22 October 2024

Change in Estimates ☑ Target ☑ Reco ☐

Rossari Biotech

HPPC steady; outlook bright backed by capex, market gain; Buy

Rating: **Buy**
Target Price (12-mth): Rs.1,085
Share Price: Rs.831

With a diversified product portfolio and a strong balance sheet, we believe Rossari Biotech is well positioned to capitalise on emerging opportunities and drive healthy growth in coming years. We expect it is likely to deliver 18%/22%/25% revenue/EBITDA/PAT CAGRs over FY25-27 due to swelling demand, capacity expansion and mounting exports. We expect a consistently better performance aided by capacity expansion, product launches and better margins. We value the stock at 25x FY27e EPS at a TP of Rs1,085.

Q2 performance. Supported by growth momentum continuing in HPPC, Rossari's Q2 revenue was Rs5bn, up 3.1% y/y, 1.8% q/q. Continuing headwinds in the textile business however, (down 12.4% y/y, 14.3% q/q, to Rs840m) and the mixed performance of AHN (up 17.1% y/y, down 11.1% q/q, to Rs240m) restrained revenue growth in Q2. Management expects the growth momentum in HPPC will continue with recovery in textile chemicals in CY25. Exports doing well, grew 32% y/y in H1 FY25 supported by new customers in both new and existing regions and increasing wallet share with partners. The gross margin expanded 253bps y/y, 126bps q/q, to 31.6%. Despite the strong GM expansion, the EBITDA margin was 13.2% vs 13.1% last year and 13.3% the prior quarter due to higher operating and employee expenses.

Guidance. The focus on expansion continued as Rossari purchased land adjoining its Dahej plant for Rs150m, to be used for future expansion and developing the present facility. Further, focusing on exports, it expects export growth to outpace domestic growth, further strengthening its position globally. Management maintained its guidance of ~13-14% revenue growth with a ~13.5% EBITDA margin.

Valuation. Considering the steady Q2 but less-than-expected recovery in the textile chemicals, we slightly trim our FY25e/FY26e and introduce FY27e, valuing the company at 25x FY27 EPS at a TP of Rs1,085. **Risks:** Delay in Textile Specialty Chemical segment recovery, inability to scale up AHN segment, unexpected demand slowdown in HPPC.

Key financials (YE Mar)	FY23	FY24	FY25e	FY26e	FY27e
Sales (Rs m)	16,559	18,306	20,796	24,716	29,001
Net profit (Rs m)	1,073	1,307	1,528	2,001	2,393
EPS (Rs)	19.4	23.7	27.7	36.2	43.3
P/E (x)	42.7	35.1	30.0	22.9	19.2
EV / EBITDA (x)	20.1	18.4	16.2	12.7	10.3
P/BV (x)	5.0	4.4	3.8	3.3	2.8
RoE (%)	12.5	13.3	13.6	15.5	15.9
RoCE (%)	12.8	12.8	12.7	14.4	14.8
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1
Net debt / equity (x)	(0.1)	0.0	(0.0)	(0.1)	(0.1)

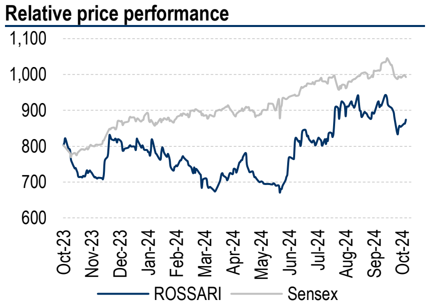
Source: Company, Anand Rathi Research

Key data	ROSSARI IN
52-week high / low	Rs.973 / 657
Sensex / Nifty	81,151 / 24,781
3-m average volume	$2.4m
Market cap	Rs.46bn / $546.1m
Shares outstanding	55m

Shareholding pattern (%)	Sep'24	Jun'24	Mar'24
Promoters	68.3	68.3	68.3
- of which, Pledged			
Free float	31.7	31.7	31.7
- Foreign institutions	3.7	3.8	4.0
- Domestic institutions	17.3	16.9	17.8
- Public	10.7	11.0	9.9

