



SEBI Research Analyst Registration No: INH000009843

## Ion Exchange (India) Ltd. (IEIL)

### Initiating Coverage

03<sup>rd</sup> November, 2022

**CMP: 2066.7 | Target Price: 2610**

**Upside Potential: 26% | Duration: 1 Year**

**Market Capitalisation: ₹3031 Cr**

Research Analyst – Tushar Raghatate, Ajinkya Jadhav, Mohit Chandnani

Investors are advised to refer through important disclosures made at the end of the Research Report.



# Index

ABOUT.....	3
CORPORATE GOVERNANCE .....	6
INDUSTRY ANALYSIS .....	7
THE COMPANY.....	13
TRIGGERS.....	23
SHAREHOLDING PATTERN (Q2FY23).....	28
PEER DESCRIPTION .....	29
PRICE HISTORY AND PERFORMANCE .....	30
FINANCIALS.....	31
VALUATIONS.....	40

## ABOUT

Incorporated in 1964, Ion Exchange (India) Ltd. (IEIL) was founded by the Late G.S Ranganathan. He was working in the UK-based Permutit Company and on his recommendation, Permutit Company incorporated IEIL as its 60% subsidiary. The foreign holding was reduced in a phased manner and the paid-up share capital has been held by resident Indians since 1995. The Company was the pioneer of resin manufacturing in India in 1965 and currently holds a 40% market share of resin in India. IEIL diversified into the chemical treatment of water in 1982.

The Company operates in three key segments Engineering, Chemical and Consumer products. The Engineering business has 11-12% EBIT margin whereas the chemical business has 21-24%. EPC business is driven by green field capex by the end user industry whereas the Chemical division is driven by opex. The Company has a presence in entire water and waste water treatment value chain from preliminary treatment to zero liquid discharge. Very few companies in India provide solutions across spectrum of water and waste water management.

IEIL manufactures resins in Ankleshwar, Gujarat and water chemicals in Hyderabad, Telangana. They are doubling the resin capacities through the green field capex at Roha, Maharashtra which will be operational in FY24. The Company has in-house manufacturing of membrane at Verna, Goa which is used in different technologies of water and waste water treatment. The Company is undergoing brownfield Capex of Rs. 49 Cr. which will be operational in Q4FY23. They have fabrication and assembly plants in Tamil Nadu, Maharashtra in India and UAE, Bangladesh and Indonesia overseas.

The Company has seasonality in its business, with Q4 garnering the highest revenue and EBIT margin. The overall scale of operations is much higher in the last quarter which helps the company to leverage the fixed cost and supports them to scale EBIT margin. Further, the favorable product mix shift leads to a higher profit margin in Q4. In comparison, Q1 is the smallest considering the contribution to revenue.

## MILESTONES

1964	Incorporated as 60% subsidiary of Permutit, UK.
1965	Pioneered the production of world-class ion exchange resins in India.
1969	Awarded the 1st major contract from Chennai Petroleum Corporation Limited (CPCL).
1976	R&D was recognized by the Department of Science & Technology (DST), India.
1977	Listed on Bombay Stock Exchange, India.
1978	The 1st The Company in India to introduce the Reverse Osmosis concept.
1979	Ion Exchange resins manufacturing unit was inaugurated at Ankleshwar, India.
1982	New engineering & fabrication facility was set-up at Hosur, India.
1985	Ion Exchange becomes a wholly owned Indian Company after Permutit's divestment.
1987	1st in India to manufacture Reverse Osmosis membrane elements at Halol Kalol, India.
1991	Established the international division and started Southeast Asia operations. Bagged the order for the world's largest Clarifier for a pulp & paper mill.
1994	Capacity expansion and complete automation of resins manufacturing unit at Ankleshwar, India.
1997	100% Export Oriented Unit (EOU) set up at Rabale, India.
1998	Consumer product manufacturing starts at Goa, India under the brand name ZeroB.
2002	Launched Water Vending Stations.
2003	1st packaged drinking water plant was commissioned for Indian Railways 'Rail Neer'.
2010	Largest Reverse Osmosis based Sea Water Desalination (SWD) plant in the industrial sector was commissioned for Chennai Petroleum Corporation Limited (CPCL).
2017	India's 1st integrated Reverse Osmosis membrane manufacturing facility was set up in Goa, India.
2021	Awarded a large EPC project from State Water Supply and Sanitation Mission, Namami Gange and Rural Water Supply Department under the Jal Jeevan Mission, Government of India.

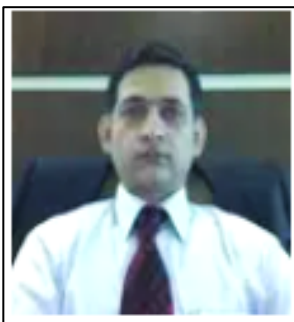
## PROMOTERS AND MANAGEMENT TEAM

### • RAJESH SHARMA, MANAGING DIRECTOR



1. He has an experience of more than 4 decades in providing Total Water Management solutions to all sectors. Mr. Sharma joined the Company in 1974 and has held various positions in sales, marketing and management. Before taking over the office of Managing Director in April 2000, he was the Deputy Managing Director.
2. He established the company's international business division, including its 100% EOU and has developed business relationships with leading engineering contracting companies and business & technology partnerships with leading companies in Europe, Japan, South East Asia and the Far East.
3. Mr. Sharma has chaired technical seminar sessions organized by various Associations and also presented papers in India and abroad on water and wastewater treatment and water conservation topics.
4. He holds 5.62% of total equity share and takes total remuneration of Rs. 6.6 Cr. which is 4.2% of FY22 Net profits of Rs. 162 Cr. Commission is ~23% of total remuneration.

### • AANKUR PATNI, EXECUTIVE DIRECTOR



1. He is associated with the Company for the last 20 years. Mr. Patni is a Chartered Accountant.
2. He is currently associated with 8 Companies and is a director with Rockmen Merchants Ltd, Global Composites and Structural Limited, Ion Exchange Infrastructure Limited, Aquanomics Systems Limited, Astha Technical Services Limited, Ion Exchange Projects and Engineering Limited, Total Water Management Services (India) Limited.
3. He holds 2.01 % of Total equity shares and takes total remuneration of Rs. 3.02 Cr (1.85% of FY22 Net profits). The commission is ~25% of total remuneration. He is son of M.P Patni (Non-executive director) whose age is 75 plus.

# CORPORATE GOVERNANCE

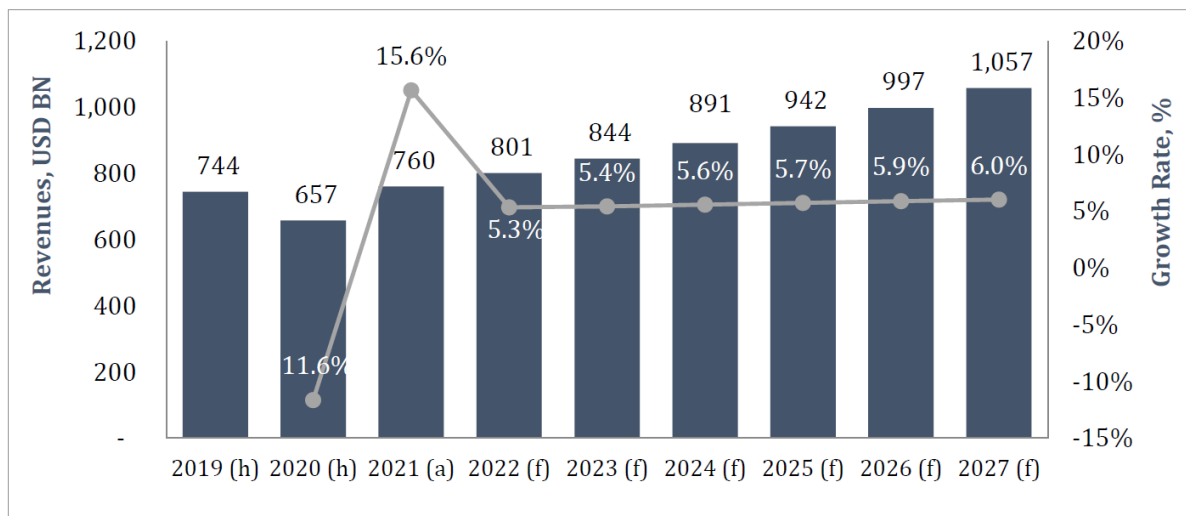
Positive
  Negative

Checklist	Remark
Auditors' opinion	Unmodified
Auditor change	No Frequent change in Auditor
Promoter pledged %	No history of promoter pledging since listing
Conference call	Yes, shows investment friendliness
Investment presentation	Yes, shows investment friendliness
Related party transaction (Loans given to subsidiaries)	No repayment schedule of loans given to subsidiaries
Subsidiaries	Complex subsidiaries structure in India and Offshores
Independent Directors as % of Board	50%, Good sign

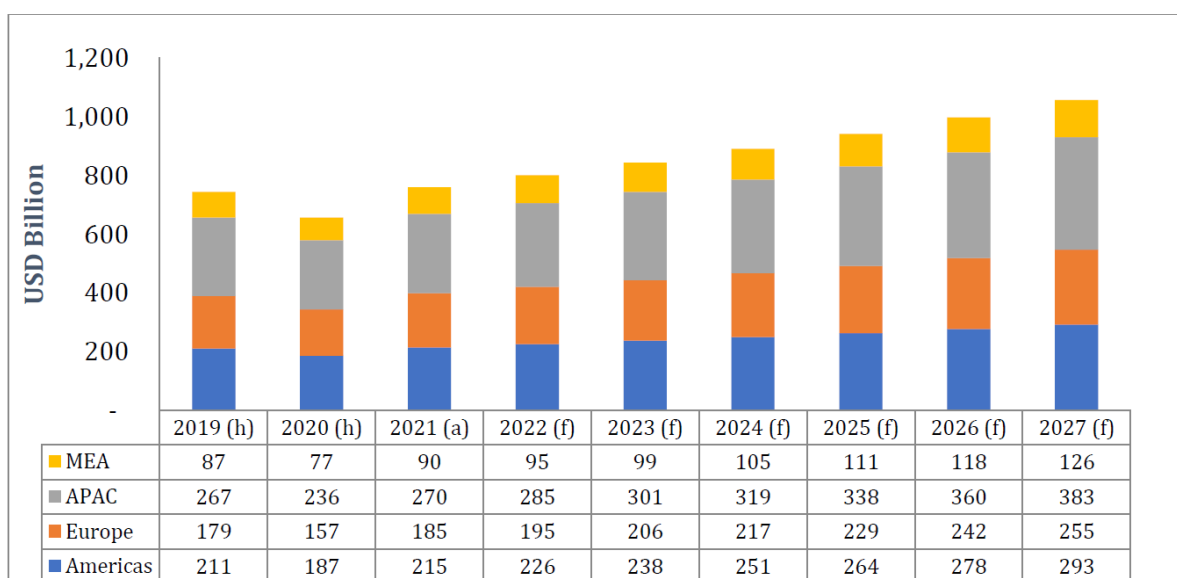
## INDUSTRY ANALYSIS

### GLOBAL WATER AND WASTEWATER TREATMENT SOLUTIONS MARKET

- The value of the global water and wastewater treatment solutions market grew by 5.3% from US\$760 billion in CY2021 to US\$801 billion in CY2022. It is expected to grow at a CAGR of 4.7% from US\$801 billion in CY2022 to reach US\$1,057 billion in CY2027.



