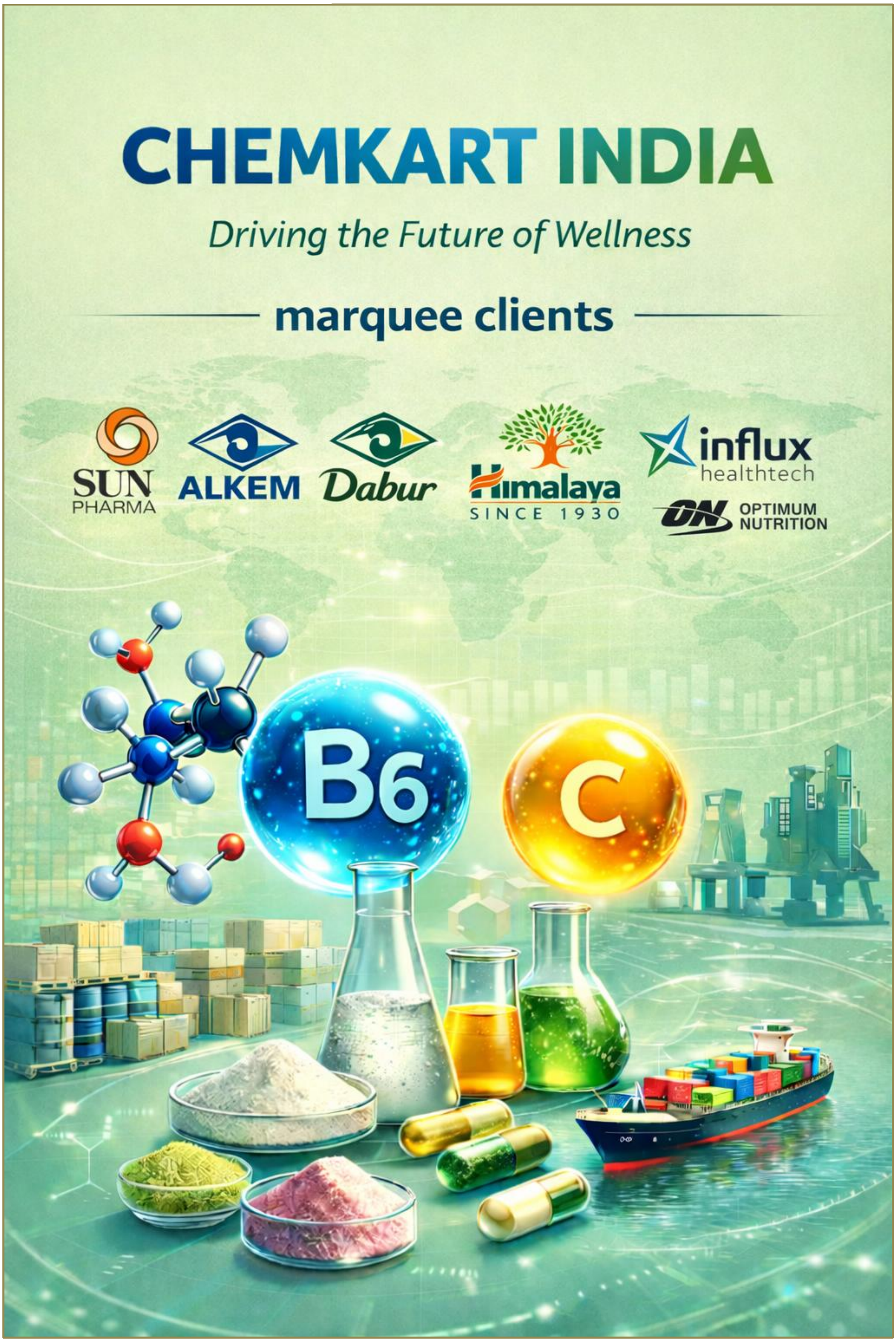
Chemkart India Ltd (BSE SME: 544442)
Rating: BUY | CMP: Rs 104 | TP: Rs 280| Horizon- 24 Months
Date: March 13, 2026

Initiating Coverage Report



# Contents



*(All Prices as on March 13, 2026)*

March 13, 2026

## Company Initiation


**Key Financials – Consolidated**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| Sales (Rs. Cr) | 203 | 226 | 305 | 442 |
| EBITDA (Rs. Cr) | 32.8 | 25.9 | 36.6 | 57.4 |
| *Margin (%)* | *16.1%* | *11.5%* | *12%* | *13%* |
| PAT (Rs. Cr) | 24.3 | 7.0 | 27.4 | 42.8 |
| *Margin (%)* | *11.9%* | *3.1%* | *9.0%* | *9.7%* |
| EPS (Rs.) | 25.5 | 5.8 | 22.7 | 35.4 |
| ROE (%) | 58.9 | 7.8 | 19.4 | 24.3 |
| ROCE (%) | 57.6 | 25.4 | 25.1 | 31.8 |
| EV/EBITDA (x) | - | 3.2 | 2.3 | 1.5 |
| PE (x) | - | 18.7 | 4.8 | 3.1 |
| P/BV (x) | - | 1.0 | 0.8 | 0.7 |

| Key Data | Chemkart India |
|---|---|
| CMP | Rs. 104 |
| Exchange | BSE |
| Platform | SME |
| Symbol | 544442 |
| 52-W High / Low | Rs. 262 / Rs. 95.7 |
| Sensex / Nifty | 83,580 / 25,693 |
| Market Cap. (Rs.) | Rs. 131 Cr. |
| Shares Outstanding | 1.21 Cr. |
| 1M Avg. Daily Volume | 25,920 |

*All prices are as on March 13, 2026*

**Shareholding Pattern (%)**

| | Sept '25 |
|---|---|
| Promoter's | 73.31 |
| Foreign | 0.95 |
| Domestic Institution | 6.78 |
| Public & Others | 18.97 |
| Promoter Pledge | 0.00 |

# Chemkart India Ltd

**Rating: BUY| CMP: Rs. 104 | TP: Rs. 280 I Horizon- 24 Months**

## *Transforming Nutraceutical Distribution into Global Biotechnology leadership*

***We initiate coverage on Chemkart India Ltd. with a 'Buy' rating as the company executes a strategic transition from a specialized B2B distributor to a vertically integrated CRDMO. Chemkart is well positioned to benefit from India's projected $76 billion health and wellness opportunity aided by its greenfield JNPA SEZ facility focused on advanced liposomal and microencapsulation technologies. This expansion underpins the company's Vision 2028, targeting ₹450 crore revenues by FY28 and establishing itself as India's leading CRDMO in Nutraceuticals and Personal Wellness. To achieve this, management is focused on expanding its global footprint with new offices in the USA, Europe, and the Middle East while offering full-service CDMO solutions spanning from custom molecules to finished dosage forms. Supported by a strong 64.2% three-year PAT CAGR and a debt-light balance sheet post the July 2025 IPO, Chemkart retains financial flexibility to fund its growth roadmap.***

**Service Offerings:** Chemkart India acts as a comprehensive B2B partner for the health and wellness industry, supplying high-quality nutraceutical ingredients used in sports nutrition, vitamins, and health supplements. Their core services include the global sourcing and distribution of over 150 specialized ingredients, with a particular expertise in amino acids like L-Leucine, Glycine, and L-Valine. Through their in-house facility, the company provides value-added blending and grinding services.

