DALALBYTES RESEARCH

Kronox Lab Sciences

Superb Margins, a Flat Top Line, and a New Owner

High purity fine chemicals at a 34% operating margin, a change of control at Rs 103.22, and a market at Rs 218

NSE: KRONOX · BSE: 544187

October 15, 2026

Reference: Rs 218, NSE close of October 15, 2026.
Founding story, the Indo Borax takeover, products, financials, competition, management, valuation vs peers, risks, and FY2029 scenarios.

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01 BLUNT VERDICT FIRST

57 / 100 : Neutral

Kronox Lab Sciences is one of the most profitable small chemical companies in India and one of the slowest growing. The Vadodara maker of high purity specialty fine chemicals earned a 34% operating margin and a 27% PAT margin in FY26 on revenue of just Rs 101 cr, carries borrowings of Rs 1.61 cr against roughly Rs 64 cr of bank balances and deposits, and has produced positive free cash flow in every year since FY20. The problem is the top line: revenue has compounded at 2% over three years, FY26 revenue grew 1%, and return on capital employed has slid from 52% to 36% as cash piles up undeployed.

Then, in August 2026, the story changed completely. The three founding promoters, who had held 74.21% with zero pledging since the June 2024 IPO, sold a 64.26% controlling stake to Indo Borax and Chemicals for Rs 246.12 cr at Rs 103.22 per share, roughly half the price the stock trades at today. The deal completed on September 29, 2026, a new board and a new MD and CEO (Suresh Kalra) are in place, and a mandatory open offer for up to 25.79% at Rs 157.27 per share is live from October 15 to October 29, 2026, still 28% below the market price. The stock has risen about 42% since the day before the deal was announced, on a promise that has not yet produced a single reported number. At Rs 218, 28.2x trailing earnings and 7.7x sales for a business whose revenue went sideways for three years, the market is paying for the sequel before the new management has written a page of it. Neutral.

Rs 218
Reference price
NSE close, Oct 15 2026

Rs 807 cr
Market cap

Rs 101 cr
FY26 revenue
(+1.0% YoY)

Rs 27.66 cr
FY26 PAT
(+8.6% YoY)

Rs 115
FY2029 bear

Rs 240
FY2029 base

Rs 395
FY2029 bull

28.2x
P/E (TTM)
P/S about 7.7x

02 SNAPSHOT: WHAT KRONOX IS

Item	Detail
Founded	Incorporated Nov 18, 2008, Vadodara, Gujarat

Item	Detail
Listed	NSE/BSE, Jun 10 2024; IPO Rs 136, pure offer for sale of Rs 130.15 cr
Business	High purity specialty fine chemicals: reagents, phosphates, metallic and inorganic chemicals
Products	185+ products: phosphates, sulphates, acetates, chlorides, citrates, nitrates, EDTA derivatives, hydroxides, tartrates, hypophosphites
Plants	Three units in Vadodara, 7,242 TPA installed; Dahej expansion under way
Scale	FY26 revenue Rs 101 cr (+1.0%); Q1 FY27 Rs 28.39 cr (+16.9% YoY)
Economics	Operating margin 34% FY26; PAT margin 27%; ROCE 36% and falling
Balance sheet	Borrowings Rs 1.61 cr; about Rs 46 cr bank balances plus about Rs 19 cr longer term deposits
Ownership	Indo Borax 64.26% (from Sep 29, 2026); founders retain 9.95%; open offer live at Rs 157.27

03 FOUNDING STORY: PURITY AS THE PRODUCT

Kronox Lab Sciences was incorporated on November 18, 2008 in Vadodara, Gujarat, by Jogindersingh Gianchand Jaswal, Ketan Vinodchandra Ramani and Pritesh Vinodchandra Ramani. The insight was unglamorous and durable: Indian pharmaceutical, research and industrial customers needed fine chemicals at certified purity grades (pharmacopoeia standards such as IP, BP, USP-NF and EP, and reagent grades such as ACS, LR, AR and GR) and much of that demand was met by imports or by suppliers whose quality varied batch to batch. A domestic maker that could hold purity specifications consistently, document them, and manufacture to custom specifications could win sticky, qualification-based business.