Estimates revision (%)	FY25e	FY26e
Revenue	(1.2)	(1.9)
EBITDA	(3.3)	(1.9)
PAT	(5.1)	(0.9)

Relative price performance



Source: Bloomberg

Bhawana Israni
Research Analyst

Bhavin Soni
Research Associate

Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY23	FY24	FY25e	FY26e	FY27e
Net revenues	16,559	18,306	20,796	24,716	29,001
Growth (%)	*11.7*	*10.5*	*13.6*	*18.9*	*17.3*
Direct costs	11,713	12,935	14,453	17,178	20,155
SG&A	2,615	2,873	3,535	4,029	4,640
EBITDA	**2,230**	**2,498**	**2,807**	**3,510**	**4,205**
EBITDA margins (%)	*13.5*	*13.6*	*13.5*	*14.2*	*14.5*
- Depreciation	629	604	659	744	932
Other income	55	74	62	74	87
Interest expenses	223	194	182	182	182
PBT	1,433	1,774	2,029	2,657	3,178
Effective tax rates (%)	*25.8*	*26.4*	*25.2*	*25.2*	*25.2*
+ Associates / (Minorities)	10	2	10	13	16
Net income	1,073	1,307	1,528	2,001	2,393
Adj. income	1,073	1,307	1,528	2,001	2,393
WANS	55	55	55	55	55
FDEPS (Rs)	19.4	23.7	27.7	36.2	43.3
FDEPS growth (%)	*9.6*	*21.6*	*16.9*	*31.0*	*19.6*
Gross margins (%)	*29.3*	*29.3*	*30.5*	*30.5*	*30.5*

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY23	FY24	FY25e	FY26e	FY27e
Share capital	110	110	110	110	110
Net worth	9,152	10,477	11,967	13,917	16,250
Debt	739	1,188	1,388	1,388	1,388
Minority interest	-	-	-	-	-
DTL / (Assets)	555	467	467	467	467
Capital employed	**10,446**	**12,132**	**13,821**	**15,772**	**18,105**
Net tangible assets	3,136	3,147	3,833	4,366	4,433
Net intangible assets	1,529	1,442	1,442	1,442	1,442
Goodwill	1,187	1,187	1,187	1,187	1,187
CWIP (tang. & intang.)	161	472	577	300	300
Investments (strategic)	-	-	-	-	-
Investments (financial)	512	629	629	629	629
Current assets (excl. cash)	5,879	8,495	9,088	10,801	12,673
Cash	1,239	302	1,041	1,772	2,984
Current liabilities	3,198	3,542	3,975	4,724	5,543
Working capital	2,682	4,953	5,113	6,077	7,131
Capital deployed	**10,446**	**12,132**	**13,821**	**15,772**	**18,105**

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY23	FY24	FY25e	FY26e	FY27e
PBT before OI and Interest	1,601	1,894	2,149	2,765	3,273
+ Non-cash items	629	604	659	744	932
Oper. prof. before WC	2,230	2,498	2,807	3,510	4,205
- Incr. / (decr.) in WC	838	2,272	160	964	1,053
Others incl. taxes	491	558	511	670	801
Operating cash-flow	901	(332)	2,136	1,876	2,351
- Capex (tang.+ intang.)	558	838	1,450	1,000	1,000
Free cash-flow	344	(1,170)	686	876	1,351
Acquisitions					
- Div. (incl. buyback & taxes)	28	28	38	50	60
+ Equity raised	50	0	-	-	-
+ Debt raised	655	449	200	-	-
- Fin investments	153	117	-	-	-
- Misc. (CFI+CFF) (adj OI & int)	153	71	110	95	79
Net cash-flow	716	(937)	738	731	1,212