Global Water and Wastewater Treatment Solutions Market Size: Historical and Forecast, CY 2019 – 2027, Source- Concord Enviro Systems Limited RHP

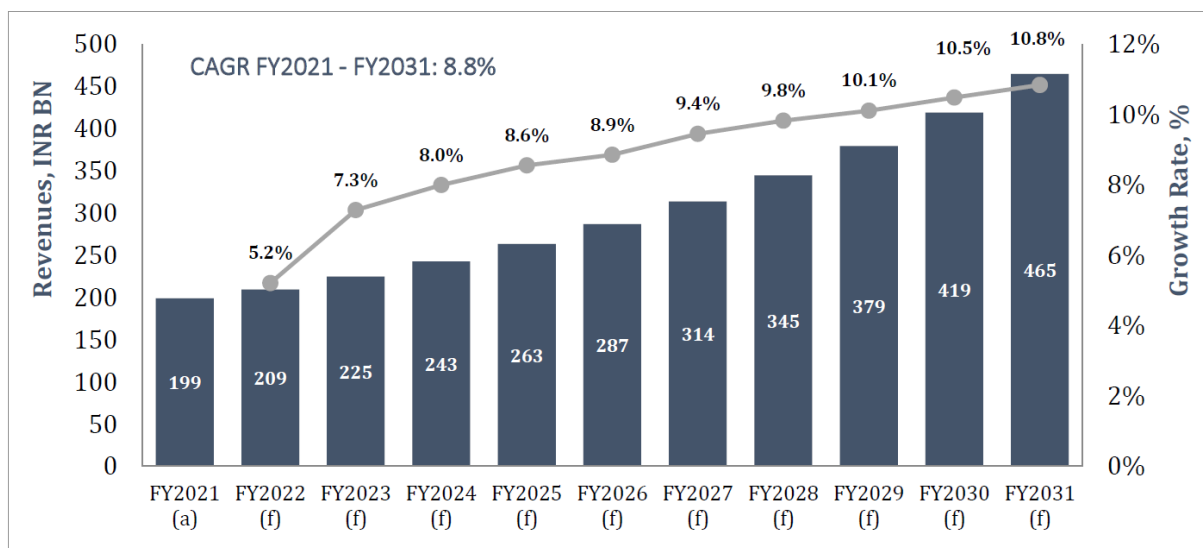


Water and Wastewater Treatment Solutions Market Forecast by Region, 2019 – 2027, Source- Concord Enviro Systems Limited RHP

- The demand for water and wastewater treatment solutions in APAC is mainly driven by rapid urbanization in developing Asian economies including China, India, Vietnam and Indonesia. Growing manufacturing and services sectors are creating demand for recycling and reuse systems.
- Other factors that are contributing to the growth of the market are improving standards of living, water scarcity, and emergence of more stringent water related laws and regulations, particularly for effluent discharge. River cleaning initiatives in India, China, Indonesia, and the Philippines have led to strongest enforcement of regulatory compliance, and imposition of recycling and reuse systems with the provision of subsidies or incentives for implementation.

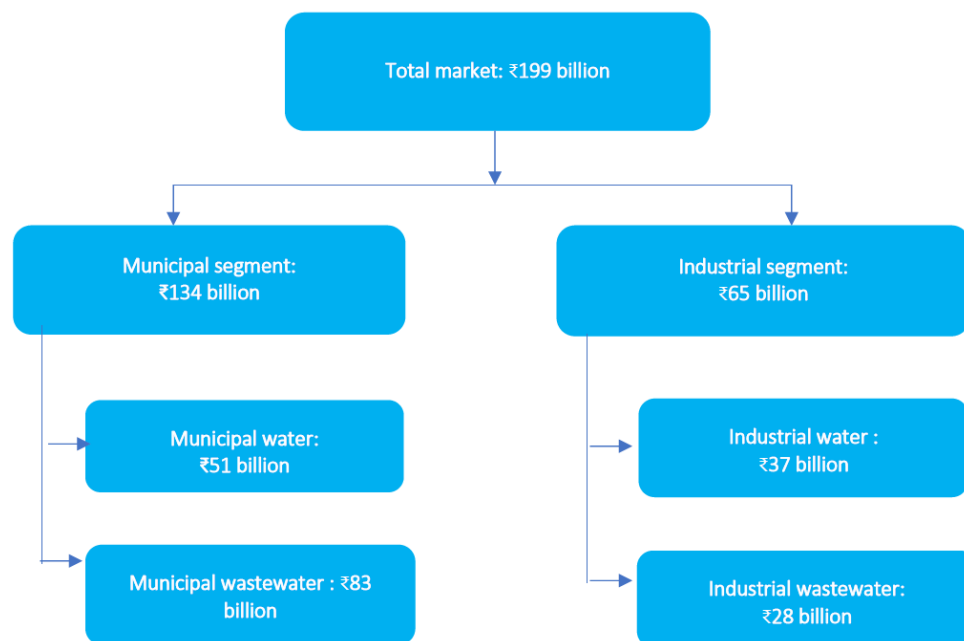
## INDIA'S WATER AND WASTEWATER TREATMENT SOLUTIONS MARKET

- Indian Wastewater treatment solutions segment is forecasted to grow at a CAGR of 8.8% from Fiscal 2021 to Fiscal 2031 and Indian water & environment industry is projected to register a healthy CAGR of 8.5 percent during the period 2022-2026.



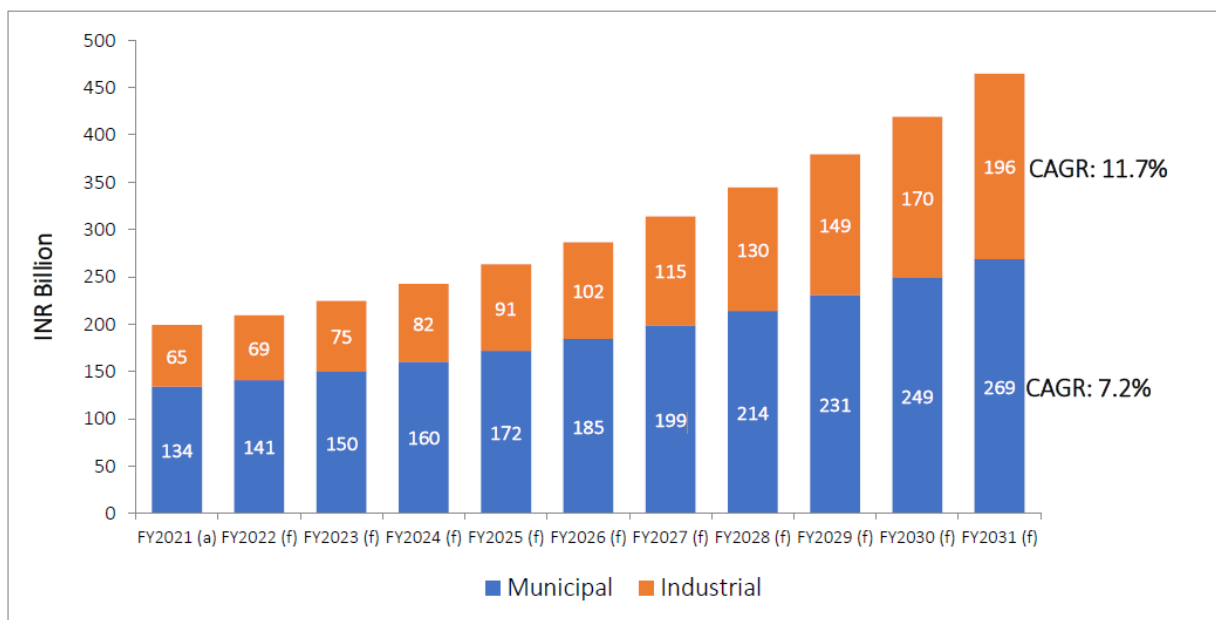
India's Water and Wastewater Treatment Solutions Market  
Forecast, FY 2021 – FY2031, Source- Concord Enviro Systems Limited RHP





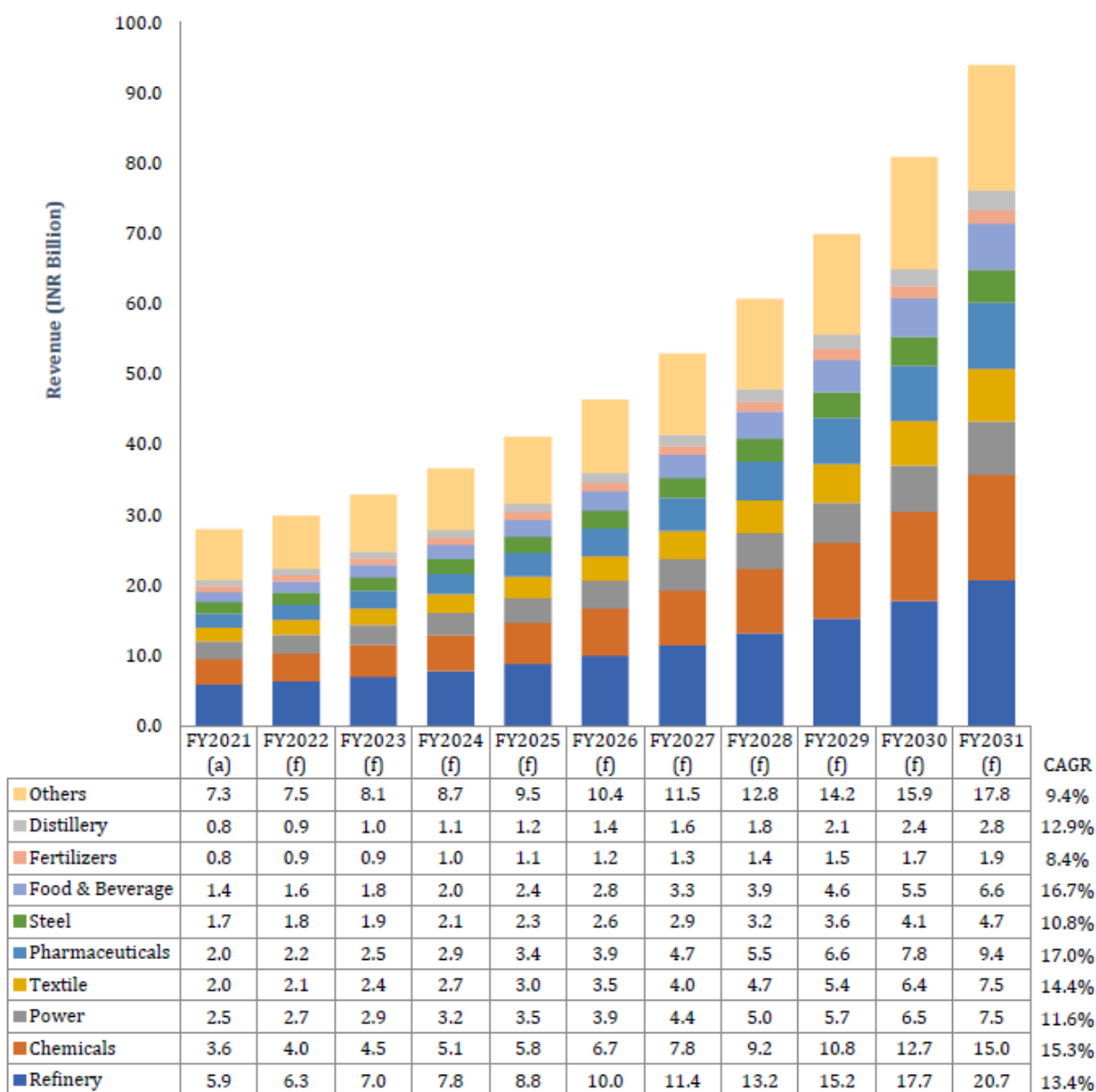
Indian water and wastewater treatment solutions market by segments, FY21,  
Source- Concord Enviro Systems Limited RHP

- The industrial segment is expected to grow faster than the municipal segment during the forecast period. Backed by investments and regulations, the industrial segment is anticipated to grow at a CAGR of 11.7% from Fiscal 2021 to Fiscal 2031, The municipal segment is expected to record a CAGR of 7.2% across the same period.



