

16 August 2024

## Finolex Cables

*Slow start to FY25; retaining a Buy*

The drop in copper prices from end-May, scorching heat and the general elections affected Finolex Cables' Q1. The company sees OFC as a huge opportunity, thanks to BharatNet, and continues to invest in it, where the pick-up in floating tenders would add to volumes and drive growth in communication cables. Capex for OFC and auto wires would help to capitalise on rising demand from construction, autos and industrials. Besides, the healthy balance sheet and strong cashflows are positives. We maintain our Buy recommendation with a lower 12-mth TP of Rs1,872.

**Tepid Q1; PAT fell.** Q1 consolidated revenue rose 2.2% y/y to Rs12.3bn. Electric cables revenue grew a meagre 2% y/y, and copper rods 5% y/y. In Q1, peers Polycab/KEI/Havells saw 12/16/2% y/y growth in cables and wires. Communication cable revenue dipped 13% y/y to Rs1.2bn. The EBITDA margin shrank 186bps y/y, aided by a 179bp contraction in the gross margin and the company cutting prices in Jun. PAT declined 29.4% y/y to Rs882m, on the lower EBITDA and higher tax rate (45.6%; 28.4% a year ago); other income rose 19.4% y/y.

**Prices fell ~10% in Q1.** In Q1, copper prices were volatile, falling substantially from end-May (\$10,857 to \$8,800), which resulted in a 10% price drop in June.

**Outlook, estimate revision.** We model 14%/20% revenue/net income CAGRs over FY24-26, which could result in the return ratio expanding. At the CMP, the stock trades at 30x/25x the FY25e/26e EPS of Rs50/60. We retain a Buy, with a 12-mth TP of Rs1,872 (Rs1,950 earlier) on a sum-of-parts approach. We assign 35x PE to the company's core business. **Risks:** Fluctuation in RM prices could dent margins, sharp compression in Finolex Industries' profitability could squeeze the company's net income. Timely commissioning of capex and backward integration are critical to margin expansion in FY25/26.

Key financials (YE Mar)	FY22	FY23	FY24	FY25e	FY26e
Sales (Rs m)	37,681	44,811	50,144	56,521	65,289
PAT (Rs m)	2,721	4,343	5,056	5,855	7,222
Net income (Rs m)	5,991	5,043	6,517	7,655	9,222
EPS (Rs)	39.2	33.0	42.6	50.1	60.3
P/E (x)	9.3	44.9	34.7	29.5	24.5
EV / EBITDA (x)	10.9	41.6	34.6	30.5	24.0
P/BV (x)	1.4	5.2	4.6	4.1	3.6
RoE (%)	15.3	11.5	13.2	13.7	14.5
RoCE (%) (post-tax)	5.5	7.5	7.3	7.7	8.5
Dividend yield (%)	0.4	0.5	0.5	0.6	0.7

Source: Company, Anand Rathi Research

Rating: **Buy**

Target Price: Rs.1,872

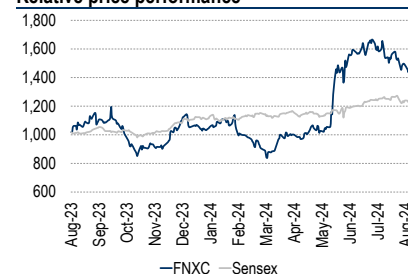
Share Price: Rs.1,479

Key data	FNXC IN / FNXC.BO
52-week high / low	Rs.1,700 / 831
Sensex / Nifty	79,106 / 24,144
3-m average volume	\$9.5m
Market cap	Rs.226bn / \$2,692.3m
Shares outstanding	153m

Shareholding pattern (%)	Jun'24	Mar'24	Dec'23
Promoters	35.9	35.9	35.9
- of which, Pledged			
Free Float	64.1	64.1	64.1
- Foreign Institutions	11.7	11.6	11.1
- Domestic Institutions	16.8	15.9	15.9
- Public	35.7	36.6	37.1

Estimates revision (%)	FY25e	FY26e
Sales	(2.2)	(2.2)
EBITDA	(5.5)	(2.3)
Net Income	(4.7)	(3.1)

### Relative price performance



Source: Bloomberg

**Manish Valecha**  
Research Analyst

**Surbhi Lodha**  
Research Analyst

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities-research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