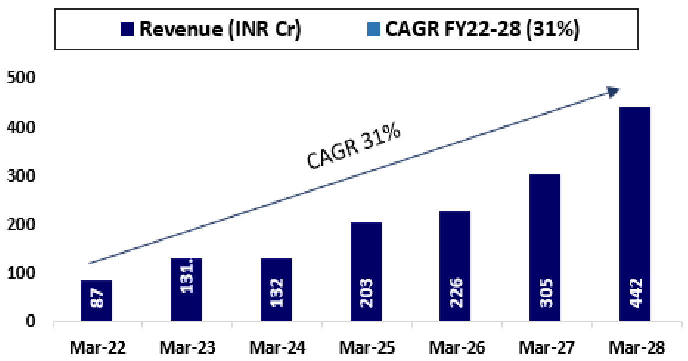
**Financial Overview:** Chemkart India has demonstrated exceptional scalability, delivering a 3-year revenue CAGR of 32.7% and a PAT CAGR of 64% with EBITDA margins reaching 16.1% in FY25. The company's balance sheet further strengthened by a strategic transition to a debt-light structure following its July 2025 IPO. Total borrowings significantly dropped from ₹17.03 crore in March 2025 to just ₹1.32 crore by September 2025, providing substantial flexibility for upcoming manufacturing expansions. Despite a one-time ₹15.72 crore regulatory settlement, the company's core resilience is reflected in its H1 FY26 revenue of ₹103.23 crore and a strengthened post-IPO net worth of ₹120.22 crore.

**Strategically pivoting toward biotechnology manufacturing:** Chemkart is executing its roadmap to transform from a B2B distributor into a vertically integrated CRDMO. This plan is anchored by the new JNPA SEZ facility, which adds significant value by turning raw ingredients into high-tech finished products like tablets and capsules. By operating in a Special Economic Zone near India's largest port, the company benefits from duty-free imports of RM and tax exemptions on export profits, making its manufacturing and global trading business much more cost-effective and competitive.

**Outlook and Valuation:** We expect Sales/EBITDA/PAT to grow at CAGR 29.8%/20.5%/20.7% respectively over FY25-FY28 supported by the strategic commissioning of the JNPA SEZ greenfield facility and a transformational shift from distribution to high-margin CRDMO operations focusing on advanced liposomal and microencapsulation technologies. We initiate coverage with a **"BUY"** rating and value the company at 12.5x its FY'27 estimated EPS, arriving at a Target Price of Rs 280 per share (upside 170%).