Total Water and Wastewater Treatment Solutions Market Forecast  
by End User Segments, India, FY2021 – FY2031,  
Source- Concord Enviro Systems Limited RHP

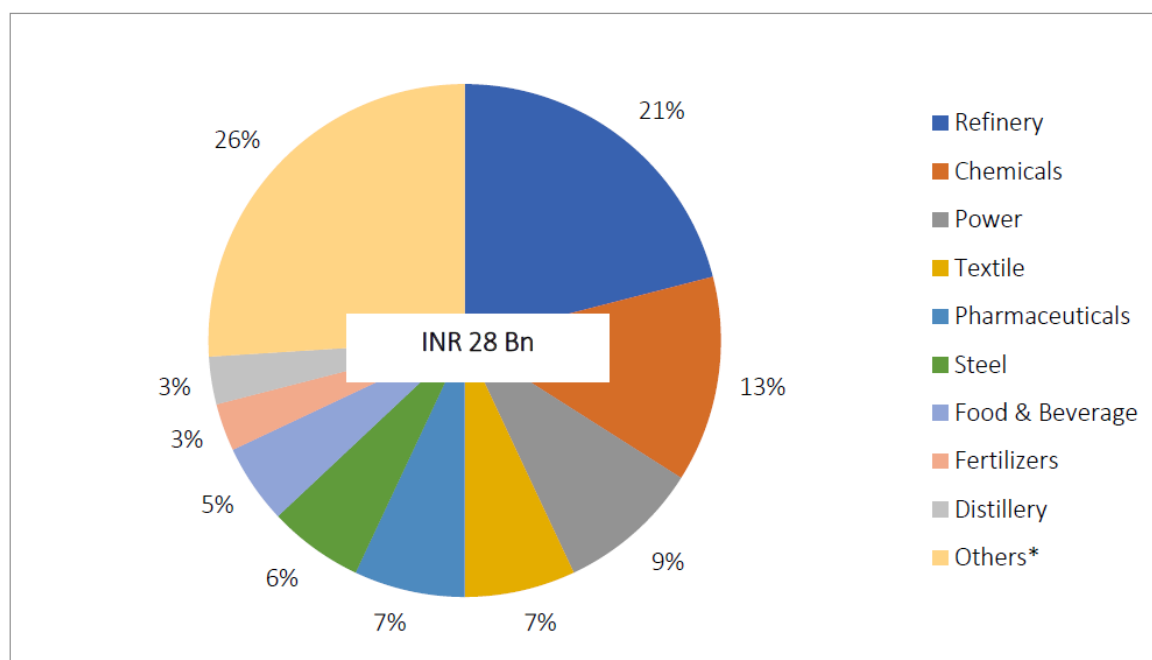
- Steel industry used to be a major contributor in the past, but its share in the market has declined over the years owing to the lack of investment in the industry. Highest growth expected as per end user industry is majorly in Pharmaceuticals - 17% CAGR, Food & Beverage - 16.7% CAGR and Chemicals - 15.3% CAGR.



#### Industrial Wastewater Treatment Solutions Market Forecast

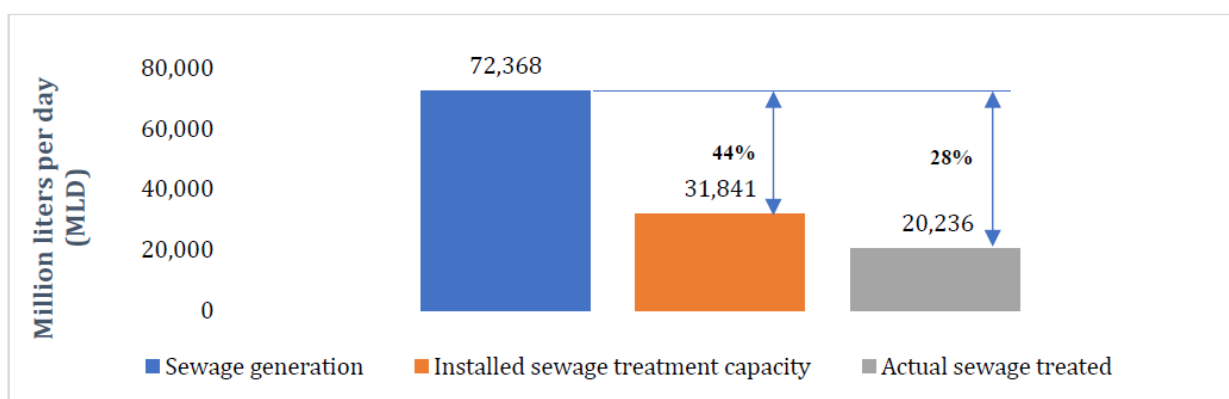
by End-user Segment, India, FY 2021–FY2031, Source- Concord Enviro Systems Limited RHP

- Refineries have been the largest end-user segment for the industrial wastewater treatment market In India, propelled by capacity addition, Bharat Stage (BS VI) conversion projects and larger ticket sizes. Chemicals, power, textile, pharmaceuticals, food and beverage fertilizer and distillery companies are the other major end-users.



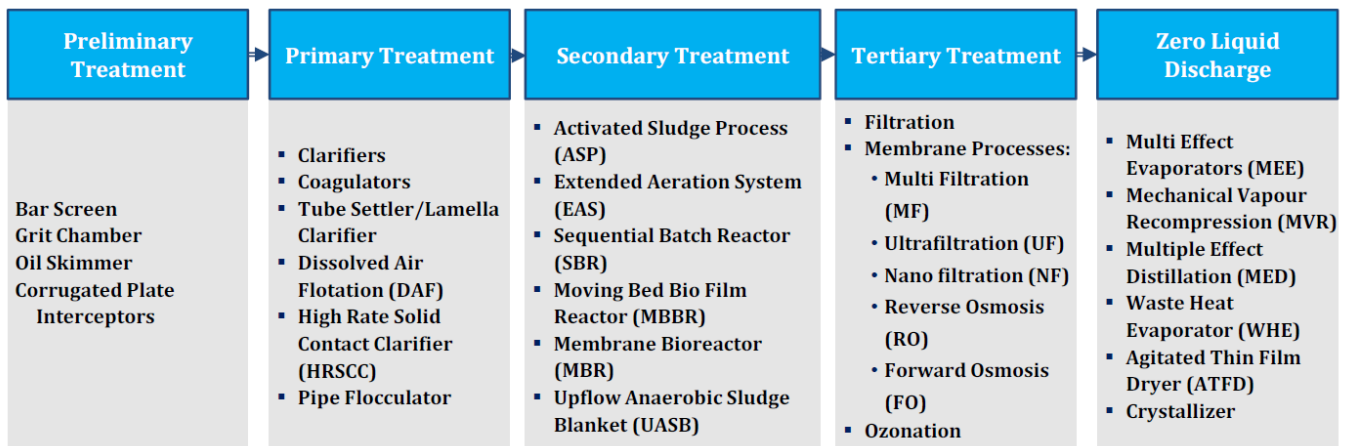
Indian industrial wastewater treatment solutions market by end-user segments, FY21, Source- Concord Enviro Systems Limited RHP

- India is lagging in terms of Sewage treatment capacity. Total sewage generation is 72,368 MLD, of which India has the capacity to treat 44% of the sewage while only 28% of sewage is treated. There is huge head room to grow for the sewage treatment companies as industrialization increases and the Government focuses on reducing open sewage disposal.



Sewage Generation and Treatment Capacity, Urban India, 2020, Source- Concord Enviro Systems Limited RHP

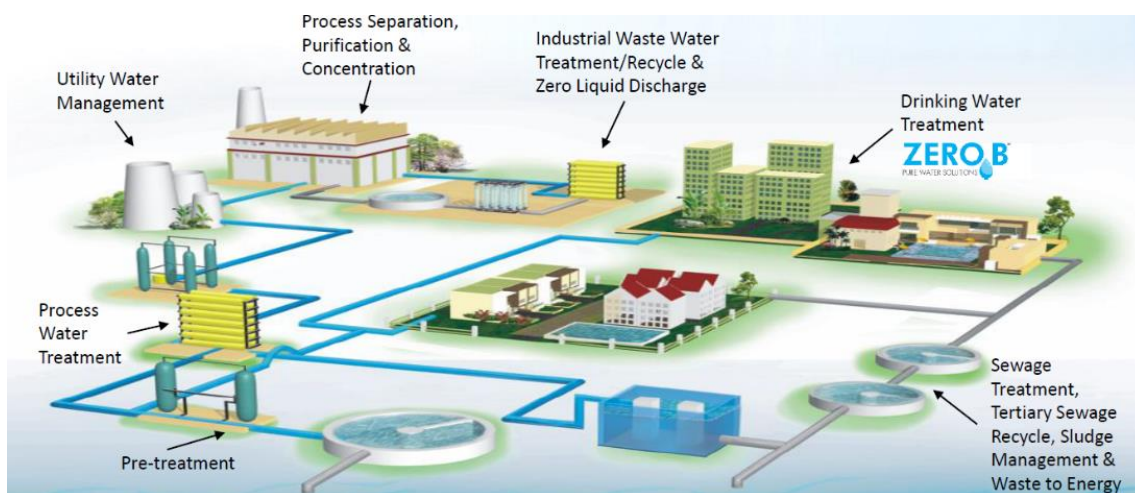
- The technologies employed by the industrial wastewater treatment solutions market are further set out below:



Source- Concord Enviro Systems Limited RHP

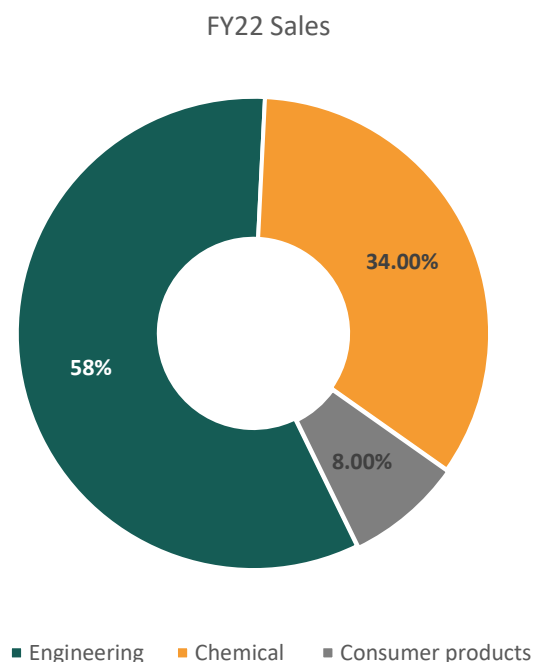
## THE COMPANY

- The Company has presence in the entire value chain from preliminary treatment to zero liquid discharge. Very few companies in India provide solutions across the spectrum of water and waste water management.
- The Company has in-house manufacturing of membranes which is used in different technologies for secondary and tertiary treatment.