The founders led manufacturing, technical, quality and commercial functions themselves and built the company plant by plant in the Vadodara chemical belt, close to the ports of Mundra, Kandla, Hazira and Nhava Sheva. By the IPO the company ran three manufacturing facilities on about 17,454 sq. m. with 7,242 TPA of installed capacity, an in-house research, development and testing laboratory, a catalogue of more than 185 products, customers in India and more than 20 countries, and over 120 products in the R and D pipeline. The growth was entirely self-funded: the June 2024 IPO (Rs 129 to Rs 136 band, Rs 130.15 cr) was a pure offer for sale by the promoters, subscribed 117.25x, and the shares listed on June 10, 2024 at Rs 164.95, about 18% above the issue price. The company raised no fresh capital, because it did not need any.

04 THE 2026 CHANGE OF CONTROL

On August 20, 2026, Indo Borax and Chemicals Ltd (BSE: 524342), a listed maker of borax and boron chemicals, signed a share purchase agreement with the three Kronox promoters, with Zenrock Chemicals Pvt Ltd as person acting in concert, to buy 2,38,44,000 shares, 64.26% of Kronox, for Rs 246.12 cr in cash. The price was Rs 103.22 per share (Rs 105.87 including transition support consultancy fees payable to the sellers). Indo Borax funded the purchase largely with Rs 225 cr of debt from a lending institution, a striking move for a company that had been essentially debt free; India Ratings placed Indo Borax's Rs 60 cr bank facilities on Rating Watch with Negative Implications on August 31, 2026 for exactly that reason.

The transfer completed on September 29, 2026. The founding promoters retained 9.95% and agreed to provide transition support. A new board was constituted with three executive directors and three independent directors; Suresh Kalra became Managing Director and CEO, and Shashikant Bharuka was appointed CFO. A mandatory open offer for up to 95,70,000 shares (25.79%) at Rs 157.27 per share runs from October 15 to October 29, 2026, with acceptance or rejection to be communicated by November 13, 2026.

Three prices for the same share

The insiders who know this business best accepted Rs 103.22 per share for control, when the stock had traded between Rs 148 and Rs 155 in the weeks before the announcement. The market's verdict was the opposite: the stock jumped from about Rs 153 to Rs 186 on announcement and Rs 212 the next session, and has held most of that re-rating. The open offer price of Rs 157.27, set by the SEBI formula, is 28% below today's Rs 218, so the offer provides no near-term floor. Buyers at Rs 218 are buying Indo Borax's plan for the business, which so far is a stated intent to accelerate growth plus one concrete step: the Dahej SEZ plant approved on October 14, 2026.

05 WHAT KRONOX SELLS

Bulk reagents. ACS, LR, AR and GR grade reagents used in laboratories, scientific research and quality control, where the specification is the product and a failed batch costs the customer far more than the chemical itself.

Bulk ingredients. Pharmacopoeia grade inputs for pharmaceutical formulations and API manufacturing, nutraceuticals, food, oral care, personal care and cosmetics, and veterinary and animal health products.

Specialty chemicals. Phosphates, sulphates, acetates, chlorides, citrates, nitrates, nitrites, carbonates, EDTA and derivatives, hydroxides, tartrates, hypophosphites, succinates and gluconates, including ultra high purity grades and custom specification manufacturing to a client's own purity standard.

These are low volume, high value products sold on qualification: a pharma or research customer validates a supplier's grade, files it in its own quality system, and then reorders for years because switching means revalidation. Prospectus-era disclosures put the top 20 products at over 60% of revenue, the top 10 customers at over 45% of revenue, pharmaceutical and scientific testing applications at over 70% of the top line, exports at roughly a quarter of sales with the United States the largest export market, and average relationships with top customers of seven to nine years. That is a concentrated book, but a sticky one.

06 STRATEGY, FLYWHEEL AND DAHEJ

The stated strategy has four legs: capacity where expansion is allowed (environmental restrictions at Padra pushed growth capacity to Dahej); conversion of a 120+ product R and D pipeline aimed at food, beverage and electronics chemicals as well as the core pharma range; a high value, low volume mix (how a Rs 101 cr revenue company sustains a 34% operating margin); and process efficiency through the in-house R and D and testing team. The flywheel is qualification compounding: every validated product at every validated customer lowers the cost of selling the next product to the same customer. The honest limitation is speed: revenue grew from Rs 82 cr in FY22 to Rs 101 cr in FY26, and the profit story is margin and mix, not volume. Whether Indo Borax can spin it faster is the entire question now.