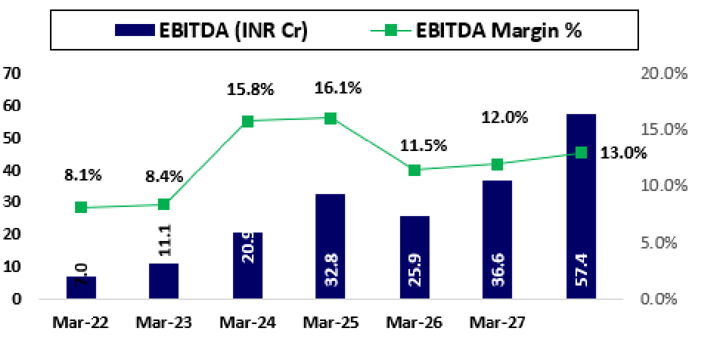
## Story in charts

### Exhibit 1: Revenue CAGR of 31% over FY22-28E



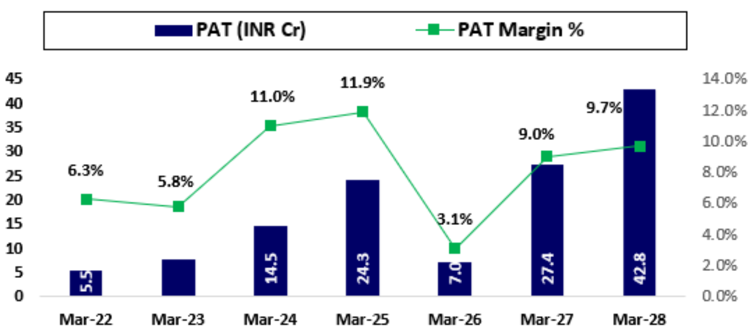

Source: Annual report & Company FS

### Exhibit 2: EBITDA & EBITDA Margins %

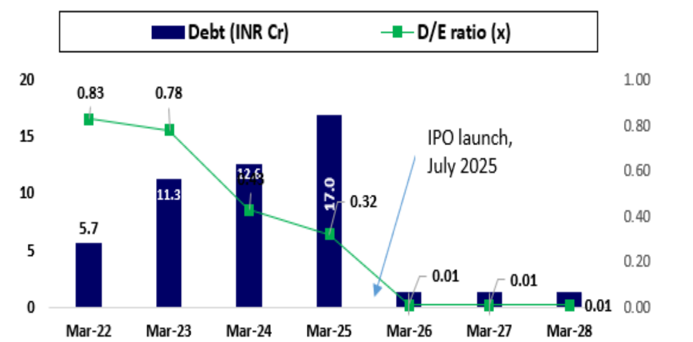



Source: Annual report & Company FS

### Exhibit 3: PAT CAGR of 40% over FY22-28E



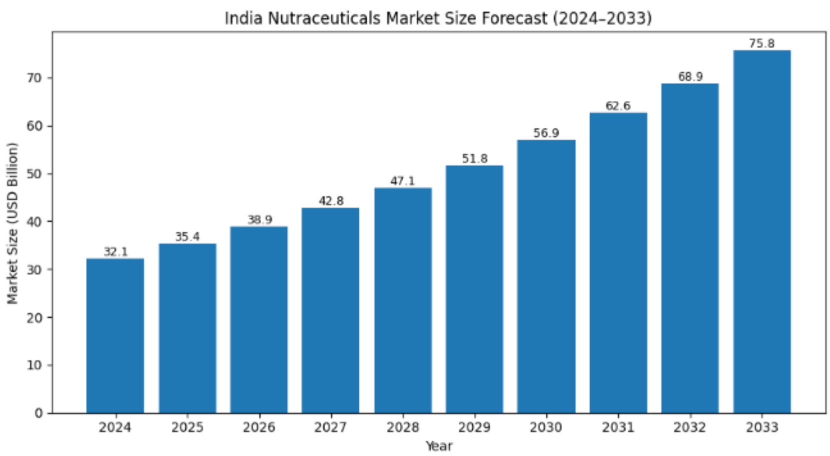

### Exhibit 4: Debt Profile




Source: Annual report & Company FS

Source: Annual report & Company FS

### Exhibit 5: India Nutraceutical Market Size FY25-28E




*The India nutraceuticals market is on a structurally strong growth trajectory, expanding from USD 32 billion in 2024 to USD 76 billion by 2033, implying a high-single to low-double digit CAGR over the forecast period. Growth is underpinned by rising health awareness, increasing penetration of preventive healthcare, formalization of Ayurveda, and premiumization within sports nutrition and functional ingredients. This multi-year demand tailwind provides a favorable backdrop for ingredient suppliers and emerging CDMOs, supporting Chemkart's medium- to long-term manufacturing-led growth strategy.*

[Source: Grandview Research]

## Chemkart India Ltd - Brief Profile

**Chemkart India Limited (CIL)**, headquartered in Mumbai, operates as a **digital-first, B2B distributor and processor of high-quality raw ingredients for the nutritional, sports, and health supplement industries**. Originally established in 2015 and incorporated as a private limited company in March 2020, the entity underwent a strategic conversion to a public limited company in 2024 and successfully listed on the BSE SME platform on July 14, 2025. The company identifies itself as a "one-stop destination" for manufacturers, aiming to bridge the gap between global ingredient sourcing and domestic formulation needs.

**Core Business Model and Revenue Stream:** CIL's business model is bifurcated into two primary operational areas**: Trading/Distribution and Value-Added Processing.**

- **Trading and Distribution (95.88% of FY25 Revenue):** This remains the primary revenue driver, involving the import and pan-India distribution of over 150 specialized ingredients. The company leverages a "technology-first" approach, utilizing Zoho Books for ERP, Zoho Workplace, and the Zemi System for advanced supply chain management.
- **In-house Processing (4.12% of FY25 Revenue):** CIL differentiates itself from pure traders by offering customization through blending and grinding. This segment has seen rapid scaling, growing from negligible revenue in FY23 to over ₹8.37 crores in FY25.

**Specialized Product Portfolio**: CIL specializes in seven key product categories with a heavy emphasis on high-growth segments like Amino Acids and Sports Nutrition. Amino Acids contributes 44.40% of revenue. The core specialization, featuring essential building blocks such as Glycine, L-Arginine, L-Glutamine, and L-Leucine. Sports Nutrition (33.2% of revenue), includes high-demand products like Creatine Monohydrate (200 Mesh) and Whey Protein Concentrate 80%. Health Supplements (11.9%), Vitamins (2.3%), Herbal Extracts (1.6%), Nucleotides (0.9%), and Proteins (3.0%).

**Manufacturing Facilities - Bhiwandi Processing Facility (Maharashtra):** Chemkart operates a processing and logistics facility at Shree Arihant Complex, Kalher, Bhiwandi, spanning 28,259 sq. ft. across three floors. The plant is used for blending, grinding, packing, labeling, and sealing of nutraceutical raw materials such as amino acids. Installed capacity stands at 1.8 MT/day (540 MT/year) for grinding and 1.5 MT/day (450 MT/year) for blending. The facility operates under certifications including ISO 9001:2015, FSSAI Halal and Kosher.

**Upcoming Manufacturing Facility – JNPA SEZ (Navi Mumbai):**
Through its subsidiary Easy Raw Materials Pvt. Ltd., Chemkart is developing a greenfield manufacturing facility in JNPA SEZ to expand into CDMO and finished nutraceutical manufacturing. The facility will produce tablets, capsules, sachets, and powder formulations, with an expected capacity of 55 million capsules and ~3,300 tonnes of powder annually. The SEZ location provides duty-free imports of raw materials/capital goods and tax benefits on export income, enhancing export competitiveness. Additionally, proximity to JNPT port will support efficient global logistics and enable Chemkart to scale both manufacturing exports and international trading operations. The project is being funded through ₹34.68 crore of IPO proceeds, with operations targeted to commence in October 2026 (H2 FY27).

**Exhibit: 6 Chemkart India growth trajectory**

| Year | Key developments |
|---|---|
| 2015 | Commenced operations as a proprietorship |
| 2020 | Transitioned into private limited company |
| 2021 | Established EZRM as a subsidiary to tab new markets |
| 2022 | Expanded logistics with a new 30,000 sq. ft warehouse |
| 2023 | Launched Vinstar Biotech subsidiary; established SEZ sales unit |
| 2025 | Listed on BSE SME Platform |
| E2027 | The next chapter; New manufacturing unit becomes operational, set to drive multifold growth |

*Source: Company Research*

**Strategic Backward Integration - The JNPA SEZ Project:** The centerpiece of CIL's "Vision 2028" is its transition into a fully integrated Contract Development and Manufacturing Organization (CDMO) through strategic backward integration via the JNPA SEZ project. The Company is investing ₹34.7 crore from its IPO proceeds into its wholly owned subsidiary, Easy Raw Materials Pvt. Ltd. (EZRM), to establish a greenfield manufacturing facility at the JNPA Special Economic Zone, focused on finished dosage forms including tablets, capsules, jars, and sachets, with an estimated annual capacity of 55 million capsules and 3,300 tonnes of powder. The 60-year leasehold SEZ plot provides structural tax efficiencies through income tax exemptions on export profits and customs duty waivers on imported capital goods and raw materials, while EZRM's technical collaboration with the Shriram Institute for Industrial Research (SRIFIR) is expected to strengthen product development through advanced technologies such as microencapsulation and liposomal delivery systems.

**Global Sourcing and Supply Chain Dynamics:** CIL maintains a robust global sourcing network; however, its supply chain remains highly concentrated, with imports accounting for 87.81% of total purchases in FY25 and approximately 76.04% of overall procurement originating from China, exposing the Company to elevated geopolitical and supply disruption risks, while its revenue profile remains predominantly domestic with 99.25% of sales generated within India, primarily concentrated across key commercial hubs in Maharashtra, Gujarat, and Delhi..

