

Reco : Not Rated
CMP : INR 243

Manish Mahawar

+91 22 6911 3427
 manish.mahawar@antiquelimited.com

Darshita Shah

+91 22 6911 3431
 darshita.shah@antiquelimited.com

Jenish Karia

+91 22 6911 3406
 jenish.karia@antiquelimited.com

Market data

Sensex	:	59,727
Sector	:	Sp. Chemicals
Market Cap (INR bn)	:	27.0
Market Cap (USD bn)	:	0.329
O/S Shares (mn)	:	110.7
52-wk HI/LO (INR)	:	409/150
Avg. Daily Vol ('000)	:	257
Bloomberg	:	FTXC IN

Source: Bloomberg

Valuation

	FY20	FY21	FY22
EPS (INR)	2.3	3.8	5.0
P/E (x)	105.2	63.2	48.8
P/BV (x)	15.9	12.9	10.3
EV/EBITDA (x)	70.0	59.6	34.0
Dividend Yield (%)	0.0	-	0.2

Source: Bloomberg

Returns (%)

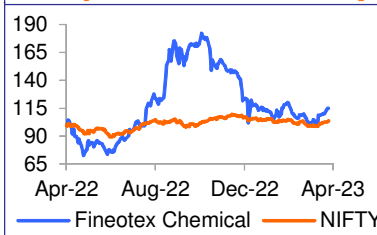
	1m	3m	6m	12m
Absolute	11	0	(35)	13
Relative	8	2	(36)	7

Source: Bloomberg

Shareholding pattern

Promoters	:	65%
Public	:	35%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty

Source: Bloomberg Indexed to 100

COMPANY UPDATE

Fineotex Chemical

Scouting for newer areas of growth

Fineotex Chemical (FCL), specialty performance chemical producer, distinguishes its business model where the products are backed up by customized technical solutions. It caters to the entire textile industry value chain. An increase in demand for chemical treatments like water and oil repellent, and anti-microbial properties along with tailored solutions bodes well for the company in the near term. With similar chemistry and fungibility of the manufacturing plant capacity, FCL has also forayed into a FMCG segments like cleaning and hygiene and has been sadding newer clients recently. With strong demand in these segments and growing demand in its current business, FCL has expanded its Ambarnath plant capacity to 61 KMT from 40 KMT in FY22, taking the overall capacity to 104 KMT. FCL's revenue and PAT have grown at 24% and 19% CAGR over FY17–22. We believe that the company can show strong growth momentum in the near term driven by wallet share gain in textile chemicals, traction in newer segments, and capacity addition. We do not have a rating on the stock.

Targeting a high wallet share in the textile segment

FCL and its subsidiary Biotex, Malaysia, in which it owns 72%, has a diverse product portfolio (450+ products) that finds application in the entire textile industry value chain. Strong relationship with major textile clients in India and globally, innovative product portfolio, and technology assistance from Biotex Malaysia, has enabled the company to consistently gain wallet share. The cost of chemicals for any textile company, starting from pre-treatment to finishing, is not more than 3% for about 25 products. This creates a high entry barrier for new players, limiting competitive intensity. Additionally, if anything goes wrong due to change in the chemical composition or product mix, it can lead to fabric damage resulting in huge losses for textile companies, making clients sticky in nature. Thus, the gestation period to onboard a client is long.

Foray into new segments

The company is now leveraging its expertise in textile specialties to successfully foray into non-textile segments like cleaning and hygiene, and drilling specialty chemicals. It has been able to bag orders from leading detergent companies for their polymer requirements. In FY23, it received orders worth ~INR 3.5 bn in the cleaning and hygiene segment, which will start contributing to top-line from FY24 onwards. As of 9MFY23, cleaning and hygiene contributed 40% to the top-line. Moreover, the company is also looking at providing customized solutions for drilling in oil exploratory processes. This shift will enable the company to diversify its product portfolio and drive value and volume growth going forward.

Capacity expansion to support growth

During 3QFY22, FCL set up a greenfield facility in Ambarnath and has now expanded its capacity to 61 KMT with a capital outlay of INR 550 mn through internal accruals. With this, the company's overall capacity, including the Navi Mumbai and Malaysia plants, have risen to 104 KMT from 43 KMT in two years. Management envisages to run the plant at optimum capacity utilization (~85%) in 1HFY24 against the current 47%, on the back of expected increased traction and order inflow from the cleaning and hygiene segment. Additionally, it is planning to further expand capacity at Ambarnath by 20–30 KMT in FY24 at a capex of INR 150–200 mn. The company expects asset turnover from the new facility in Ambarnath to be >8x with superior margin. Given that product lines are fungible, it will allow for saving time for changeover of product line for different solutions.

Valuation and Outlook

Diversified revenue, product, and geographic mix across clients and segments coupled with technical expertise has resulted in revenue/ EBITDA/ PAT CAGR of 17%/ 25%/ 26% over FY12–22. Domestic business/ exports contributed 59%/ 41% of its total revenue in FY22. FCL boasts of healthy RoE/ RoCE of 23%/ 30% with net cash balance of INR 289 mn as of FY22. Going forward, the company believes its robust earnings growth momentum will continue, driven by expansion and ramp-up in utilization at its new facility in Ambarnath. With capacity expansion, improving utilization levels, and increasing traction in new segments, the company's revenue/ EBITDA/ PAT has grown at a CAGR of 24%/ 17%/ 19% between FY17–22. Currently, the stock is trading at 34xTTM EPS.