Water Treatment	Waste Water Treatment	Solid Waste	Process Separation & Purification	3D Modelling
Raw Water Treatment	Waste Water Systems	Sludge Dewatering	Ion Exchange Process	
Process Treatment	Water Recycle	Waste To Energy	Membrane Process	
Post Treatment	Zero Liquid Discharge		Ion Exchange Membrane Process	
Drinking Water Treatment				

# BUSINESS SEGMENT



## 1. ENGINEERING (58% OF FY22 SALES, 10-12% EBIT MARGIN)

Global Market size of Engineering Segment is Rs. 4.5 Lakh Cr. While in India it is Rs. 40,000 Cr and in Industrial segment it is Rs. 8,000 to 10,000 Cr. Of the total Engineering segment sales, IEIL derives ~10% of revenue from membranes, ~15–20% from O&M services, and the rest from remaining EPC related contracts.

### a) INDUSTRIAL SEGMENT

- I. Ion Exchange integrates process technologies and design, engineering & project management expertise into design & build projects – on turnkey, BOOT or EPC basis.
- II. The Company provides customized solutions for water, waste water, recycle, ZLD to core industries such as power plants, chemicals, refineries, fertilizer and steel plants. It provides comprehensive turnkey solutions for Municipal Water, Waste Water and Solid Waste Management.
- III. Normal execution period of contracts is 2 years. (Mix of large and small). Mid-sized contracts take 1-1.5 years for execution whereas for small contracts it takes 3-6 months for execution. Company has 40% private contracts in its current order book.

#### IV. Standard systems

- i. Packaged and pre-engineered range – The Company provides solutions for softeners, filters, demineralizers, membrane plants, packaged sewage and industrial effluent treatment plants. Engineered to meet the necessary process water, non-water and treated waste water quality requirements of diverse industries like pharma, food and beverages, automobile, textile etc.
- ii. These pre-engineered, pre-tested and skid-mounted fast delivery systems are also the preferred choice for industries like hospitality, realty, IT parks, malls etc.

#### **b) COMPREHENSIVE SERVICES- O&M CONTRACTS**

- I. Annual Maintenance - They provide Water & Waste Water equipment for efficient performance and zero downtime, scheduled inspection visits and scheduled maintenance & services.
- II. Comprehensive service contract- IEIL takes complete responsibility for supply of treated water in required quantity and quality at the customer's place. The Company also provides solutions for Boiler & Cooling Water Treatment Programs and Consultancy & Surveys.

#### **c) MEMBRANES**



Sea Water RO Membrane

Low Pressure RO Membranes

Brackish Resistant Membranes



Fouling Resistant Membranes   Nano Filtration Membrane   Ultra Filtration Membrane

- a) In 1987, Ion Exchange pioneered and promoted the concept of reverse osmosis membranes in India and started manufacturing membranes. The Company's manufacturing facility in Goa manufactures a wide range of Reverse Osmosis and Nano Filtration membranes.
- b) Ion Exchange offers its Membrane under the brand HYDRAMEM - High performance membranes. Currently, 20-25% of production is captively consumed, while external sales contribute ~10% to revenue.
- c) Industrial, institutional and domestic applications of membranes are as follows:
  - i. Conventional Industrial Water Treatment – Brackish water Hydramem membranes are used for purification of process water. Hydramem membranes give best in class salt rejection recoveries with optimum permeate water flow.
  - ii. Sea Water Desalination – With their increased efficiency and lower power requirements Hydramem Sea Water elements offer desalinated water at lower costs.
  - iii. Recycling of Treated Effluents – Hydramem Fouling Resistance Membranes provide superior organic fouling resistance, longer life and less frequent cleaning.
  - iv. Textile Industry – INDION Salt Recovery system from Textile dye bath effluent based on specialty NF membrane technology recovers brine for its reuse in dyeing process & recovers water to be recycled in various plant processes.
  - v. Dye Desalting – Hydramem NF membranes efficiently removes undesirable impurities from variety of dyes and enhances their functional properties.



## 2. CHEMICAL (34% OF FY22 SALES, >20% EBIT MARGIN, >50% OF FY22 PAT)

- Water treatment chemicals are used for raw and waste water treatment conditioners in boiler, cooling water treatment and membrane cleaning etc. Industry Chemicals are used to increase the life of boilers and to reduce maintenance costs, corrosion, scaling chemicals, PH conditioning. The Company is engaged in the manufacturing of water treatment chemicals such as ion exchange resins and other specialty chemicals.
- Specialty Chemicals include performance chemicals used in the processing of Paper, Sugar, Ceramic, Pharma and Refinery products. The Company also has a FDA approved pharma grade resin facility.
- IEIL offers products under the registered trademark of INDION RESINS which include complete range of cation and anion resins for water and waste water treatment, purification of bio-diesel, sugar, food and beverages & host of specialty applications like pharmaceutical excipients, catalysts, nuclear grade resins, brine softening, heavy metal removal, adsorbent grade resins etc.
- India's Resin market size is Rs. 300 Cr. The Company has 40% market share of Resin in India. Resins are being imported in India and Thermax Ltd. is the major competitor.
- The Company exports to USA, Canada, Middle East, Japan, Korea and has a low single digit global market share. Du Pont USA (2021 Revenue of USD 15.13 Billion) and LANXESS European company (2021 Revenue of EUR 6.1 billion) are the major producers of resin and cover almost 60% of global market share.
- R&D is an ongoing process and the Company has vast experience of working with many companies to make tailor made solutions (Value added product) and come up with new solutions for customers which improves client stickiness.
- **Application**

In industries, raw water enters in the plant which needs treatment to achieve right specifications. Additionally, the used water which is thrown out needs specifications for disposal. A one-solution-fits-all framework does not work every single time when there is a large scale implementation. Resins are used for removal of colour, odour, organics, nitrate, iron, fluoride, arsenic and tannin. Electronics manufacturing requires ultra-pure water because even the slightest impurities can cause malfunction, which is similar to medical and

pharma industries. Tailor-made resins are developed to suit specific applications. The process flow is shown below.

- a) Study input raw water quality.
- b) Quality required by the customer.
- c) Treatment criteria.
- d) Discharge norms.

### 3. CONSUMER PRODUCTS (8% OF FY22 SALES, NEGATIVE EBIT MARGIN IN FY22)



- Ion Exchange is the pioneer of the RO technology, in India. With its National & International presence, the Company offers its products in Consumer products business under the brand Zero B.
- Besides Zero B products which cater to individuals, hotels, spas, educational institutions, hospitals, laboratories, railway and defence establishments, this division also provides several technologically advanced products to residential, commercial and rural segments.
- IEIL has focused on niche products (having a unit price of up to Rs. 3 lakh vs generic RO price of Rs. 15,000–20,000/piece) that provide hydrogen and mineral-rich water. The Indian water purifiers market was worth USD 754.2 million in 2020 and is further projected to reach USD 1937.5 million by the year 2027, growing at the CAGR of 14.3% during the forecast period (2020-2027).
- This business was loss making at EBIT level and IEIL witnessed turnaround in this segment in Q1FY23.

## RAW MATERIAL

- Steel and cement are the major raw material used in Engineering business whereas in Chemical business it is petrochemicals. Chemical division raw materials are majorly imported.

## MARQUEE CLIENTS

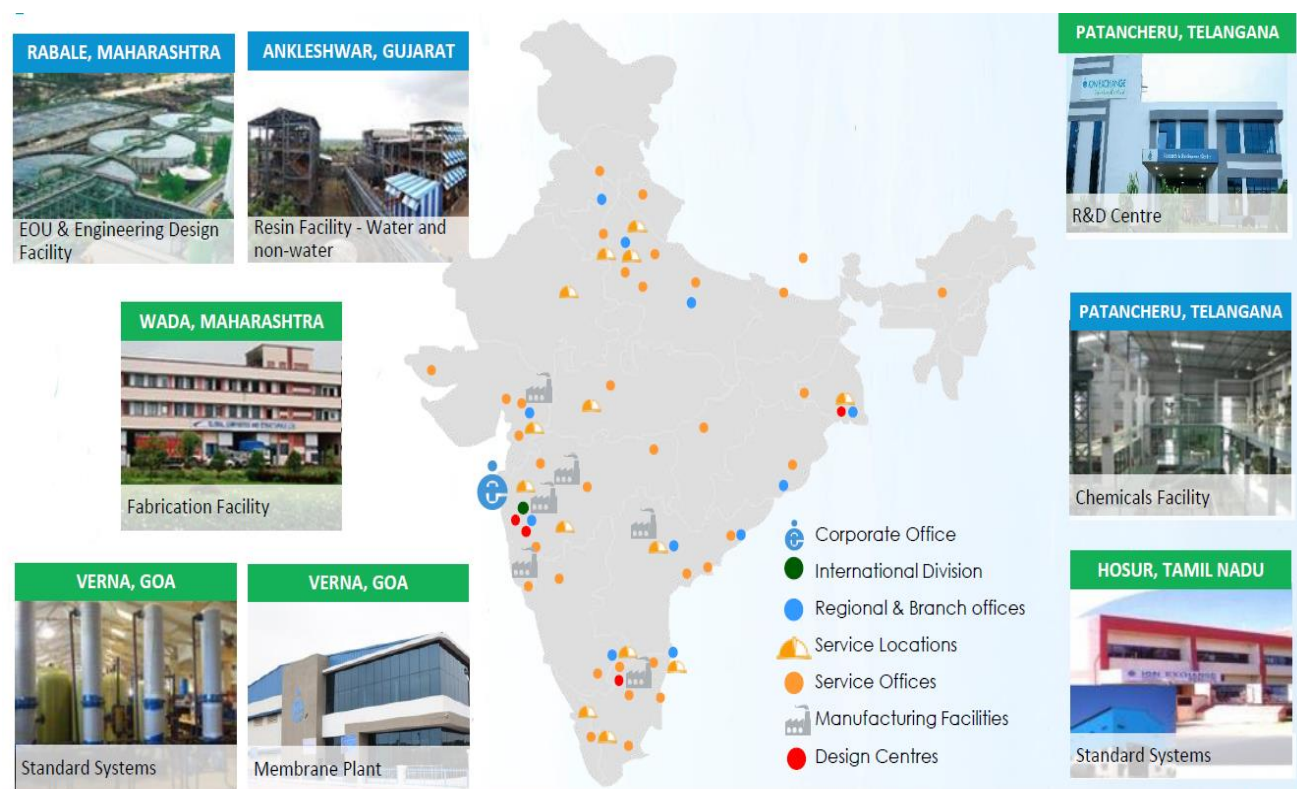
- Industrial – NTPC, NPC, Reliance, IOCL, JSW, CPCL, L&T, ArcelorMittal, Nippon Steel, Nayara Energy, IRCTC, BHEL, Tata Group.
- Institutional – Leela, Military Engineering Services, Taj Hotels, Holiday Inn, Hyatt Regency, Oberoi Hotels, Apollo Hospitals, Escorts Heart Institute, DLF, Puravankara.
- International – Cargill, Technip France, Unilever Group, Jurong, Thyssenkrupp (Uhde), Jacobs, Kawasaki, Mitsubishi, PDO Oman, Emirates Steel, IKPP Indonesia.