**Client Network and Market Reach**: CIL serves a diversified and well-established base of over 500 trusted B2B clients across the pharmaceutical, nutraceutical, and wellness segments, reflecting its entrenched market positioning and long-standing customer relationships. Its clientele includes leading domestic and multinational players such as **Dabur, Himalaya, Sun Pharma, Alkem, GNC, Anthem Biosciences, and Influx Healthtech**, underscoring the Company's credibility as a preferred sourcing and formulation partner. However, revenue concentration remains elevated, with the top ten customers contributing 45.91% of FY25 revenues, highlighting a meaningful dependence on a limited set of key accounts and exposing the business to potential order volatility in the event of demand moderation or client rationalisation.

**Financial and Growth Metrics:** Chemkart India Limited reported revenue from operations of ₹203.3 crore, representing a significant increase from ₹132 crore in FY24. The company achieved a three-year revenue CAGR of 32.7% and a PAT CAGR of 64.2% during this period. PAT for FY25 stood at ₹24 crore, yielding a net profit margin of approximately 11.9%. EBITDA was recorded at ₹32.7 crore with an EBITDA margin of 16.12%. The company maintained high efficiency ratios with a ROE of 46% and a ROCE of 49%. As of March 31, 2025, the company's net worth strengthened to ₹53.3 crore. EPS for the consolidated fiscal year was ₹25.54.

**For H1 FY26,** CIL reported consolidated revenue of ₹103.2. crore down 8.75% YoY but up 14.5% sequentially, while PAT declined 35.1% YoY to ₹1,015.26 lakh and EBITDA margins compressed to 13.71% due to industry-wide price corrections in performance nutrition ingredients. Amino Acids and Sports Nutrition contributed 47.6% and 31.9% of revenues, respectively, Glycine volumes were temporarily impacted by U.S. tariff measures, and total assets expanded to ₹137 Crore supported ***by post-IPO cash with ₹20 crore utilised for debt repayment and initial deployment toward the JNPA SEZ facility.***

**Revenue By Business Model -** Chemkart India Limited operates through two primary business models: Trading and Distribution and Value-Added Processing. The Trading and Distribution segment is the dominant revenue driver, accounting for 95.88% of the total revenue from operations in the 2025 fiscal year, which amounted to ₹194.9 crore. This model involves the global sourcing—primarily from China—and pan-India distribution of more than 150 specialized nutraceutical ingredients to a B2B client base of over 500 manufacturers.

| Business Model | FY23 | FY23 (%) | FY24 | FY24 (%) | FY25 | FY25 (%) |
|---|---|---|---|---|---|---|
| Trading & Distribution | 131.4 | 100% | 128.6 | 97.37% | 194.9 | 95.9% |
| Value-Added Processing | 0 | 0% | 3.5 | 2.6% | 8.4 | 4.1% |
| **Total Revenue from Ops** | **131.4** | **100%** | **132.0** | **100%** | **203.3** | **100%** |

**Segmentation by Major Product Category:** Chemkart categorizes its portfolio into seven primary verticals: Amino Acids, Sports Nutrition, Health Supplements, Vitamins, Herbal Extracts, Nucleotides, and Proteins. Amino Acids is the dominant segment, contributing 44.40% to total revenue in FY25, followed by the rapidly growing Sports Nutrition vertical, which rose to 33.2% of the mix. The Health Supplement category remains a stable core, maintaining a consistent revenue share of approximately 12% across reporting periods. Smaller segments, including Vitamins, Herbal Extracts, and Proteins, complete the portfolio, allowing the company to act as a comprehensive "one-stop destination" for B2B nutraceutical manufacturers

| Product Category | FY24 (%) | FY25 (%) | H1 FY26 (%) |
|---|---|---|---|
| Amino Acids | 46.8% | 44.4% | 47.6% |
| Sports Nutrition | 24.9% | 33.2% | 31.9% |
| Health Supplements | 12.4% | 11.9% | 12.1% |
| Vitamins | 6.8% | 2.3% | 2.3% |
| Herbal Extracts | 3.2% | 1.6% | 2.6% |
| Proteins | 2.7% | 3.0% | 0.3% |
| Nucleotides | 1.5% | 0.9% | 0.8% |
| Others | 1.7% | 2.7% | 2.5% |

**Sub-Product Performance (Top Traded Goods):** Chemkart's top traded goods are anchored by Creatine Monohydrate (200 Mesh), which emerged as the leading revenue driver in FY25, contributing ₹51 crore or 25.13% of total turnover. Glycine remains a secondary pillar, generating ₹37.4. crore (18.42%) in FY25, although it recently experienced a volume decline of approximately 522 MT due to external U.S. tariff measures impacting a key customer's exports. Other notable performers include L-Glutathione (Reduced) and L-Arginine, which contributed 4.55% and 3.84% of revenue respectively. Collectively, the top ten traded products represent 65.10% of the company's total revenue, showcasing a portfolio heavily weighted toward high-performance nutrition and essential amino acids. Despite robust volume growth, recent realizations for these top goods have been pressured by a significant industry-wide correction in product prices.

**Segmentation of Processed Products:** Chemkart's processed products segment has scaled rapidly, growing from zero in FY23 to ₹8.4 crore (4.12% of revenue) in FY25. Currently, this vertical is focused entirely on Sports Nutrition, with BCAA 2:1:1—a precise blend of Leucine, Isoleucine, and Valine—driving ₹8.04 crores in sales.

Additional revenue is generated from specialized Essential Amino Acid blends produced at the Bhiwandi facility through custom blending and grinding. Moving forward, Chemkart plans to shift toward high-value manufacturing, including tablets and capsules, at its upcoming JNPA SEZ facilitys.

## DRI Regulatory Investigation: Financial implication, Executive Consequences, & Management Clarification.

Chemkart India Limited is currently navigating a regulatory investigation initiated by the Directorate of Revenue Intelligence (DRI) regarding the customs classification of specific imported amino acids over the last five fiscal years.

**The Ongoing DRI Investigation:**
The inquiry focuses on the HSN (Harmonized System of Nomenclature) codes used for Instantized BCAA, Leucine, Isoleucine, and Valine. Management stated that the company had continued using specific codes based on a favourable 2021 precedent from the customs department regarding similar classification objections. While the company's offices and warehouses were not searched, the DRI has placed one live shipment on hold for sample testing. The investigation is expected to continue for three months to a year before a final conclusion is reached.

**Immediate Consequences and Financial Impact**

- **Financial Liability:** A differential customs duty liability of ₹15.72 crores was assessed for the five-year period. As of mid-December 2025, the company had already discharged the majority of this amount using internal accruals, which has led to short-term liquidity tightness.
- **Exceptional Loss:** This payout will be recorded as a one-time extraordinary item in the FY26 financial results, which is projected to significantly suppress the bottom line.
- **Executive Impact:** The company's Chairman and Managing Director, Mr. Ankit Mehta, was taken into DRI custody for four days starting December 11, 2025, and was subsequently released on bail on December 15.
- **Market Devaluation:** Following the news, the company's share price experienced significant erosion, falling to approximately 40% of its previous value.

