

May 26, 2017

Oriental Carbon & Chemicals (ORICAR) ₹ 950

Ramp up in full swing, bright prospects...

- Oriental Carbon & Chemicals (OCCL) reported a robust Q4FY17 performance with net sales coming in at ₹ 82.1 crore, up 18.4% YoY, largely tracking healthy volume growth (insoluble sulphur)
- EBITDA for the quarter came in at ₹ 24.8 crore (up 29.8% YoY) with corresponding EBITDA margins at 30.3%. However, PAT in Q4FY17 was at ₹ 9.3 crore on account of higher tax incidence (creation of deferred tax liability due to commissioning of new capacity)
- For full year FY17, net sales were at ₹ 297.5 crore, up 8.3% YoY. EBITDA came in at ₹ 87.3 crore (EBITDA margins at 29.3%) and PAT at ₹ 53.4 crore (EPS at ₹ 51.8)
- For FY17, OCCL will pay a total dividend of ₹ 10/share with dividend payout ratio at ~20%. It is expected to be maintained over FY17-19E
- OCCL has guided for ~80% capacity utilisation from Phase-1 of expansion in FY18E with likely commissioning of phase-II in Q2FY19

Key player in oligopolistic insoluble sulphur market

OCCL is a speciality chemical company manufacturing insoluble sulphur, a critical vulcanisation agent for manufacturing tyres. As per industry estimates, the total insoluble sulphur (IS) market globally as of CY16 is at ~277 KT dominated by three major players i.e. oligopolistic in nature. Eastman Chemicals (US) is the market leader with close to ~70% market share followed by Japanese Player Shikoku with ~15% market share. OCCL with total sales volume in excess of 22 KT is the third credible player with ~10% market share. Globally, demand for insoluble sulphur is expected to grow at ~5% CAGR in the next few years with demand in India growing at a CAGR of 10%+ due to robust automobile demand & increasing radialisation of tyres in the CV segment (penetration at ~30%).

Impressive brownfield expansion on track; volume led growth to follow

OCCL had a capacity of 23000 tonne and operated at ~90% utilisation level in FY16. Sensing the same, it launched an impressive expansion plan where it intends to increase its capacity (brownfield) by 11000 tonne in two phases with first phase of 5500 tonne already commissioned in December 2016 (four months ahead of schedule) taking overall capacity to 28200 tonne in FY17. With a strong customer relationship, second phase due to be commissioned in Q2FY19E and focus on further penetration in the Chinese & North American markets amid increasing product demand, we expect OCCL to report healthy volume led growth in FY17-19E. We expect OCCL to report insoluble sulphur sales volume CAGR of ~11.9% in FY17-19E to ~28.4 KT in FY19E (~22.7 KT in FY17).

Robust earnings trajectory warrants re-rating; recommend BUY

OCCL is a speciality chemical company with a unique product profile, limited competition in the marketplace and consequent sustainable strong EBITDA margins (28%+) and return ratios (RoIC: ~20%). The company has a healthy balance sheet profile with FY17 debt: equity at 0.3x with average CFO in FY17-19E at ~₹ 90 crore (yield ~10%). With early commissioning of brownfield capacity and robust product demand, we expect sales & PAT to grow at a CAGR of 12.9% & 17.4%, respectively, in FY17-19E. We have built in conservative margin expansion of 220 bps over FY17-19E given the brownfield nature of expansion amid associated operating leverage benefits. With certainty of operations and time bound commissioning of new facilities, we value OCCL at ₹ 1125 i.e. 17.0x P/E (1.0x PEG) on FY18E & FY19E average EPS of ₹ 66.2. We maintain our **BUY** recommendation on the stock.