Source: Company, Anand Rathi Research

Fig 4 – Ratio analysis

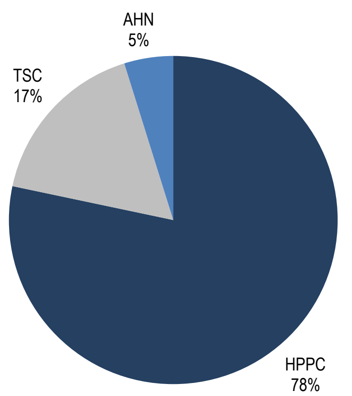
Year-end: Mar	FY23	FY24	FY25e	FY26e	FY27e
P/E (x)	42.7	35.1	30.0	22.9	19.2
EV / EBITDA (x)	20.1	18.4	16.2	12.7	10.3
EV / Sales (x)	2.7	2.5	2.2	1.8	1.5
P/B (x)	5.0	4.4	3.8	3.3	2.8
RoE (%)	12.5	13.3	13.6	15.5	15.9
RoCE (%) - after tax	12.8	12.8	12.7	14.4	14.8
RoIC	14.8	14.6	14.2	16.6	18.0
DPS (Rs)	0.5	0.5	0.7	0.9	1.1
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1
Dividend payout (%) - incl. DDT	2.6	2.1	2.5	2.5	2.5
Net debt / equity (x)	-0.1	0.02	-0.0	-0.1	-0.1
Receivables (days)	78	85	80	80	80
Inventory (days)	42	56	51	51	51
Payables (days)	40	44	38	38	38
CFO : PAT %	84.0	-25.4	139.9	93.8	98.3

Source: Company, Anand Rathi Research

Fig 5 – Price movement

Source: Bloomberg

Fig 6 – Revenue break-up, by category (Q2 FY25)



Source: Company

Company update

Financial highlights

- Q2 consolidated revenue rose 3.1% y/y, 1.8% q/q to Rs4.9bn, growth mainly driven by HPPC while TSC fell
- Domestic and export volumes grew but pricing pressure on account of RM volatility subdued the performance
- The gross margin rose 253bps y/y, 126bps q/q, mainly on the better product mix
- Despite the strong q/q gross-margin improvement, EBITDA was flat at 13.2%, hurt by higher employee and operating expenses.
- Profit rose 7.2% y/y, despite lower other income and a higher tax rate, to Rs353m.

Fig 7 – Quarterly trend

(Rs m)	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	% Y/Y	% Q/Q	H1 FY24	H1 FY25	% Y/Y
Income	**3,893**	**4,065**	**4,106**	**4,835**	**4,638**	**4,727**	**4,897**	**4,984**	***3.1***	***1.8***	**8,941**	**9,880**	***10.5***
RM costs	2,724	2,863	2,897	3,428	3,230	3,383	3,409	3,407	*(0.6)*	*(0.1)*	6,325	6,816	*7.8*
Employee expenses	242	268	245	275	260	250	286	326	*18.3*	*13.9*	520	611	*17.5*
Other expenses	385	388	388	496	511	458	553	591	*19.2*	*7.0*	884	1,144	*29.4*
EBITDA	**542**	**546**	**575**	**636**	**637**	**636**	**649**	**659**	***3.7***	***1.6***	**1,211**	**1,308**	***8.0***
Depreciation	160	160	141	151	151	161	154	152	*0.3*	*(1.4)*	292	305	*4.5*
Interest	47	43	63	50	43	25	37	37	*(26.8)*	*(0.1)*	113	74	*(35.1)*
Other income	11	28	22	14	35	4	9	7	*(47.3)*	***(24.2)***	36	17	*(53.1)*
PBT	**347**	**370**	**393**	**448**	**478**	**454**	**468**	**478**	***6.8***	***2.2***	**841**	**946**	***12.5***
Tax	90	83	102	119	134	114	121	128	*7.7*	*5.7*	221	249	*12.5*
Reported PAT	**257**	**288**	**291**	**329**	**344**	**339**	**347**	**350**	***6.4***	***1.0***	**620**	**697**	***12.5***
MI	**0**	**2**	**(0)**	**0**	**0**	**2**	**2**	**3**	-	-	**(0)**	**5**	*NA*
Consol. PAT	**257**	**290**	**290**	**329**	**344**	**341**	**349**	**353**	***7.2***	***1.2***	**620**	**702**	***13.3***
EPS (Rs)	4.6	5.2	5.3	6.0	6.2	6.2	6.3	6.4	***7.1***	***1.1***	11.2	12.7	***13.3***