**Follow-up Investor Call Highlights**
To address stakeholder concerns, the company held a virtual interaction to clarify the situation. Key takeaways from the call include:

- **Limited Revenue Exposure:** Management emphasized that the impacted products contribute only an average of 2.8% to total annual turnover (and just 1.5% in the current financial year), leaving 98.5% of the revenue base unaffected.
- **Promoter Commitment:** In a move to restore investor confidence, the promoter group announced they are considering increasing their stake by a further 1.5%.
- **Preventative Measures:** Chemkart has hired a legal consultant to review the customs classification of every product in its portfolio to prevent future interpretational disputes.
- **Business Continuity:** Despite the investigation, management confirmed that construction of the greenfield facility at the JNPA SEZ is progressing as planned, with funds for the project remaining "ring-fenced" and untouched.

## Investment Rationale

**Exponential Industry Growth and Strategic Market Positioning: -**

The Indian nutraceutical market is currently experiencing a "health revolution," with projections suggesting growth at a **CAGR of 10.0% to 13.6%** to reach **USD 76 billion by 2033**. CIL is strategically positioned within the **Amino Acids segment**, its primary product category, which alone is forecasted to grow at a **11.02% CAGR through 2033**. By offering over 150 specialized ingredients, the company serves as a **"one-stop destination"** for manufacturers looking to capitalize on rising health consciousness and the demand for functional nutrition.

**Strategic Vertical Integration and Transition to CDMO Model:** The most significant value driver for CIL is its transformation from a digital-first distributor into a fully integrated Contract Development and Manufacturing Organization (CDMO). Through its wholly-owned subsidiary, Easy Raw Materials Private Limited (EZRM), the company is investing ₹34.7 crore from IPO proceeds into a greenfield manufacturing facility at the JNPA Special Economic Zone (SEZ). This facility is projected to have an annual capacity of 55 million capsules and 3,300 tonnes of powder, allowing the company to move up the value chain from raw material supply to producing finished dosage forms like tablets and sachets. This backward integration is expected to optimize costs, ensure raw material security, and significantly improve operational margins.

**Technological Innovation and "China Plus One" Resilience**: To mitigate risks associated with its high dependence on imports—where 87.81% of total purchases are imported, largely from China—CIL is implementing a "China Plus One" resilience strategy by developing domestic manufacturing capabilities. Through a technical collaboration with the **Shriram Institute for Industrial Research (SRIFIR)**, the company is integrating novel technologies such as **microencapsulation and liposomal delivery systems**. This focus on R&D and advanced formulation technologies creates a competitive moat and positions CIL as a leader in high-bioavailability nutraceutical solutions.

**Fiscal Advantages via SEZ Integration and Export Focus**: The decision to house its new manufacturing facility within the JNPA SEZ provides CIL with substantial long-term fiscal benefits that directly enhance the bottom line. These advantages include **income tax exemptions on export profits** and **customs duty exemptions** on imported capital goods and raw materials. This location not only streamlines global logistics for an export-driven manufacturing foundation but also provides a strategic hub for global serviceability, aiming for a 70% manufacturing-driven revenue mix by 2030.

**Diverse Multi-Industry Application and Market Resilience**: Unlike niche players focused on a single vertical, Chemkart maintains a **profitable and diversified product mix** that serves the pharmaceutical, agrochemical, and personal care industries. This broad application across B2B segments provides the company with a resilient business model that can withstand cyclical downturns in any single sector. With a portfolio of over **150 specialized ingredients** and 10+ distinct product categories, CIL has established an essential role as a critical supply partner for over 500.

**Fortified Compliance Framework and Quality Moat**: Chemkart has built a substantial "trust moat" through an exhaustive suite of international certifications, including **ISO 9001:2015, ISO 22000:2018, FSSAI, HALAL, and KOSHER**. These credentials ensure the company meets the stringent quality standards required by global clients. Furthermore, following a recent DRI inquiry into customs classifications, the company has proactively hired a **legal consultant to review the classification of every product in its portfolio**. This proactive approach to governance and regulatory adherence minimizes the risk of future operational disruptions and demonstrates management's commitment to institutionalizing the business.

**Fiscal Advantages via SEZ Integration and Export Focus:** The decision to house its new manufacturing facility within the JNPA SEZ provides CIL with substantial long-term fiscal benefits that directly enhance the bottom line. These advantages include income tax exemptions on export profits and customs duty exemptions on imported capital goods and raw materials. This location not only streamlines global logistics for an export-driven manufacturing foundation but also provides a strategic hub for global serviceability; this would help company achieve 450 crore revenue in FY28 and later on 70% manufacturing-driven revenue mix by 2030.

**Marquee B2B Client Base and Demonstrable Promoter Commitment:** CIL's business stability is anchored by a robust network of over 500 trusted B2B clients, including industry leaders such as Sun Pharma, Dabur, Himalaya, Alkem, and GNC. While the company recently navigated a DRI investigation regarding customs classification, the impact was limited to a minor subset of products contributing only 2.8% to average annual turnover. Highlighting long-term confidence, the promoter group has demonstrated "skin in the game" by considering options to increase their stake following recent market price corrections, signaling their commitment to the "Vision 2028" growth plan.

**Transparent Long-term Financial Targets and Scalability**: Management has provided a high degree of transparency regarding future growth benchmarks, providing investors with a clear trajectory for value appreciation. The company has set a revenue target of over ₹220 crores for FY26, scaling to ₹300 crores in FY27 and ₹450 crores by FY28. Most notably, Chemkart has established a long-term goal of reaching ₹1,000 crores in revenue by FY31. Furthermore, EBITDA margins are projected to improve steadily, rising from an expected 11.5% in FY26 to approximately 13-14% by FY28, driven by the operationalization of the high-margin SEZ manufacturing facility.

## Key Risks

**Risks Associated with the Recent DRI Investigation:** Chemkart is subject to a regulatory investigation by the **Directorate of Revenue Intelligence (DRI)** concerning customs classification of certain amino acid imports, including BCAA. The company has discharged **₹15.7 crore** of differential duty for prior years from internal accruals, leading to **near-term liquidity pressure**. Governance concerns have emerged due to **delayed disclosure** of the MD's summons and subsequent arrest, which could result in **SEBI penalties** under LODR regulations. The investigation may extend for up to a year, and shipment holds for testing continue to create operational uncertainty.