Rating matrix		
Rating	:	Buy
Target	:	₹ 1125
Target Period	:	12-18 months
Potential Upside	:	18%

What's changed?		
Target	Unchanged at ₹ 1125	
EPS FY18E	Changed from ₹ 60.6 to ₹ 60.8	
EPS FY19E	Changed from ₹ 71.7 to ₹ 71.5	
Rating	Unchanged	

Key financials				
₹ crore	FY16	FY17	FY18E	FY19E
Net Sales	274.7	297.5	343.6	378.8
EBITDA	81.1	87.3	104.8	119.3
Net Profit	53.0	53.4	62.7	73.7
EPS	51.4	51.8	60.8	71.5

Valuation summary				
	FY16	FY17	FY18E	FY19E
P/E	18.5	18.3	15.6	13.3
Target P/E	21.9	21.7	18.5	15.7
EV / EBITDA	12.7	11.9	10.3	8.3
P/BV	3.4	2.9	2.6	2.3
RoNW	18.5	15.9	16.7	17.1
RoCE	16.6	14.8	13.9	18.1
ROIC	20.8	17.0	19.3	20.7

Stock data	
Stock Data	₹ crore
Market Capitalization	979
Total Debt (FY17)	105.2
Cash and Cash Equivalent (FY16)	43.4
Enterprise Value	1041.2
52 week H/L	1067 / 437
Equity Capital	10.3
Face Value	₹ 10
MF Holding (%)	18.3
FII Holding (%)	1.0

Stock data				
	1M	3M	6M	12M
Phillips Carbon Black	-4.3	36.7	75.8	229.8
Oriental Carbon (OCCL)	-3.2	6.1	19.5	98.1

Research Analyst	
Chirag J Shah	shah.chirag@icicisecurities.com
Shashank Kanodia, CFA	shashank.kanodia@icicisecurities.com

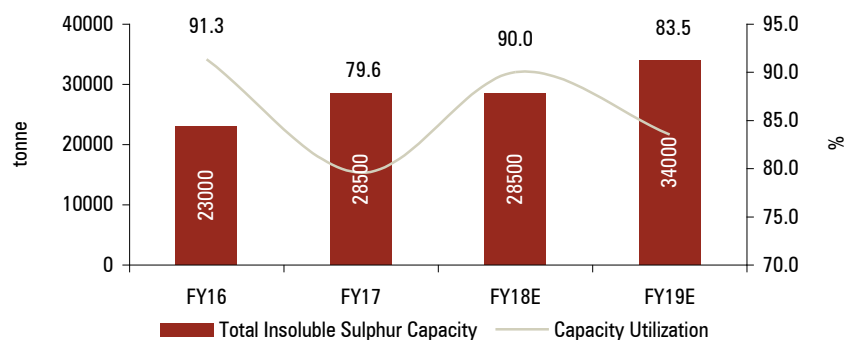
Company Analysis

Oriental Carbon & Chemicals (OCCL) is a JP Goenka Group company manufacturing insoluble sulphur under the brand "Diamond Sulf". The company was established in 1978 while it commenced manufacturing insoluble sulphur in 1994 with an installed capacity of 3000 TPA. As of FY16, OCCL had a capacity to manufacture 23000 tonne of insoluble sulphur annually. It has two plants in India viz. Dharuhera, Haryana (12000 tonne capacity) and Mundra SEZ, Gujarat (11000 tonne capacity). In 2015, OCCL further commenced a brownfield expansion of 11000 TPA at the existing Mundra facility with Phase 1 (5500 tonne) commissioned in Q3FY17. The total capex (both phases) is estimated at ~₹ 159 crore with expected project IRR of ~25% and payback period of about four years.

Capacity expansion on track; early commissioning bodes well

OCCL is currently executing an ambitious capacity expansion (brownfield) plan where it intends to increase its capacity by 11000 tonne in two phases. The first phase of 5500 tonne was commissioned four months earlier than scheduled in December 2016. The management has guided that the new facility is already operating at optimum utilisation levels on the back of robust demand, which bodes well for OCCL, going forward.

Exhibit 1: Capacity utilisation levels trend



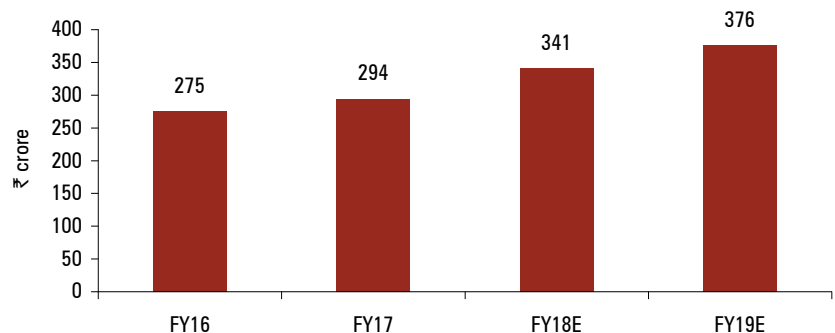
Source: Company, ICICIdirect.com Research

We expect OCCL to report healthy insoluble sulphur sales volume CAGR of ~11.9% in FY17-19E with sales volume in FY19E expected at ~28 KT.