Dahej: the growth option, twice delayed, now moving

Kronox acquired land at GIDC Dahej II for a fourth unit with a planned 18,000 TPA (about 2.5x current capacity) at an estimated Rs 67.5 cr, originally expected to start production in FY2025-26. That date passed; capital work in progress at March 31, 2026 was just Rs 0.88 cr. On October 14, 2026, three weeks after taking control, the new board approved acquiring a 5,000 sq. m. plant in the Dahej SEZ from Axiom Chemicals Pvt Ltd (stated to be unrelated), for an undisclosed price, with completion expected within about a month subject to SEZ, pollution board and GIDC approvals. Buying an existing plant is the faster route to Dahej capacity and the first verifiable action of the new regime. No capacity, product or cost details have been disclosed, and the greenfield timeline is unaddressed.

07 FINANCIALS: MARGIN DID ALL THE WORK

Year	Revenue (cr)	YoY	OPM	PAT (cr)	EPS (Rs)
FY22	82	-	24%	14	3.49
FY23	96	17%	23%	16	4.42
FY24	90	-6%	32%	21	5.75
FY25	100	11%	33%	25	6.86
FY26	101	1%	34%	28	7.45
Q1 FY27	28.39	17%	32%	7.30	1.97

Read the table in two halves. FY22 to FY24: revenue stalled (Rs 82 cr to Rs 90 cr, including a 6% decline in FY24) while operating margin jumped from 24% to 32% on mix and cost work, so PAT rose 50% on almost no growth. FY24 to FY26: margins ground higher still (OPM 34%, PAT margin 27%) and PAT compounded at about 15%, but revenue added only Rs 11 cr in two years. Over three years revenue compounded at 2% and

profit at 19%. That is a harvest profile, not a growth profile.

Q1 FY27 is the most encouraging print in two years: sales of Rs 28.39 cr, up 16.9% year on year, PAT of Rs 7.30 cr, up 16.2%. Two cautions: operating margin compressed sequentially from 36.4% in Q4 FY26 to 31.7% as costs grew faster than sales, and other income (Rs 1.30 cr in the quarter, Rs 5.19 cr in FY26) is a growing share of pre-tax profit, earned on the cash pile rather than the plant. Returns tell the same story: ROCE fell from 52% (FY24) to 44% (FY25) to 36% (FY26) and ROE to 26.8%, not because the plant got worse but because retained cash swelled the capital base (net worth Rs 66 cr to Rs 116 cr across FY24 to FY26, fixed assets near Rs 29 cr). This is a high return business attached to a low return treasury.

08 BALANCE SHEET, CASH FLOW, CAPITAL ALLOCATION

Fortress standalone balance sheet

At March 31, 2026: net worth Rs 116 cr, borrowings Rs 1.61 cr, total assets Rs 128 cr of which current assets were Rs 98 cr. Reported bank balances were about Rs 46 cr (under 12 months) plus about Rs 19 cr of longer term deposits. In substance, debt free with a large net cash position.

Cash conversion is genuinely strong. Operating cash flow was Rs 9 cr, Rs 20 cr, Rs 17 cr, Rs 31 cr and Rs 24 cr across FY22 to FY26, and free cash flow was positive in every year from FY20 to FY26 (Rs 3 cr, Rs 10 cr, Rs 5 cr, Rs 11 cr, Rs 5 cr, Rs 28 cr, Rs 21 cr). FY26 operating cash flow of Rs 24 cr was 98% of operating profit. Working capital is the one soft spot: the cash conversion cycle lengthened to 90 days in FY26 (debtors 76 days, inventory 66 days, payables 52 days) from 66 days in FY25, and receivables at 76 days are long for a company of this quality.

Capital allocation under the founders was conservative to a fault: a token dividend (Rs 0.50 per share for FY26, a payout of about 7%, yield 0.23%), minimal capex while Dahej stalled, and a growing deposit book. Under the new owner it is the open question: Kronox's cash now sits inside a group whose parent borrowed Rs 225 cr to buy it, and minorities should watch for inter-company loans, guarantees or consultancy arrangements. None has happened yet; all are now possible in a way they were not under a 74% founder holding with no debt anywhere in the structure.