INFRASTRUCTURE	PETROCHEMICALS	AUTO-MOBILES	HOTELS	POWER	PHARMA	TEXTILES	STEEL	PAPER AND PULP
								
								
								
								
								
CHEMICALS	SUGAR	CEMENT	FOOD & BEVERAGES	HOSPITALS	REAL ESTATE			
								
								

## MANUFACTURING FACILITIES

Location	Type of unit
Ankleshwar, Gujarat (India)	Resins Manufacturing Unit
Hyderabad, Telangana (India)	Industrial Chemicals Manufacturing Unit
Verna, Goa (India)	Membrane Manufacturing Unit, Fabrication & Assembly Unit
Hosur, Tamil Nadu (India)	Fabrication & Assembly Unit
Rabale, Maharashtra (India)	Export Oriented Unit
Wada, Maharashtra (India)	Fabrication Unit
Sharjah, UAE	Assembly Unit
Indonesia	Assembly Unit
Dhaka, Bangladesh	Fabrication & Assembly Unit

- Ion operates 9 manufacturing units, including a fabrication unit in the UAE, Indonesia, Bahrain and Bangladesh



## INTERNATIONAL PRESENCE AND EXPORTS



- The Company markets its products through 600+ dealers in FY22. (300+ in FY18)
- Exports contributes 30% to the total revenues.

## SUBSIDIARIES

- Ion Exchange (India) Limited has 18 subsidiary companies in India and abroad as on March 2022. Ion Exchange LLC, USA, Ion Exchange Asia Pacific Pte. Ltd., Singapore, Ion Exchange Projects and Engineering Ltd. India (91% owned) are the major subsidiaries which are 100% owned.

## STRENGTHS

- The Company has a chemical resin and membrane facility which is utilized captively. The Company has long term relationships with major clients and has been providing solutions to them for tailor-made products which improve client stickiness.
- The Company has a 40% market share in the resin market in India itself. The Company expects to increase its global market share which is in the low single digits.



- It has two facilities for in-house R&D and two applications and testing centers. The company has over 50 patents to its credit and 100+ products commercialized.
- The company has a global presence apart from presence in major cities in India with 36+ sales & service centers and 100+ Channel Partners.

## TRIGGERS

### ONGOING UP PROJECT AND UPCOMING EPC PROJECTS TO START CONTRIBUTING TO THE TOPLINE

- The Company had got major contract of Rs. 1000 Cr. in Uttar Pradesh Q4FY21 under the Jal Jeevan Mission for the rural water drinking supply to 1,000 villages in two districts of Uttar Pradesh that is Varanasi and Aligarh. Under this contract, the Company is involved in extracting and treating groundwater, and supplying drinking water to households.
- Every village has its own different contract hence it's a major contract with a compilation of various small contracts. The scope of work might increase in the contract going forward as there are various moving parts in the contract. The contract order is in a staggered manner and the current value of this contract stands at Rs. 1200 Cr.
- Outstanding contract order which is yet to be executed is valued at Rs. 1135 Cr. Of this amount, we expect Rs. 350 Cr to be realized in FY23 and major chunk of more than Rs. 800 Cr. in FY24. This contract has a timeline of 18-21 months. The Company will be getting recurring O&M business of 10 yrs. from this contract. (O&M stands for Operation and Maintenance)
- Depending on the attractiveness of the projects, IEIL may bid for more states for similar services.

### ROBUST ORDER BOOK IN EPC AND STRONG BID PIPELINE OFFERS REVENUE VISIBILITY

- The Company has a total order book of Rs. 2,912 Cr. (Rs. 600 Cr. in Dec 2020, 4.8x growth) of which outstanding UP SWSM is Rs. 1,138 Cr. (~40% of total order book) and the outstanding Sri Lanka order is of Rs. 245 Cr.
- IEIL has a bid pipe line of Rs. 8,000 Cr. (majorly international) of which, as per management 30% of their bid is at advanced stage which translates to Rs. 2,400 Cr. If the conversion happens the total order book will be Rs. 5,312 Cr. (3.37x of FY22 revenue of Rs. 1,577 Cr.)
- Currently, O&M services contribute ~15-20% to revenue from the Engineering business. As the order book grows, scope for O&M services will also improve.
- IEIL had frontloaded the cost for strengthening the infrastructure on the back of increased order backlog and expects increased pace of execution in the coming quarters.

## **UPCOMING GREEN FIELD CAPEX IN RESINS (CHEMICAL DIVISION) AND BROWN FIELD CAPEX IN MEMBRANE BUSINESS**

- The Chemical business contributes 34% to the revenue and has 22-24% EBIT and contributes 50% to the total profits of the entire business. The current capacity for Resins- 36,000 TPA, is running at 70-75% utilization levels. The facility is expected to get optimally utilized at 90% by FY24.
- The Company is doing a green field Capex of >Rs. 250 Cr. in Roha, Maharashtra to enhance resin capacity. The Capex will have 2 phases. Phase 1 (P1) will double the existing capacity of 36,000 TPA in Cation and Anion Resin each and in Phase 2 (P2) further 36,000 TPA will be added to each resins. The existing capacity will be 3x of current capacity, post the P2 expansion.
- This Capex can achieve 2.5-3x of asset turnover which translates to Rs. 625-750 Cr. in revenue (40-48% of FY22 sales) at full utilization. The Company expects to increase its global market share which is in low single digits and the Company is expecting the expanded capacity to be fully utilized within 2-3 years.
- IEIL is undergoing brownfield Capex of Rs. 49 Cr. in the Membrane business which runs at 90% utilization level. The expanded capacities will be live by Q4FY23. Expected revenue from this Capex would be Rs. 60-70 Cr. (4- 4.4% of FY22 sales) at full utilization.

## **HUGE GROWTH IN CONSUMER DIVISION ALONGWITH PROFITABILITY**

- IEIL witnessed turnaround in the Consumer business. As per our conservative estimates we expect this division to grow by 30% CAGR till FY24 from a low base of Rs. 157 Cr. (FY22) which translates to Rs. 265 Cr. by FY24 (Management has guided for upwards of 50% CAGR growth for FY23)
- IEIL has focused on niche products (with a unit price of up to Rs. 3 lakh vs generic RO price of Rs. 15,000-20,000/piece) that provide hydrogen and mineral-rich water. This segment became profitable at the EBIT level in Q1FY23 and is likely to see improvement in the future.

## **STRONG REVENUE VISIBILITY WITH MARGIN IMPROVEMENT IN CHEMICAL BUSINESS**

- We expect the topline will grow by 20% CAGR till FY24 (the management has guided 40% growth for FY23 YoY). The EBIT margins will be in the range of 13-14%.
- As per our conservative estimates we expect EPC to grow by a CAGR of 21% till FY24 which translates to Rs. 1347 Cr. by FY24 and the Chemical business to grow by 13% CAGR till FY24 which translates to Rs. 712 Cr. by FY24 (FY22 Rs. 558 Cr.) whereas Consumer division will grow by 30% on a low base which translates to Rs. 265 Cr. by FY24 Cr.



(All figures are in Rs. Cr. unless mentioned otherwise)

	FY20	FY21	FY22	FY23E	FY24E	2 YR CAGR growth
Total REVENUE	1480	1450	1576	2049	2295	21%
EPC	939	941	935	1218.9	1346.47	20%
Growth in %		0%	-1%	30%	10%	
CHEMICAL	469	440	558	652	717	13%
Growth in %		-6%	27%	17%	10%	
CONSUMER	126	108	137	178.1	231.53	30%
Growth in %		-14%	27%	30%	30%	

### CASH RICH BALANCE SHEET WITH NEGLIGIBLE DEBT CUSHION FOR UPCOMING Capex

- The Company stands at a cash surplus of Rs. 536 Cr. (March 22), which includes Rs. 43 Cr. margin money related to specific EPC contracts in an escrow account and Rs. 197 Cr. margin money deposited with banks.
- The Company possesses unblocked cash of Rs. 296 Cr, which is sufficient enough for Phase 1 green field Capex in the Chemical division.

### CONSOLIDATION OF ALL SUBSIDIARIES TO REDUCE RELATED PARTY TRANSACTIONS

- The Company will be consolidating all its subsidiaries in H2FY23. This will help The Company to form a simple structure and evade the complex related party transaction.

### TAILWINDS TO THE WATER AND WASTE WATER TREATMENT INDUSTRY

- Capital expenditure on water and waste water infrastructure in India is set to increase by 83% over the next five years, hitting an annual run rate of USD 16 Bn by 2023. In 2001, per capita water availability was 1,820 cubic meters which is projected to decline to 1,140 cubic meters by 2050.
- Almost 62,000 MLD of sewage is generated across urban India and there are just 816 STPs installed that treat 23,277 MLD or 37.5% of sewage per day. The Govt. of India plans to spend Rs. 200 bn in the next 5 years for the Clean Ganga project.
- Global water treatment chemical market size is expected to grow from \$39.1 billion in 2021 to \$61.1 billion in 2026.

- Current coverage of Nal Se Jal is 8.7 Cr. households, of this 5.5 Cr. households were provided tap water in the last 2 years itself. Allocation of Rs. 60,000 Cr. has been made with an aim to cover 3.8 crore households in 2022-23. All these factors provide strong push for the industry in which IEIL operates.