Net sales to be robust; tracking capacity expansion

On the back of the early commissioning of phase 1 (brownfield expansion) and the management's confidence on achieving ~80% capacity utilisation levels in FY18E, we expect net sales to grow at a CAGR of 12.9% in FY17-19E.

Exhibit 2: Net sales trend



Source: Company, ICICIdirect.com Research

Capacity utilisations levels peaked in FY16 with utilisations levels at ~90%. Going forward, in FY17, utilization levels depict an optical blip as the phase 1 of brownfield expansion was commissioned only in Q3FY17 with little contribution to overall sales volume. In FY18E & FY19E, utilisations levels are expected at 90% & 84%, respectively, on the expanded base

The new capacity is expected to be absorbed quickly as OCCL has a strong relationship with its customers amid healthy product demand

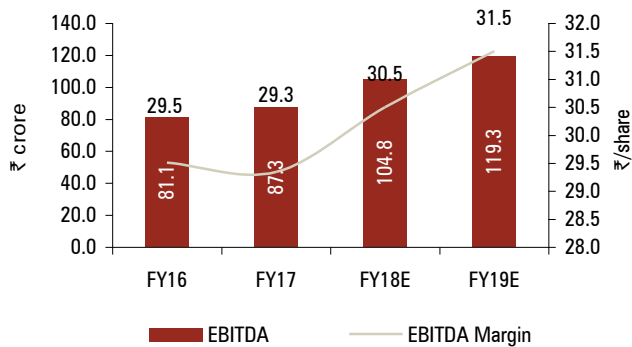
This is largely a volume led growth with pricing expected to be stable amidst low crude oil prices and OCCL possessing a good bargaining power by virtue of it being a player in the oligopolistic market.

Sales volumes at OCCL are tilted more in the favour of exports vs. domestic. Exports share in the total sales volume mix remains largely in the range of 65-70%

Healthy EBITDA & PAT growth, going forward

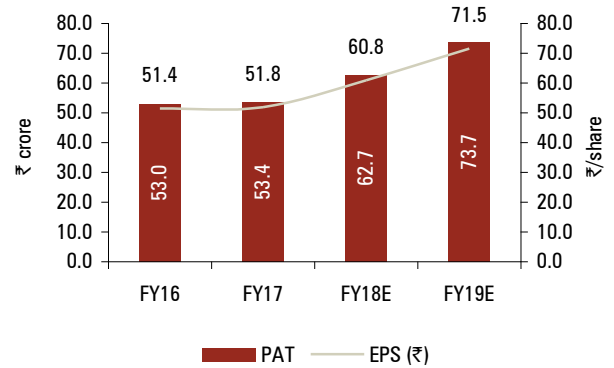
EBITDA is expected to grow at a CAGR of 16.9% over FY17-19E to ₹ 119.3 crore in FY19E. This is largely a result of sales volume growth (11.9% CAGR) coupled with 220 bps expansion in EBITDA margins. EBITDA margins are expected to expand as the capex is brown field in nature, which will result in sharing of overhead costs on an expanded base.