Textile chemicals—targeting a high wallet share

FCL manufactures the entire value chain for the textile industry, including pre-treatment, dyeing, printing, and finishing process. Textile contributes a substantial ~85% part of its overall revenue, while the balance comes from the other sectors. FCL has a strong global footprint with presence across 60+ countries, majorly in Europe and Asia, and enjoys longstanding relations with marquee clients in the domestic markets also. For textiles, the top 10 clients and products contribute 27% and 18% of its overall revenue, respectively.

FCL has been focusing on becoming a one-stop-shop for its clients in the textile space by expanding its portfolio and thus increasing wallet share by having a diversified product range and more solutions for textile companies. The cost of chemicals for any textile company, starting from pre-treatment to finishing, is not more than 3% for about 25 products. This creates a high entry barrier for new players, limiting competitive intensity. Additionally, if anything goes wrong due to change in the chemical composition or product mix, it can lead to fabric damage resulting in huge losses for textile companies, making clients sticky in nature. Given such a scenario, the gestation period to onboard a client is long.

Exhibit 1 : Becoming a one-stop-shop for clients in the textile space



Source: Company, Antique

Synergies with Biotex

Biotex, a Malaysia-based subsidiary in which FCL holds 78% stake and its Founder and MD Dr. Cedric Veniat, a technocrat with over 25 years of work experience, holds the remaining 28%. Biotex’s niche portfolio of 50+ products find application in high-end super specialty textile chemicals. This subsidiary provides FCL access to high margin specialty products along with its high profile international client base.

Exhibit 2: Synergistic model with Biotex

	Fineotex - India		Biotex - Malaysia
 Overview	<ul style="list-style-type: none">Diverse product portfolio (470+ categories) across business segmentsApplications primarily across the entire textile value chain: pre-treatment to finishing		<ul style="list-style-type: none">Niche product portfolio (50+ categories)High end super specialty textile chemical applications
 Focus Areas	<ul style="list-style-type: none">Focused on textiles and rapidly entering other fast growing sectorsHigh profile India customer base		<ul style="list-style-type: none">Sustainable and effective textile solutionsGrow 'Mosquito Life Cycle Controller' revenue shareHigh profile international customer base
 Business Segments	<ul style="list-style-type: none">Textile, Cleaning and Hygiene, Drilling and Other Specialities		<ul style="list-style-type: none">Textile and auxiliary sectors'Mosquito Life Cycle Controller', an eco friendly non toxic solution for mosquito outbreaks used primarily across developing countries
 Competitive Edge	<ul style="list-style-type: none">Strong brand recall in Indian marketsReputation for diverse product portfolioDeep customer relationships		<ul style="list-style-type: none">Strong brand recall in international marketsSolutions for finishing process in textileStrong R&D capabilities

Click to left/right to activate Windows

Source: Company, Antique

Foray into newer segments

The company is now leveraging its expertise in textile specialties to successfully foray into non-textile segments like cleaning and hygiene, and drilling specialty chemicals. This will enable the company in diversifying its product portfolio and is expected to drive value and volume growth going forward. It has been able to bag orders from leading detergent companies in the country for their polymer requirements. In FY23, it received orders worth ~INR 3.5 bn in the cleaning and hygiene segment, which will start contributing to the top-line FY24 onwards. As of 9MFY23, cleaning and hygiene segment contributed 40% to the top-line. Moreover, the company is also looking at providing customized solutions for drilling in oil exploratory processes. This shift will aid the company in diversifying its product portfolio and drive value and volume growth going forward.

Exhibit 3: Details of the new segments

 Home Care and Hygiene Chemicals	 Drilling Specialty Chemicals	 Other Specialty Chemicals
<ul style="list-style-type: none">Customised solutions for<ul style="list-style-type: none">Housekeeping, Kitchen Care and DisinfectantsPublic Health and HygieneThe plant has been approved and certified by the Food & Drugs Administration (Maharashtra State) department. The license has been granted for production of disinfectant/antimicrobial hygiene and cleaning products ensuring safety and effectiveness.Post the outbreak of COVID-19, large addressable market for solutions used in disinfectants and sanitizers	<ul style="list-style-type: none">Customised solutions for Oil and GasSignificant potential for offering effective products used for drilling in oil exploratory processesStable orders from a leading oil and gas company in India	<ul style="list-style-type: none">A unique 'Mosquito Life Cycle Controller' product under development by BiotexNon toxic eco-friendly solution designed with European technology in Malaysia by BiotexApproved by Ministry of Health Malaysia, Singapore PHS, European Union, NSF and relevant authorities in Vietnam and Cambodia
 Key Products	   	
	Home Care and Hygiene Chemicals	'Mosquito Life Cycle Controller' under development

Source: Company, Antique

Enhanced capacity coupled with better utilization at existing plants to drive growth

During 3QFY22, FCL has set-up a greenfield facility in Ambernath and has expanded its capacity to 61 KMT, for a capital outlay of INR 550 mn through internal accruals. With this, the company’s overall capacity, including the Navi Mumbai and Malaysia plants, have risen to 104 KMT from 43 KMT in two years. Management envisages to run the plant at optimum capacity utilization (~85%) in 1H FY24 against the current 47%, on the back of expected increased traction and order inflow from the cleaning and hygiene segment. Additionally, it is planning to further expand capacity at Ambernath by 20–30 KMT in FY24 at a capex of INR 150–200 mn. The company expects asset turnover from the new facility in Ambernath to be >8x with superior margin. Given that the product lines are fungible, it will allow for saving time for changeover of product line for different solutions.