## Risks

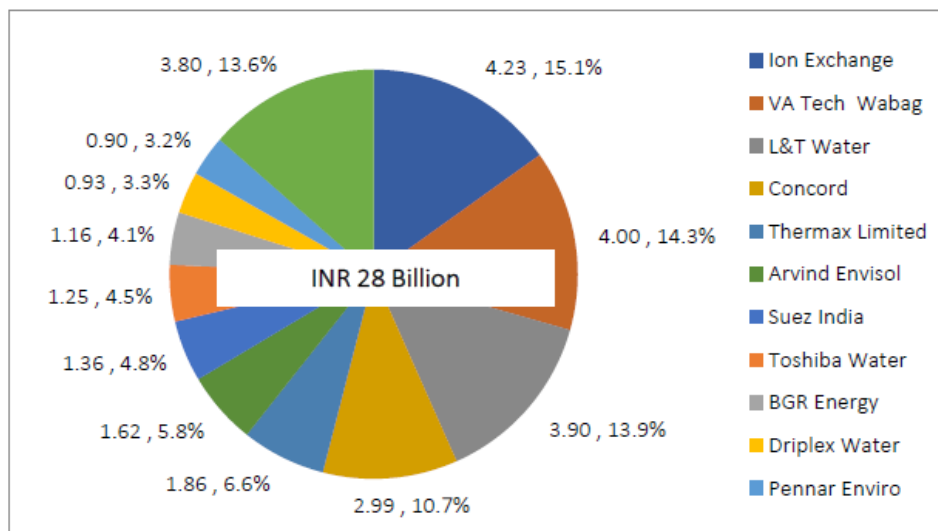
- The Company received an order from Sri Lankan Government Authority, National Water Supply and Drainage Board (NWSDB) in 2016. Out of this total contract, Rs. 250 Cr. is the outstanding contract which is at a standstill due to economic crisis and political unrest. However, the management is confident of completing the project with no credit risk as the payment is routed through Exim Bank.
- Competition risk from L&T water, Concord Enviro- (FY21 Revenue Rs. 348 Cr, IPO awaited main board), Triveni engineering (Order book of Rs. 1,889 Cr, Technology till ZLD), Praj industries. The company operates in the EPC industry which is fragmented.
- The steel and cement price movements would certainly have an impact on the Engineering business. Similarly, the petrochemical prices (Crude derivative are a major RM cost) and other commodity price movements on the chemical front would have an impact on the chemical segment. The container unavailability due to any foreseen event can erode revenue and margins. The Company is vulnerable to exchange rate fluctuations.
- Passing on the cost increase does not happen immediately and tends to have lag which could erode the margins for the shorter run.

## SHAREHOLDING PATTERN (Q2FY23)

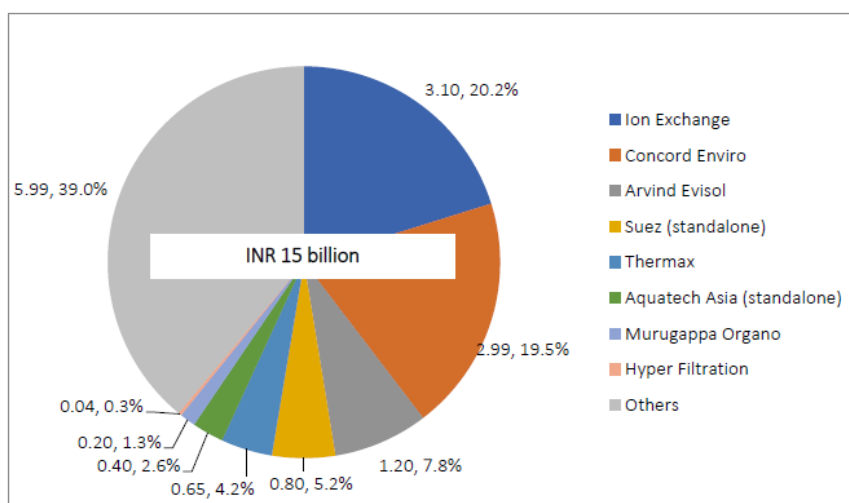
1. Promoters- 27.01%
  - No history of promoter pledging shares.
2. Others- 16.18%
  - Multiple trusts created by promoters and employees.
3. FII- 0.71%
4. DII-10.82%
5. Public- 45.28%

## PEER DESCRIPTION

- The major industrial wastewater recycling and reuse EPC companies are Ion Exchange, Concord Enviro, Arvind Enviro, Thermax and Suez. In FY2021, these five companies have a combined share of 56.9%.



Competitive analysis of Indian industrial wastewater treatment solutions market, 2021, Source- Concord Enviro Systems Limited RHP



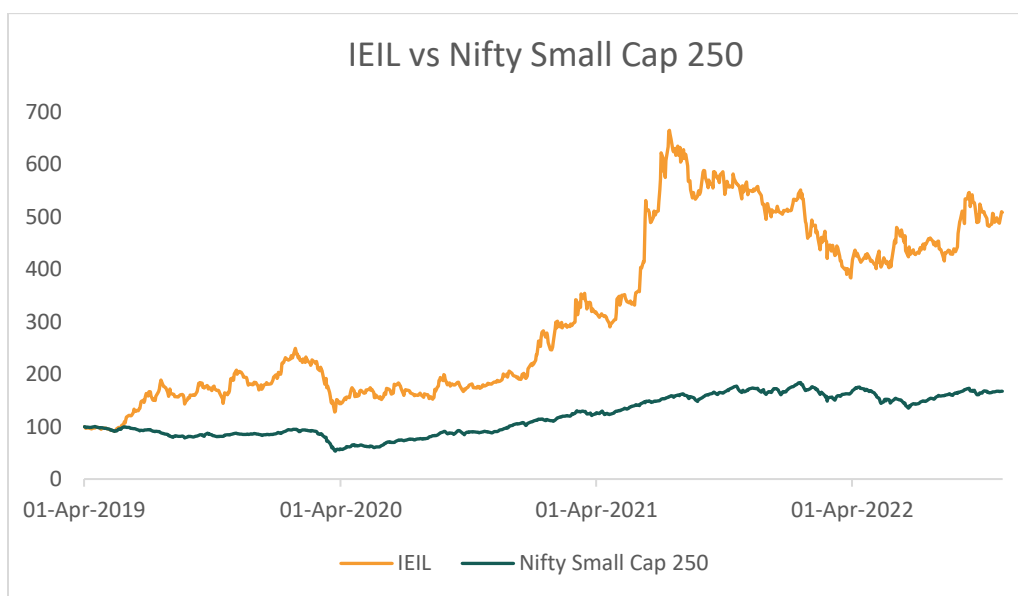
Industrial wastewater recycles and reuse solutions market in India, 2021, Source- Concord Enviro Systems Limited RHP

- Zero liquid discharge is niche market where there are very few players of which Ion Exchange is the major player with ~20% market share.

## Va Tech Wabag Ltd

- Va Tech Wabag Ltd (VTWL) is Indian multinational player in the water treatment industry which provides a turnkey solution for water and waste water treatment. WABAG's offerings span across municipal drinking water, municipal sewage, industrial water, industrial effluents, desalination and recycling. The Company operates through EPC, O & M, DBO, BOOT, HAM models.
- VTWL has a total order book of Rs. 10,592 Cr. of which 52% is from India and 48% is from rest of the world (Row). The order book comprises of 69% municipal and 31% Industrial segment contracts. The said order book has 67% of EPC contracts and 33% of O&M contracts.
- Their 54% of revenue comes from India and 46% from the RoW. The projects have an average execution cycle of 30-36 months, VTWL expects a 10% YOY sustainable growth in topline.
- VTWL had a 2-3% sales growth for last 3 yrs. with 7-8% EBIT margins with ROCE of 13-14%. Though the company has a robust order book, 69% of its orderbook is from Municipalities which adds a concentration risk for their order book. Working capital of VTWL has been stretched historically.
- Ion Exchange had a 10-11% sales growth for last 3 years with EBIT of 13-14% driven by Chemical business majorly with EBIT margin of 22-24%. Company has a ROCE profile of 35-38%. IEIL Judiciously selects contracts considering the credit profile of the issuer. Private orders comprise 40% of the total order book.
- In our point of view, Ion exchange is well place as compared to VA tech Wabag in the water and waste treatment space.

## PRICE HISTORY AND PERFORMANCE



# FINANCIALS

## • PROFIT AND LOSS STATEMENT

(All figures are in crores unless mentioned otherwise)

Income Statement	FY18	FY19	FY20	FY21	FY22	Growth
Revenue	1045.81	1162.28	1479.83	1449.52	1,576.87	10.8%
COGS	675.59	727.52	965.33	891.9	945.74	8.8%
Gross Profit	370.22	434.76	514.50	557.62	631.13	14.3%
<i>GPM</i>	35.4%	37.4%	34.8%	38.5%	40.0%	
Other Manufacturing Expenses	179.44	199.04	237.17	229.82	274.2	11.2%
Operating Expenses	110.73	126.84	139.48	123.39	141.81	6.4%
EBITDA	80.05	108.88	137.85	204.41	215.12	28.0%
<i>EBITDAM</i>	7.7%	9.4%	9.3%	14.1%	13.6%	
DA	13.08	19.59	23.53	27.67	28.04	
EBIT	66.97	89.29	114.32	176.74	187.08	29.3%
<i>EBITM</i>	6.4%	7.7%	7.7%	12.2%	11.9%	
Other Income	21.09	33.34	35.37	33.09	42.5	
Interest	21.74	21.35	19.25	14.72	12.67	
EBT	66.32	101.28	130.44	195.11	216.91	34.5%
<i>EBTM</i>	6.3%	8.7%	8.8%	13.5%	13.8%	
Taxes	26.36	35.94	36.73	51.71	55.64	
	39.7%	35.5%	28.2%	26.5%	25.7%	
PAT	39.96	65.34	93.71	143.40	161.27	41.7%
<i>NPM</i>	3.8%	5.6%	6.3%	9.9%	10.2%	

## • BALANCE SHEET

(All figures are in crores unless mentioned otherwise)

Balance Sheet	FY18	FY19	FY20	FY21	FY22
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	143.58	150.66	145.89	148.64	144.60
Right-of-use assets			37.83	30.30	36.95
Capital work-in-progress	6.58	12.28	11.51	14.60	20.04
Goodwill		8.631	8.631	8.63	8.63
Other Intangible assets	1.28	1.38	1.59	2.16	1.93
Investment accounted using equity method	2.98	3.44	3.75	3.56	3.98
Intangible assets under development					
<b>Financial assets</b>					
(i) Investments	0.70	0.70	0.7118	0.71	4.37
(ii) Trade receivables	13.79	14.20	6.25	4.54	4.54
(iii) Loans	9.93	9.99	11.77		
(iv) Other financial assets	7.54	7.03	6.49	17.68	17.07
Deferred tax assets (net)	1.15	1.05	1.48	5.35	9.34
Non-current tax assets (net)	0.42	0.47	0.50	0.61	1.41
Other non-current assets	15.25	16.69	16.48	13.55	25.70
<b>Total non-current assets</b>	<b>203.20</b>	<b>226.53</b>	<b>252.88</b>	<b>250.33</b>	<b>278.54</b>
<b>Current assets</b>					
Inventories	101.19	129.76	134.50	127.59	180.96
<b>Financial assets</b>					
(i) Investments	0.40	0.37	0.11	0.24	0.32
(ii) Trade receivables	437.10	424.17	501.87	448.96	507.70
(iii) Cash and cash equivalents	67.25	45.17	101.46	197.23	169.08
(iv) Bank balances other than (iii) above	195.93	245.24	271.63	308.15	366.82
(v) Loans	16.88	9.08	17.32	14.24	20.12
(vi) Other financial assets	8.76	19.65	23.72	11.71	13.73
Current tax assets (net)	0.80	1.36	1.46	0.67	0.31
Other current assets	33.72	63.91	77.23	84.18	87.84
<b>Total current assets</b>	<b>862.03</b>	<b>938.72</b>	<b>1,129.30</b>	<b>1,192.98</b>	<b>1,346.88</b>
Assets held for sale					
<b>Total assets</b>	<b>1,065.22</b>	<b>1,165.25</b>	<b>1,382.19</b>	<b>1,443.31</b>	<b>1,625.41</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					



