19 October 2020

Sumitomo Chemical India
Transcending boundaries

Manish Mahawar
+91 22 4031 3433
manish.mahawar@antiquelimited.com

Himanshu Binani
+91 22 4031 3417
himanshu.binani@antiquelimited.com

Amit Zade
+91 22 4031 3395
amit.zade@antiquelimited.com

Current Reco	:	BUY
CMP	:	INR278
Target Price	:	INR320
Potential Return	:	15%

Manish Mahawar
+91 22 4031 3433
manish.mahawar@antiquelimited.com

Himanshu Binani
+91 22 4031 3417
himanshu.binani@antiquelimited.com

Amit Zade
+91 22 4031 3395
amit.zade@antiquelimited.com

Market data

Sensex	:	39,983
Sector	:	Agrochemicals
Market Cap (INRbn)	:	138.6
Market Cap (USDbn)	:	1.890
O/S Shares (m)	:	499.1
52-wk HI/LO (INR)	:	317/151
Avg Daily Vol ('000)	:	427
Bloomberg	:	SUMICHEM IN

Source: Bloomberg

Valuation

	FY21e	FY22e	FY23e
EPS (INR)	6.2	7.4	9.1
P/E	45.1	37.7	30.4
P/BV	9.4	7.8	6.5
EV/EBITDA	30.3	25.7	21.4
Dividend Yield (%)	0.3	0.4	0.5

Source: Bloomberg

Returns (%)

	1m	3m	6m	12m
Absolute	(3)	5	31	-
Relative	(5)	(4)	1	-

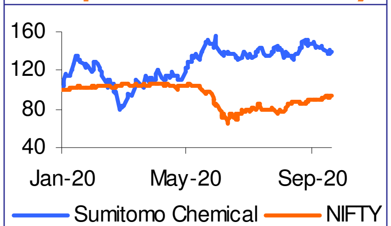
Source: Bloomberg

Shareholding pattern

Promoters	:	75%
Public	:	25%
Others	:	0%

Source: Bloomberg

Price performance *vs* Nifty



Source: Bloomberg Indexed to 100

INITIATING COVERAGE

Sumitomo Chemical India

Transcending boundaries

Sumitomo Chemical India (SCIL) is a part of the century old Sumitomo Chemicals Corporation (SCC), Japan. SCC is among the top 7 global innovator in agrochemical space. Post acquisition of Excel Cropcare (ECC), SCIL being one of the leading agrochemicals players in India with a dominant market share of ~11%. We believe, SCIL is likely to take a big leap on the back of (a) comprehensive distribution network; (b) branded portfolio; (c) rising share of exports to the overall revenues; (d) innovative product launches and (e) parent's (SCC's) R&D capabilities. These attributes equip it to post revenue/ EBITDA/PAT CAGR of 12%/23%/25% over FY20-23E (FY18-20 CAGR of 13%/ 24%/27%), respectively. Further, the company has healthy RoE/Pre-tax ROCE of 24%/26% and net cash balance sheet in FY20. We initiate coverage on SCIL with a 'BUY' rating and Target Price of INR320 based on 35xFY23E EPS.

Strong parental advantage to propel growth

Strong parental support from more than a 100 year old company SCC gives SCIL unique advantages like 1) world class access to portfolios across geographies; 2) technical expertise, R&D focus for developing proprietary products and technologies; and 3) financial strength and larger market reach. SCC will continue to support SCIL to achieve market leadership position in the domestic market.

Focus on R&D and Process Innovation

SCIL has a healthy product pipeline of 9 new combination molecules of which 5 products are in the insecticides category, 2 products each in the fungicides and PGR categories respectively. Further the Company has 2 technical products in pipeline (1 product each in insecticide and herbicide category) for manufacturing in India. SCIL has 3 fully equipped, DSIR approved R&D labs located at Mumbai, Bhavnagar and Gajod capable of synthesis, technical product and formulation development. While, the R&D Team comprises of 75+ qualified and dedicated engineers & scientists with more than 15 years of experience. The company has 25+ patents granted across various geographies; 9 applications filed. SCIL intends to launch 1 proprietary product from the parent company every year in addition to its own developed combination products/pre-mixtures.

Multiple synergy benefits from SCIL's merger with ECC

With the merger of ECC, SCIL has become the 3rd largest player in India, with domestic market share ~11% in FY20. We believe, the merger with ECC is likely to reap benefits in the medium term on the back of integrated synergies coming in from (a) integrated production facilities both in formulations and technicals; (b) enhanced distribution reach of more than 13,000 distributors and 40,000 dealers covering 23 states; connecting to more than 1 mn farmers through 100+ brands in the crop protection segment (c) enhanced focus on the specialty/branded molecules; (d) Healthy product pipeline of specialty molecules. Additionally, SCIL intends to invest 15% of its consolidated EDITDA every year for upgradation and capacity expansion to cater to the strong domestic/exports demand. We have assumed domestic revenue CARG of 11% over FY20-23E (FY18-20 CAGR 7%).

SCIL will be hub for generic export for SCC globally

SCIL is the only technical and generic grade manufacturing site for SCC outside Japan. Further, SCIL will support to gain growing opportunity in generic markets globally. SCIL intends to enhance exports to regions like Africa and Europe by leveraging SCC's global supply chain and marketing network. We expect the export revenue to grow at a CAGR of 15% over FY20-23E (FY18-20 CAGR 10%) on the back of SCC's intent to maximize synergies from the integration of recently acquired Nufarm's distribution business in LATAM and SCIL's export business. **SCC has indicated a revenue target of USD 500mn for SCIL by 2025.**

Outlook and valuation

Given strong demand drivers with a well-managed MNC business with 75% holding (80% earlier), we believe SCIL is likely to post healthy revenue/ EBITDA/PAT CAGR of 12%/23%/ 25% over FY20-23E. We believe the company will continue to trade at a premium versus domestic peers considering (a) strong agrochemicals product pipeline; (b) financial strength; (c) R&D expertise of the parent; and (d) better earnings visibility. Initiate with 'BUY'.

Investment Arguments

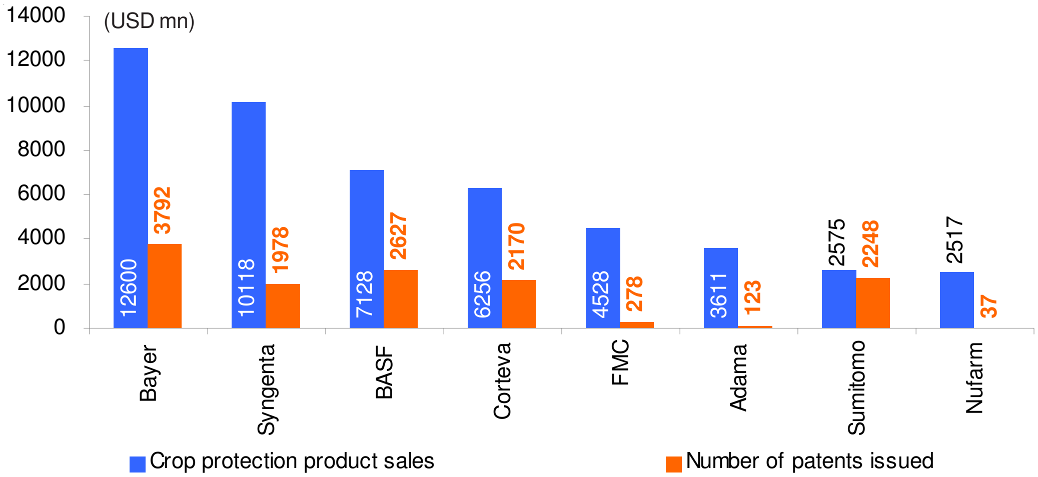
Strong parental advantage to propel growth

Strong parental support from more than a century old company SCC gives SCIL unique advantages like 1) World class access to portfolios across geographies; 2) Technical expertise, R&D focus for developing proprietary products and technologies; 3) Financial strength and larger market reach; and 4) strong product pipeline and portfolio with increasing presence into the specialty molecules. SCC holds 12600+ patents of which 34% are in the health & crop science. Moreover, SCC has strong pipeline of agro solutions and environmental health products with significant business potential of USD1.4-1.8bn. SCC will continue to support SCIL to achieve market leadership position in the market.

SCC investing in innovation

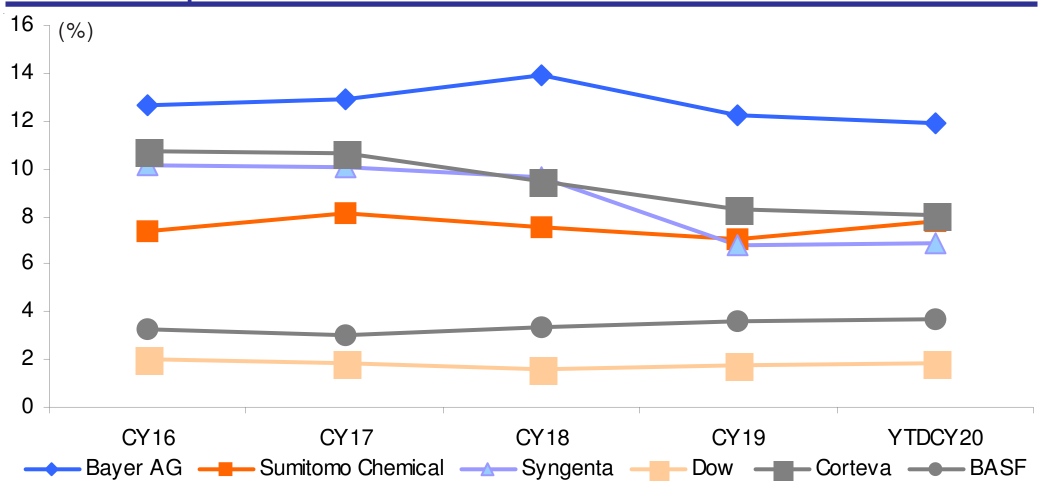
SCC has, over the past few years, invested significantly in Research and Development (R&D). According to the Company, SCC is one of the top investor in the R&D space (spending ~8-9% of the total revenue in R&D). It has 12,600 patents, of which 34% are in the Health and Crop Science segment. Some of these products are now being launched globally in a phased manner. While, the R&D team in India is focussed in launching products in the domestic market and also developing the production and process for getting the contract manufacturing from the parent - on the skill and cost efficiency.

