

FINEOTEX CHEMICAL LIMITED: Weak Issue

IPO Note: High PE and less fancy segment

Rating*

Valuations & Recommendation

At Rs 60-72, the company is demanding a valuation around 18 times on its FY11 earnings, on the post issue capital of Rs 11.22 cr, which is very expensive. Recently listed Omkar Specialty Chemicals, which came out with an IPO at Rs 98 is languishing at 60% discount to its issue price. The company proposed to list only at BSE. In the same segment, the stock of GHCL, Gujarat Alklys, Balaji Amines etc. are traded between the PE ratio of 3.0-6.0. Also there is less fancy of chemical stocks in the stock market so we recommend to avoid this IPO.

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

FINEOTEX CHEMICAL LIMITED

Recommendation : Avoid

- ◆ The company manufactures Specialty Chemicals and Enzymes to Textile & Garment, Construction , Leather, Water Treatment and for Agrochemicals industry.
- ◆ FCL manufactures over 100 products.
- ◆ Currently, the company has manufacturing facilities at Mahape, in Navi Mumbai. It has an installed capacity of 5,000 MT/annum.
- ◆ The company's major customers include Clariant Chemicals, Pidilite Industries, Croda Chemicals, Rashtriya Chemicals & Fertilizers, The Bombay Dyeing & Mfg. Co. Raymond Group, Grasim Industries, among others.
- ◆ CARE Limited has assigned an IPO Grade 2 to Fineotex Chemical Ltd IPO
- ◆ Listing only at BSE.

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