Equity share capital	14.23	14.23	14.23	14.23	14.23
Other equity	185.88	245.80	348.83	491.61	641.43
<b>Total equity</b>	<b>200.11</b>	<b>260.03</b>	<b>363.05</b>	<b>505.84</b>	<b>655.66</b>
Non- Controlling Interest	2.84	2.19	2.03	-0.12	-0.83
<b>Total</b>	<b>202.94</b>	<b>262.21</b>	<b>365.08</b>	<b>505.71</b>	<b>654.83</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Financial liabilities					
(i) Borrowings	33.40	26.10	18.75	7.95	11.72
(ii) Lease liabilities			10.57	4.84	2.90
(iii) Other financial liabilities	8.86	8.11	8.08	8.48	8.91
Provisions	11.30	13.31	15.67	17.05	18.98
Deferred tax liabilities (Net)	2.03	1.10	0.46		0.24
Other non-current liabilities	0.58	0.5788	0.5075	0.5075	0.5075
Non current tax liabilities (Net)	1.74	1.5282	1.9054		
<b>Total non-current liabilities</b>	<b>57.91</b>	<b>50.74</b>	<b>55.96</b>	<b>38.82</b>	<b>43.26</b>
<b>Current liabilities</b>					
Financial liabilities					
(i) Borrowings	112.54	66.73	85.82	43.43	36.36
(ii) Lease liabilities			9.75	6.10	4.24
(iii) Trade payables					
(a) Total outstanding dues of micro and small enterprises	1.47	6.17	9.15	15.05	30.36
(b) Total outstanding dues of creditors other than micro and small enterprises	362.42	408.93	470.84	520.27	493.13
(iv) Other financial liabilities	41.88	42.81	43.79	31.06	32.39
Other current liabilities	269.58	307.79	318.98	251.84	308.49
Provisions	4.53	4.48	5.69	5.25	7.34
Current tax liabilities (net)	11.95	15.39	17.13	25.76	15.01
<b>Total current liabilities</b>	<b>804.37</b>	<b>852.29</b>	<b>961.15</b>	<b>898.77</b>	<b>927.31</b>
<b>Total Liabilities</b>	<b>862.28</b>	<b>903.03</b>	<b>1,017.11</b>	<b>937.59</b>	<b>970.58</b>
<b>Total equity and liabilities</b>	<b>1,065.22</b>	<b>1,165.25</b>	<b>1,382.19</b>	<b>1,443.31</b>	<b>1,625.41</b>

## • CASH FLOW STATEMENT

(All figures are in crores unless mentioned otherwise)

Cash Flow Statement	FY18	FY19	FY20	FY21	FY22
Cash flow from operating activities					
Profit before tax	66.32	101.27	130.30	195.11	216.91
Adjustments	12.81	24.78	19.08	27.79	21.60
Operating cash flow before working capital changes	79.13	126.05	149.38	222.90	238.52
Net working capital changes	35.57	34.44	-14.99	24.05	-75.77
Cash generated from operations	114.71	160.49	134.40	246.95	162.75
Income-taxes paid	-28.58	-33.87	-36.48	-49.90	-71.37
Net cash provided by operating activities (A)	86.13	126.61	97.92	197.05	91.38
Cash flow from investing activities					
Purchase of property, plant and equipment	-29.22	-30.69	-32.05	-29.95	-50.02
Proceeds from sale of property, plant and equipment	0.12	0.20	0.36	0.02	0.26
Investments made in others	-0.25		-0.01		-3.66
Bank deposit made during the year (with maturity more than three months)	-157.38	-89.37	-141.43	-76.36	-91.73
Bank deposit matured during the year (with maturity more than three months)	12.08	40.07	115.27	39.72	33.19
Proceeds from sale of treasury shares			21.89		
Dividend received	0.02	0.06	0.02	0.01	0.02
Interest received	8.40	9.34	18.01	37.33	19.94
Net cash used in investing activities (B)	-166.22	-70.40	-17.94	-29.24	-92.00
Cash flow from financing activities					
Repayment of borrowings	-58.9168	-97.71	-28.22	-55.3077	-18.7892
Proceeds from borrowings	112.85	42.58	43.48	7.16	20.03
Payment of lease liability			-12.60	-11.94	-8.18
Equity contribution by minority			0.39		0.57
Dividend paid	-4.79	-4.85	-11.62	-2.94	-12.14
Dividend tax paid	-0.86	-0.90	-2.30		
Finance cost	-17.1417	-18.087	-13.415	-11.6827	-8.3515
Net cash (used in) / generated from financing activities (C)	31.14	-78.97	-24.30	-74.70	-26.86
Net cash flow during the year (A+B+C)	-48.95	-22.75	55.68	93.11	-27.48
Cash and cash equivalents at the beginning of the year	117.10	67.25	45.17	101.46	197.23
Addition on acquisition of subsidiary		0.09			

Cash and cash equivalents of Astha Technical Services Ltd. on amalgamation with Total Water Management Services (India) Ltd.	0.03				
Effect of FX	-0.93	0.59	0.61	2.66	-0.67
Cash and cash equivalents at the end of the year	67.25	45.17	101.46	197.23	169.08
FCF	56.79	95.73	65.51	167.09	41.10

## • RATIO ANALYSIS

Margins	FY18	FY19	FY20	FY21	FY22
GPM	35.4%	37.4%	34.8%	38.5%	40.0%
EBITDAM	7.7%	9.4%	9.3%	14.1%	13.6%
EBITM	6.4%	7.7%	7.7%	12.2%	11.9%
NPM	3.8%	5.6%	6.3%	9.9%	10.2%
Return Ratios	FY18	FY19	FY20	FY21	FY22
DUPONT ROE					
NPM	3.8%	5.6%	6.3%	9.9%	10.2%
Total asset turnover	1.03	1.04	1.16	1.03	1.03
Leverage factor	5.45	4.80	4.06	3.24	2.64
ROE	21.4%	28.1%	29.9%	32.9%	27.8%
ROCE	27.6%	31.1%	31.2%	36.6%	30.1%
ROIC	14.2%	19.0%	26.1%	46.4%	49.1%
Debt Ratios	FY18	FY19	FY20	FY21	FY22
Debt/Equity	0.72	0.35	0.34	0.12	0.08
Interest Coverage	3.08	4.18	5.94	12.01	14.77

Efficiency Ratios	FY18	FY19	FY20	FY21	FY22
Receivable days	149	135	114	120	111
Inventory Days	62	58	50	54	60
Payable days	213	188	168	209	193
Cash Conversion Days	-2	5	-4	-36	-23
Purchases	648	756	970	885	999
Cash flow Conversion Ratios	FY18	FY19	FY20	FY21	FY22
CFO/PAT	216%	194%	104%	137%	57%
CFO/EBITDA	143.3%	147.4%	97.5%	120.8%	75.7%
FCF yield	5.4%	8.2%	4.4%	11.5%	2.6%
Asset Turnover Ratios	FY18	FY19	FY20	FY21	FY22
Total Asset Turnover	1.03	1.04	1.16	1.03	1.03
Net Fixed Asset Turnover	8.67	7.90	8.85	7.94	8.75

## FINANCIAL SHENANIGANS

(All figures are in crores unless mentioned otherwise)

Financial Shenanigans	FY18	FY19	FY20	FY21	FY22	CAGR	Remark
Sales	1045.81	1162.28	1479.83	1449.52	1576.87	10.81%	
Accounts Receivables	437.10	424.17	501.87	448.96	507.70	3.81%	Grown slower than sales
AR % of Sales	41.80%	36.49%	33.91%	30.97%	32.20%		
							Higher inventory in WIP is ordinary course of business
Inventory	101.19	129.76	134.50	127.59	180.96	15.64%	
Contingent Liabilities	43.90	50.51	52.84	64.29	58.06		
Equity	200.11	260.03	363.05	505.84	655.66		
	21.94%	19.42%	14.55%	12.71%	8.86%		Reduced overtime
Director's Remuneration	3.71	4.84	5.42	5.77	6.63		
NP	39.96	65.34	93.71	143.40	161.27		
	9.28%	7.41%	5.78%	4.02%	4.11%		Reduced overtime
Auditor fees	0.41	0.47	0.52	0.50	0.57	8.46%	Negligible
Auditor fees as % Sales	0.039%	0.040%	0.035%	0.035%	0.036%		
Operating Expenses	110.73	126.84	139.48	123.39	141.81		
Auditor fees as % Operating Expenses	0.372%	0.368%	0.372%	0.408%	0.402%		

## • RELATED PARTY TRANSACTION

(All figures are in crores unless mentioned otherwise)

RPT during the year	FY18	FY19	FY20	FY21	FY22
Sale of goods	76.54	112.71	125.76	143.54	154.21
Services rendered	0.79	0.80	0.77	0.21	0.90
Rental income	0.78	0.84	0.92	0.94	0.99
Interest income on loan and advances	12.36	11.80	11.42	9.23	9.67
Management fees	0.66	0.77	0.89	0.87	0.84
Purchase of goods	4.51	16.13	11.82	6.11	5.65
Services received	29.77	33.67	31.99	39.05	32.87
Purchase of miscellaneous items	0.71	0.74	0.74	0.00	0.00
Rental expenses				0.40	0.40
Interest paid on inter corporate deposits	0.09	0.08	0.21	0.34	0.33
Provision for doubtful debts				4.68	9.53
Loans and advances given	58.49	60.21	61.51	54.82	28.68
Loans and advances repaid	57.87	64.95	66.23	46.91	23.54
Inter corporate deposits received		1.13	2.08	0.29	0.65
Inter corporate deposits repaid	0.25	0.82		0.00	0.00
Dividend received	0.86	0.96	1.301	1.26	0.30
Dividend paid	1.14	1.14	3.09	0.60	4.00
Remuneration	7.05	7.61	8.23	8.02	9.64
Commission to executive directors		1.50	2.00	3.00	3.00
Directors Sitting Fees	0.33	0.28	0.34	0.32	0.29
Directors commission	0.70	0.98	1.30	1.75	1.75
CSR expenses	0.99	1.24	1.60	1.62	2.80
Investments made during the year		2.50	0.58	0.00	1.05
Corporate guarantees commission	0.86	0.77	0.71	0.61	0.45
Corporate guarantees issued		3.39	0.00		4.18
Corporate guarantees discharged	6.44	8.40	8.00	18.07	11.93
Contribution to post-employment benefit plans	4.04	4.84	5.23	4.00	5.71
<b>Total</b>	<b>265.25</b>	<b>338.26</b>	<b>346.71</b>	<b>346.63</b>	<b>313.35</b>