Exhibit 1: R&D Spend by Innovators



Source: Company, Antique

Exhibit 2: R&D spend as a % of sales



Source: Bloomberg; Antique

Well diversified product portfolio

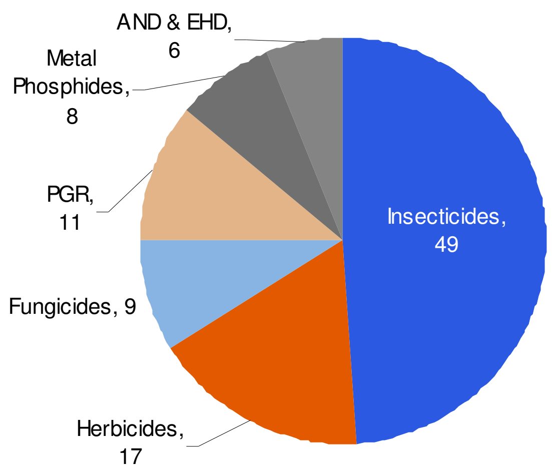
We understand that the Top 10 molecules contribute less than 50% of the total revenues. While no molecule /product contributes more than 15% of the total revenues. Based on our channel checks, the top selling products of the company includes molecules like Glyphosate forming 13-14% of the overall revenues, while other top selling molecules includes Chlorpyrifos and Tebuconazole which contributes to ~12-13% of the total revenues of which ~45% of the revenues are exports. While the company has diversified portfolio across key crops with concentrated efforts now on fruits & vegetables, paddy and other high growth segments.

Exhibit 3: Key products of SCIL

Key technicals	Brand name	Category	Use
Glyphosate	Glycel/Sumi Nara	Herbicides	Tea gardens; multiple crops
Profenophos	Celcron/Etna	Insecticides	Cotton, Soybean
Clothianidin	Dantotsu/Dantop	Insecticides	Vegetables
Tebuconazole	Seedex/Caviet	Fungicides	Wheat, soybeans, chillies
Gibberellic Acid	Progibb	PGR	Citrus fruits
Aluminium Phosphide	Celphos	Fumigant	Warehousing of food grains
Chlorpyriphos	Tricel/Tricel Power	Insecticides	Paddy beans, gram
DL-Methionine	Sumimet	Animal Nutrition	Poultry

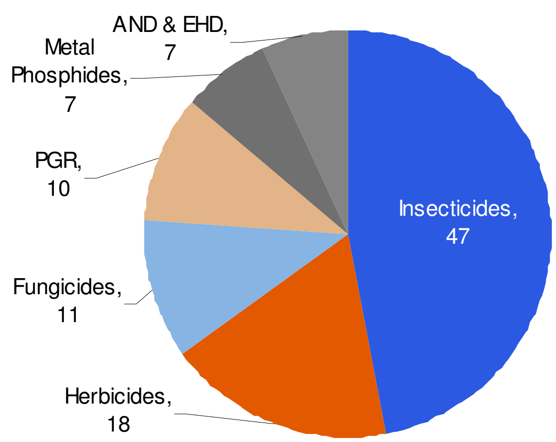
Source: Company, Antique

Exhibit 4: Category-wise revenue breakup (%)- FY19



Source: Company, Antique

Exhibit 5: Category-wise revenue breakup (%)- FY20



Source: Company, Antique

Strategically located manufacturing facilities

SCIL has 5 manufacturing plants based across Gujarat/ Maharashtra with around 4 branches and 68 depots across Pan India. It provides connectivity to major cities and proximity to main highways, ports reduces logistic time and costs.

Exhibit 6: Strategically Located Manufacturing Facilities

Plant Location	Area (acres)	Segment served	Product Manufactured
Bhavnagar	~58	Manufacturing of technical grade pesticides and formulation	**Technical grade Products:** Chlorpyriphos, Profenophos, Glyphosate, Tebuconazole tech, Quinalphos, Imidachlorpid, Acetamiprid, Bysparibac sodium, Aluminium Phosphide, Zince Phosphide, Sulphur WDG, Fenpropathrin
Gajod	~120	Production and manufacturing of Metal Phosphides, sulphur WDG, and other WDG formulations	
Tarapur	~5	Production and manufacturing of Active ingredients	
Vapi	~6	Formulations and packaging	Formulation of above TG products and several other specility and generic products.
Silvassa	~3	Formulation of Glyphosate and other specility products	

Source: Company, Antique

Increasing focus on specialty product portfolio

As of FY20, specialty products formed 29% of total revenue while generics / premium generics formed 73%. The company has a portfolio of around 70-80 products, of which 15-20 are in specialty grade. SCIL is therefore, in a position to offer a wide range of products - from innovator/ special products (from SCC) to generic products. SCIL has a wide range of products in terms of application with 47% being Insecticides, 18% being herbicides, 11% being fungicides and 10% is plant growth nutrients. SCIL, has been investing in India and has been granted 25+ patents across various geographies with 9 patent applications have been filed. SCIL has a healthy product pipeline of 9 new combination molecules of which 5 products are in the insecticides category, 2 products each in the fungicides and PGR categories respectively. Further the Company has 2 technical products in pipeline (1 product each in insecticide and herbicide category) for manufacturing in India. Given SCIL's focus on specialty products, we expect the share of revenues from this category to increase to 32% over FY23E (v/s 29% in FY20). Management plans to launch one product each in specialties and generics every year.

Exhibit 7: Product Registrations in the last 5 years

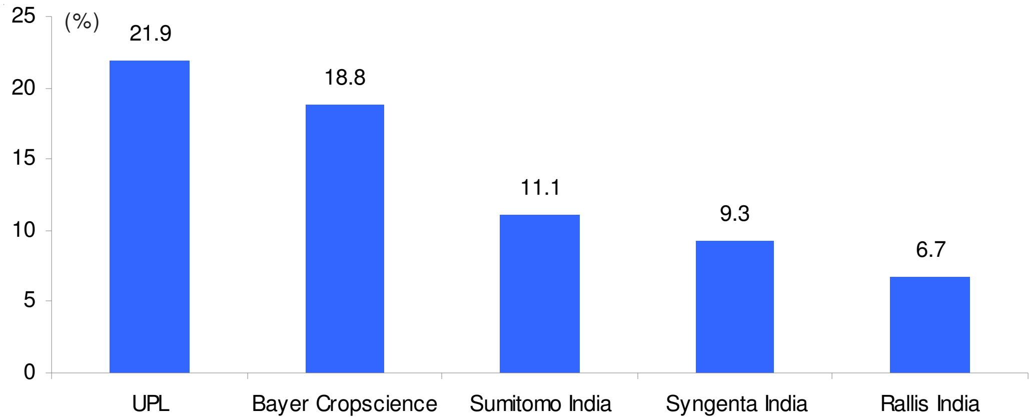
Year	Name of the Company	Technical Name	Registration Section
FY20	Excel Crop Care Ltd.	Paclobutrazole 40% w/w SC	9(3)
FY20	Excel Crop Care Ltd.	Flumioxazine Technical 96% w/w min	9(3)
FY19	Sumitomo Chemical India Pvt. Ltd.	Flumioxazin 50% SC	9(3)
FY19	Sumitomo Chemical India Pvt. Ltd.	Metofluthrin 0.32% w/w LV	9(3)
FY19	Excel Crop Care Ltd.	Zinc Phosphide 40% Powder	9(3)
FY18	Excel Crop Care Ltd.	Profenofos 40% + Fenpyroximate 2.5% EC	9(3)
FY18	Sumitomo Chemical India Pvt. Ltd.	Flumioxazin Technical 98 %	9(3)
FY17	Excel Crop Care Ltd.	Tebuconazole 10% + Sulphur 65%	9(3)
FY17	Excel Crop Care Ltd.	Azoxystrobin Technical 96% min.	9(3)
FY17	Excel Crop Care Ltd.	Azoxystrobin 12.5% + Tebuconazole 12.5% SC	9(3)
FY16	Excel Crop Care Ltd.	Difenoconazole Technical 95% min	9(3)
FY16	Sumitomo Chemical India Pvt. Ltd.	Gibberellic acid 40% w/w WSG	9(3)
FY16	Excel Crop Care Ltd.	Acetamiprid Technical (Purity 99% min.)	9(4)
FY15	Sumitomo Chemical India Pvt. Ltd.	Etoxazole 10% SC (without registering its Technical)	9(3)
FY15	Excel Crop Care Ltd.	Triclorpyr Butoxy Ethyl Ester Technical 96% min	9(3)
FY15	Sumitomo Chemical India Pvt. Ltd.	Pyriproxifen 10% EC	9(3)
FY15	Excel Crop Care Ltd.	Trichoderma harzianum 1.0% WP	9(3B)
FY15	Excel Crop Care Ltd.	Pseudomonas fluorescens 1.0% WP	9(3B)
FY15	Excel Crop Care Ltd.	Quinalphos Technical	9(4)

Source: CIBRC; Antique; **Note: Considered Sumitomo Chemicals and Excel Crop care Ltd.**

Multiple synergy benefits from SCIL's merger with ECC

With the merger, SCIL has become the 3rd largest player in India, with domestic market share of 11% in FY20. We believe, the merger with ECC is likely to reap benefits in the medium term on the back of synergies coming in from (a) integrated production facilities both in formulations and technicals; (b) enhanced distribution reach of more than 13,000 distributors and 40,000 dealers covering 23 states; connecting to more than 1 mn farmers through 100+ brands in the crop protection segment (c) enhanced focus on the specialty/branded molecules; (d) Healthy product pipeline of specialty molecules. SCIL has posted +5x growth in the business over the last 10 years. While, the company has grown +10x , considering the inorganic growth over FY11-20.

