

## Camlin Fine hits record high as Ind-Ra upgrades long-term issuer rating



Shares of Camlin Fine Sciences (CFSL) hit fresh record high of Rs 215.65, up 6.5 per cent on the BSE in the intra-day trade on Thursday, after credit rating agency, India Ratings & Research or Ind-Ra (Fitch Group), upgraded the long-term issuer rating the company.

In the past two weeks, the stock has outperformed the market by surging 29 per cent as compared to a 0.01 per cent decline in the S&P BSE Sensex.

"The upgrade reflects steady improvement in CFSL's operating performance over FY18-FY21 and the substantial improvement in its credit profile. Furthermore, the commencement of commercial production of diphenols at the

Dahej (Gujarat) unit in FY21 has reduced the company's single location risk for raw material while improving its cost structure and margins, thereby enhancing its overall business profile," Ind-Ra said in statement.

CFSL's overall operations have stabilised and it has gained a foothold in the blends business in north, central and south America, while the business in India and other parts of the world is performing well, the rating agency said.

CFSL's margins have been growing over the last few years, led by the company's efforts to scale up its operations at a global level, with a focus on the value-added products portfolio. The management expects the margins to improve further to higher teens in FY22, driven by the company's continued efforts to streamline the global operations, further improvement in the performance of the overseas subsidiaries, and ramp-up of the Dahej plant.

CFSL is in the process of setting up an ethyl/methyl vanillin plant at Dahej with a capacity of 6,000MT, entailing a cost of about Rs 180 crore. The project will be funded by an external commercial borrowings line of credit of \$15 million (\$5 million received in February 2021) from International Finance Corporation; the balance will be funded through the issue of preferential warrants/equity and/or internal accruals.

The management expects the unit to begin commercial production from Q1FY23. With the commissioning of this capex, CFSL plans to increase its presence in the aroma and fragrance segment and gain share in the domestic vanillin market, which largely depends on the imports from China at present and is looking to de-risk, Ind-Ra said.

Although Ind-Ra believes that the successful completion and stabilisation of the Dahej ethyl vanillin project and other planned capex programmes would improve the company's revenue visibility and operating profile, they pose a project risk until completion, it said.