09 COMPETITION

High purity fine chemicals is a fragmented, qualification-led niche. Kronox's competitors are not the large listed majors but a long tail of Indian fine chemical makers and the Indian arms of global reagent houses, competing grade by grade. Listed comparables are imperfect: Tatva Chintan (specialty intermediates, far larger), Yasho Industries (fine and specialty chemicals), Fineotex Chemical (larger, faster growing), Fine Organic Industries (oleochemicals at scale), and Indo Borax itself, the new parent, a boron chemicals business with Q1 FY27 consolidated revenue of Rs 70.36 cr (up 31%) and PAT of Rs 16.25 cr (up 59%).

Kronox's defence is not scale (at Rs 101 cr of revenue it is among the smallest listed chemical companies in India) but specification trust: pharmacopoeia compliance, batch consistency, a 185 product catalogue under one quality system, and seven to nine year average relationships with top customers. Its vulnerability is the mirror image: with the top 10 customers above 45% of revenue and the top 20 products above 60%, the loss of one qualification or one large customer is a material event.

10 STRENGTHS

- **Elite unit economics:** 34% operating margin and 27% PAT margin in FY26, from purity-led niches rather than tonnage.
- **Fortress balance sheet:** Rs 1.61 cr of borrowings against roughly Rs 64 cr of bank balances and deposits.
- **Cash conversion:** free cash flow positive every year since FY20; FY26 operating cash flow near 100% of operating profit.
- **Sticky demand:** pharmacopoeia and reagent grade qualifications, custom specifications, multi-year customer relationships.
- **Q1 FY27 inflection:** revenue up 16.9% and PAT up 16.2% year on year, the strongest top line print in two years.
- **A funded, motivated new owner:** Indo Borax paid Rs 246 cr for control and moved on Dahej capacity within three weeks of closing.

11 WEAKNESSES AND RISKS

- **The growth record:** revenue compounded at 2% over three years and grew 1% in FY26. At 28x earnings the market pays for undelivered growth.
- **The insider signal:** founders sold control at Rs 103.22, about 53% below today's price and below the pre-announcement range, with no explanation beyond transition language.
- **Transition risk:** a new MD and CEO, CFO and board took over on Sep 29, 2026, with no delivery record at Kronox, in a business where relationships are personal.
- **Parent leverage:** Indo Borax borrowed Rs 225 cr for the deal and sits on a negative rating watch; pressure to upstream Kronox's cash is structural.
- **Concentration:** top 10 customers above 45% of revenue, top 20 products above 60%, pharma and scientific testing above 70%, exports concentrated in the US.
- **Dahej execution:** the greenfield missed its FY2025-26 target with Rs 0.88 cr of work in progress; the Axiom plant has no disclosed price or capacity yet.
- **Margin normalization:** other income flatters pre-tax profit, Q1 FY27 operating margin already compressed to 31.7%, ROCE down from 52% to 36%.

- **No floor at this price:** the open offer at Rs 157.27 does not underwrite Rs 218; DII holding is about 2.1% and FII about 0.04%.

12 MANAGEMENT AND GOVERNANCE

Under the founders (2008 to September 2026) the operating record was strong and governance clean on public evidence: promoter holding flat at 74.21% from the IPO through June 2026, pledging zero throughout, no auditor exit, SEBI action or accounting flag on record, and a candid prospectus on concentrations and the Padra restriction. The deductions are capital allocation (a 7% payout while Rs 64 cr sat in deposits, a stalled Dahej) and the exit itself: selling control at Rs 103.22 while public shareholders had paid up to Rs 155 weeks earlier is legal and disclosed, but it permanently reprices promoter alignment. The founders retain 9.95% and a transition support role.

The incoming team cannot yet be graded on delivery. Suresh Kalra (MD and CEO) and the reconstituted board inherit a clean plant, a cash rich balance sheet and a live open offer. Indo Borax's own record is respectable but it is a first-time acquirer of a listed company, it paid with borrowed money, and its rating is on negative watch because of this deal. The first tests are near and concrete: the open offer outcome by November 13, 2026, the Axiom plant terms, the first Dahej timeline, and whether Kronox's cash stays at Kronox.

13 VALUATION VS PEERS

At Rs 218 (Oct 15, 2026): P/E 28.2x on TTM EPS of Rs 7.71, P/B 7.0x on book value of Rs 31.30, P/S about 7.7x on TTM revenue of about Rs 105 cr, dividend yield 0.23%. The stock is up 47% in a year and trades just 4% below its 52-week high of Rs 227.74.