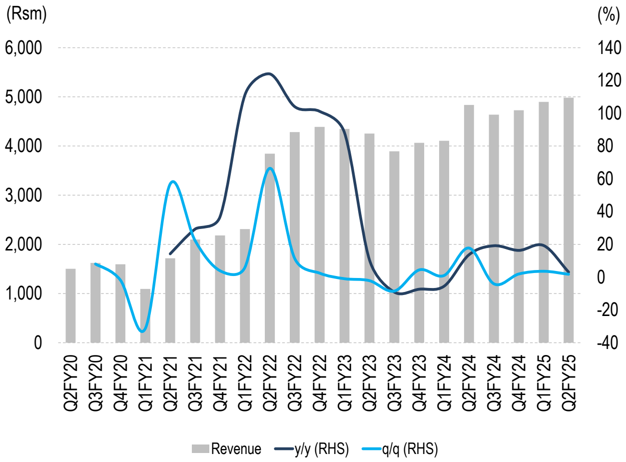
Source: Company

Fig 8 – Quarterly trend

As % sales	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	bps y/y	bps q/q	H1 FY24	H1 FY25	bps y/y
Gross margins	**30.0**	**29.6**	**29.4**	**29.1**	**30.4**	**28.4**	**30.4**	***31.6***	***253***	**126**	**29.3**	**31.0**	***175***
Employee costs	6.2	6.6	6.0	5.7	5.6	5.3	5.8	*6.5*	*84*	70	5.8	6.2	*37*
Other expenses	9.9	9.6	9.5	10.3	11.0	9.7	11.3	*11.9*	*161*	58	9.9	11.6	*169*
EBITDA margins	**13.9**	**13.4**	**14.0**	**13.1**	**13.7**	**13.5**	**13.3**	***13.2***	***8***	**(2)**	**13.5**	**13.2**	***(30)***
Depreciation	4.1	3.9	3.4	3.1	3.3	3.4	3.1	*3.0*	*(8)*	(10)	3.3	3.1	*(18)*
Interest	1.2	1.1	1.5	1.0	0.9	0.5	0.8	*0.7*	*(30)*	(1)	1.3	0.7	*(52)*
Other income	0.3	0.7	0.5	0.3	0.8	0.1	0.2	*0.1*	*(14)*	(5)	0.4	0.2	*(23)*
PBT margins	**8.9**	**9.1**	**9.6**	**9.3**	**10.3**	**9.6**	**9.6**	***9.6***	***33***	**4**	**9.4**	**9.6**	***17***
Effective tax rates	25.9	22.3	26.0	26.5	28.0	25.2	25.8	*26.7*	*24*	88	26.3	26.3	*1*
Adj. PAT margins	**6.6**	**7.1**	**7.1**	**6.8**	**7.4**	**7.2**	**7.1**	***7.0***	***22***	**(5)**	**6.9**	**7.1**	***12***