Exhibit 4: Details of plants and capacities

Location	Operating Facts	Strategic Advantages
Navi Mumbai and Ambernath, Mumbai, India	<ul style="list-style-type: none">• Total Production Capacity: 97 KMT.• Navi Mumbai Plant: 36 KMT• Ambernath Plant: 61 KMT	<ul style="list-style-type: none">• Plant located near key port close to Mumbai with logistical advantages to textile hubs across North, West, South, and Central India.
Selangor, Malaysia	<ul style="list-style-type: none">• Total Production Capacity: 6.5 KMT	<ul style="list-style-type: none">• Easy access to high raw quality materials in the region.• Malaysian plant provides raw materials to Indian facilities.• Cost benefits due to Free Trade Agreements (FTAs) with important regional markets like Vietnam, China, and India.

Source: Company, Antique

Strategic partnerships to boost product development

FCL has a JV with Healthguard, Australia which will concentrate on developing cutting-edge solutions that will be marketed and channelized by FCL-Biotex. Company’s anti-microbial product is US EPA approved. The synergy is expected to provide durable metal free sustainable chemistry solutions that are anti-microbial and anti-viral. This JV offers a range of products with wider application across several industries like textiles, detergent, leather, and allied industries. Further, FCL has set-up an R&D center in collaboration with Sasmira Institute, which is India’s premier textile institute. Recently, FCL entered into a strategic collaboration with Eurodyne-CTC, Belgium to commercialize specialty chemical product for the Indian market. We believe that the collaboration will help FCL expand product profile, geographical reach, and develop sustainable practices.

Exhibit 5: Partnerships details

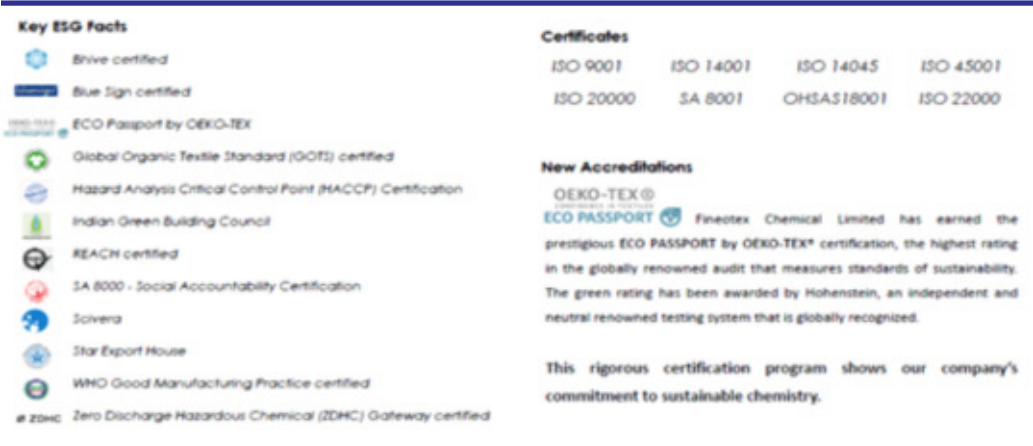
		
Strategic collaboration with Eurodyne-CTC, Belgium, to commercialize specialty chemicals for the Indian market	Strategic collaboration with HealthGuard, Australia to become the exclusive global marketing and sales channel partner with joint operations from Malaysia	Setting up a state of art Research & Development center in collaboration with Sasmira Institute, one of India's premier textile institutes
Facilitates an efficient production system and distribution network across the Indian textile market	HealthGuard® will concentrate on developing cutting-edge solutions, that will be marketed and channelized across the world by Fineotex-Biotex	Develop a first-of-its-kind Support and Solution Centre for technical service in Sasmira to catalyse innovation and focus on sustainable chemistry
Eurodyne-CTC has REACH registration, Bluesign certification & GOTS 6 certification for a large selection of its product range	Synergy will provide durable metal-free sustainable chemistry solutions that are anti-microbial and anti-viral	Focus on new sustainable solutions and chemicals to reduce water, time and energy consumption for the textile wet processing industry
Fineotex is committed to sustainable practices and Eurodyne-CTC is also an environmentally conscious company	Range of products over several industries - textile, detergent, leather and allied industries	Provide the much-needed exposure for students and help provide practical experience, which will benefit the industry in the long term

Source: Company, Antique

ESG accreditations

The company has been awarded various certifications like Green Screen certificate, Beehive Certificate, Bluesign, ECO Passport, to name a few. These certifications pertaining to sustainability standard guarantee the highest level of security for clients and considers the chemical composition of textile products to ensure healthy and safe materials.