Exhibit 8: Top-5 players and their market share (%)



Source: Antique
Note: The above data is just for indication purpose and based on our best judgment;
We have considered only the domestic agrochemicals revenues of companies to make a comparison;

Exhibit 9: Merger with ECC to unlock value

Parameter	ECCL	+	SCIL (Pre-merger)	=	SCIL (Post-Merger)
Product Capability	Major Focus on generics; Nacest presance in Biopesticides		Major focus on the speciality products		Presence across complete range of products
Business segment	Presence only in agrochemicals segment		Presence in ASD; AND; EHD segments		ASD focused with presence in AND & EHD
Range of Crops Served	Staple crops with major presence in Kharif Season		Fruits and Vegetables covering both Kharif and Rabi season		Well Diversified product range covering Kharif & Rabi Crops
Customer Concentration	Top 5 Customers contributes to 12% of the sales		Top 5 customers contributes to 15% of the sales		Top 5 customers contributes ~12% of the sales
S & M Capability	Strong wide-Spread presence with the distributors		High degree of engagement with the farmers		Strong presence with both the retailers and farmers

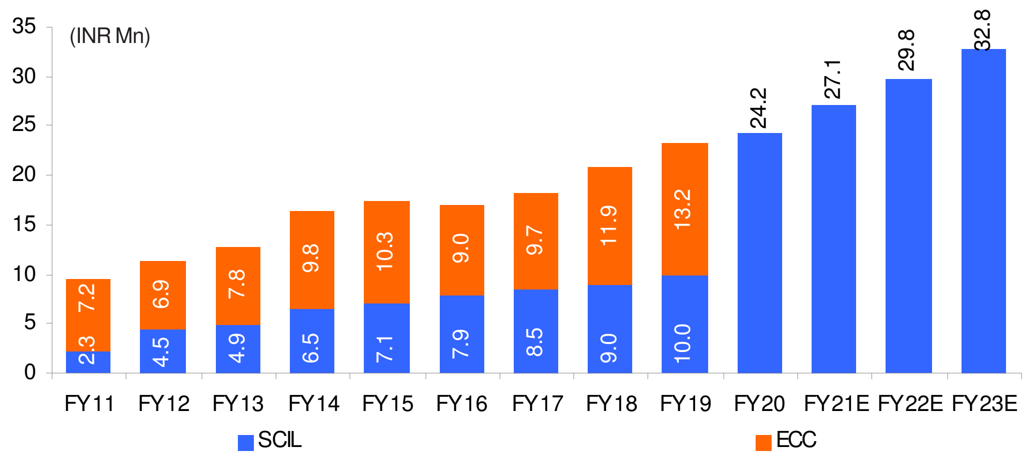
Source: Company, Antique

Exhibit 10: SCIL's Merger with ECC and its synergies

Parameter	ECCL	+	SCIL (Pre-merger)	=	SCIL (Post-Merger)
Manufacturing Facilities	Plants in Gujarat (2) and Dadar & Nagar Haveli (1)		Plant in Maharashtra (1) and Gujarat (1)		5 Plants in Western India
Manufacturing Capabilities	Predominantly a formulation company with facilities in both formulation and technicals		Manufacturing of Formulations		Presence in both Technicals and formulations
Distribution Capabilities	4700+ distributors loacted across India		9000+ distributors concentrated in few regions		Improved depth and breadth of distributors
R&D Capability	3 fully equipped R&D facilities for synthesis and formualtions of chemicals		Outsourced R&D requirements		Creating new combinations using SCIL's chemistries
Industry Sub-segments	Insecticides(44%); Herbicides(27%); Fungicides(11%); Metal Phosphides (13%); Others(5%)		Insecticides (63%); Fungicides(8%); Herbicides(7%); & Others (22%)		Insecticides (52%); Herbicides(19%); Fungicides(9%); Metal Phosphides (8%); Others(12%)

Source: Company, Antique

Exhibit 11: SCIL's Journey through the years



Source: Company, Antique

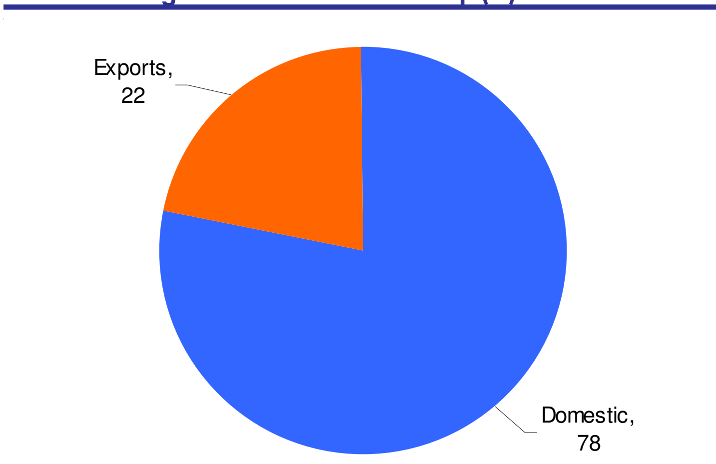
Continued focus to expand the exports business

SCIL has been steadily increasing their presence in the exports markets. As on FY20, the domestic and exports revenue breakup stood at 80:20. Going forward, SCIL intends to enhance its exports revenue by a) increasing presence in African and European markets, (b) Leverage SCC's global supply chain and marketing network. There is also an opportunity for contract manufacturing (CRAMS) of certain technical products by SCIL for its parent company. SCIL currently does contract manufacturing for single molecule for its parent company, and is reviewing 3 new molecules for CRAMS, with potential for more products to be added in the future.

Integration of LATAM and India business to reap benefits

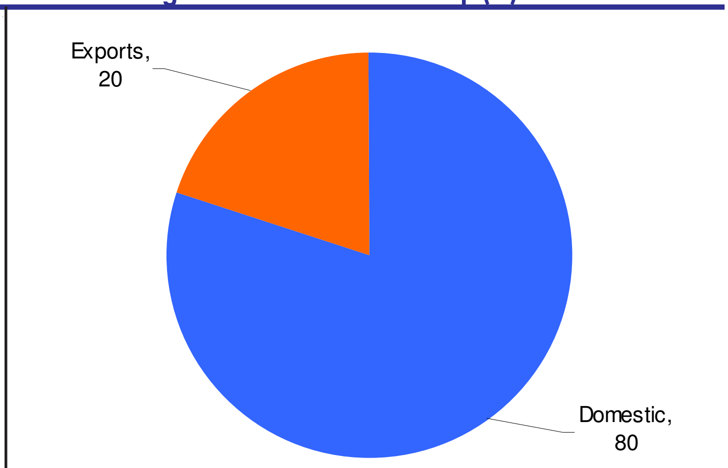
During FY21, SCC has completed the acquisition of four South American subsidiaries of Nufarm Ltd based out in Brazil, Argentina, Chile, and Colombia, thereby gaining leadership position in the Latin American generic market. Nufarm's LATAM business contributed to USD961mn to Nufarm in FY19, of which revenue contribution from agrochemicals and seed treatment stood at ~USD776/184mn each in FY19. Our interaction with the management of SCIL suggests that majority of the raw material requirement for Nufarm was met through imports from China. Hence, post the acquisition, SCC intend to maximize the synergies from the integration of South America and India business which in turn would open huge export opportunity for SCIL going forward. We have built export revenue CAGR of 15% over FY20-23E (FY18-20 CAGR 10%).

