operation (including 8 years with Tanfac)
 Mr. Sramanraj Jain	Head – Sales and Marketing	B.E - Chemical & MBA with 32 years of experience in Marketing (including 20 years with Tanfac)

Source: TANF, Choice Institutional Equities

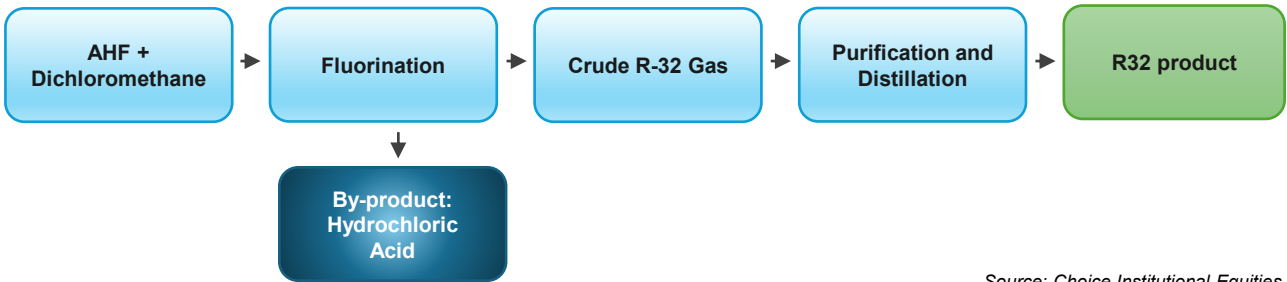
Sulphuric Acid (SAP) Process



Hydrofluoric Acid (HF) & Solar Grade DHF Process



R-32 Process



Source: Choice Institutional Equities

Refrigerant Glossary:

Refrigerant	Type	GWP	Safety Class	Flammability	Boiling Point (°C)	Common Application
R744 (CO ₂)	Natural	1	A1	Non-flammable	-78.5	Commercial refrigeration, transport
R717 (Ammonia)	Natural	0	B2L	Lower flammability, toxic	-33.3	Industrial refrigeration
R1234yf	HFO	4	A2L	Mildly flammable	-26.1	Automotive AC
R1234ze(E)	HFO	7	A2L	Mildly flammable	-19.0	Chillers
R290 (Propane)	Natural (HC)	3	A3	Higher flammability	-42.1	Small ACs, commercial fridges
R600a (Isobutane)	Natural (HC)	3	A3	Higher flammability	-11.7	Domestic refrigerators
R32	HFC	675	A2L	Lower flammability	-51.7	Split ACs (current standard)
R454B	HFO/HFC blend	466	A2L	Mildly flammable	-45.8 (approx)	R-410A replacement (commercial)
R454C	HFO/HFC blend	148	A2L	Mildly flammable	-45.8	Emerging low-GWP blend
R455A	HFO/HFC blend	148	A2L	Mildly flammable	-52.0	Emerging low-GWP blend
HFC-152a	HFC	124	A2	Flammable	-24.0	Niche/aerosol use
R22	HCFC	1810	A1	Non-flammable	-40.8	Legacy ACs (phased out)
R410A	HFC	2088	A1	Non-flammable	-51.6	Legacy split ACs
R134a	HFC	~1430	A1	Non-flammable	-26.3	Older fridges, auto AC

Source: TANF, Choice Institutional Equities

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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

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