## Quick Glance – Financials and Valuations

**Fig 1 – Income statement (Rs m)**

Year-end: Mar	FY22	FY23	FY24	FY25e	FY26e
Net revenues	37,681	44,811	50,144	56,521	65,289
Growth (%)	36.1	18.9	11.9	12.7	15.5
Direct costs	29,663	35,445	39,483	44,369	51,252
SG&A	3,734	4,273	4,779	5,501	5,739
<b>EBITDA</b>	<b>4,285</b>	<b>5,094</b>	<b>5,882</b>	<b>6,651</b>	<b>8,298</b>
EBITDA margins (%)	11.4	11.4	11.7	11.8	12.7
- Depreciation	389	464	439	569	660
Other income	714	1,177	1,753	1,809	2,089
Interest expenses	15	12	20	20	20
PBT	4,596	5,795	7,177	7,870	9,707
Effective tax rates (%)	40.8	25.1	29.6	25.6	25.6
+ Associates / (Minorities)	3,271	700	1,461	1,800	2,000
Net income	2,721	4,343	5,056	5,855	7,222
Adj. income	5,991	5,043	6,517	7,655	9,222
WANS	153	153	153	153	153
FDEPS (Rs)	39.2	33.0	42.6	50.1	60.3
FDEPS growth (%)	29.8	-15.8	29.2	17.5	20.5
Gross margins (%)	21.3	20.9	21.3	21.5	21.5

**Fig 3 – Cashflow statement (Rs m)**

Year-end: Mar	FY22	FY23	FY24	FY25e	FY26e
PBT	7,866	6,495	8,638	9,670	11,707
+ Non-cash items	-40	-584	-1,209	-1,219	-1,409
Share of associates	-3,271	-700	-1,461	-1,800	-2,000
Oper. prof. before WC	4,555	5,211	5,968	6,651	8,298
- Incr. / (decr.) in WC	1,495	-331	1,402	-2,852	-4,129
Others incl. taxes	-1,320	-1,318	-1,601	-2,015	-2,485
Operating cash-flow	4,731	3,563	5,769	1,784	1,684
- Capex (tang. + intang.)	-671	-310	-2,185	-3,328	-835
Free cash-flow	4,060	3,253	3,584	-1,544	849
- Div. (incl. buyback & taxes)	-838	-915	-1,070	-1,376	-1,529
+ Equity raised	-	-	-	-1	-
+ Debt raised	-1,832	-5,063	-6,965	-218	-1,101
- Fin investments	-25	-51	-53	1,800	2,000
- Misc. (CFI + CFF)	78	350	257	449	2,288
Net cash-flow	7,866	6,495	8,638	9,670	11,707

Source: Company, Anand Rathi Research

**Fig 5 – Price movement**


Source: Bloomberg

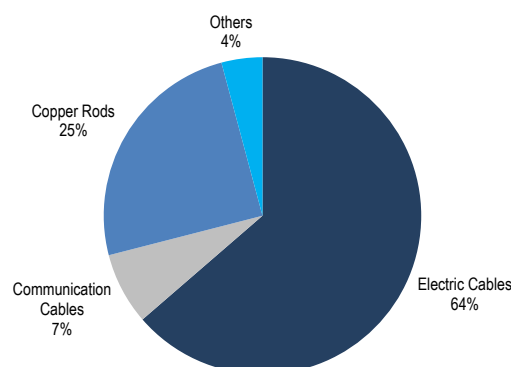
**Fig 2 – Balance sheet (Rs m)**

Year-end: Mar	FY22	FY23	FY24	FY25e	FY26e
Share capital	306	306	306	306	306
Net worth	39,221	43,704	49,459	55,737	63,430
Debt	3	3	9	8	8
Minority interest	-	-	-	-	-
DTL / (Assets)	2,426	2,487	3,095	3,095	3,095
<b>Capital employed</b>	<b>41,650</b>	<b>46,194</b>	<b>52,563</b>	<b>58,841</b>	<b>66,534</b>
Net tangible assets	3,799	4,335	4,433	7,867	8,242
Net intangible assets	3	14	12	12	12
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	868	210	1,675	1,000	800
Investments (strategic)	11,870	12,642	14,041	14,041	14,041
Investments (financial)	8,273	13,458	21,796	22,014	23,115
Current assets (excl. cash)	31,427	30,846	27,283	31,037	35,814
Cash	379	734	980	1,429	3,717
Current liabilities	3,099	3,403	3,617	4,518	5,167
Working capital	28,328	27,443	23,667	26,519	30,648
<b>Capital deployed</b>	<b>41,650</b>	<b>46,194</b>	<b>52,563</b>	<b>58,841</b>	<b>66,534</b>
Contingent liabilities	2,395	2,472	-	-	-