Exhibit 6: ESG accreditations

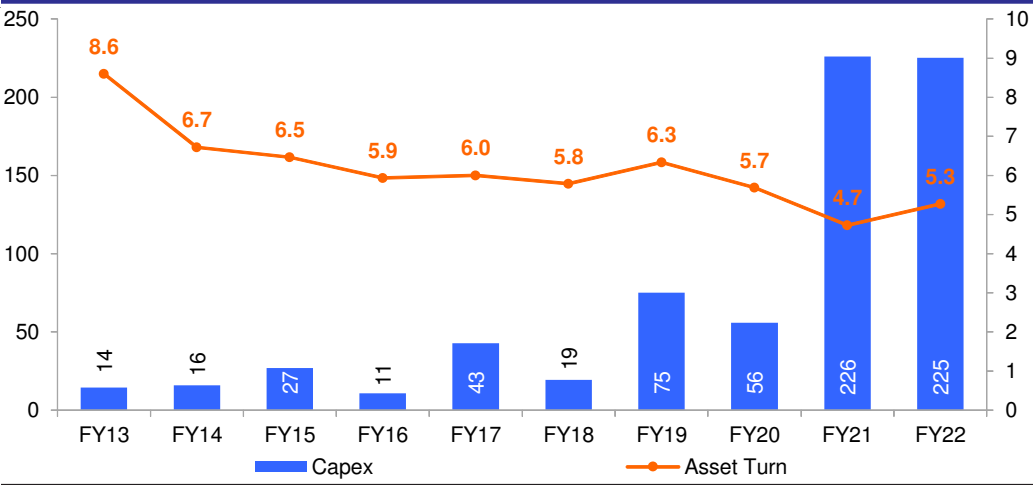


Source: Company, Antique

Product innovation to add value and support margins

FCL has been focusing on becoming a one-stop-shop for clients in the textile space by expanding its portfolio and thus increasing wallet share by having a diversified product range and more solutions for textile companies. Thus, the company has been focusing on developing value added products that will aide textile companies reduce water and energy consumption. Additionally, changing client preference and expectations for fabrics to be water and dust repellent, anti-microbial, and increasing demand for sustainable products in the textile market have resulted in an increase in the addressable market for the company. This in turn has increased the demand for its products, helping it garner more market share. Furthermore, in partnership in Biotex, FCL has developed a unique 'Mosquito Life Cycle Controller' product, which is non-toxic and eco-friendly in nature. The product has already been approved by the Ministry of Health Malaysia, Singapore PUB, European Union, NSF and relevant authorities in Vietnam and Cambodia. The growing share of value-added products will make it possible for the company to enhance margin of the business.

Exhibit 7: Pursuing an aggressive growth strategy

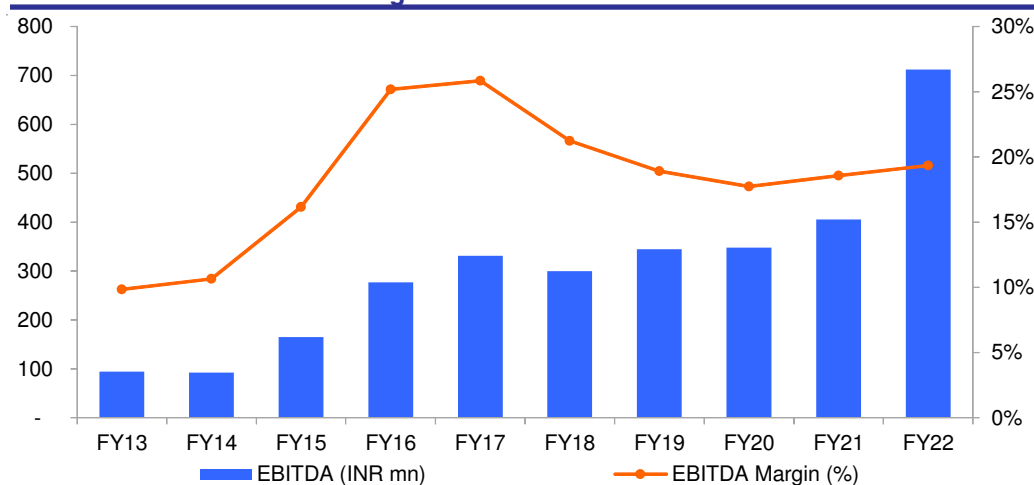


Source: Company, Antique

Continued focus on high margin specialty chemicals

FCL posted consolidated revenue stream growth CAGR of 17% from FY12–22 and EBITDA recorded significant growth CAGR of 25% during same period, with EBITDA margin expanding to 19% in FY22 from 9% in FY12. Expansion in margin was primarily backed by superior product mix. Going forward, the company is confident of healthy revenue growth on the back of enhanced capacities coming on-stream in the near term, which are high yielding products fetching better margins.