**Operational and Supply Chain Dependence:** Chemkart has a high dependence on China, which historically accounts for 76.04%–87.81% of total procurement, exposing the company to geopolitical risks, trade policy changes, and freight cost volatility. The absence of exclusive supplier agreements with key vendors increases the risk of supply disruption and limits procurement stability for specialized nutraceutical ingredients.

**Revenue and Client Concentration Risks:** The company exhibits meaningful concentration, with the top ten customers contributing 45.91% of FY25 revenue. Most sales are executed through individual purchase orders rather than long-term contracts, allowing customers to alter sourcing or cancel orders with limited notice. In addition, revenue is concentrated in Amino Acids and Sports Nutrition, increasing sensitivity to pricing and demand cycles in these categories.

**Geographic and Currency Exposure:** Chemkart's revenue base is highly concentrated in India (>99%), primarily across Maharashtra, Gujarat, and Delhi, limiting diversification benefits. On the cost side, a large portion of procurement is denominated in USD, exposing profitability to foreign exchange volatility and potential margin pressure from adverse currency movements.

**Greenfield Expansion and Integration Challenges:** Chemkart's move into manufacturing through its subsidiary, EZRM, entails material project execution risk. The company plans to invest ₹34.7 crore in a greenfield facility at JNPA SEZ, despite limited prior hands-on manufacturing experience in nutraceuticals. Risks include potential time and cost overruns, as well as challenges in integrating advanced technologies such as microencapsulation and scaling a CDMO operating model.

# Historical Financials

### Exhibit 7: Consolidated Income Statement (in Rs Cr.)

| Particulars | Mar-22 | Mar-23 | Mar-24 | Mar-25 | CAGR 3YR |
|---|---|---|---|---|---|
| **Revenue** | **87** | **131.4** | **132** | **203.3** | *32.7%* |
| *Revenue growth (%)* | - | *51%* | *0.5%* | *54%* | |
| **Expenses** | **80.0** | **120.3** | **111** | **170** | |
| **EBITDA** | **7.0** | **11.1** | **20.9** | **32.8** | *67.1%* |
| *EBITDA growth (%)* | - | *57.4%* | *89.2%* | *56.7%* | |
| *EBITDA margin (%)* | *8.1%* | *8.4%* | *15.8%* | *16.1%* | |
| **Depreciation** | 0.01 | 0.25 | 0.41 | 0.53 | |
| **EBIT** | **7.0** | **10.8** | **20.5** | **32.2** | *66.3%* |
| *EBIT margin (%)* | *8.1%* | *8.2%* | *15.5%* | *15.9%* | |
| **Other Income** | 0.5 | 0.3 | 0.8 | 2.2 | |
| **Interest** | 0.1 | 0.6 | 1.3 | 1.8 | |
| **PBT** | **7.3** | **10.5** | **20.0** | **32.6** | *65%* |
| **Taxes** | 1.9 | 2.9 | 5.4 | 8.3 | |
| *Tax rate (%)* | *25.27%* | 27% | *27.2%* | *25.6%* | |
| **Net Profit** | **5.5** | **7.7** | **14.5** | **24.3** | *64.2%* |
| *Profit growth (%)* | - | *-7.29%* | *88.6%* | *67.0%* | |
| *Profit margins (%)* | *6.3%* | *5.8%* | *11.0%* | *11.9%* | |
| **EPS** | **39.1** | **54.7** | **103.7** | **25.5** | |
| **Operating cash flow** | -6.39 | 0.06 | -0.02 | 3.97 | |
| **Capex** | -0.55 | -5.26 | -0.19 | -4.05 | |
| **Free Cash Flow** | -6.9 | -5.2 | -0.2 | -0.1 | |

### Exhibit 8: Balance Sheet Statement Consolidated (Rs Cr.)

| Particulars (Cr.) | Mar-22 | Mar-23 | Mar-24 | Mar 25 |
|---|---|---|---|---|
| SHAREHOLDER'S FUNDS | | | | |
| Equity Share Capital | 1.36 | 1.36 | 1.36 | 9.5 |
| Reserves and Surplus | 5.49 | 13.14 | 27.66 | 43.79 |
| **Total Shareholders' Funds (A)** | **6.85** | **14.5** | **29.02** | **53.29** |
| NON-CURRENT LIABILITIES | | | | |
| Long Term Borrowings | 0 | 0.29 | 0.2 | 0.1 |
| Deferred Tax Liabilities [Net] | -0.01 | 0.02 | 0.06 | 0.09 |
| Long Term Provisions | 0 | 0.02 | 0.04 | 0.06 |
| **Total Non-Current Liabilities (B)** | **-0.01** | **0.33** | **0.30** | **0.25** |
| CURRENT LIABILITIES | | | | |
| Short Term Borrowings | 2.14 | 11.05 | 12.35 | 16.93 |
| Trade Payables | 12.59 | 10.37 | 9.54 | 10.47 |
| Other Current Liabilities | 2.36 | 0.57 | 1.19 | 1.33 |
| Short-term provisions | 1.9 | 0.67 | 1.12 | 3.86 |
| **Total Current Liabilities (C)** | **18.99** | **22.66** | **24.2** | **32.59** |
| **Total Capital And Liabilities (A+B+C)** | **25.83** | **37.48** | **53.51** | **86.12** |
| NON-CURRENT ASSETS | | | | |
| Fixed Assets | 0.54 | 5.55 | 5.32 | 8.67 |
| Non-Current Investments | 0 | 0 | 0 | 0.01 |
| Deferred Tax Assets [Net] | 0 | 0 | 0 | 0.16 |
| Other Non-Current Assets | 0 | 0 | 0.05 | 0.25 |
| **Total Non-Current Assets (D)** | **0.54** | **5.55** | **5.37** | **9.09** |
| CURRENT ASSETS | | | | |
| Inventories | 1.9 | 7.72 | 7.8 | 22.49 |
| Trade Receivables | 19.19 | 22.38 | 31.61 | 45.8 |
| Short-term loans & advances | 0.05 | 1.71 | 8.66 | 5.46 |
| Cash And Cash Equivalents | 0 | 0.12 | 0.07 | 2.83 |
| OtherCurrentAssets | 3.37 | 0 | 0 | 0.44 |
| **Total Current Assets (E)** | **24.51** | **31.93** | **48.14** | **77.02** |
| **Total Assets (D+E)** | **25.83** | **37.48** | **53.51** | **86.12** |