Exhibit 12: Region-wise revenue breakup (%) - FY19



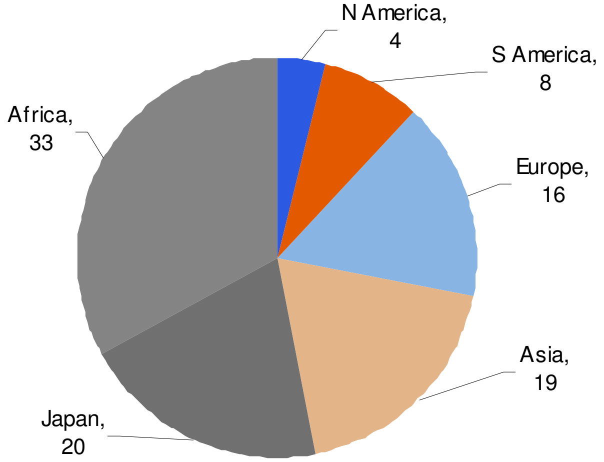
Source: Company, Antique

Exhibit 13: Region-wise revenue breakup (%) - FY20



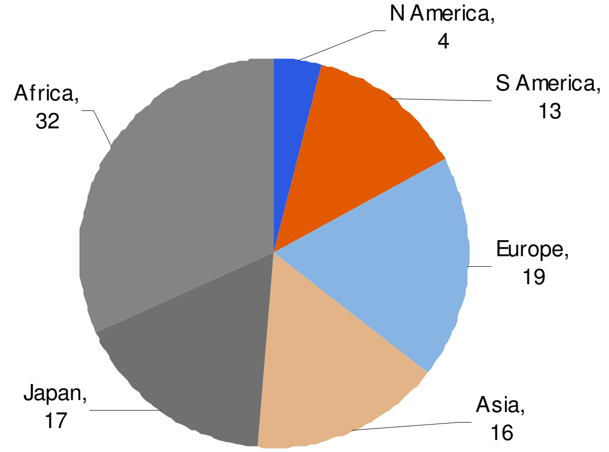
Source: Company, Antique

Exhibit 14: Region-wise exports breakup (%) - FY19



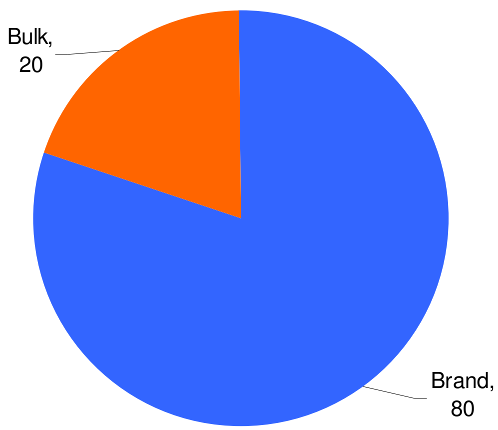
Source: Company, Antique

Exhibit 15: Region-wise Exports breakup (%) - FY20



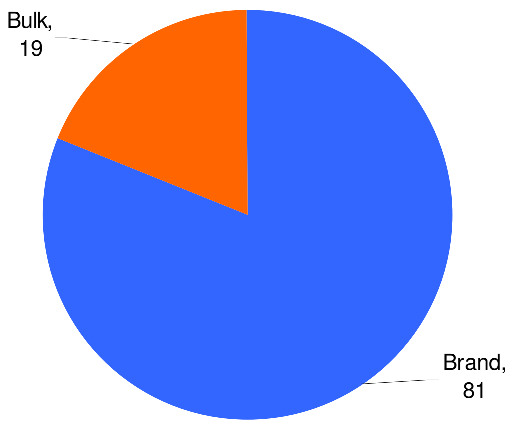
Source: Company, Antique

Exhibit 16: Domestic- Bulk & Branded contribution (%) - FY19



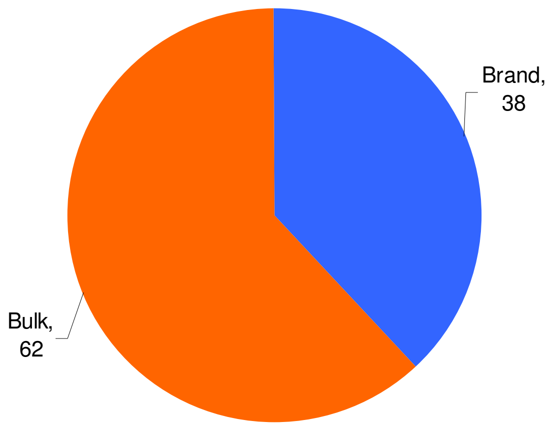
Source: Company, Antique

Exhibit 17: Domestic- Bulk & Branded contribution (%) - FY20



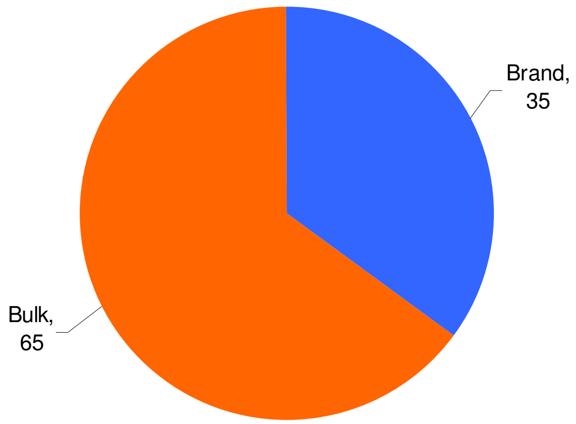
Source: Company, Antique

Exhibit 18: Exports- Bulk & Branded contribution (%) - FY19



Source: Company, Antique

Exhibit 19: Exports- Bulk & Branded contribution (%) - FY20



Source: Company, Antique

Outlook and valuation

Given strong demand drivers with a well-managed MNC business with 75% holding (80% earlier), we believe SCIL is likely to post healthy revenue/ EBITDA/PAT CAGR of 12%/23%/ 25% over FY20-23E. We believe the company will continue to trade at a premium versus domestic peers considering (a) strong agrochemicals product pipeline; (b) financial strength; (c) R&D expertise of the parent; and (d) better earnings visibility. We initiate coverage on SCIL with BUY rating and target price of INR320 based on 35x FY23E EPS.

Exhibit 20: Global Peer Valuation snapshot

	ROE(%)				P/E				EV/EBITDA			
Company	CY19/ FY20	CY20/ FY21	CY21/ FY22	CY22/ FY23	CY19/ FY20	CY20/ FY21	CY21/ FY22	CY22/ FY23	CY19/ FY20	CY20/ FY21	CY21/ FY22	CY22/ FY23
Bayer AG	(1.7)	10.5	11.8	NA	8.1	6.7	6.2	6.4	8.3	6.7	5.7	5.3
BASF	3.2	6.7	8.3	10.4	26.2	16.1	13.4	11.7	9.8	8.2	7.4	7.1
SCC	3.2	3.4	7.5	8.5	17.0	22.8	10.1	7.1	7.8	9.7	8.2	6.9
FMC Corp	30.4	30.4	30.2	NA	16.5	14.6	13.0	12.3	12.9	11.7	10.9	10.0
Nufarm (Global)	(23.7)	2.0	3.4	3.7	NA	42.2	20.1	18.4	7.8	6.3	5.3	5.0
UPL	11.6	16.1	17.0	17.0	15.3	13.6	11.3	10.1	8.6	7.5	6.5	5.7

Source: Bloomberg; Antique

Exhibit 21: Domestic Peer Valuation snapshot

Company	CMP (INR)	Mcap (INR bn)	EPS CAGR (FY20-23E) (%)	P/E (x) FY20	FY21E	FY22E	FY23E	EV/EBITDA (x) FY20	FY21E	FY22E	FY23E	ROE (%) FY20	FY21E	FY22E	FY23E
Bayer Cropscience	5,605	252	17.5	41.6	33.9	28.8	25.6	24.9	18.2	15.4	13.2	25.2	26.2	25.4	23.3
Coromandel International	705	207	13.7	19.4	15.5	14.0	13.2	12.8	10.5	9.4	8.8	27.7	27.9	25.7	22.8
Dhanuka Agritech	735	35	22.7	24.7	18.2	15.2	13.4	20.3	13.9	11.6	9.7	21.0	24.5	24.2	22.7
PI Industries	2,090	317	29.7	45.4	47.0	36.8	29.9	36.7	28.7	22.6	17.9	18.6	17.2	15.4	16.4
Rallis India	272	53	22.6	29.5	22.1	18.3	16.0	19.3	13.9	11.5	9.9	13.9	16.0	17.2	17.3
Sharda Cropchem	237	21	5.8	10.4	10.5	9.5	8.8	5.3	4.5	3.7	2.9	15.3	13.6	13.4	12.8
Sumitomo Chemicals	278	138	24.6	60.0	46.0	38.4	31.0	41.9	30.9	26.2	21.8	23.5	22.8	22.7	23.3
UPL	468	357	12.3	14.4	12.8	10.7	9.0	8.2	7.1	6.2	5.3	11.6	16.1	17.0	17.5

Source: Antique

Key Risks

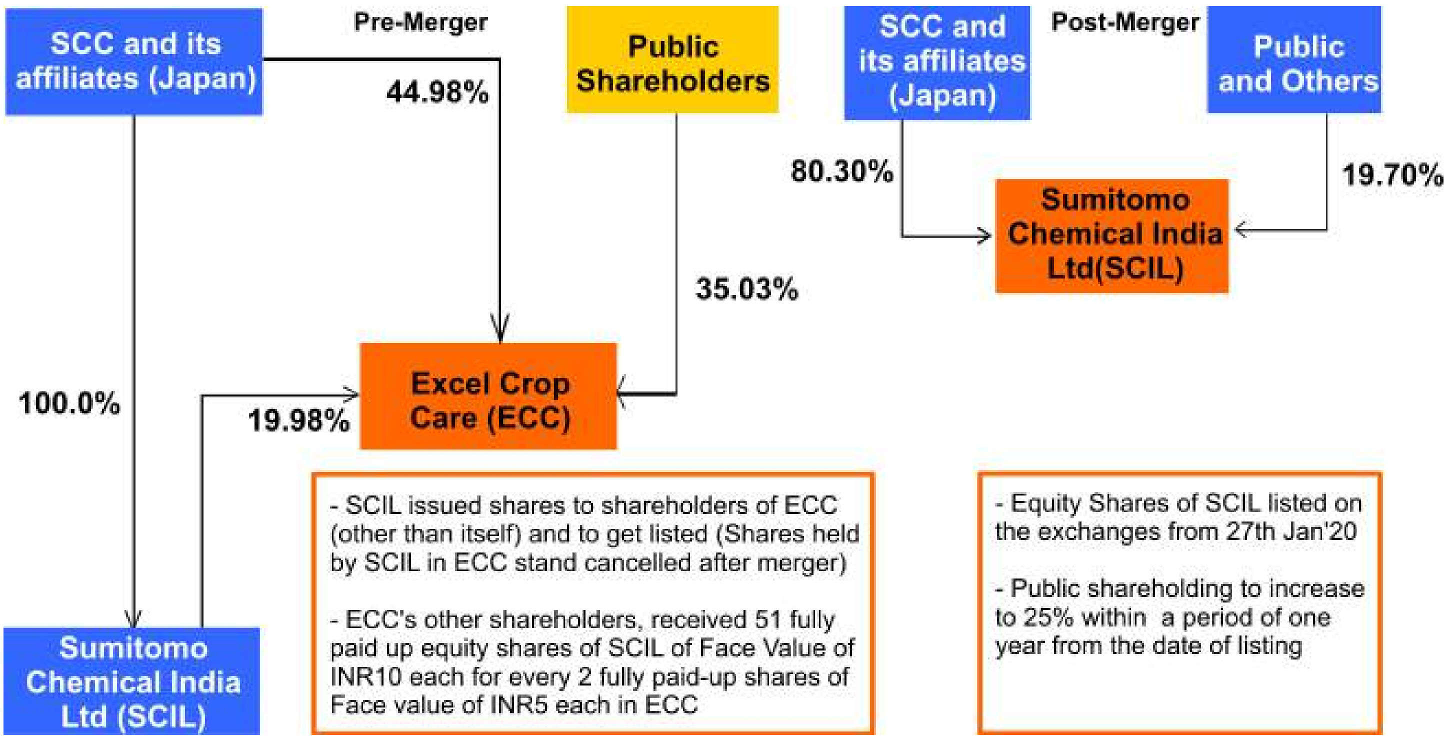
- **Weather Conditions:** Demand for agri inputs is highly dependent on seasonal weather conditions. Adverse weather conditions could affect demand of agri inputs. In India, sales are highly seasonal and seen mainly during the monsoon. A delayed or adverse monsoon could hit the collection of receivables. However, SCIL has continued to post strong sales in the domestic business segment despite adverse monsoon years. We believe this was primarily on the back of its strong branded product portfolio.
- **Regulatory risks:** Any negative regulatory announcement could cloud the industry's growth prospects.
- **Adverse currency movement:** SCIL imports ~35% of the raw material requirement from China. Thus any adverse currency movement can pose a negative impact on the working of Company.
- **Geopolitical tensions:** The ongoing trade tensions between the US and China can pose a risk on the workings of the Company as SCIL derives 20% of the revenues through exports to major countries.

Company Description

The Journey of SCIL in India..

Sumitomo Chemicals India Ltd (SCIL) is a part of the Sumitomo Chemicals Company Ltd (SCC), is among the top 7 global innovator companies along the lines of Bayer, Dow-DuPont, BASF and Syngenta. SCC has been operating in India through its Indian subsidiary (SCIL) since the past 2 decades. During the initial phase, the company entered India in 2000 as a distribution company to market SCC's products household insecticides (HHI) in India. In 2001, Sumitomo entered a manufacturing JV with New Chemi. New Chemi only had formulation facilities and any technical products required were either imported (from SCC for specialty products) or sourced locally (for the generic products). In FY11, SCC merged New Chemi Industries Limited, Scott Pharmaceuticals Private Limited (a subsidiary of New Chemi) and SC Enviro Agro India Private Limited (a subsidiary of SCC) into SCIL. Subsequently in FY17, it acquired a listed company - Excel Crop Care Limited (ECC) - and eventually merged it with itself. Thus, over the last two decades, SCIL has grown organically and inorganically. **This is first time in the history of India that Japanese Company has got listed through the reverse merger showing the commitment towards India and vision to grow in India. Since ECC was a listed entity, SCIL, post-merger, was listed on the Indian stock exchanges in Jan'20.**

Exhibit 22: Shareholding pattern pre & post acquisition and merger of ECC



Note: SCC has reduced its stake from 80% to 75% in stages on September 2020 to comply with the SEBI regulations