Exhibit 8: EBITDA and EBITDA margin

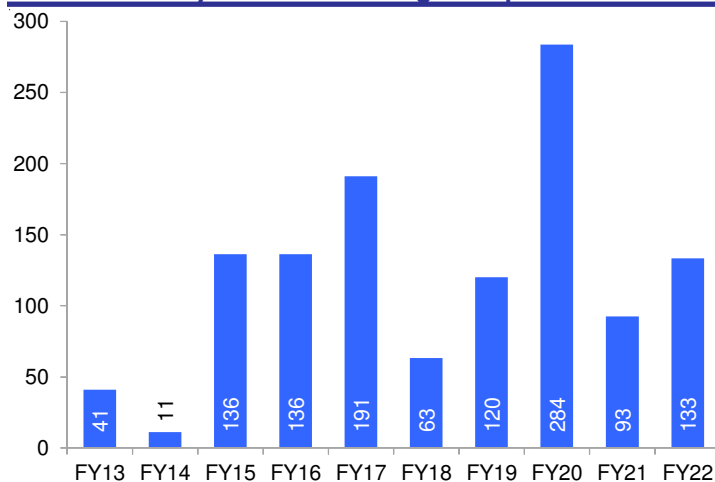


Source: Company, Antique

Net cash balance sheet

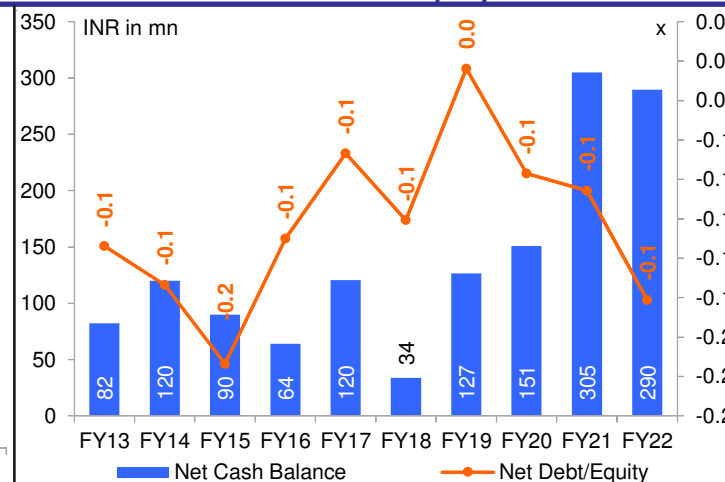
FCL has net cash company of INR 289 mn as of FY22 and a comfortable balance sheet to support organic and inorganic growth. Further, the company has recorded healthy OCF, which would aid to grow its operations. We believe that a healthy balance sheet would in turn help the company to execute further growth plans. According to recent ratings assigned by CRISIL, FCL's long-term rating stands at A-Stable and short-term rating at A2+, which further demonstrates the company's strong balance sheet.

Exhibit 9: Healthy OCF to aid future growth plans



Source: Company, Antique

Exhibit 10: FCL is a net debt free company

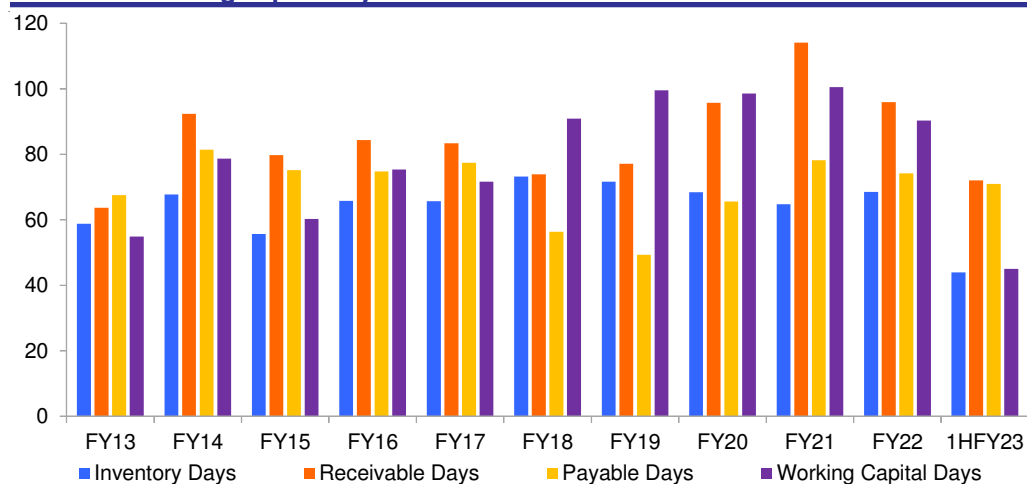


Source: Company, Antique

Improvement in Working Capital

With its foray in FMCG business, the company has been able to improve its working capital cycle. As on 1H FY23, company's working capital stood at 45 days, down from 90 days as on FY22. The improvement was largely on the back of improvement in receivable inventory and receivable days which stood at 44/72 days as on 2H FY23, vs. 69/96 days as on FY22.