**Fig 4 – Ratio analysis**

Year-end: Mar	FY22	FY23	FY24	FY25e	FY26e
P/E (x)	9.3	44.9	34.7	29.5	24.5
EV / EBITDA (x)	10.9	41.6	34.6	30.5	24.0
EV / Sales (x)	1.2	4.7	4.1	3.6	3.1
P/B (x)	1.4	5.2	4.6	4.1	3.6
RoE (%)	15.3	11.5	13.2	13.7	14.5
RoCE (%) (post-tax)	5.5	7.5	7.3	7.7	8.5
RoIC (%) (post-tax)	10.2	15.1	15.8	16.6	19.1
DPS (Rs)	6.0	7.0	8.0	9.0	10.0
Dividend yield (%)	0.4	0.5	0.5	0.6	0.7
Dividend payout (%) - incl. DDT	15.3	21.2	18.8	18.0	16.6
Net debt / equity (x)	-0.2	-0.3	-0.5	-0.4	-0.4
Receivables (days)	17	18	13	15	15
Inventory (days)	63	55	42	45	45
Payables (days)	18	17	17	18	18
CFO : PAT %	79.0	70.7	88.5	23.3	18.3

Source: Company, Anand Rathi Research

**Fig 6 – Revenue break-up, Q1 FY25**


Source: Company

Fig 7 –Financial Summary

(Rs m)	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	% Y/Y	% Q/Q
<b>Income</b>	<b>9,730</b>	<b>11,869</b>	<b>10,157</b>	<b>10,908</b>	<b>11,503</b>	<b>12,243</b>	<b>12,043</b>	<b>11,874</b>	<b>12,217</b>	<b>14,010</b>	<b>12,305</b>	<b>2.2</b>	<b>(12)</b>
Raw material costs	7,636	9,607	8,023	8,861	8,927	9,634	9,500	9,230	9,658	11,096	9,927	4.5	(11)
Employee costs	400	332	408	405	421	393	427	426	451	469	457	7.1	(3)
Other expenses	509	729	535	656	696	759	651	758	771	826	653	0.3	(21)
<b>EBITDA</b>	<b>1,185</b>	<b>1,201</b>	<b>1,191</b>	<b>986</b>	<b>1,459</b>	<b>1,457</b>	<b>1,465</b>	<b>1,461</b>	<b>1,337</b>	<b>1,619</b>	<b>1,268</b>	<b>(13.4)</b>	<b>(22)</b>
Depreciation	101	90	94	107	112	151	105	108	109	117	107	2.0	(8)
Finance costs	1	11	1	1	1	9	3	4	4	9	4	37.9	(55)
Other income	186	200	172	258	330	418	388	418	450	497	463	19.4	(7)
Exceptional items	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>PBT</b>	<b>1,270</b>	<b>1,299</b>	<b>1,268</b>	<b>1,136</b>	<b>1,675</b>	<b>1,715</b>	<b>1,745</b>	<b>1,767</b>	<b>1,675</b>	<b>1,991</b>	<b>1,620</b>	<b>(7.2)</b>	<b>(19)</b>
Tax	364	623	339	240	346	528	496	523	468	635	738	48.9	16
<b>PAT</b>	<b>906</b>	<b>676</b>	<b>929</b>	<b>896</b>	<b>1,330</b>	<b>1,188</b>	<b>1,249</b>	<b>1,244</b>	<b>1,207</b>	<b>1,356</b>	<b>882</b>	<b>(29.4)</b>	<b>(35)</b>
<b>Share in JV</b>	<b>524</b>	<b>1,569</b>	<b>267</b>	<b>(342)</b>	<b>213</b>	<b>562</b>	<b>355</b>	<b>298</b>	<b>303</b>	<b>505</b>	<b>1,557</b>	<b>338.7</b>	<b>208</b>
<b>Net income</b>	<b>1,430</b>	<b>2,245</b>	<b>1,196</b>	<b>554</b>	<b>1,543</b>	<b>1,750</b>	<b>1,604</b>	<b>1,542</b>	<b>1,510</b>	<b>1,861</b>	<b>2,439</b>	<b>52.0</b>	<b>31</b>