Exhibit 3: EBITDA & EBITDA margins trend



Source: Company, ICICIdirect.com Research

Exhibit 4: PAT & EPS trend



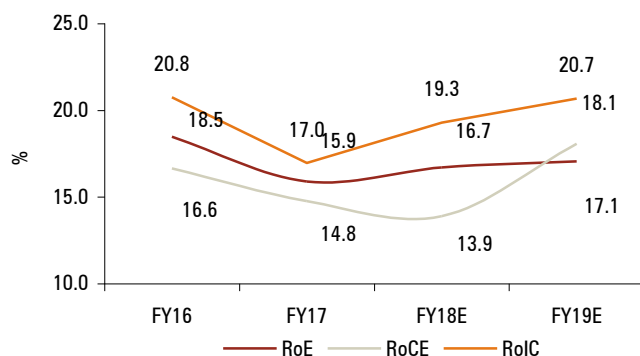
Source: Company, ICICIdirect.com Research

In FY17-19E, on account of sales volume growth (11.9% CAGR), expansion in EBITDA margins (220 bps), we expect PAT to grow at a CAGR of 17.4% in FY17-19E to ₹ 73.7 crore in FY19E. Corresponding EPS is expected at ₹ 60.8 in FY18E & ₹ 71.5 in FY19E.

Increasing profitability to result in improved return ratios profile

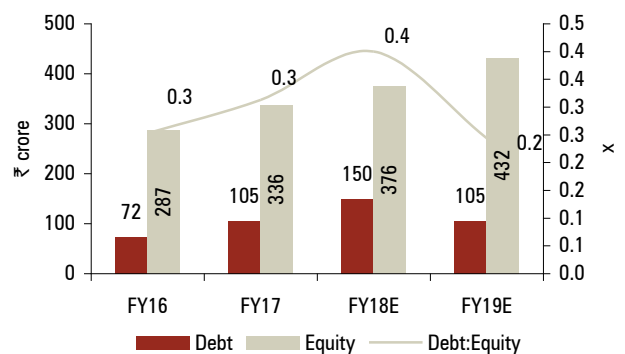
Post the blip in FY17, return ratios are expected to improve with RoE & RoCE expected to perk up to ~17-18% in FY19E. Return ratios are also suppressed at OCCL due to surplus cash with the company, which it intends to spend on related business activity that is not capital intensive in nature and generates healthy returns for its shareholders.

Exhibit 5: Return ratios profile



Source: Company, ICICIdirect.com Research

Exhibit 6: Debt: equity trend



Source: Company, ICICIdirect.com Research

Healthy balance sheet; controlled debt gearing & working capital cycle

OCCL has a healthy balance sheet with gross debt of ₹ 105 crore as of FY17 with consequent debt: equity at 0.3x. We expect the debt gearing to be controlled due to healthy generation of cash from operations. It is expected to generate CFO of ~₹ 90 crore per year in FY17-19E with debt: equity expected at ~0.3x in the aforesaid period. The company also has a controlled working capital cycle with net working capital days of ~75 days