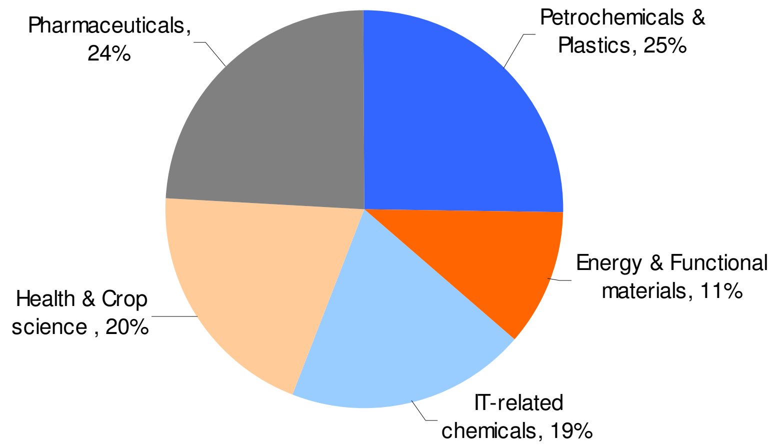
SCIL is one of India's largest generic agro-chemicals companies

Sumitomo Chemical India Limited (SCIL) is the Indian listed subsidiary of Sumitomo Chemical Company (SCC), Japan having market share of 11% in the domestic agrochemicals market as of FY20 **(Refer Exhibit-8).** In FY17, SCIL acquired Excel Crop-care Limited (ECC), an existing listed company with 3 manufacturing facilities in Gujarat/Dadra and Nagar Haveli and 3 fully-equipped R&D centres. ECC was primarily a premium generic agro-chemical manufacturing company with focus on formulations and had facilities to manufacture both formulations and technicals. ECCs revenues were 20% higher than SCIL's at the time of acquisition in FY17. After the acquisition of ECC, SCIL, merged ECC into itself and in the process, SCIL was listed on the Indian Stock Exchanges **(Refer Exhibit-22). After the merger with ECC, SCIL now has revenues of INR 24bn (~11% of the domestic agrochemicals market shares).**

About Sumitomo Chemical Company (SCC)

Sumitomo Chemical Company Ltd (SCC) was founded in 1913 and undertakes several chemical related businesses as an independent listed company. SCC is a leading Japanese research driven diversified chemical company listed on the Tokyo Stock Exchange with consolidated sales revenue for FY20 of USD20.5 bn. SCC operates on a diverse range of products globally and are mainly into 5 business segments namely: petrochemicals, energy and functional materials, IT-related chemicals and materials, pharmaceuticals and health and crop sciences sector. Globally, SCC holds 12,600+ Patents of which ~34% are in Health & Crop Science.

Exhibit 23: Revenue Mix of SCC



Source: SCC; Antique

SCC's Health and Crop Science Segment - Undivided Focus for Leadership in India

The Health & Crop Sciences segment of SCC has posted revenues of USD3.1bn in FY20. The Company is one of the leading R&D spenders globally among the agro-solution players with strong product pipeline of USD1.4-1.8bn. SCIL is flagship entity of SCC group focusing on high potential Indian market; only Technical Grade (TG) manufacturing site outside Japan and part of SCC's growth strategy. We believe, that SCC will continue to use SCIL to market SCC's innovative/speciality products in India after formulating them in India. SCIL will also be free to do its own formulation research in India (based on speciality products of SCC/ generic products) and will be using SCC's global network to market the products globally. **SCC, has indicated a revenue target of USD 500mn for SCIL by 2025.**

SCIL's management team has rich experience in agriculture and allied industry

Exhibit 24: Key Managerial Personnel of SCIL

Name	Designation	Profile
Chetan Shantilal Shah	Managing Director	Commerce graduate from the University of Mumbai and holds a master's degree in Business Administration from North Rope University in the USA. Over 43 years of industry experience in various leadership and senior management roles
Sushil Champaklal Marfatia	Executive Director	Chartered Accountant with over 42 years of industry experience. Worked with New Chemi Industries Limited for 33 years which was later merged with the Company
Dr. Mukul Govindji Asher	Chairman and Independent Director	Professorial Fellow at Lee Kuan Yew School of Public Policy at the National University of Singapore. Advisor to Govts in Asia on tax policy & pension reforms; and to multi-lateral institutions including IMF, Asian Development Bank, PFRDA of India, Govt of Gujarat, & World Bank. Member of the panel to review Crawford School of Public Policy at Australian National University.
Bhupendranath Bhargava	Independent Non-executive Director	Experience of over 50 years in areas including banking, project financing and credit rating. Held directorship in several leading corporates and was on the advisory board of an independent regulatory body set up by the Government of India to work on reforms in telecommunications sector
Ninad Dwarkanath Gupte	Non-executive Director	Experience of 43 years in management of companies operating in fine chemicals, performance chemicals, industrial chemicals & agrochemicals. Held senior positions at Excel Industries, BASF India, Herdillia Chemicals and worked as MD of Cheminova India and Agrocel Industries and as Joint MD of Excel Crop Care.
Preeti Gautam Mehta	Independent Non-executive Director	30 years of experience in corporate laws, foreign investment and collaborations, mergers and acquisitions and private equity investments, banking, franchising and hospitality

Source: Company, Antique

Industry Overview

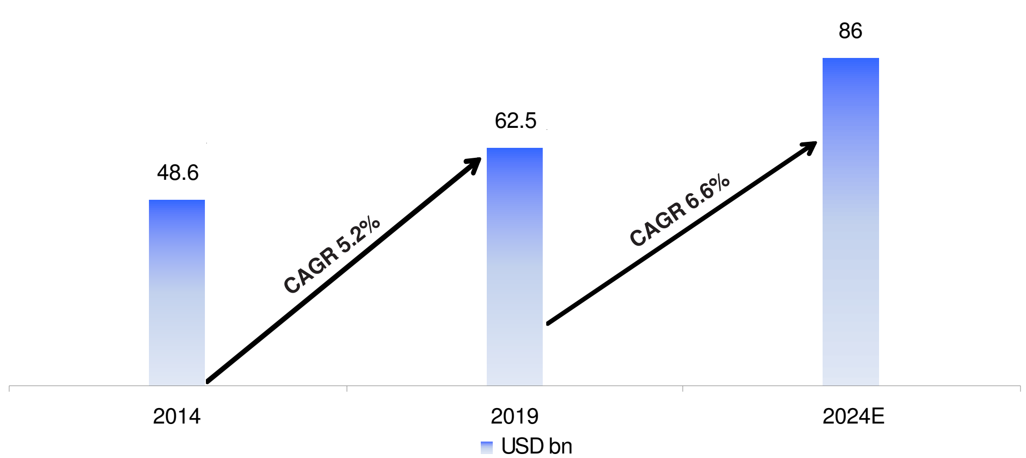
Agrochemical Industry

Global market

Agrochemicals play a vital role in reducing the crop losses from a range of insects, herbs, fungus, nematodes, rodents, etc. It plays a significant role in improving yields and farm income. The Global agrochemical market is valued at USD62.5 bn in 2019, while the industry is estimated to grow at 6.6% CAGR until 2024 to reach USD86 bn. Having been dominated by synthetic products for many decades, the industry is now witnessing growing popularity of bio-pesticides, which are estimated to grow at a much faster CAGR of 16% to reach USD15.5 bn in 2024, from its current base of USD7.5 bn in 2019.

The agrochemical industry players are categorized majorly into innovators and generics. Innovators are research & development (R&D) patented product based players like Bayer, Sumitomo chemical company, Syngenta, BASF etc. While the off-patented product based players are termed generic players. Generic players have a key strength of low-cost manufacturing and wide distribution network.

Exhibit 25: Global Agrochemical Industry

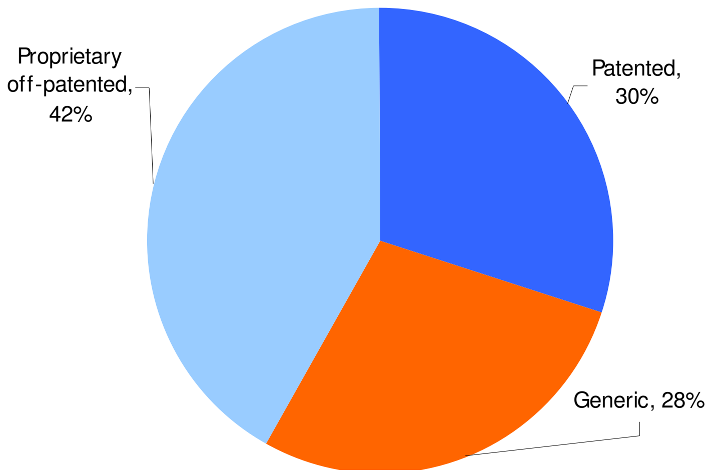


Source: PI Industries; Antique

Agrochemicals are necessary to avoid large losses due to weeds, fungal disease and insect infestations to crops. According to Cheminova (global generic agrochemical player), 30-50% of crops are saved by usage of spray globally.

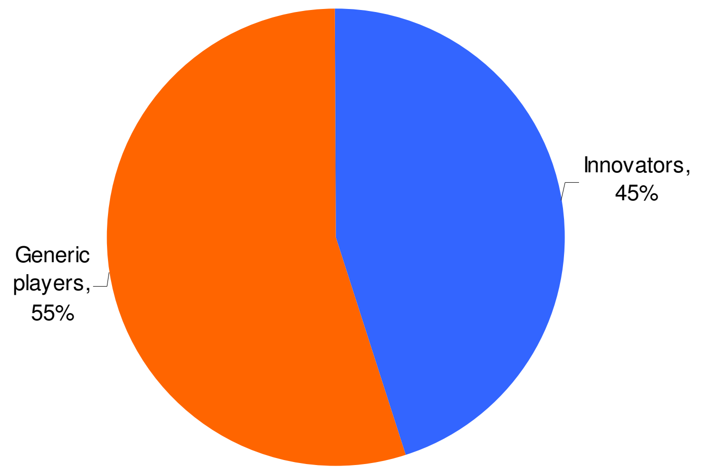
As per PI Industries, patented products contribute only 30% to the agrochemical market, while balance 42% and 28% market is proprietary off-patented and generic products respectively. However, 45% of the proprietary off-patented market is still marketed by innovator companies. Hence, we believe that it will be an attractive opportunity for generic players in the future.