### Exhibit 9: Working capital Ratio

| Particulars | Mar-22 | Mar-23 | Mar-24 | Mar-25 |
|---|---|---|---|---|
| Debtor Turnover Ratio | 4.53x | 5.87x | 4.18x | 4.44x |
| Creditor Turnover Ratio | 7.22x | 11.28x | 11.06x | 12.87x |
| Inventory Turnover | 39.68x | 14.87x | 14.02x | 7.45x |
| Fixed Asset Turnover | 161x | 23.67 | 24.82x | 23.39x |
| Capital Turnover Ratio | 12.27x | 9.06x | 4.55x | 3.81x |
| Current Ratio | 1.29x | 1.41x | 1.99x | 2.36x |
| Debtor Days | 80 | 62 | 87 | 82 |
| Payable Days | 51 | 32 | 33 | 28 |
| Inventory Days | 9 | 25 | 26 | 49 |
| Cash Conversion Cycle | 39 | 54 | 80 | 103 |

### Exhibit 10: Half Yearly Financial Results (H1FY26)

| Particulars | Sep-24 | Mar-25 | Sep-25 | H-o-H% | Y-o-Y% |
|---|---|---|---|---|---|
| **Revenue (in Rs. Cr.)** | **113.1** | **90.2** | **103.2** | **15%** | -9% |
| **Gross Profit (in Rs. Cr)** | **26.1** | **15.4** | **19.2** | **25%** | -26% |
| ***Gross profit margin %*** | *23%* | *17%* | *19%* | **9%** | 19% |
| **EBITDA (in Rs. Cr.)** | **20.2** | **12.6** | **14.2** | **12%** | -30% |
| ***EBITDA Margins (%)*** | *18%* | *14%* | *14%* | -2% | -23% |
| **PAT (in Rs. Cr.)** | **15.6** | **9.1** | **10.1** | **11%** | -35% |
| ***PAT Margins (%)*** | *14%* | *10%* | *10%* | -3% | 29% |
| **EPS (in RS.)** | 115.3 | 9.37 | 8.39 | - | - |

## Management Commentary

### Business Updates

- **Strategic Shift (Vision 2028):** Chemkart is executing a transition from a trading-led model to a vertically integrated CRDMO in Nutraceuticals and Personal wellness sector by FY2028.
- **Manufacturing Backbone:** The EZRM greenfield facility at JNPT SEZ is central to this strategy, offering global-scale finished dosage manufacturing and SEZ-linked fiscal advantages, with commissioning targeted for FY27.
- **Technology & R&D Focus:** Near-term priorities include strengthening R&D infrastructure and scaling advanced delivery technologies (liposomal and microencapsulation), followed by entry into bioactive molecule manufacturing.
- **Near-term Performance Headwinds:** H1 FY26 earnings were impacted by industry-wide price corrections and temporary U.S. tariff-related disruptions, resulting in lower realizations and a **35% YoY decline in PAT to ₹10.1 crore**, though sequential improvement was observed.
- **Stable Core Business:** Revenues remain anchored in amino acids and sports nutrition, supported by a diversified nutraceutical portfolio and a largely domestic, B2B-oriented client base.
- **Long-term Tailwinds:** The company is well positioned to benefit from personalized nutrition, formalization of Ayurveda, and China-plus-one supply-chain shifts, supported by lean inventory management and in-house processing efficiencies.
- **Strategic Risk Management & Regulatory Update:** The DRI initiated an investigation into the **customs classification and valuation** of certain imported amino acids, resulting in an assessed differential duty liability of **₹15.72 crores**. Chemkart responded by promptly **discharging the majority of the liability** through internal accruals and engaging a **legal consultant** to review its entire product portfolio to prevent future interpretational disputes. Management emphasized that the affected products represent only a minor **2.8% of historical turnover**, ensuring that core business operations remain intact.

# Financials Projections

### Exhibit 11: Projected Income statement for next 3 Years

| Particulars (INR Cr) | Mar-22 | Mar-23 | Mar-24 | Mar-25 | Mar-26'E | Mar-27'E | Mar-28'E |
|---|---|---|---|---|---|---|---|
| **Revenue** | **87.0** | **131.4** | **132.0** | **203** | **226** | **305** | **442** |
| *Revenue growth (%)* | - | *51.0%* | *0.5%* | *54.0%* | *11.0%* | *35%* | *45%* |
| **Expenses** | **80.0** | **120** | **111** | **170.5** | **200** | **268** | **384.3** |
| **EBITDA** | **7.0** | **11.1** | **20.9** | **32.8** | **25.9** | **36.6** | **57.4** |
| *EBITDA growth (%)* | - | *57.4%* | *89.2%* | *56.7%* | *-20.8%* | *40.9%* | *57.1%* |
| *EBITDA margin (%)* | *8.1%* | *8.4%* | *15.8%* | *16.1%* | *11.5%* | *12.0%* | *13.0%* |
| **Depreciation** | 0.01 | 0.25 | 0.41 | 0.53 | 0.7 | 0.9 | 1.0 |
| **EBIT** | **7.0** | **10.8** | **20.5** | **32.2** | **25.2** | **35.7** | **56.4** |
| *EBIT margin (%)* | *8.1%* | *8.2%* | *15.5%* | *15.9%* | *11.2%* | *11.7%* | *12.8%* |
| **Other Income** | **0.5** | **0.3** | **0.8** | **2.2** | **1.5** | **1.5** | **1.5** |
| **Interest** | **0.1** | **0.6** | **1.3** | **1.8** | **1.56** | **0.12** | **0.12** |
| **one-time extraordinary item** | - | - | - | - | -15.72 | 0.00 | 0.00 |
| **PBT** | **7.3** | **10.5** | **20.0** | **32.6** | **9.5** | **37.0** | **57.8** |
| **Taxes** | **1.9** | **2.9** | **5.4** | **8.3** | **2.5** | **9.6** | **15.0** |
| *Tax rate (%)* | *25.27%* | *27%* | *27.25%* | *25.59%* | *26.00%* | *26.00%* | *26.00%* |
| **Net Profit** | **5.5** | **7.7** | **14.5** | **24.3** | **7.0** | **27.4** | **42.8** |
| *Profit growth (%)* | - | *-7.29%* | *88.6%* | *67.0%* | *-71.1%* | *291%* | *56.1%* |
| *Profit margins (%)* | *6.3%* | *5.8%* | *11.0%* | *11.9%* | *3.1%* | *9.0%* | *9.7%* |
| **EPS** | **39.1** | **54.7** | **103.7** | **25.5** | **5.8** | **22.7** | **35.4** |