EPS (Rs)	9.3	14.7	7.8	3.6	10.1	11.4	10.5	10.1	9.9	12.2	15.9	52.0	31
<b>As % of Income</b>												<b>bps y/y</b>	<b>bps q/q</b>
<b>Gross margins</b>	<b>21.5</b>	<b>19.1</b>	<b>21.0</b>	<b>18.8</b>	<b>22.4</b>	<b>21.3</b>	<b>21.1</b>	<b>22.3</b>	<b>20.9</b>	<b>20.8</b>	<b>19.3</b>	<b>(179)</b>	<b>(148)</b>
Employee costs	4.1	2.8	4.0	3.7	3.7	3.2	3.5	3.6	3.7	3.4	3.7	17	36
Other expenses	5.2	6.1	5.3	6.0	6.1	6.2	5.4	6.4	6.3	5.9	5.3	(10)	(59)
<b>EBITDA margins</b>	<b>12.2</b>	<b>10.1</b>	<b>11.7</b>	<b>9.0</b>	<b>12.7</b>	<b>11.9</b>	<b>12.2</b>	<b>12.3</b>	<b>10.9</b>	<b>11.6</b>	<b>10.3</b>	<b>(186)</b>	<b>(125)</b>
Depreciation	1.0	0.8	0.9	1.0	1.0	1.2	0.9	0.9	0.9	0.8	0.9	(0)	4
Finance costs	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	1	(3)
Other income	1.9	1.7	1.7	2.4	2.9	3.4	3.2	3.5	3.7	3.5	3.8	54	22
<b>PBT margins</b>	<b>13.0</b>	<b>10.9</b>	<b>12.5</b>	<b>10.4</b>	<b>14.6</b>	<b>14.0</b>	<b>14.5</b>	<b>14.9</b>	<b>13.7</b>	<b>14.2</b>	<b>13.2</b>	<b>(132)</b>	<b>(104)</b>
Effective tax rates	28.6	48.0	26.7	21.1	20.6	30.8	28.4	29.6	27.9	31.9	45.6	1,715	1,368
<b>PAT margins</b>	<b>9.3</b>	<b>5.7</b>	<b>9.2</b>	<b>8.2</b>	<b>11.6</b>	<b>9.7</b>	<b>10.4</b>	<b>10.5</b>	<b>9.9</b>	<b>9.7</b>	<b>7.2</b>	<b>(321)</b>	<b>(251)</b>
<b>Segment revenues (Rs m)</b>												<b>% Y/Y</b>	<b>% Q/Q</b>
Electric cables	8,264	10,255	8,265	8,784	9,468	10,318	10,115	9,885	10,209	12,007	10,318	2.0	(14)
Communication cables	920	1,033	1,336	1,586	1,469	1,400	1,365	1,365	1,303	1,280	1,192	(12.7)	(7)
Copper rods	1,827	3,021	2,993	2,616	3,207	3,862	3,831	4,473	4,334	4,805	4,028	5.1	(16)
Others	496	517	503	483	515	453	465	549	599	639	676	45.4	6
Less: Inter-segmental	1,777	2,958	2,939	2,561	3,157	3,789	3,733	4,397	4,228	4,721	3,907	4.7	(17)
<b>Mix (%)</b>													
Electric cables	71.82	69.17	63.11	65.22	64.59	64.36	64.12	60.75	62.08	64.10	63.64		
Communication cables	8.00	6.97	10.20	11.78	10.02	8.73	8.65	8.39	7.92	6.83	7.35		
Copper rods	15.87	20.38	22.85	19.42	21.88	24.09	24.28	27.49	26.35	25.65	24.84		
Others	4.31	3.49	3.84	3.58	3.51	2.83	2.95	3.37	3.64	3.41	4.17		
<b>Segment EBIT (%)</b>												<b>bps y/y</b>	<b>bps q/q</b>
Electric cables	13.4	11.6	12.8	10.0	13.9	12.8	13.1	14.2	11.7	12.1	11.2	(190)	(85)
Communication cables	(2.6)	(8.2)	2.5	1.9	2.4	2.3	2.0	2.0	2.1	2.4	2.5	48	5
Copper rods	0.4	0.3	0.5	0.2	0.1	0.1	0.2	0.2	0.2	0.3	0.3	11	(1)
Others	0.3	(1.6)	1.5	1.0	1.0	0.9	1.5	1.6	1.2	1.3	1.2	(36)	(10)