Company	P/E (TTM)	Note
Kronox Lab Sciences	28x	FY26 revenue +1%; PAT margin 27%
Indo Borax (parent)	27x	Q1 FY27 PAT +59%; now leveraged
Fine Organic Industries	38x	Scale moat in oleochemicals
Fineotex Chemical	45x	Larger, faster growing
Tatva Chintan	77x+	Multiple on depressed earnings
Yasho Industries	84x+	Multiple on depressed earnings

The table flatters Kronox until growth is added. Peers trade at 38x to 84x largely because their earnings are depressed; Kronox trades at 28x on peak margins with a flat top line. On sales the ranking reverses: 7.7x sales for 2% three-year revenue growth is the richest price in the set relative to delivery. The two hard

anchors from the deal itself sit below the market: the control price of Rs 103.22 and the open offer at Rs 157.27. A buyer at Rs 218 pays 38% above the regulated offer price for the same shares.

14 FY2029 SCENARIOS (INR)

Built off FY26 revenue of Rs 101 cr and PAT of Rs 27.66 cr; 3.71 cr shares; FY2029 is the year ending March 2029.

	Bear: Rs 115	Base: Rs 240	Bull: Rs 395
Revenue CAGR FY26-29	4%	12%	20%
FY29 revenue	Rs 114 cr	Rs 142 cr	Rs 175 cr
PAT margin	24%	26%	28%
EPS	Rs 7.35	Rs 9.95	Rs 13.20
Exit P/E	16x	24x	30x

Bear: Dahej slips again, integration distracts, Q1 FY27 momentum fades; the deal premium evaporates and the stock roughly halves. **Base:** the Axiom Dahej SEZ plant contributes from FY28 and the pipeline converts at its historical rate, with no greenfield heroics. The base case is only about 10% above today's price over two and a half years, which is the Neutral verdict in one line: delivery in line with a reasonable plan is already paid for. **Bull:** Dahej SEZ plus Unit IV phase one both producing, cross-selling through the parent's channels and exports scaling; this requires the new owner to deliver in three years the growth the founders did not deliver in five, at margins the founders only just reached.

15 WHY IT MATTERS

Kronox is a live experiment in Indian small cap value transfer. A superbly profitable, debt free niche manufacturer was controlled by its founders at 74%, sold to a smaller listed peer for borrowed money at half the market price, and then re-rated 42% by the market on the acquirer's promise to grow it faster. One of those prices is wrong: either the founders left a fortune on the table, or the market is capitalizing a plan that exists so far as one board resolution about a 5,000 sq. m. plant. The open offer running until October 29, 2026 at Rs 157.27 forces every public shareholder to answer with their own shares. At 57/100 Neutral, the DalalBytes answer is: respect the business, distrust the price, and let the new owner's first two reported quarters, the Axiom terms and the Dahej timeline do the persuading.

16 DISCLOSURES

DalalBytes Research holds no position in Kronox Lab Sciences or Indo Borax and Chemicals as of October 15, 2026. This report is for educational purposes only and is not investment advice. The open offer referenced here is a live regulatory process; shareholders should read the Letter of Offer and take independent advice before tendering.

17 SOURCES

Screener.in company page (financials FY20 to FY26, quarterly results to Q1 FY27, shareholding to June 2026, announcements), accessed October 15, 2026. Exchange filings via BSE and NSE as summarized in deal coverage: SPA and board outcome of August 20, 2026; funding disclosure of September 24, 2026; completion disclosure of September 29, 2026; Regulation 7(2) and 29(2) disclosures of September 30 to October 1, 2026; board outcome of October 14, 2026 (Axiom Chemicals Dahej SEZ plant). Indo Borax deal press release and open offer public announcement (August 20, 2026) and Detailed Public Statement terms (25.79% at Rs 157.27, tendering October 15 to 29, 2026). India Ratings action on Indo Borax (August 31, 2026), as reported in deal coverage. IPO prospectus summaries and IPO coverage (Trade Brains, India Infoline, Republic Business, June 2024). DSIJ coverage of the October 14, 2026 Dahej SEZ approval. Finnhub, Groww, INDmoney, India Infoline and Equitymaster market data and peer comparisons (October 2026).