Exhibit 11: Working Capital Days

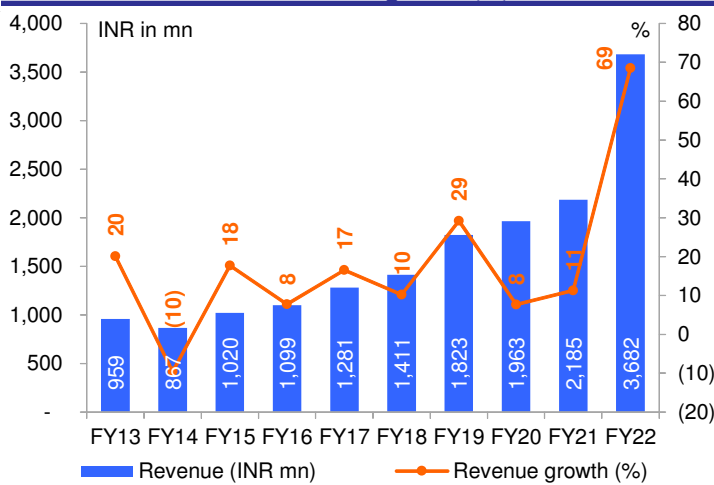


Source: Company, Antique

Company Background

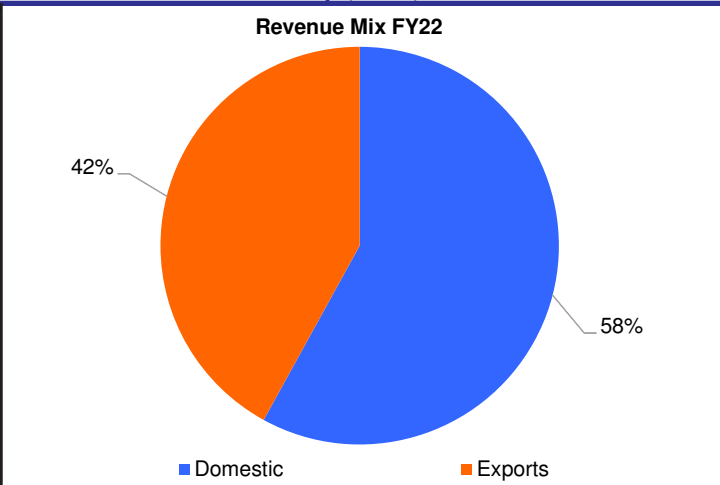
Mumbai-based Fineotex group was founded by Mr. Surendra Tibrewala in 1979. Fineotex group is one of the leading manufacturers of chemicals for textiles, construction, water-treatment, fertilizer, leather, and paint industry. Fineotex manufactures and provides an entire range of products for pre-treatment, dyeing, printing, and finishing for textile processing to clients across the globe. The company has a diverse product portfolio (450+ categories) across business segments with business in 70+ countries across the globe. The company has manufacturing facilities, located at Mahepe-Navi Mumbai, Ambarnath (Maharashtra) and Selangor, Malaysia with combined production capacity of 104 KTM. The company recently forayed into the home care and hygiene division with products across house-keeping, kitchen care, and disinfectant categories. FCL has two R&D laboratories in Mumbai with all modern-age equipment. The company has a network of 100+ dealers in Indian and international markets.

Exhibit 11: Revenue and revenue growth (%)



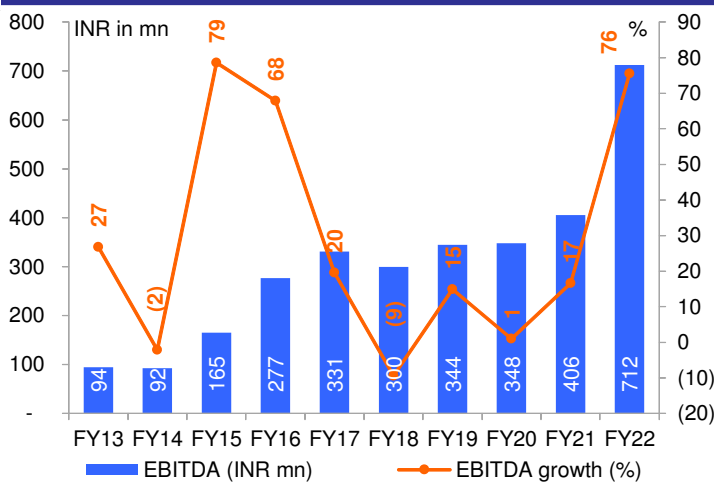
Source: Company, Antique

Exhibit 12: Revenue break-up (FY22)



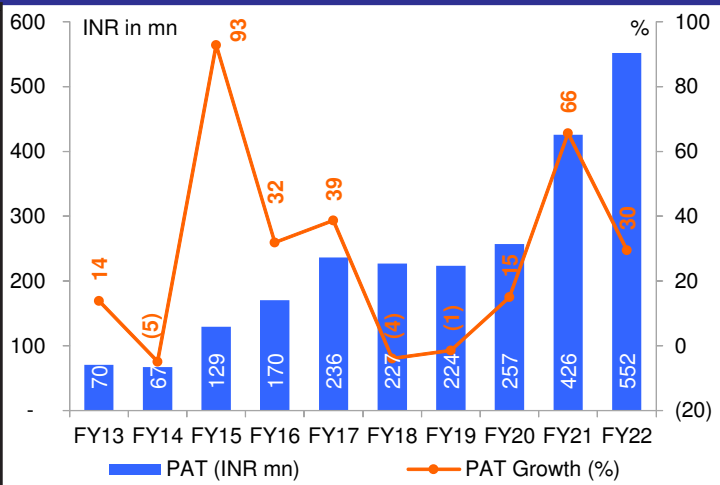
Source: Company, Antique

Exhibit 13: EBITDA and EBITDA growth (%)