Exhibit 26: Global Patented and Off-patented market



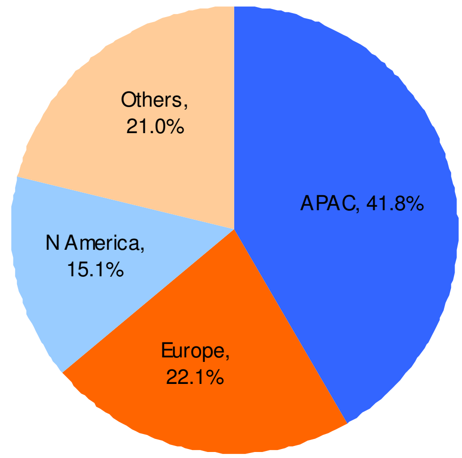
Source: PI Industries; Antique

Exhibit 27: Share of innovators in Proprietary off-patented market



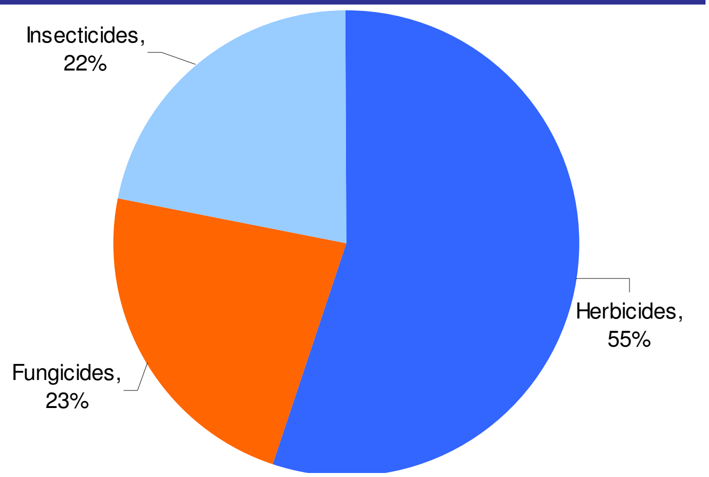
Source: PI Industries; Antique

Exhibit 28: Geography-wise global agrochemical market



Source: PI Industries; Antique

Exhibit 29: Category-wise break-up



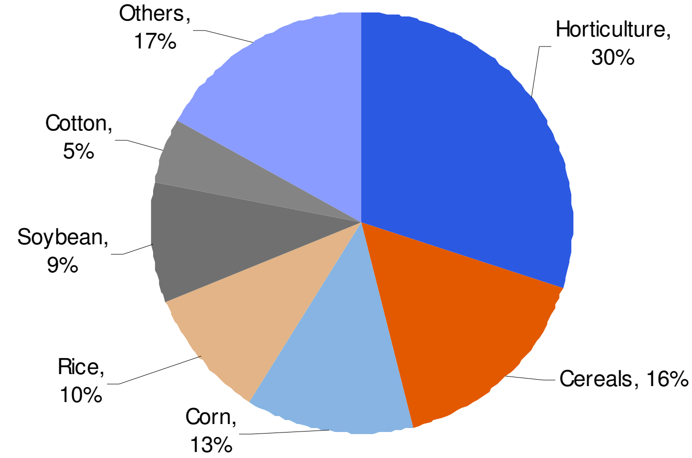
Source: PI Industries; Antique

APAC region continues to dominate the global agrochemical market

Contributing a dominant 42% of overall demand, the APAC region is the largest consumer of agrochemicals, followed by Europe at 22% and North America at 15%. On the category-wise break-up of agrochemicals Herbicides constitute to 55% of the total agrochemical demand while fungicides and insecticides contribute 23% and 22% respectively.

While, the crop-wise break-up of agrochemical consumption suggest horticulture segment contributes nearly 30% of the global agrochemical demand, followed by cereals, corn, rice and soybean at 16%, 13%, 10% and 9% respectively.

Exhibit 30: Crop-wise break-up of global agrochemical market (%)



Source: PI Industries; Antique

26 agrochemical AIs will lose patent between CY17 to CY22

Bayer holds the most 7 products with patents expiring in the coming 5 years, the same numbers as from Japanese companies. Amisulbrom from Nissan Chemical Industries, Pyrimsulfan from Ihara Chemical Industry, Pyroxasulfone from Kumiai Chemical Industry, Flubendiamide and Pyrifluquinazon from Nihon Nohyaku, Fenpyrazamine and Metofluthrin from Sumitomo Chemical will all lose their patents protection in the period.

Exhibit 31: Agrochemicals going off-patent globally by CY22

Active Ingredient	Inventor Company	Category
Aminopyralid	Dow AgroSciences	herbicide
Amisulbrom	Nissan Chemical Industries	fungicide
Chlorantraniliprole	DuPont	insecticide
Cyprosulfamide	Bayer CropScience	safener
Fenpyrazamine	Sumitomo Chemical	fungicide
Flubendiamide	Nihon Nohyaku	insecticide
Flucetosulfuron	LG Chem Investment	herbicide
Fluopicolide	Bayer CropScience	fungicide
Isotianil	Bayer CropScience	fungicide
Mandipropamid	Syngenta	fungicide
Metamifop	Dongbu Hannong Chemicals	herbicide
Metofluthrin	Sumitomo Chemical	insecticide
Metrafenone	BASF	fungicide
Orthosulfamuron	Isagro	herbicide
Penflufen	Bayer CropScience	fungicide
Pinoxaden	Syngenta	herbicide
Pyrasulfotole	Bayer CropScience	herbicide
Pyrifluquinazon	Nihon Nohyaku	insecticide
Pyrimsulfan	Ihara Chemical Industry	herbicide
Pyroxasulfone	Kumiai Chemical Industry	herbicide
Pyroxsulam	Dow AgroSciences	herbicide
Saflufenacil	BASF	herbicide
Tembotrione	Bayer CropScience	herbicide
Thiencarbazone	Bayer CropScience	herbicide
Topramezone	BASF	herbicide
Valifenalate	Isagro	fungicide

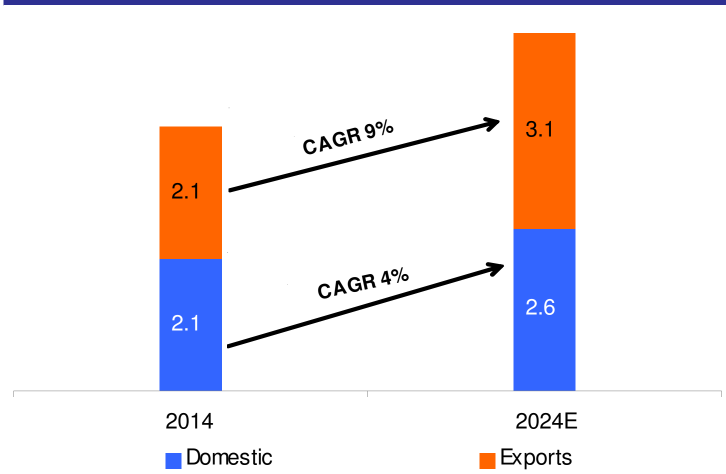
Source: Agropages; Anitque

Domestic Agrochemical market

India plays a critical role in the global agrochemical landscape, primarily on the back of large domestic market coupled with globally competitive agrochemical manufacturing ecosystem that helps it export the surplus production. India is the fourth largest producer of agrochemicals after USA, Japan and China. India is a net exporter of agrochemicals, with nearly 50% of all its production being exported. The primary export markets are US, Brazil, Netherland and France. The export constitute of both, active ingredients as well as formulations.

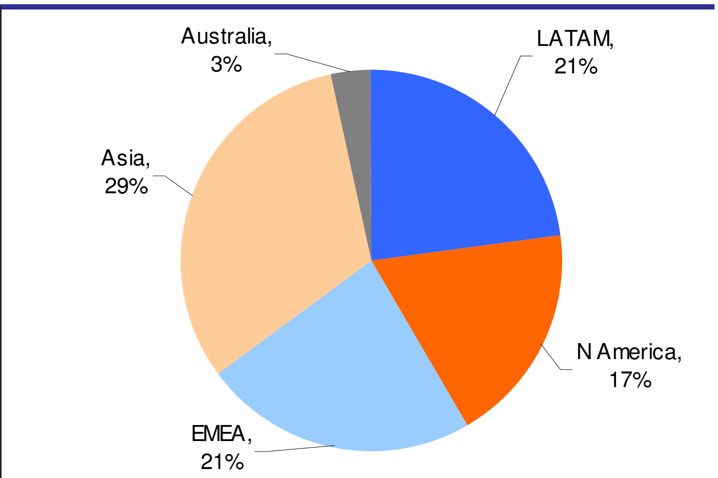
The domestic agrochemical industry is valued at USD4.2 bn, equally split (50:50) between domestic and exports, in 2019. While the market is estimated to grow to USD5.7 bn by 2024, with exports contribution increasing to 55% to reach USD3.1 bn.

Exhibit 32: Domestic agrochemical Market (USD bn)



Source: PI Industries; Antique

Exhibit 33: Indian agrochemical market by export destination in FY19



Source: PI Industries; Antique

Well Placed to Benefit from Sector Tailwinds

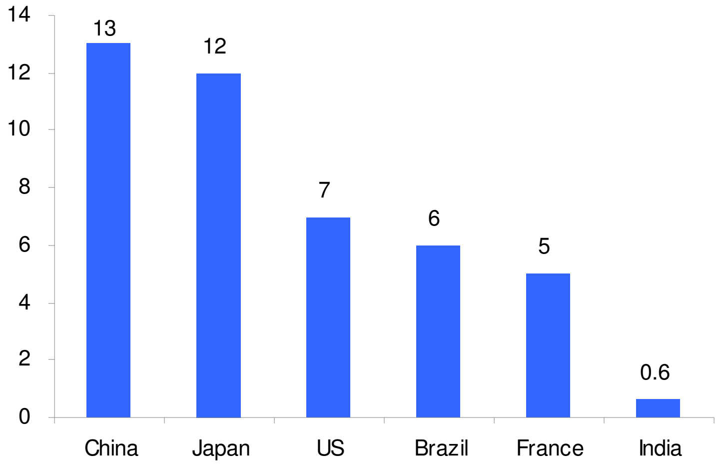
Given the Government's thrust on doubling of farmers' income by FY22, the central as well as couple of state governments have been running numerous support initiatives to put in more money in the hands of farmers. These include various incentives/ subsidies and frequent raise in minimum support price of key commodities. The recently announced stimulus and reforms package would provide further fillip to modern farming. This coupled with benefits of competitive edge eroding for China due to (a) Stricter environmental laws; (b) Global players diversifying supplier risk from China to India; (c) Increased capital cost and (d) Currency appreciation would in turn result into spur in the growth of agrochemical industry in India.