### Exhibit 12: Key Ratios

| Particulars | Mar-22 | Mar-23 | Mar-24 | Mar-25 | Mar-26'E | Mar-27'E | Mar-28'E |
|---|---|---|---|---|---|---|---|
| **ROE (%)** | 159.9% | 71.8% | 66.7% | 58.9% | 7.8% | 19.4% | 24.3% |
| **ROCE (%)** | 112.2% | 56.4% | 60.8% | 57.6% | 25.4% | 25.1% | 31.8% |
| **EV/Sales (x)** | - | - | - | - | 0.39x | 0.29x | 0.20x |
| **EV/EBITDA (x)** | - | - | - | - | 3.4x | 2.4x | 1.5x |
| **P/B (x)** | - | - | - | - | 1.0x | 0.8x | 0.7x |
| **P/E (x)** | - | - | - | - | 18.7x | 4.8x | 3.1x |

https://www.grandviewresearch.com/industry-analysis/india-nutraceuticals-market-report

## Exhibit 13: Valuations & View

| Particulars | FY27'E |
|---|---|
| Net Profit (Cr.) | 27.4 |
| EPS (Rs.) | 22.7 |
| P/E 2027E (x) | 4.6 |
| Target P/E multiple (x) | 12.5 |
| Implied Market Cap (Cr.) | 343 |
| Shares outstanding (Cr.) | 1.21 |
| CMP | 104 |
| Target price (Rs.) | 280 |
| Upside (%) | 170% |

*Price as on March 13, 2026*

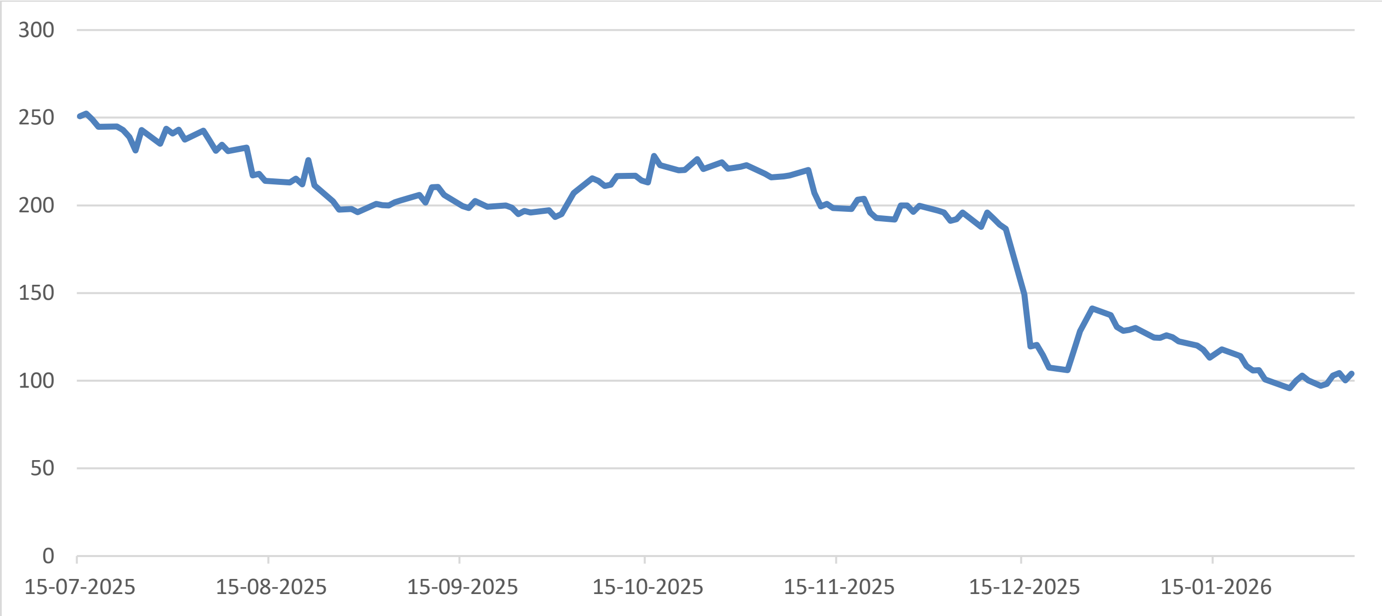
### Our View and Recommendation

Chemkart India Limited is currently undergoing a transformational evolution from a distributor to a premier Contract Research, Development and Manufacturing Organization (CRDMO), a pivot backed by a staggering 64.2% 3-year PAT CAGR as of FY25. The upcoming greenfield facility at JNPA SEZ serves as the primary growth catalyst, enabling the production of high-margin finished dosage forms using novel liposomal and microencapsulation technologies. With an aggressive roadmap targeting ₹450 crore in revenue by FY28, the company is leveraging its post-IPO debt-light structure to fund expansion via ring-fenced funds, effectively shielding its long-term strategy from short-term market fluctuations.

Favourable industry tailwinds, including a projected $76 billion Indian nutraceutical market and the global "China Plus One" supply chain shift, perfectly align with the company's manufacturing pivot. While the recent DRI investigation resulted in a one-time settlement, the impacted products represent only 2.8% of historical turnover, and the recent open-market share purchases by promoters signal overwhelming internal confidence in the company's fundamental value. We maintain a positive long-term outlook as the company targets a ₹450 crore revenue milestone by FY28 and aims to derive 70% of its total turnover from manufacturing by FY31. This strategic transition from distribution to high-margin production positions Chemkart to become a dominant, vertically integrated global biotechnology platform.

Given the sector tailwinds and company specific initiatives, we estimate Sales/EBITDA/PAT may grow at CAGR of 29.8%/20.5%/20.7% respectively over FY25-FY28. At CMP of Rs. 104, the stock is trading at 4.6x its FY27 estimated EPS. **Based on strong growth potential as mentioned above, we value the stock at 12.5x FY2027E EPS, implying a target price of ₹280, representing 170% upside from current levels.**

**Exhibit 14: Price Chart**

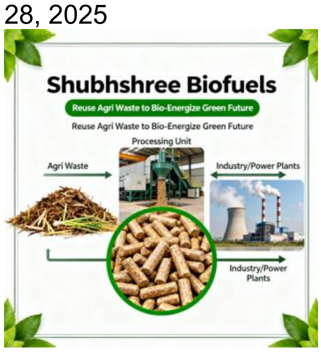



**Our other coverage reports**

Asarfi Hospital - August 7, 2024

[Asarfi Hospital]

Shubhshree Biofuel Energy - Nov 28, 2025




[Shubhshree Biofuels Energy]

**Recommendation Nomenclature**

| Category | : Potential |
|---|---|
| **Buy** | : >15% |
| **Accumulate** | : 5% to 15% |
| **Hold** | : +5% to -5% |
| **Reduce** | : -5% to -15% |
| **Sell** | : < -15% |
| **Not Rated (NR)** | : No specific call on the stock |
| **Under Review (UR)** | : Rating likely to change shortly |



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