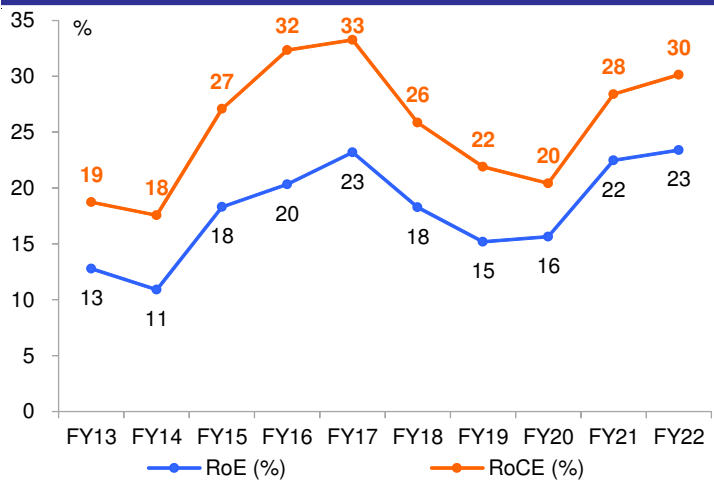
Source: Company, Antique

Exhibit 14: PAT and PAT growth (%)



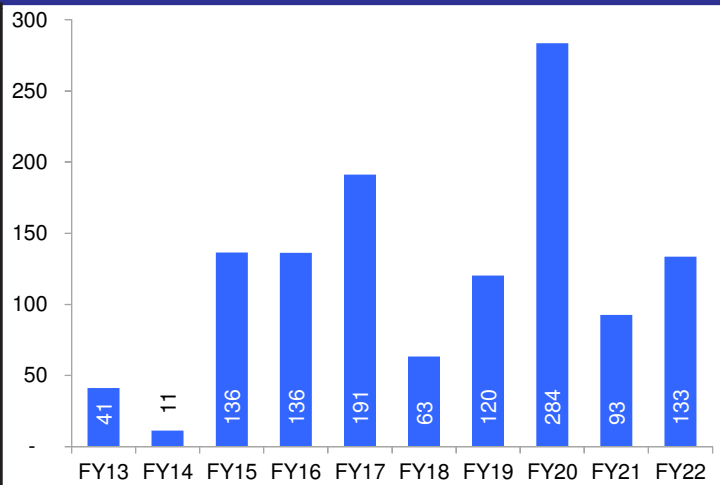
Source: Company, Antique

Exhibit 15: Return ratios



Source: Company, Antique

Exhibit 16: FCF generation to increase with enhanced capex



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY18	FY19	FY20	FY21	FY22
Net Revenue	1,411	1,823	1,963	2,185	3,682
Op. Expenses	1,111	1,479	1,615	1,779	2,970
EBITDA	300	344	348	406	712
Depreciation	7	10	12	15	25
EBIT	293	334	336	391	687
Other income	52	9	16	175	55
Interest Exp.	6	8	6	7	9
Extra Ordinary Items -gain/(loss)	-	(2)	126	-	-
Reported PBT	339	333	472	559	733
Tax	100	93	77	113	164
Reported PAT	240	240	396	446	569
Minority Int./Profit (loss) From Asso.	13	18	12	20	17
Net Profit	252	258	408	465	586
Adjusted PAT	227	224	257	426	552
Adjusted EPS (INR)	2.0	2.0	2.3	3.8	5.0

Balance sheet (INR mn)

Year ended 31 Mar	FY18	FY19	FY20	FY21	FY22
Share Capital	223	223	223	221	221
Reserves & Surplus	1,135	1,365	1,474	1,872	2,400
Networth	1,357	1,588	1,697	2,093	2,621
Debt	46	21	28	34	19
Minority Interest	62	57	63	67	73
Net deferred Tax liabilities	(2)	2	(5)	7	11
Capital Employed	1,464	1,667	1,783	2,202	2,724
Gross Fixed Assets	266	345	403	605	813
Accumulated Depreciation	13	23	35	49	74
Capital work in progress	1	1	6	46	-
Net Fixed Assets	255	323	374	602	740
Goodwill	-	-	-	-	101
Investments	585	519	563	362	173
Non Current Investments	585	519	563	362	173
Current Assets, Loans & Adv.	769	1,105	1,136	1,707	2,383
Inventory	211	251	211	288	596
Debtors	279	491	538	827	1,109
Cash & Bank balance	80	147	179	339	308
Loans & advances and others	199	215	207	254	370
Current Liabilities & Prov.	146	280	290	469	673
Liabilities	109	209	234	368	588
Provisions	37	71	56	101	85
Net Current Assets	624	825	846	1,238	1,710
Application of Funds	1,464	1,667	1,783	2,202	2,724