Source: Company

## Q1 FY25 call highlights

- The drop in copper prices from end-May, scorching heat and the general elections dented Q1. Revenue grew 2.2% y/y in value. Volume-wise, electrical wires were flat and power cables rose 20% y/y.
- Within communication cables, metal-based volumes fell 8%; optic fibre cable volumes grew 10% y/y. New product categories saw substantial volume growth, contributing to overall turnover.
- The company is optimistic about OFC being a huge opportunity, thanks to BharatNet, and continues to invest in it. This tender will involve a potential of 15m-20m fibre-km. Management expects bids to open in 1.5 months. Meanwhile, the company is building capacity, which would give it better control over pricing and flexibility when it bids for large tenders. The OFC business would grow with greater demand from the ongoing digitisation drive and 5G rollout.
- **Prices fell ~10% in Q1.** In Q1, commodity prices were volatile, dropping substantially from end-May (\$10,857 to \$8,800), which resulted in the company cutting prices 10% in Jun.
- Price drops dented Q1, resulting in electrical wire margins down 190bps to ~11%. The company expects demand to return, with commodity prices settling and no more volatility; it therefore sees margins coming back on track. It expects a 13-13.5% EBITDA margin to be sustainable over two years, assuming stable copper prices.
- **Rs5bn FMEG revenue targeted in 2-3 years.** Q1 saw strong sales growth, led by network expansion and focus on distribution sales. The company expects to break even this year at Rs2.5bn. It has electrical switches, LED lamps, fans, low-voltage MCBs, water heaters and PVC conduit pipes. In Q1, fans and small domestic appliances did better thanks to a favourable season. Strong volume growth in lighting was offset by price erosions.
- At end-Q1, capacity utilisation was 60% in wires and ~70% in OFC.
- **Capex on track** Mounting demand propelled the company to plan Rs5bn capex over two years. Of this, Rs1.6bn was spent in FY24; the rest would be spent in two years, the bulk in FY25.
- Both e-beam equipment has been installed and commissioned and await final regulatory certifications. The product would then be available in the market within this quarter. The e-beam plant would enhance the company's ability to produce EV cables.
- Communication cable capacity is 8m fibre-km/yr, to be expanded to 10m. Drawing fibres for tower expansions would be expanded from 4m to 8m fibre-km/yr. With rising potential on the 5G rollout, the company is investing in setting up a plant for pre-forms to draw fibre and increase fibre-cable capacity in Pune.  
This is part of backward integration, 4m fibre-km/yr in phase I and 4m in phase II. Phase I of the pre-form plant (a vital component to produce optic fibres) is expected to be operational by Jan'26 and the main machine would be installed in Oct/Nov. Besides, the company is adding a compounding plant in Goa, to be operational by May-Jun next year.
- It is also expanding capacity for auto cables at Roorkee, expected to be operational by mid-Oct-Nov.

## Outlook and Valuations

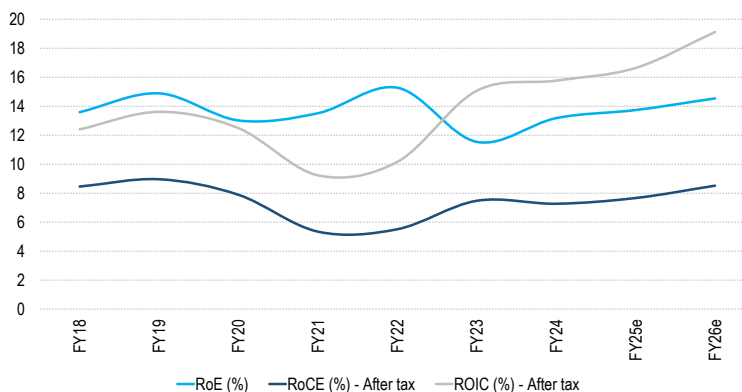
**Outlook, estimate revision.** We are optimistic regarding Finolex Cables, thanks to strong demand for cables and wires and a volume boost from tenders floated by BharatNet and the 5G rollout. Also, expanding capacities in each business vertical and backward integration could lead to higher margins. We have factored in the Q1 figures and tweaked our estimates. FY25e/26e revenue/EBITDA/PAT are 2%/5%/5%, down 2%/2%/3%. We model 14%/20% revenue/net income CAGRs over FY24-26, which could result in return ratios expanding.