Outstanding	FY18	FY19	FY20	FY21	FY22
Inter corporate deposits (Outstanding)	0.82	1.13	3.21	3.50	4.15
Outstanding loans and advances	83.49	79.72	67.85	76.44	82.98
Advance to suppliers	8.83	6.25	7.24	8.03	8.93
Advance from customer				0.87	0.24
Outstanding receivables (Net of payables) excluding loans and advances	78.78	76.10	77.47	85.40	89.90
Outstanding payables (Net of receivables) excluding loans and advances	0.04	0.10	0.06	0.36	0.03
Investment in equity shares / debentures	56.89	60.10	61.38	61.99	63.48
Corporate guarantees (Outstanding)	85.05	80.52	73.25	55.65	48.39

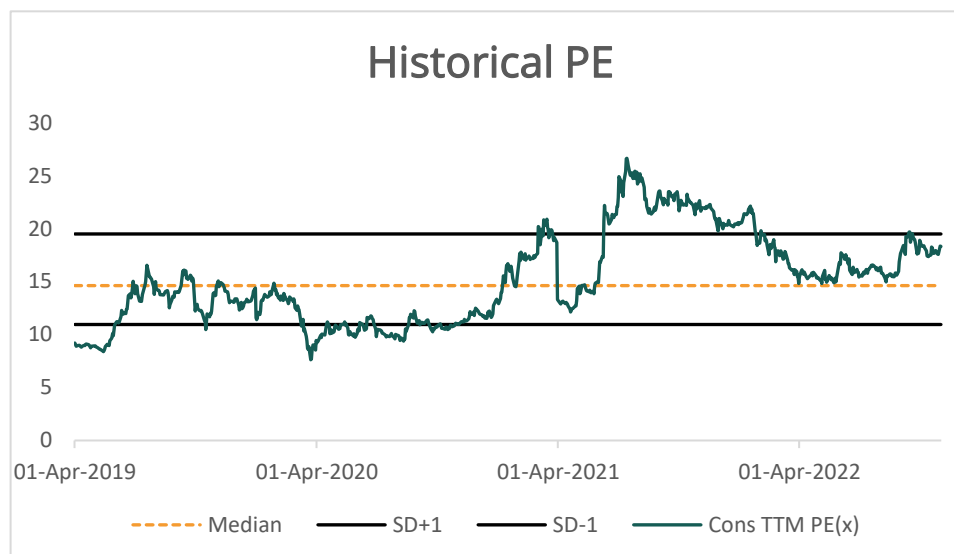
# VALUATIONS

(All figures are in crores unless mentioned otherwise)

Income Statement	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Revenue	1045.81	1162.28	1479.83	1449.52	1576.87	2049.93	2295.92
		11.1%	27.3%	-2.0%	8.8%	30.0%	12.0%
COGS	675.59	727.52	965.33	891.9	945.74	1277.79	1429.63
Gross Profit	370.22	434.76	514.50	557.62	631.13	772.14	866.30
GPM	35.4%	37.4%	34.8%	38.5%	40.0%	37.7%	37.7%
Operating Manufacturing Expenses	179.44	199.04	237.17	229.82	274.20	320.20	365.34
Operating Expenses	110.73	126.84	139.48	123.39	141.81	164.95	156.57
EBITDA	80.05	108.88	137.85	204.41	215.12	286.99	344.39
EBITDAM	7.7%	9.4%	9.3%	14.1%	13.6%	14.0%	15.0%
DA	13.08	19.59	23.53	27.67	28.04	23.24	34.04
EBIT	66.97	89.29	114.32	176.74	187.08	263.75	310.35
EBITM	6.4%	7.7%	7.7%	12.2%	11.9%	12.9%	13.5%
Other Income	21.09	33.34	35.37	33.09	42.5	30	30
Interest	21.74	21.35	19.25	14.72	12.67	10.5	8
EBT	66.32	101.28	130.44	195.11	216.91	283.25	332.35
EBTM	6.3%	8.7%	8.8%	13.5%	13.8%	13.8%	14.5%
Taxes	26.36	35.94	36.73	51.71	55.64	79.31	93.06
	39.7%	35.5%	28.2%	26.5%	25.7%	28.0%	28.0%
PAT	39.96	65.34	93.71	143.40	161.27	203.94	239.29
NPM	3.8%	5.6%	6.3%	9.9%	10.2%	9.9%	10.4%

(03-11-2022)	FY22	FY24E
M-cap	3031	
CMP	2067	
FY24 Target P/E		16.00
Target M-cap		3828.68
Target Price		2610.98
Upside Potential		26.32%





- Going forward, we estimate a 21% CAGR till FY24, driven by revenue recognition in major EPC projects, growth from the Chemical division and Consumable product division. We expect IEIL to post a PAT CAGR of ~22% during FY22-24E driven by EPC efficiencies and Chemical division margin improvement. Currently, IEIL is trading at a 18.2x PE multiple, we assign a FY24E PE multiple of 16x. We arrive at a target price of Rs. 2,610, which represents an upside of 26% from CMP which we believe can be achieved within 12 months.

## BIBLIOGRAPHY

- CMIE
- ACE Equity
- KamayaKya research
- CONCORD ENVIRO SYSTEMS LIMITED RHP
- IEIL Annual reports since listing
- IEIL Investor presentations since listing
- IEIL Earning conference call transcripts since listing
- IEIL website
- IEIL – Notifications to BSE
- Public information of companies in Waste water and treatment industries
- Management interviews.

## DISCLOSURES:

### About the Company and the Business Activity:

Kamayakya Wealth Management Private Limited (CIN: U74999PN2021PTC205529) ("the Company") is incorporated on October 23, 2021 in Pune, Maharashtra.

The Company is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014 vide SEBI Reg. No. INH000009843 and engaged in the business of providing research analyst services, as well as in other research activities including activities engaged in preparation and/or publication of research report or research analysis or making "buy/sell/hold" recommendation on securities including options and derivatives or giving price target or offering an opinion concerning public offer by companies and

The company does not provide investment banking or merchant banking or brokerage services.

### Disciplinary History:

There has been no instance of any disciplinary action, penalty etc. levied/passed by any regulation/administrative agencies against the Company and its Directors.

SEBI has not issued any administrative warning to the Company.

### Terms & Conditions of issuance of Research Report:

The Research report is issued to the registered clients who have subscribed to the services.

The Research Report is based on the facts, figures and information that are considered true, correct, and reliable. The information is obtained from publicly available media or other sources believed to be reliable. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation to buy or sell or subscribe for securities or other financial instruments for clients.

### Details of associates:

- Currently there are no associates.

## Disclosures as Regulation 19 of the SEBI (Research Analyst) Regulations, 2014

Sr.No.	Disclosure	Yes/No
<b>A</b>	<b>Disclosures with regard to ownership and material conflicts of interest:</b>	
1	The Company or its research analysts, or his/her relative or associate has any direct or indirect financial interest in the subject The Company.	NO
2	The Company or its research analysts, or his/her relative or associate has any other material conflict of interest at time of publication of the research report.	NO
3	The Company or its research analysts, or his/her relative or associates have actual ownership of 1% (one percent) or more securities of the subject The Company.	NO
<b>B</b>	<b>Disclosures with regard to receipt of compensation:</b>	
1	The Company or its associates have received any compensation from the subject The Company in the past twelve months.	NO
2	The Company or its associates have managed or co-managed public offering of securities for the subject in the past twelve months.	NO
3	The Company or its associates have received any compensation or other benefits from the subject The Company or third party in connection with the research report	NO
<b>C</b>	<b>Other Disclosures:</b>	
1	The research analyst has served as an officer, director, employee of the subject The Company	NO
2	The Company or its research analyst has been engaged in market making activity for the subject The Company.	NO

*Subject company means the company on which the recommendation is given and the research report is issued.*

### Definitions of Terms Used:

TERM	DEFINITION
BUY	Expected absolute returns of more than 20% over a specified time period.
HOLD	Expected absolute returns between 20% and -15% over a specified time period.
SELL	Expected absolute returns of less than -15% over a specified time period.
ENTRY PRICE	Price at which the stock was recommended.
TARGET PRICE	Expected price of the stock at the end of a specified time period.
POTENTIAL UPSIDE	Expected absolute returns from entry price over a specific time period.
UPSIDE LEFT	Expected absolute returns from current market price to target price.

**Disclaimers:**

This Research Report (hereinafter called report) has been prepared and presented by Kamayakya Wealth Management Private Limited, which does not constitute any offer or advice to sell or does solicitation to buy any securities. The information presented in this report, are for the intended recipients only. Further, the intended recipients are advised to exercise restraint in placing any dependence on this report, as the sender, Kamayakya Wealth Management Private Limited, neither guarantees the accuracy of any information contained herein nor assumes any responsibility in relation to losses arising from the errors of fact, opinion or the dependence placed on the same.

Despite the information in this document has been previewed on the basis of publicly available information, internal data, personal views of the research analyst(s) and other reliable sources, believed to be true, we do not represent it as accurate, complete or exhaustive.

It should not be relied on as such, as this document is for general guidance only. Besides this, the research analyst(s) are bound by stringent internal regulations and legal and statutory requirements of the Securities and Exchange Board of India (SEBI) and the analysts' compensation was, is, or will be not directly or indirectly related with the other companies and/or entities of and have no bearing whatsoever on any recommendation, that they have given in the research report. Kamayakya Wealth Management Private Limited or any of its affiliates/group companies shall not be in any way responsible for any such loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Kamayakya Wealth Management Private Limited has not independently verified all the information, which has been obtained by the company for analysis purpose, from publicly available media or other sources believed to be reliable. Accordingly, we neither testify nor make any representation or warranty, express or implied, of the accuracy, contents or data contained within this document. Affiliates of Kamayakya Wealth Management Private Limited are engaged in investment advisory services.

We hereby declare that the information herein may change any time due to the volatile market conditions, therefore, it is advised to use own discretion and judgment while entering into any transactions, whatsoever. Individuals employed as research analyst by Kamayakya Wealth Management Private Limited or their associates are not allowed to deal or trade in securities, within thirty days before and five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations. Subject to the restrictions mentioned in above paragraph, we and our affiliates, officers, directors, employees, and their relative may: (a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn profits.

**Compliance Officer:**

Aniket Kulkarni

E-mail Address: [aniket@kamayakya.com](mailto:aniket@kamayakya.com)

Phone Number: +91-9175939641



[support@kamayakya.com](mailto:support@kamayakya.com)

[www.kamayakya.com](http://www.kamayakya.com)