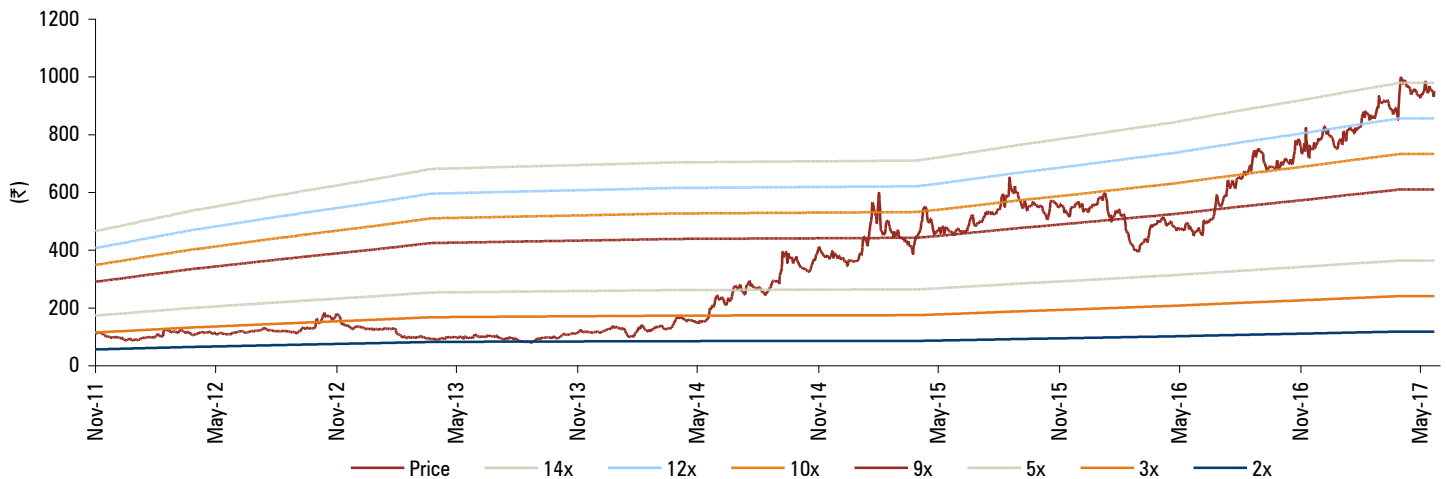
Outlook and valuation

Oriental Carbon & Chemicals (OCCL) is a speciality chemical company manufacturing insoluble sulphur, a critical vulcanisation agent for manufacturing tyres. With limited competition and a unique product profile, OCCL has a strong presence in the domestic (~55% market share) as well as export markets. With the robust auto sector outlook, increasing share of radialisation in India's CV segment and operational efficiencies, OCCL is on a strong footing with robust prospects, going forward.

OCCL is a speciality chemical company with a unique product profile, limited competition in the marketplace and consequent sustainable strong EBITDA margins (28%+) and return ratios (RoIC: ~20%). The company has a healthy balance sheet profile with FY17 debt: equity at 0.3x with average CFO in FY17-19E at ~₹ 90 crore (yield ~10%). With early commissioning of brownfield capacity and robust product demand, we expect sales & PAT to grow at a CAGR of 12.9% & 17.4%, respectively, in FY17-19E. We have built in conservative margin expansion of 220 bps over FY17-19E given the brownfield nature of expansion amid associated operating leverage benefits. With certainty of operations and time bound commissioning of new facilities, we value OCCL at ₹ 1125 i.e. 17.0x P/E (1.0x PEG) on FY18E & FY19E average EPS of ₹ 66.2. We maintain our **BUY** recommendation on the stock.

Key risk to our call is the inherent slowdown in overall automobile and consequent tyre demand and high share of exports resulting in foreign exchange fluctuations.

Exhibit 7: Two year forward P/E (OCCL currently trading at 13.3x)



Source: Reuters, ICICIdirect.com Research

Recommendation history vs. consensus estimate



Source: Bloomberg, Company, ICICIdirect.com Research; *I-direct coverage on OCCL was initiated on Oct 2016

Key events

Date/Year	Event
2004	OCCL sets up second line of insoluble sulphur increasing its capacity in Dharuera by 4000 metric tonne (MT)
2010	The company increases insoluble sulphur capacity to 12000 MT through debottlenecking
2011	OCCL reports net sales of ₹ 158.2 cr (up 25.9% YoY) and net profit of ₹ 37.4 cr (up 27.2% YoY) on the back of robust global demand and capacity expansion through debottlenecking. Major tyre manufacturers identify OCCL as a strategic supplier
2012	The company commissions Phase I at the Mundra SEZ Plant (5500 MT) in August 2011 taking the total capacity to 17500 MT. Robust demand and product validation and approvals by major tyre manufacturers augurs well for the company thereby fasttracking the capacity utilisation levels at OCCL
2013	OCCL fully commissions Phase II at the Mundra SEZ Plant (5500 MT) in May 2012 taking the total insoluble sulphur capacity to 23000 MT. OCCL was impacted by the global slowdown of insoluble sulphur demand as tyre companies took production cuts. OCCL acquires 50% stake in Schrader Duncan Ltd
2014	Domestic sales of insoluble sulphur grow 12% while export sales grow 14%. With existing land availability at Mundra facility and tyre industry steadily getting out of recession OCCL plans another expansion of 11000 MT over two phases
2015	In FY15, OCCL's gross revenue from insoluble sulphur increased 5% YoY. Export sales quantity increases 10% YoY on account of increased off take by existing customers and addition of some new customers. The growth rate in domestic volumes is only 6% as the tyre industry in India is in the grip of a slowdown and demand picks up late in the second half of the year
2016	OCCL executing brownfield expansion (11000 tonne in two phases with each phase of 5500 tonne) in Mundra. The first phase of capacity expansion is expected to be commissioned ahead of schedule by the end of FY17E against the initial guidance of April 2017
2017	OCCL successfully commissions Phase 1 (5500 tonne) facility in December 2017 at Mundra. The company expects to fully ramp up the facility within a year. OCCL is confident of tying up additional quantities in American and Chinese market, where it has begun to establish its presence