**Fig 8 – Estimate revision**

(Rs m)	New		Old		Variance (%)	
	FY25e	FY26e	FY25e	FY26e	FY25	FY26
Revenue	56,521	65,289	57,794	66,766	(2.2)	(2.2)
Y/Y (%)	13	16	15	16		
EBITDA	6,651	8,298	7,036	8,493	(5.5)	(2.3)
EBITDA (%)	11.8	12.7	12.2	12.7		
PBT	7,870	9,707	8,256	10,013	(4.7)	(3.1)
PAT	5,855	7,222	6,143	7,450	(4.7)	(3.1)
Net income	7,655	9,222	8,043	9,550	(4.8)	(3.4)

Source: Company

**Fig 9 – Finolex's return ratio to expand in FY25 and FY26**



Source: Company, Anand Rathi Research

**Valuation and rating.** At the CMP, the stock trades at 30x/25x the FY25e/26e EPS of Rs50/60. We maintain a Buy, with a lower 12-mth TP of Rs1,872 (earlier Rs1,950), based on a sum-of-parts approach. To the company's core business we assign a PE of 35x.

**Fig 10 – Sum-of-parts valuation**

(Rs m)	FY26e
Core business	7,222
PE (x) assigned	35
Value of core business	252,769
Finolex Industries' M.cap	172,275
Holding discount (%)	40
Value, post-discount	103,365
Value of 32.39% stake	33,480
Total value	286,249
Finolex Cables' M.cap	226,213
Difference (%)	27
No. of shares (m)	153
<b>Derived value</b>	<b>1,872</b>
CMP (Rs)	1,479
Upside (%)	27

Source: Company, Anand Rathi Research

### Key risks

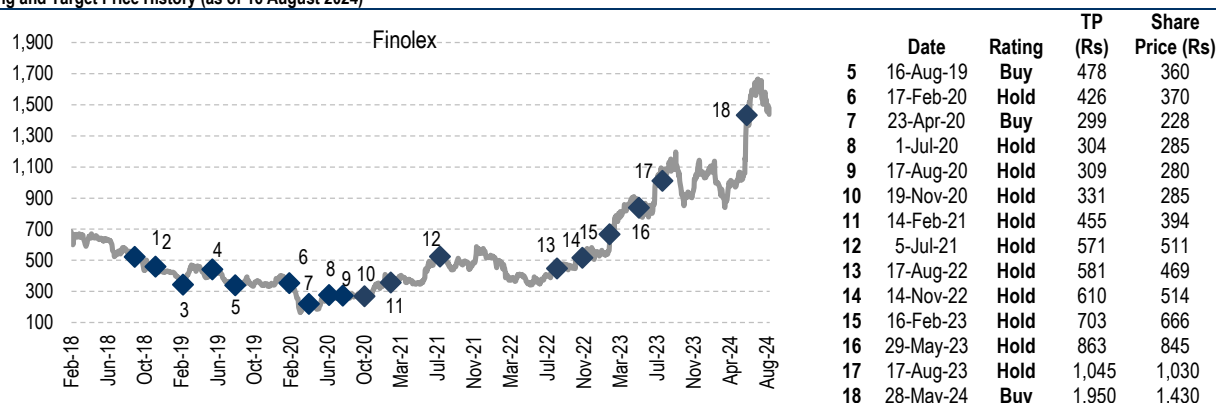
- Timely commissioning of capex and backward integration are critical to margin expansion in FY25/26. Major delays could pose a risk to our FY25e/26e.
- Any fluctuation in RM prices may impact the company's ability to supply products at competitive rates, which may hurt market share and margins.
- A sharp compression in Finolex Industries' profitability could lower Finolex Cables' net income. This is an important risk factor.

## 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 16 August 2024)



### 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](http://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.

© 2024. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

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](mailto:deepakkedia@rathi.com), Contact no. +91 22 6281 7000

Grievance officer-Madhu Jain-email id- [grievance@rathi.com](mailto: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.