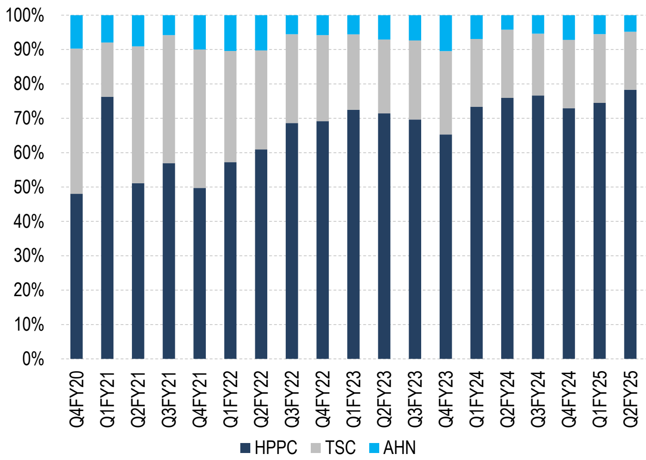
Source: Company

Fig 9 – Revenue growth trend



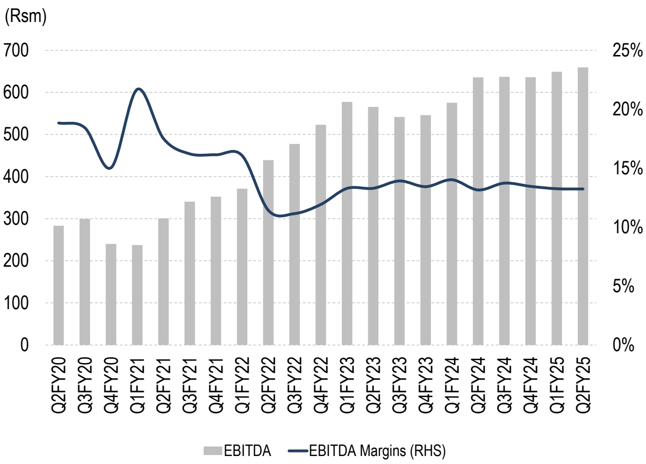
Source: Company

Fig 10 – Segment-wise break-up



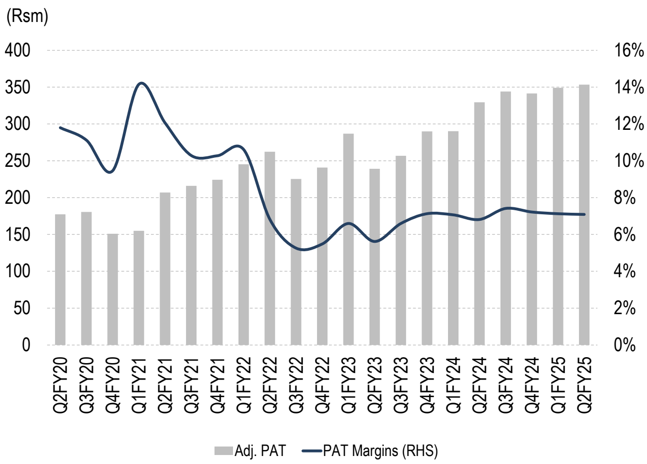
Source: Company

Fig 11 – EBITDA and margin trends



Source: Company

Fig 12 – Profit trend



Source: Company

Fig 13 – Quarterly trend (Rs m)

Particulars	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	H1 FY24	H1 FY25	% Y/Y
HPPC	**2,712**	**2,654**	**3,012**	**3,671**	**3,554**	**3,450**	**3,650**	**3,900**	6,683	7,550	**13.0**
Growth y/y %	*-7.8*	*-12.6*	*-4.8*	*20.8*	*31.0*	*30.0*	*21.2*	*6.2*			
% to sales	*69.6*	*65.3*	*73.4*	*75.9*	*76.6*	*72.9*	*74.5*	*78.3*	74.7	76.4	**167 bps**
Textile chemicals	**895**	**985**	**809**	**959**	**834**	**940**	**980**	**840**	1,768	1,820	**2.9**
Growth y/y %	*-19.1*	*-10.3*	*-15.6*	*4.9*	*-6.8*	*-4.6*	*21.1*	*-12.4*			
% to sales	*23.0*	*24.2*	*19.7*	*19.8*	*18.0*	*19.9*	*20.0*	*16.9*	19.8	18.4	**-135 bps**
AHN	**287**	**425**	**285**	**205**	**250**	**340**	**270**	**240**	490	510	**4.1**
Growth y/y %	*20.6*	*66.7*	*17.2*	*-32.1*	*-12.9*	*-20.0*	*-5.3*	*17.1*			
% to sales	*7.4*	*10.5*	*6.9*	*4.2*	*5.4*	*7.2*	*5.5*	*4.8*	5.4	5.2	**-32 bps**
Total	**3,894**	**4,064**	**4,106**	**4,835**	**4,638**	**4,730**	**4,900**	**4,980**	**8,941**	**9,880**	**10.5**