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Cosmopolitan Investments, Ltd.	31-Mar-17	18	1.9	0.0
2	New India Investment Corporation, Ltd.	31-Mar-17	12	1.2	0.0
3	Duncan International (India) Ltd.	31-Mar-17	10	1.0	0.0
4	Haldia Investment Co., Ltd.	31-Mar-17	6	0.6	0.0
5	L&T Investment Management Limited	28-Feb-17	4	0.4	0.0
6	Life Insurance Corporation of India	31-Mar-17	4	0.4	0.0
7	Morgan Stanley Investment Management (Ind	30-Sep-16	3	0.3	0.0
8	General Insurance Corporation of India	31-Mar-17	3	0.3	0.0
9	HDFC Asset Management Co., Ltd.	31-Dec-15	3	0.3	0.0
10	Winnov Investments & Securities Pvt Ltd	31-Mar-17	2	0.3	0.0

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Promoter	51.0	51.0	51.0	51.0	50.1
FII	0.0	0.4	1.0	1.0	1.0
DII	13.2	13.3	16.3	17.0	18.3
Others	35.7	35.3	31.7	31.0	30.6

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Subramanian (P)	+1.7M	+0.1M	NA		
L&T Investment Management Limited	+0.1M	+0.0M			

Source: Reuters, ICICIdirect.com Research

Financial summary (Standalone)

Profit and loss statement		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Net Sales	274.7	294.5	340.6	375.7	
Other Operating Income	0.0	3.0	3.1	3.1	
Total Operating Income	274.7	297.5	343.6	378.8	
Growth (%)	-2.8	8.3	15.5	10.3	
Raw Material Expenses	69.2	70.7	82.5	92.8	
Employee Expenses	32.8	38.2	43.0	45.5	
Power & Fuel Expenses	34.2	35.4	41.2	43.6	
Other Operating Expense	57.4	65.8	72.2	77.7	
Total Operating Expenditure	193.6	210.2	238.8	259.5	
EBITDA	81.1	87.3	104.8	119.3	
Growth (%)	14.1	7.7	20.1	13.9	
Depreciation	15.7	15.2	21.4	23.3	
Interest	6.4	5.1	10.2	10.2	
Other Income	5.7	6.6	7.2	8.7	
PBT	64.8	73.6	80.4	94.5	
Exceptional Item	0.0	0.0	0.0	0.0	
Total Tax	11.8	20.2	17.7	20.8	
PAT	53.0	53.4	62.7	73.7	
Growth (%)	3.3	0.9	17.3	17.5	
EPS (₹)	51.4	51.8	60.8	71.5	

Source: Company, ICICIdirect.com Research

Balance sheet		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Liabilities					
Equity Capital	10.3	10.3	10.3	10.3	
Reserve and Surplus	276.3	326.0	365.3	421.7	
Total Shareholders funds	286.6	336.3	375.6	432.0	
Total Debt	72.4	105.2	150.2	105.2	
Deferred Tax Liability & Others	21.1	29.6	29.1	29.1	
Total Liabilities	380.1	471.1	554.9	566.2	
Assets					
Gross Block	285.5	423.9	431.3	501.3	
Less: Acc Depreciation	102.6	117.8	139.1	162.5	
Net Block	182.9	306.1	292.2	338.9	
Capital WIP	39.5	2.4	70.0	10.0	
Total Fixed Assets	222.4	308.6	362.2	348.9	
Liquid Investments	15.5	30.1	40.1	70.1	
Other Investments	14.7	14.7	14.7	14.7	
Inventory	38.7	32.2	42.0	46.3	
Debtors	48.0	72.6	70.0	72.1	
Loans and Advances	62.9	34.3	47.7	30.1	
Other Current Assets	5.2	6.0	6.8	7.5	
Cash	9.9	13.3	12.5	22.0	
Total Current Assets	164.7	158.4	179.0	177.9	
Creditors	28.5	38.2	37.3	41.2	
Provisions	8.6	2.4	3.7	4.1	
Current Liabilities & Prov	37.1	40.6	41.1	45.3	
Net Current Assets	127.5	117.8	137.9	132.6	
Application of Funds	380.1	471.1	554.9	566.2	