Consumption per/hectare is set to rise

Crop protection chemicals would play a pivotal role in helping achieve these objectives. We believe, the per/hectare consumption is likely to rise steadily on the back of:

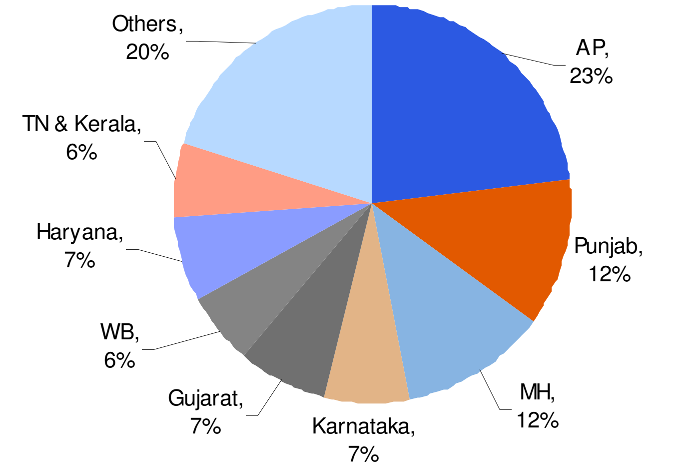
- Higher income for the farmers would empower them to invest in high quality crop protection chemicals.
- Continuing and intensifying labor shortage would push demand for specific herbicides.
- Increasing popularity of bio-pesticides would accelerate demand growth.

Exhibit 34: Agrochemical consumption pattern (Kg/hectare)



Source: Industry; Antique

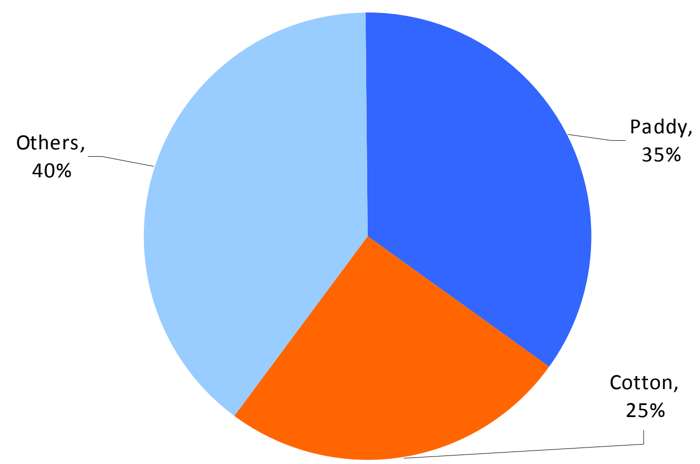
Exhibit 35: State-wise pesticide consumption in India



Source: Industry; Antique

Further, ~20% of crops are saved due to usage of agrochemical products in India. Major agrochemical consuming states in India are from southern and western belts. Further, paddy (rice) followed by cotton are major agrochemical consuming crops.

Exhibit 36: Crop-wise pesticide consumption in India



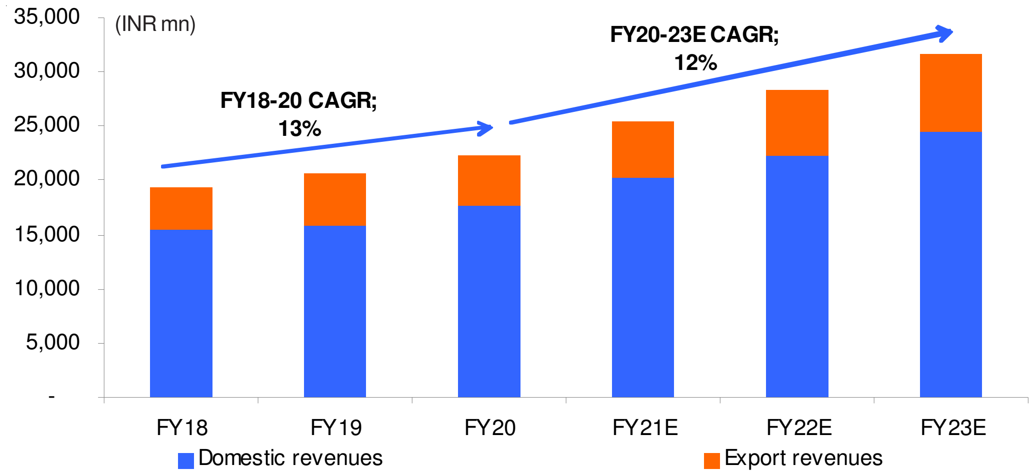
Source: Industry; Antique

Financial Outlook

Product launches, margin expansion to drive earnings growth

We expect revenue and PAT CAGR of 12% and 25%, respectively, over FY20-23E (FY18-20 CAGR of 13% and 27%) on back of (a) robust product pipeline of new innovative molecules; (b) integration synergies coming out of the merger; (c) ramp up in exports revenues. We have modeled for 12% domestic revenue CAGR over FY20-23E (FY18-20 CAGR of 7%) primarily on the back of volume growth to be driven by innovative products and supported by good monsoons. Further, we expect the revenue share of specialty/generic products to increase from 29%/71% in FY20 to 32%/68% in FY23. While on the exports side, we expect 15% revenue CAGR over FY20-23E (FY18-20 CAGR of 10%) to be led by SCC's intend to maximize synergies from the integration of Nufarm's distribution business in LATAM and SCIL's exports business.

Exhibit 37: Revenue and revenue growth(%)

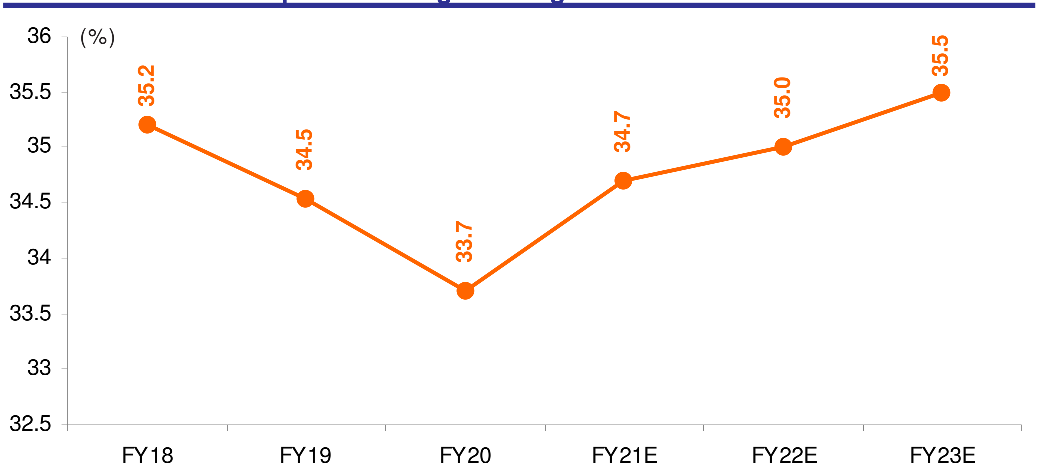


Source: Company, Antique

Gross margin expansion of 180bps over FY20-23E

We expect gross margins to expand 180 bps over FY20-23E driven by enhanced procurement efficiencies like better negotiations on account of significant increase in procurement quantities and rising share of specialty molecules.

Exhibit 38: Consistent improvement in gross margins

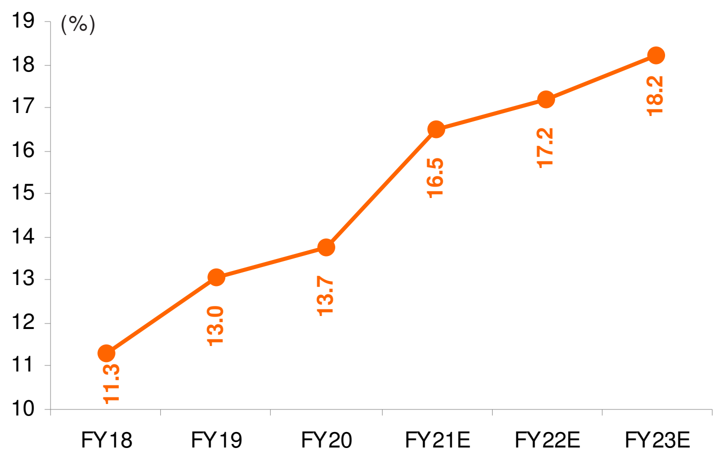


Source: Company, Antique

EBITDA margin improvement of 450bps over FY20-23E

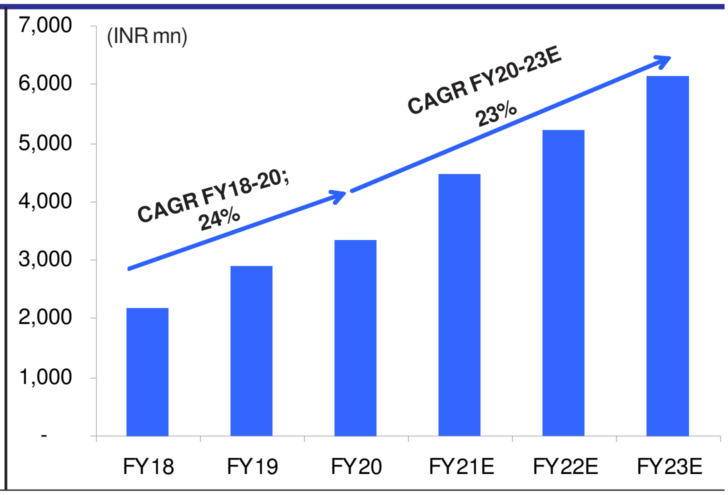
While in the backdrop of strong improvement in gross margins, we have penciled in EBITDA CAGR of 23% over FY20-23E with margins likely to expand significantly by 450 bps to 18.2% in FY23E. Margin expansion is likely to be driven by (a) higher share of branded/ specialty molecules to the total revenues; (b) better operating leverage and (c) revenue and cost synergies arising out of the merger.

Exhibit 39: EBITDA margin expansion of 450bps over FY20-23E



Source: Company, Antique

Exhibit 40: 23% EBITDA CAGR over FY20-23E

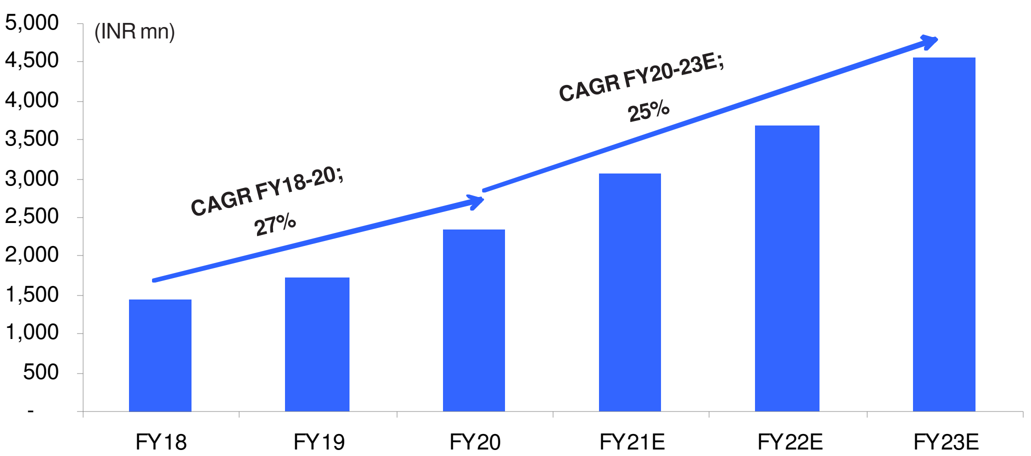


Source: Company, Antique

PAT likely to double over FY20-23E

We expect strong FCF generation given no major capex for next two year while focus would remain on launching and scaling up of new/existing products coupled with gaining of market share. Based on our assumptions, we expect SCIL's PAT to nearly double over FY20-23E.