Source: Company

Performance; Concall highlights

Operating highlights

- Navigated through tough and Dynamic market environment, TSC recovery next CY; AHN stable during the quarter.
- Several regions emerging as key for export growth. Successfully targeted new customers in new and existing regions while increasing wallet share with existing customers
- Global expansion key driver, but well placed to capture domestic growth
- Business mix
    - HPPC 78%
    - TSC 17%
    - AHN 5%.
- Geographic mix
    - Exports ~ 25% of overall sales, rest domestic.
- Exports grew 21% y/y to Rs1.3bn (Rs1.2bn the previous quarter, Rs1.1bn a year ago); domestic flat.
- Part of other expenses rose in Q2 vs Q1 as freight expense increased due to more exports and the company unable to pass them on. Also, some professional expenses that came up in Q2 due to global restructuring plans.
- Export markets. Major traction in home and personal care and cosmetics and key areas (Europe, South America). Exploring Mid-East and Turkey; gaining market and wallet shares with customers.

HPPC

- Domestic business pressured due to softer demand from FMCG, home and personal care and pricing. Domestic volume growth was only 6-7%. Domestic textile volumes were better than last year but pricing pressure hurt performance.
- The company expects the pricing trend to continue in the near term. To maintain the growth momentum, it is focusing more on exports, considering better realisations than in the domestic market, and better business terms.
- Currently, of the total HPPC segment, ~60-70% is contributed by ethylene oxide (EO)-based products. Due to non-availability of EO and capacity constraints of ethylation, the domestic business was weak. With coming capacities ahead, the company expects a better performance.
- Its Institutional Cleaning business has done ~Rs700m-730m in Q2 and Rs1.3bn in H1 FY25. Management maintained its guidance to generate ~Rs2.5bn in FY25. It is adding more customers at airport, railway and nuclear facilities. Further, its re-branded brands, aiding business growth.
- Surfactants – (ethoxylates major part of surfactants); introduced many products

TSC

- Onboarded Mr. Gurudas, as additional director non-executive Independent Director; 40+ years' experience in textiles
- The company's Bangladesh business was hit by recent geo-political issues. It reduced exposure considering payment and collection delays. No major shipments in the last two months. Per teams, the situation is expected to improve in 1-2 months and business growth to recover.
- No loss of market share in domestic textiles. Only pricing pressure hurting the performance while volumes were up 6-7%. Volumes in Bangladesh and Egypt declined ~4-5% due to the geo-political situation.
- Acetic acid and butyl acrylate prices dropped, creating pressure on the pricing front.
- Management remains optimistic about recovery in TSC next CY.
- TSC side. Looking to expand in Bangladesh, assuming recovery toward end-Q3, then Vietnam and Egypt, and looking at North Africa for TSC as its received promising feedback

AHN

- On the seasonality of the business due to festivals, Q2 was subdued for AHN. Further, the company became stricter regarding revenue collection, which impacted the business.
- It focused on feed components last year, but the strategy did not work out as margins were falling. Now, it has changed strategy and is focusing more on animal health and nutrition (special additives), which would drive growth. Further, hiring consultants and launching therapeutics would drive growth
- Besides, the company is setting up a pre-mix plant, which would support growth.
- It expects growth to be strong in H2 FY25 compared to H1.
- It is focusing more on exports and new markets (Turkey, Philippines, Bangladesh, Sri Lanka, Nepal, Egypt).

Capex

- Adding capex of Rs182m on account of design modifications, which were necessary to meet revised project specifications and structural integrity at the Unitop plant.
- Capex is progressing at the Unitop and Dahej plants. The company has already spent Rs600m-650m and will invest the same amount in the coming six months. The project would be commissioned in phases over the next three quarters.
- The company expects 3x-4x asset turnover.

Outlook

- The company guided to ~13-14% revenue growth in FY25.
- The EBITDA margin remains at ~13.5%. The company expects the margin to improve in future with more export revenue, capacity expansion and operating leverage.
- Exports to outpace domestic growth.