Source: Company, ICICIdirect.com Research

Cash flow statement		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Profit after Tax	53.0	53.4	62.7	73.7	
Add: Depreciation	15.7	15.2	21.4	23.3	
(Inc)/dec in Current Assets	-14.6	9.7	-21.4	10.5	
Inc/(dec) in CL and Provisions	0.6	3.5	0.5	4.2	
Others	6.4	5.1	10.2	10.2	
CF from operating activities	61.0	86.9	73.4	122.0	
(Inc)/dec in Investments	11.1	-14.6	-10.0	-30.0	
(Inc)/dec in Fixed Assets	-46.2	-101.4	-75.0	-10.0	
Others	0.0	8.5	-0.6	0.0	
CF from investing activities	-35.1	-107.5	-85.6	-40.0	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	-16.8	32.8	45.0	-45.0	
Dividend paid & dividend tax	-10.6	-12.4	-14.8	-17.3	
Inc/(dec) in Share Cap	0.0	0.0	0.0	0.0	
Others	-6.4	3.6	-18.8	-10.2	
CF from financing activities	-33.7	24.0	11.3	-72.5	
Net Cash flow	-7.8	3.5	-0.8	9.4	
Opening Cash	17.7	9.9	13.3	12.5	
Closing Cash	9.9	13.3	12.5	22.0	

Source: Company, ICICIdirect.com Research

Key ratios		FY16			
(Year-end March)		FY16	FY17	FY18E	FY19E
Per share data (₹)					
EPS		51.4	51.8	60.8	71.5
Cash EPS		66.5	66.5	81.6	94.1
BV		278.0	326.2	364.3	419.0
DPS		8.5	10.0	12.0	14.0
Cash Per Share (Incl Invest)		24.6	42.1	51.0	89.3
Operating Ratios (%)					
EBITDA Margin		29.5	29.3	30.5	31.5
PBT / Total Op. income		23.6	24.7	23.4	24.9
PAT Margin		19.3	18.0	18.3	19.5
Inventory days		51.4	39.9	45.0	45.0
Debtor days		63.8	89.9	75.0	70.0
Creditor days		37.9	47.3	40.0	40.0
Return Ratios (%)					
RoE		18.5	15.9	16.7	17.1
RoCE		16.6	14.8	13.9	18.1
RoIC		20.8	17.0	19.3	20.7
Valuation Ratios (x)					
P/E		18.5	18.3	15.6	13.3
EV / EBITDA		12.7	11.9	10.3	8.3
EV / Net Sales		3.7	3.5	3.2	2.6
Market Cap / Sales		3.6	3.3	2.9	2.6
Price to Book Value		3.4	2.9	2.6	2.3
Solvency Ratios					
Debt/EBITDA		0.9	1.2	1.4	0.9
Debt / Equity		0.3	0.3	0.4	0.2
Current Ratio		4.2	3.6	4.1	3.4
Quick Ratio		3.1	2.8	3.0	2.4

Source: Company, ICICIdirect.com Research

RATING RATIONALE

ICICIdirect.com endeavours to provide objective opinions and recommendations. ICICIdirect.com assigns ratings to its stocks according to their notional target price vs. current market price and then categorises them as Strong Buy, Buy, Hold and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock.

Strong Buy: > 15%/20% for large caps/midcaps, respectively, with high conviction;

Buy: > 10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICIdirect.com Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

We /I, Chirag Shah PGDBM; Shashank Kanodia CFA MBA (Capital Markets), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a Sebi registered Research Analyst with Sebi Registration Number – INH000000990. ICICI Securities is a wholly-owned subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

It is confirmed that Chirag Shah PGDBM; Shashank Kanodia CFA MBA (Capital Markets) Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

It is confirmed that Chirag Shah PGDBM; Shashank Kanodia CFA MBA (Capital Markets), Research Analysts do not serve as an officer, director or employee of the companies mentioned in the report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.