Exhibit 41: PAT likely to double over FY20-23E



Source: Company, Antique

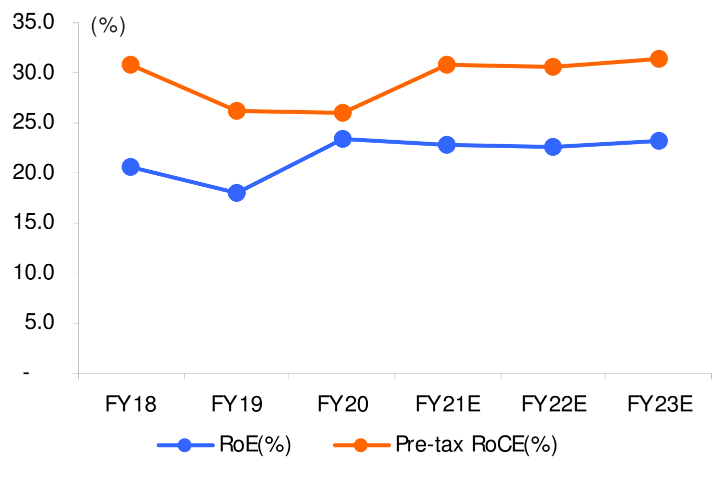
Thrust to spend 15% of the annualized EBITDA in Capex

SCIL plans to invest 15% of the annual EBITDA in capex for the next two years. The Company is likely to invest INR800mn to INR1bn in capex for the next two years in new product development, capacity expansion of which the maintenance capex is ~15% of the total capex.

Cash generation and return ratios to remain healthy

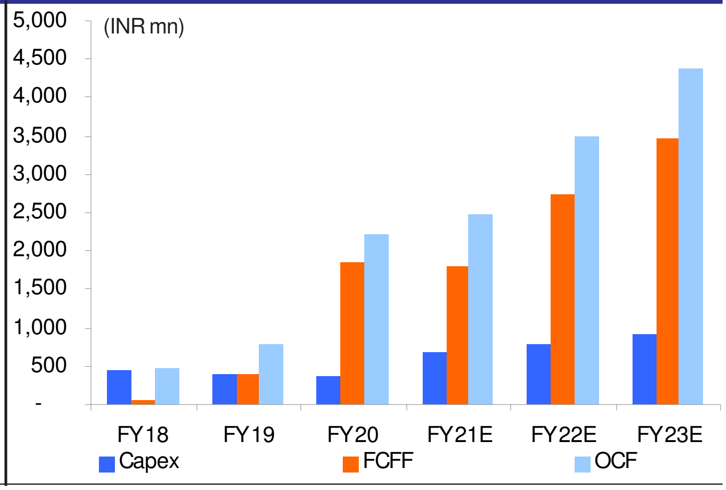
Given the low capex-intensity of the business (capex at 15% of annualized EBITDA), we expect finance cost and depreciation expense to remain under tight control. SCIL maintains a debt-free balance sheet. Hence, we believe that the cash flow generation is likely to remain healthy with RoE/Pre-tax RoCE to improve from 23%/26% in FY20 to 23%/31% in FY23E.

Exhibit 42:RoE and Pre-tax RoCE(%)



Source: Company, Antique

Exhibit 43: Cash generation to remain healthy



Source: Company, Antique

Financials

Profit and loss account (INRm)

Year ended 31 Mar	2019	2020	2021e	2022e	2023e
Net Revenue	**22,284**	**24,247**	**27,159**	**30,287**	**33,801**
Op. Expenses	19,377	20,916	22,678	25,077	27,650
EBITDA	**2,907**	**3,332**	**4,481**	**5,209**	**6,152**
Depreciation	278	410	476	552	640
EBIT	**2,629**	**2,922**	**4,005**	**4,658**	**5,511**
Other income	76	107	161	321	642
Interest Exp.	37	55	55	55	55
Extra Ordinary Items -gain/(loss)	70	309	-	-	-
Reported PBT	**2,738**	**3,283**	**4,111**	**4,924**	**6,099**
Tax	940	618	1,036	1,241	1,537
Reported PAT	**1,797**	**2,665**	**3,075**	**3,683**	**4,562**
Net Profit	**1,797**	**2,665**	**3,075**	**3,683**	**4,562**
Adjusted PAT	**1,797**	**2,665**	**3,075**	**3,683**	**4,562**
Adjusted EPS (INR)	**6.3**	**4.7**	**6.2**	**7.4**	**9.1**

Balance sheet (INRm)

Year ended 31 Mar	2019	2020	2021e	2022e	2023e
Share Capital	2,746	4,991	4,991	4,991	4,991
Reserves & Surplus	7,738	7,226	9,744	12,759	16,495
Networth	**10,484**	**12,218**	**14,735**	**17,751**	**21,486**
Debt	197	194	-	-	-
Net deferred Tax liabilities	146	(11)	(11)	(11)	(11)
Capital Employed	**10,827**	**12,401**	**14,724**	**17,740**	**21,475**
Gross Fixed Assets	3,433	4,210	4,880	5,650	6,550
Accumulated Depreciation	592	978	1,453	2,005	2,645
Capital work in progress	32	65	65	65	65
Net Fixed Assets	**2,874**	**3,298**	**3,492**	**3,710**	**3,970**
Investments	1	861	1	1	1
Non Current Investments	1	1	1	1	1
Current Investments	-	860	-	-	-
Current Assets, Loans & Advances					
Inventory	6,806	5,880	6,947	7,689	8,525
Debtors	6,710	8,498	8,185	9,127	10,187
Cash & Bank balance	514	935	2,789	4,789	7,375
Loans & advances and others	1,695	1,579	1,579	1,579	1,579
Current Liabilities & Provisions					
Liabilities	5,968	4,909	5,789	6,408	7,104
Provisions	1,805	3,741	2,480	2,748	3,057
Net Current Assets	**7,952**	**8,242**	**11,231**	**14,029**	**17,504**
Application of Funds	**10,827**	**12,401**	**14,724**	**17,740**	**21,475**

Per share data

Year ended 31 Mar	2019	2020	2021e	2022e	2023e
No. of shares (m)	275	499	499	499	499
Diluted no. of shares (m)	275	499	499	499	499
BVPS (INR)	38.2	24.5	29.5	35.6	43.0
CEPS (INR)	7.6	6.2	7.1	8.5	10.4
DPS (INR)	2.37	0.86	0.92	1.11	1.37

Source: Company, Antique

Cash flow statement (INRm)

Year ended 31 Mar	2019	2020	2021e	2022e	2023e
PBT	**2,598**	**2,665**	**3,950**	**4,603**	**5,456**
Depreciation & amortisation	278	293	476	552	640
Interest expense	37	55	55	55	55
(Inc)/Dec in working capital	(1,127)	(94)	(1,135)	(798)	(889)
Tax paid	(881)	(814)	(1,036)	(1,241)	(1,537)
Less: Interest/Div. Income Received	2	(72)	161	321	642
Other operating Cash Flow	(130)	181	-	-	-
CF from operating activities	**777**	**2,214**	**2,471**	**3,492**	**4,368**
Capital expenditure	(390)	(377)	(670)	(770)	(900)
Inc/(Dec) in investments	(1)	(845)	860	-	-
Add: Interest/Div. Income Received	38	43	-	-	-
CF from investing activities	**(353)**	**(1,179)**	**190**	**(770)**	**(900)**
Inc/(Dec) in debt	96	(197)	(194)	-	-
Dividend Paid	(714)	(262)	(557)	(667)	(827)
Others	(37)	(154)	(55)	(55)	(55)
CF from financing activities	**(654)**	**(614)**	**(806)**	**(722)**	**(882)**
Net cash flow	**(231)**	**422**	**1,854**	**1,999**	**2,587**
Opening balance	735	505	935	2,789	4,789
Closing balance	**514**	**935**	**2,789**	**4,789**	**7,375**

Growth indicators (%)

Year ended 31 Mar	2019	2020	2021e	2022e	2023e
Revenue(%)	16.5	8.8	12.0	11.5	11.6
EBITDA(%)	33.9	14.6	34.5	16.2	18.1
Adj PAT(%)	23.8	48.3	15.4	19.8	23.9
Adj EPS(%)	19.0	(25.0)	30.5	19.8	23.9

Valuation (x)

Year ended 31 Mar	2019	2020	2021e	2022e	2023e
P/E	44.2	58.9	45.1	37.7	30.4
P/BV	7.3	11.4	9.4	7.8	6.5
EV/EBITDA	47.6	41.2	30.3	25.7	21.4
EV/Sales	6.2	5.7	5.0	4.4	3.9
Dividend Yield (%)	0.9	0.3	0.3	0.4	0.5

Financial ratios

Year ended 31 Mar	2019	2020	2021e	2022e	2023e
RoE (%)	17.9	23.5	22.8	22.7	23.3
RoCE (%)	26.2	26.1	30.7	30.7	31.4
Asset/T.O (x)	2.2	2.2	2.1	1.9	1.7
Net Debt/Equity (x)	(0.0)	(0.1)	(0.2)	(0.3)	(0.3)
EBIT/Interest (x)	74.1	54.9	75.6	90.3	111.6

Margins (%)

Year ended 31 Mar	2019	2020	2021e	2022e	2023e
EBITDA Margin(%)	13.0	13.7	16.5	17.2	18.2
EBIT Margin(%)	11.8	12.1	14.7	15.4	16.3
PAT Margin(%)	8.0	10.9	11.3	12.0	13.2

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/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-CDSL-726-2014 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 construe 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 a 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 it's 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 it's 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

Antique Stock Broking Limited
20th Floor, A Wing, Naman Midtown
Senapati Bapat Marg, Elphinstone (West)
Mumbai 400013
Tel. : +91 22 4031 3444 • Fax : +91 22 4031 3445
www.antiquelimited.com