Valuation

Fig 14 – Change in estimates

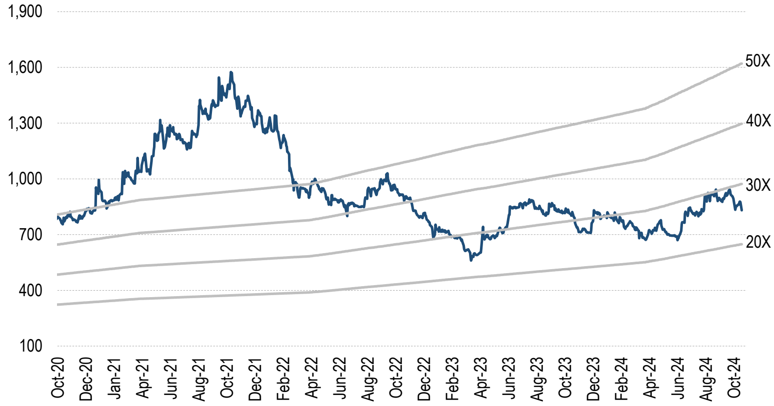
	Old		New		% change	
(Rs m)	FY25e	FY26e	FY25e	FY25e	FY25e	FY26e
Revenue	21,042	25,192	20,796	24,716	*(1.2)*	*(1.9)*
EBITDA	2,904	3,577	2,807	3,510	*(3.3)*	*(1.9)*
PAT	1,610	2,018	1,528	2,001	*(5.1)*	*(0.9)*

Source: Anand Rathi Research

With its diversified product range and a strong balance sheet, we believe Rossari Biotech is well positioned to capitalise on emerging opportunities and drive healthy growth in coming years. We expect the performance to improve, driven by recovery in TSC and AHN, coupled with steady growth and market-share gains in HPPC exports.

The company is likely to deliver 18%/22%/25% revenue/EBITDA/PAT CAGRs over FY25-27, due to swelling demand, capacity expansion and mounting exports. Considering the improvement and retaining of guidance, we retain our Buy rating, with a higher TP of Rs1, 085, at 25x FY27e EPS.

Fig 15 – One-year-forward P/E band



Source: Anand Rathi Research

Risks

- Delay in Textile Specialty Chemical recovery
- Inability to scale up AHN
- Unexpected demand slowdown in HPPC.

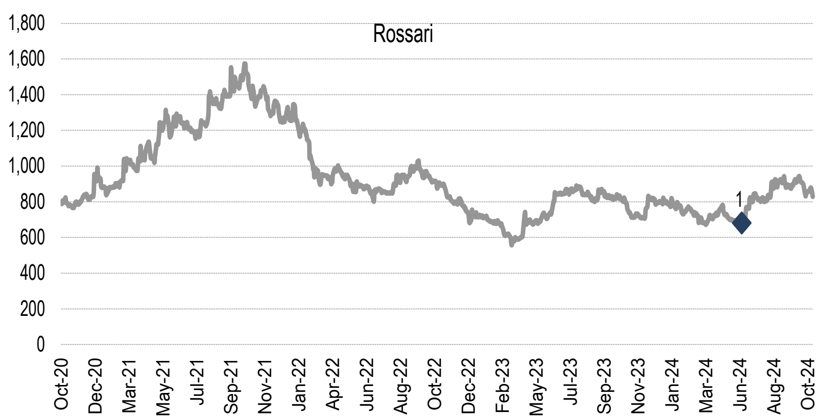
Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Important Disclosures on subject companies

Rating and Target Price History (as of 21 October 2024)



	Date	Rating	TP (Rs)	Share Price (Rs)
1	13-Jun-24	Buy	950	756

Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL), Metropolitan Stock Exchange of India Ltd. (MSE), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report 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. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative 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 twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

Other Disclosures pertaining to distribution of research in the United States of America

Research report is a product of Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) under Marco Polo Securities 15a6 chaperone service 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.

Research reports are intended for distribution by 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, ARSSBL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.

2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.

3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.

4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.

5. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Additional information on recommended securities/instruments is available on request.

Compliance officer-Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000

Grievance officer-Madhu Jain-email id- grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.