Per share data

Year ended 31 Mar	FY18	FY19	FY20	FY21	FY22
No. of shares (mn)	111	111	111	111	111
Diluted no. of shares (mn)	111	111	111	111	111
BVPS (INR)	12.2	14.3	15.2	18.9	23.7
CEPS (INR)	2.2	2.2	3.7	4.2	5.4
DPS (INR)	0.2	0.1	0.1	-	0.4

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY18	FY19	FY20	FY21	FY22
PBT	339	336	220	559	733
Depreciation & amortization	7	10	12	15	25
Interest expense	6	8	6	7	9
(Inc)/Dec in working capital	(148)	(128)	6	(237)	(422)
Tax paid	(92)	(96)	(80)	(96)	(171)
Less: Interest/Div. Income Recd.	(5)	(3)	(7)	(16)	(10)
Other operating Cash Flow	(43)	(7)	126	(138)	(31)
CF from operating activities	63	120	284	93	133
Capital expenditure	(25)	(79)	(63)	(242)	(225)
Inc/(Dec) in investments	(90)	107	(134)	263	173
Add: Interest/Div. Income Recd.	20	14	7	(86)	45
CF from investing activities	(94)	42	(190)	(65)	(8)
Inc/(Dec) in share capital	-	-	-	(18)	-
Inc/(Dec) in debt	2	(1)	(1)	-	-
Dividend Paid	(34)	(26)	(32)	(13)	(50)
Others	(4)	(8)	(6)	(20)	7
CF from financing activities	(36)	(34)	(39)	(52)	(42)
Net cash flow	(67)	128	55	(24)	84
Opening balance	103	80	147	179	339
Closing balance	80	147	179	339	308

Growth indicators (%)

Year ended 31 Mar	FY18	FY19	FY20	FY21	FY22
Revenue	10.2	29.2	7.7	11.3	68.5
EBITDA	(9.4)	14.9	1.0	16.6	75.5
Adj PAT	(3.9)	-1.5	15.0	65.6	29.6
Adj EPS	(3.9)	-1.5	15.0	66.5	29.6

Valuation (x)

Year ended 31 Mar	FY18	FY19	FY20	FY21	FY22
P/E (x)	119.2	121.0	105.2	63.2	48.8
P/BV (x)	19.9	17.0	15.9	12.9	10.3
EV/EBITDA (x)	81.6	70.7	70.0	59.6	34.0
EV/Sales (x)	17.3	13.4	12.4	11.1	6.6
Dividend Yield (%)	0.1	0.0	0.0	-	0.2

Financial ratios

Year ended 31 Mar	FY18	FY19	FY20	FY21	FY22
RoE (%)	18.3	15.2	15.7	22.5	23.4
RoCE (%)	25.9	21.9	20.4	28.4	30.1
Asset/T.O (x)	1.8	1.8	1.7	1.4	1.7
Net Debt/Equity (x)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
EBIT/Interest (x)	60.6	41.2	55.9	78.2	80.4

Margins (%)

Year ended 31 Mar	FY18	FY19	FY20	FY21	FY22
EBITDA Margin (%)	21.2	18.9	17.7	18.6	19.3
EBIT Margin (%)	20.8	18.3	17.1	17.9	18.7
PAT Margin (%)	15.5	12.2	13.0	18.0	14.8

Source: Company Antique

Important Disclaimer:

This report has been prepared by Antique Stock Broking Limited (hereinafter referred to as ASBL) to provide information about the company(ies) and/or sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies).

ASBL is a Stock Broker having SEBI Registration No. INZ000001131 and Depository Participant having SEBI Registration No. IN-DP-721-2022(CDSL) registered with and regulated by Securities & Exchange Board of India.

ASBL and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group.

This report is for personal information of the selected recipient/s and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and ASBL is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

We and our affiliates have investment banking and other business relationships with some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that ASBL and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on the profitability of ASBL which may include earnings from investment banking and other business.

ASBL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, ASBL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. ASBL and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein; (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of ASBL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition ASBL has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt ASBL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold ASBL or any of its affiliates or employees responsible for any such misuse and further agrees to hold ASBL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent ASBL's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, ASBL and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent ASBL and/or its affiliates from doing so. ASBL or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. ASBL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

ASBL and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

ASBL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.

Subject Company may have been a client of ASBL or its associates during twelve months preceding the date of distribution of the research report

ASBL and/or its affiliates and/or employees and/or relatives may have interests/positions, financial or otherwise of over 1% at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, ASBL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

There are no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of ASBL research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement Companies where there is interest

- Analyst ownership of the stock - No
- Served as an officer, director or employee - No

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ASBL & its group companies to registration or licensing requirements within such jurisdictions.

For U.S. persons only: This research report is a product of Antique Stock Broking Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution by Antique Stock Broking Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Antique Stock Broking Limited has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

SEBI Registration Number: INH000001089 as per SEBI (Research Analysts) Regulations, 2014.

CIN: U67120MH1994PLC079444

**Antique Stock Broking Limited**

ITI House
36, Dr. R.K. Shirodkar Marg
Parel (East), Mumbai 400012
Tel. : +91 22 6911 3300 / +91 22 6909 3600
www.antiquelimited.com

Handwritten signature: M. Madan